

Sustaining our success



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The start of Tanmiah Food Company's sustainability journey

This is the Inaugural Sustainability Report of Tanmiah Food Company, headquartered in Riyadh, Kingdom of Saudi Arabia, for the reporting period 1st January 2022 to 31st December 2022. This report is prepared by referring to the GRI Standards and the Saudi Stock Exchange ESG Disclosure Guidelines. The material topics are also aligned with the Saudi Green Initiative and Saudi Net Zero 2060.

In this report, we will frequently refer to Tanmiah Food Company as 'the Company', 'Tanmiah', and interchangeably use the abbreviation 'TFC'. For brevity, these terms will be employed throughout the document.

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— LETTER FROM THE CHAIRMAN



Amr Al-Dabbagh

Chairman

Since Tanmiah's inception in 1962, being a positive global corporate citizen has been at the heart of our approach.

The world is going through huge change, brought on by social and environmental factors, and Tanmiah has a key role to play. This year, we created our first sustainability strategy, aligned to the pillars and strategic objectives of Saudi Vision 2030. Our vision is to become the number one global halal sustainable healthy protein company by 2030.

Whilst the strategy is new for Tanmiah, the concepts of sustainability and ESG are not. They are seen in the principles of our home-grown philosophy, Omnipreneurship: Giving, Earning and Sustaining. We are growing a business that not only earns from, but also gives back to society. A business that

sustains for the long term by growing alongside, rather than at the expense of the environment and society. In a constantly changing world, this approach keeps us mindful of our connections with the wider world, which makes our business stronger, more resilient and successful.

I'm incredibly pleased with the progress Tanmiah has made on sustainability this year, not just for ourselves but for the society. By continuing to focus on sustainability, we can continue on a successful path while also contributing towards building a better world. I look forward to continuing our work together towards a more sustainable future.

LETTER FROM THE CEO



Zulfiqar Hamadani
Chief Executive Officer

Tanmiah has a clear vision, to become the number one global halal sustainable healthy protein company by 2030.

Action on sustainability fuels our growth. By considering the factors that underpin financial performance, like the diversity and engagement of our people, as well as the health of our environment, we mitigate risks, reduce costs, and increase productivity and profitability.

This year we created our first sustainability strategy, underpinning all the work we needed to make our vision a reality, and we signed up to the UN Global Compact. This strategy covers our material issues under three pillars – Sustaining People, Sustaining Agriculture and Sustaining Planet. The vision, mission and pillars in the strategy set out our commitment to building a business that can sustain its growth over the long term and deliver social and environmental value alongside financial returns.

Our experience has shown us that the more our Company expands, the more of an influence we might potentially have on the environment, agriculture, and people. By thinking about sustainability in our decisions, in this broader, circular way, we create positive social and environmental impact as well as good financial returns. Ten years ago, we were one of the first businesses in Saudi Arabia to employ women from rural communities. Today, I'm proud to say their commitment and productivity have seen many of our female colleagues progressing in their careers with us, earning themselves supervisory and managerial roles.

I am excited as we publish our Inaugural Sustainability Report, supported by a detailed data report, which has been prepared with reference to the Global Reporting Initiative (GRI) standard and the Saudi Stock Exchange ESG Disclosure Guidelines.

2022 has not just been a strong year for planning, it's also been a year of action. We've increased our revenue by 43%, supported by a 49% increase in colleagues. We've established our first sustainability strategy, outlined in this report. We've continued our One Million Tree Initiative, which aligns strongly with the Saudi Green Initiative. We've established carbon baselines for scope 1 and scope 2 emissions, giving us a platform to build on in years to come. We have also significantly reduced our waste and water intensity.

In 2023, we will go further, turning even more of our plans into actions as we drive our business towards our vision. We look forward to working alongside our colleagues and partners as we ensure our business fulfills our promises and becomes a beacon of Omnipreneurship for others to follow.

LETTER FROM THE CHAIR OF ESG COMMITTEE



Hawazen Nassief
Chair of the ESG Committee and
Member of the Board

Tanmiah's sustainability journey has been marked with continuous progress and an unwavering commitment to operational excellence. I am very pleased with the publication of Tanmiah's Inaugural Sustainability Report, which captures the efforts undertaken to enhance Tanmiah's sustainability performance.

In 2022, Tanmiah focused on developing effective plans, introducing new governance structures, revising existing policies and procedures and introducing new ones, enhancing data collection processes, improving overall transparency and sustainability disclosures, as well as progressing on stated targets including the commitment to plant one million trees and improving diversity of the workforce. Notably in 2022, Tanmiah achieved 71% increase in the number of females employed since 2021.

Sustainability oversight by the Board and effective integration are key to Tanmiah's approach. The ESG Committee of the Board, established in 2022, oversees the overall progress of the sustainability mandate as well as alignment of sustainability programs with global best practices. The sustainability cross-functional committee brings together key internal stakeholders to ensure effective implementation of the ESG strategy and close coordination and collaboration between the different functions at Tanmiah. I am particularly proud of the work done by the sustainability team on enhancing policies and procedures to ensure sustainability is imbedded in all aspects of Tanmiah including operations, risk management, hiring practices, corporate culture, animal welfare practices, and much more.

Tanmiah's heritage and philosophy, which is closely aligned with the principles of Omnipreneurship – giving, earning and sustaining – combined with Tanmiah's commitment to outstanding financial returns and diligent care for communities and environments gives me optimism about the future. I am confident that Tanmiah is on track to becoming the number one global halal sustainable healthy protein company by 2030, and look forward to the journey.

— ABOUT TFC

Integrated poultry leader



The Company was established in Jeddah, Saudi Arabia in 1962. Now operates across four verticals, all focused on the food sector.



Desert Hills
For Veterinary Services Co. Ltd

Feed and Animal Health
Desert Hills
For Veterinary Services
Company Limited (DHV)

100%
Ownership



العلامة الخليجية
للوجبات السريعة
GULF BRAND FOR FAST FOODS



POPEYES

Food and Franchise Operations
Gulf Brand
For Fast Foods Company

100%
Ownership



Agricultural Development Company

Integrated Poultry Production
Agricultural Development
Company (ADC)

85%
Ownership



Further Processed Products
Supreme Foods Processing
Company and Perfect
Foods Factory

40%
Ownership

— ABOUT TFC

TFC at a glance

- 2021 listed on the Saudi Stock Exchange, oversubscribed by 1,170%
- 2022 joins the UN Global Compact
- 2022 launch of first sustainability strategy and report
- 2022 Popeyes number of outlets increased from 2 to 20
- 2022 Tyson Foods International partnership

23% increase in birds processed per day, from 2021 to 2022

Farms

108

Feed mills

2

Hatcheries

6

Primary Processing Plants

4

Further Processing Plants

3

Colleagues in 2022, up by 49% from 2021

↗ 2,997

Revenue in 2022, up 43% on 2021

↗ 1.727 bn SAR

↗ 456,000

— ABOUT TFC

2022 Recognitions

PARTNERSHIPS



Landmark Tyson Foods partnership

Successful completion of TFC's strategic partnership transaction with US-based Tyson Foods, strengthening our position regionally and extending its global halal reach, as a major poultry producer.

This partnership will contribute to food security goals and bring global expertise, standards and technology to the Saudi poultry market, supporting the Kingdom's non-oil economy while also generating hundreds of jobs.

RECOGNITIONS



Aviagen Highest Performance Award

13 broiler farms included in Aviagen 400 Club



Aviagen Highest Performance Award

Earned by our high-quality products and production



2022 Product of the Year Gulf Award

Fresh Chicken Category



Aviagen Breeder Flocks Award

24 flocks included in the Ross 140 Club



Forbes Middle East

Top 10 Innovative Companies in Sustainability and Saudi Arabia



CERTIFICATIONS



A+ British Retail Consortium (BRC) Global Standard certification for traceability

Establishment of harmonized and adapted processes to ensure food safety.



First certified halal food company in Saudi Arabia



Good Agricultural Practices (GAP) certification from Saudi Ministry of Environment, Water and Agriculture



ISO/IEC 17025:2017 for raw materials and product testing



100% suppliers Global Food Safety (GFS) certified



PrimusGFS standard achieved
ISO 9001:2000 and Hazard Analysis Critical Control Point (HACCP) certifications for DHV feed mill.



Animal welfare certification with National Sanitation Foundation (NSF)



60% of facilities certified by **National Center for Environmental Compliance (NCEC)**

Our Approach

A close-up photograph of two hands sifting a fine, light-brown powder (likely flour or sand) through a dark, circular sieve into a dark bowl. The hands are positioned on either side of the sieve, with fingers gently guiding the material. The background is dark and out of focus, emphasizing the hands and the sifting process.

— OUR APPROACH

Our philosophy

Vision

Our vision is to become the number one global halal sustainable healthy protein company by 2030.

This vision is underpinned by our Omnipreneurship philosophy of giving, earning and sustaining.



GIVING

A sense of purpose

Giving at TFC means supporting our local communities through various activities such as One Million Tree Initiative. It is not merely a philanthropic extension of our work, it is integral to our business activities and means of creating wider value for all our stakeholders.



EARNING

Thriving today for tomorrow

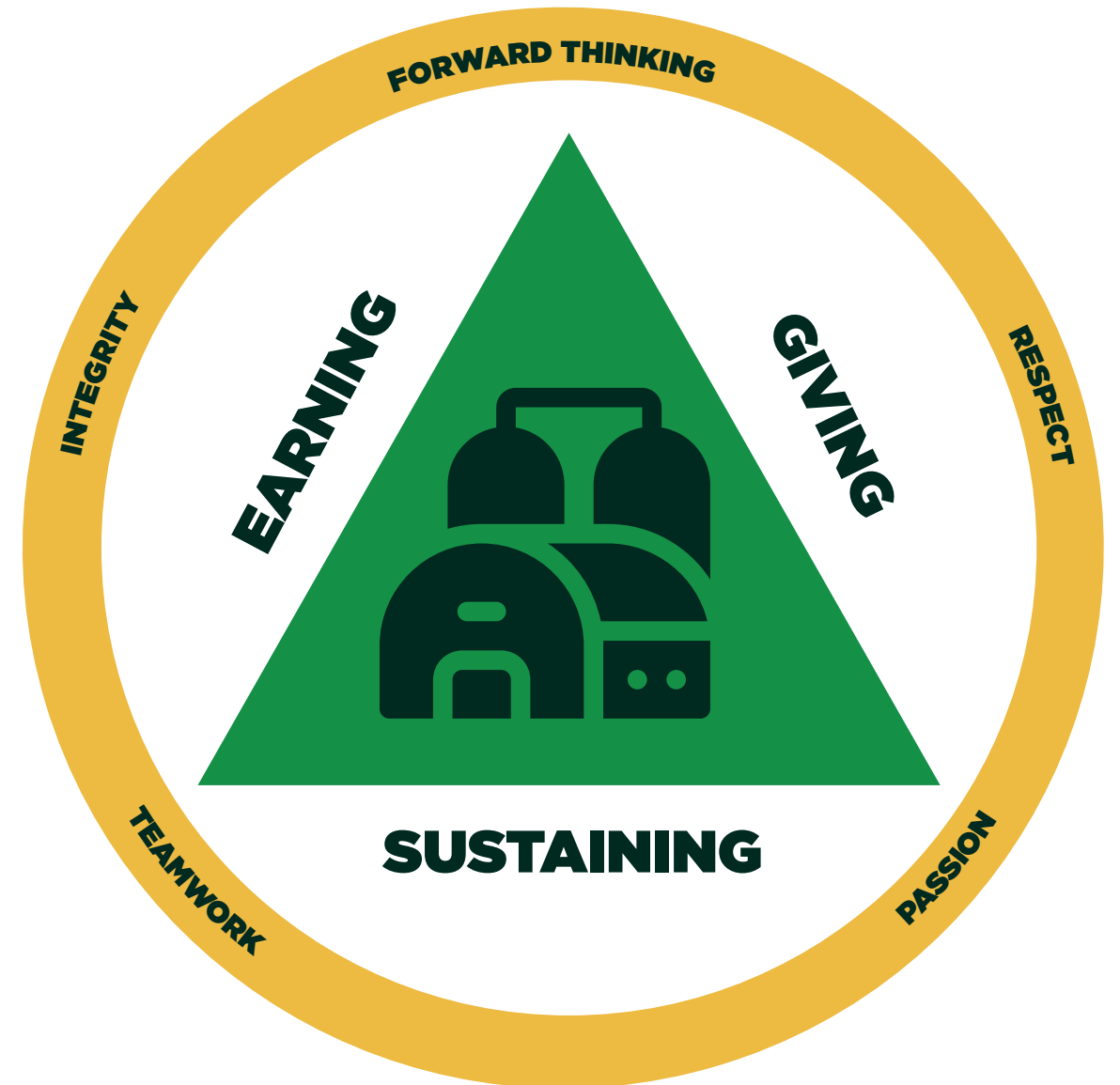
We see TFC's earning activities from the view of the whole value chain. Through our business operations, we earn the capital to invest in growing responsibly, and hence, creating more value for all our stakeholders in the long term.



SUSTAINING

Investing in the future

This report details our sustaining activities and the approach we take to it. Our sustaining activities underpin our long-term ability to earn and give for generations to come.



— OUR APPROACH

Our business model

We are a leading, fully integrated poultry business in the Gulf region. This business model gives us a different, more holistic perspective and allows us to invest in areas that drive the most leverage, in terms of both business growth and managing the risks and opportunities from sustainability issues. It's the quality of our business that has led to our successful international partnerships such as Tyson.

**FOUNDATIONS****PEOPLE**

Our business is made up of nearly 3,000 colleagues, who are passionate about producing the highest quality halal poultry products while improving our environmental and social impacts.

PARTNERSHIP

We cultivate relationships with NGOs, government, customers, suppliers, start-ups, communities, investors and partners like Tyson, MHP and RBI to help us achieve our vision.

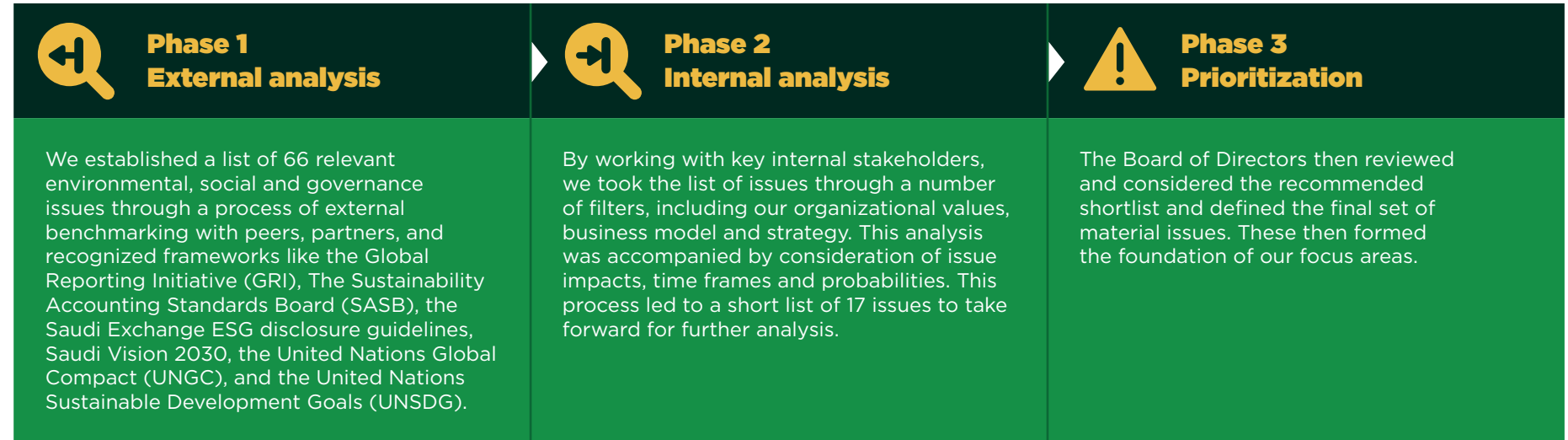
PLANET

Our products depend on natural resources and are produced through high standards of welfare, and we are continuously working to find innovative ways to minimize our risks and environmental impact.

— OUR APPROACH

Materiality

To define our sustainability strategy, we took a double-materiality approach, to ensure we are focused on relevant risk areas where we can create value for Tanmiah and its stakeholders. This involved three phases



Focus areas



Building customer trust through high quality & safety of product and responsible labelling



Climate and water action



Reducing waste at every stage of farm-to-fork cycle



Strong corporate culture



Investment in talent



Diversity, Equity & Inclusion



Health and safety of workforce



Building resilient ecosystems through continuous innovation and R&D

— OUR APPROACH

Our sustainability strategy

Our business is growing fast, and we will sustain that growth and deliver long-term value for all stakeholders by embedding the management of sustainability priorities deep into our business. Our strategy was built on a strong foundation of materiality, and is aligned to the UNSDGs.

Vision

To become the number one global halal sustainable healthy protein company by 2030.

Sustainability Mission

To empower our people to produce healthy, safe, affordable products for our consumers while creating more value for people, investors, community and environment.

Sustainability Strategy

Sustaining People

Supporting and enabling our people and communities to thrive

- Investment in talent
- Diversity, equity and inclusion
- Health, safety and compliance with Saudi GAP regulations

Sustaining Agriculture

Practicing the highest standards of animal welfare and sustainable resource use

- Animal welfare and biosecurity
- Afforestation of Saudi desert
- Sustainable animal feed production
- Sustainable resource use
- Responsible water use

Sustaining Planet

Taking a carbon neutral approach across our activities

- Climate action
- Energy efficiency
- Reducing waste
- Sustainable packaging

— OUR APPROACH

Global alignment

While we are at the beginning of our journey, and are focusing on building the foundations of our sustainability work, we know the agenda of sustainable development is global and alignment to that is critical for us to fulfill our vision.

The UN's Sustainable Development Goals (UNSDGs) are 17 interlinked goals that act as a roadmap to peace and prosperity for all by 2030. At this stage of our sustainability journey, we know there are eight goals that align most to our business, its operations, and impacts.

WE SUPPORT



TFC is the signatory of UNGC and support the Ten principles of UNGC

SUSTAINING PEOPLE

**GENDER EQUALITY**

We commit to achieving gender parity and equality in our business and have set targets to drive us forward on this. At all levels of our business, from our farms and plants to our laboratories and corporate offices.

**DECENT WORK AND ECONOMIC GROWTH**

We take worker health, safety, security and inclusion seriously in all our facilities. Any colleague can directly contact the most senior leaders with ideas or complaints, because having this open-door culture allows us to improve our business for all.

**RESPONSIBLE CONSUMPTION AND PRODUCTION**

We produce millions of products each year. Our substantial growth has come from our commitment to product and production quality. We continue to improve both, including seeking the highest standards of animal welfare.

SUSTAINING AGRICULTURE

**ZERO HUNGER**

We process 456,000 birds a day and invest in testing and R&D to make our products as safe and healthy as possible. As we grow and expand, our commitment to quality, availability, health and safety will continue to develop.

**CLEAN WATER AND SANITATION**

We consume large quantities of water in our operations, and, given the water scarcity issues in the areas we operate in, we know how precious it is. We have already made great strides in water efficiency and recycling, and will continue to do so as our business moves forward.

**PARTNERSHIPS FOR THE GOALS**

We partner with many different organisations, including international businesses, like Tyson Foods, innovators like Polymeron and specialist charities like Kayan and Sa3ee to further our progress towards this and other goals.

SUSTAINING PLANET

**CLIMATE ACTION**

We are active in reducing our carbon emissions and building a more resilient business. We have mapped our scope 1 and scope 2 carbon footprint and are making changes that are both good for the climate and our business too.

**LIFE ON LAND**

We have committed to plant one million trees by 2025 as part of our circular economy approach. It allows us to make use of our poultry manure and treated wastewater. The initiative aims to cool the local microclimate, combat desertification and acts as a carbon sink.

Governance

— GOVERNANCE

Governance is fundamental to building a thriving, responsible business that creates long-term value for shareholders and broader stakeholders. In 2022, we made progress on integrating sustainability into our governance structure from the product level up to the Executive and Board of Directors.

Our Board of Directors guides our strategy, leads our people and so drives the company forward. The current Board was elected on 17th April 2022, for a second term for three years.

Board of Directors



H.E. Amr Abdullah Al-Dabbagh
Chairman
Non-Executive Member



Jamal Abdullah Al-Dabbagh
Vice Chairman
Non-Executive Member



Ahmed Sharaf Osilan
Managing Director
Executive Member



Kamel Salahudin Abdullah Al Munajjed
Director
Independent Member



Hawazen Nazieh Nassief
Director
Independent Member



Stephen Mark Parsons
Director
Independent Member



Vincent Carton
Director
Independent Member



Alexander S. Ivannikov
Director
Independent Member



Mohamed Husnee Jazeel
Director
Non-Executive Member



Dirk Vanderbroeck
Director
Non-Executive Member

GOVERNANCE

Board ESG Committee






The Board ESG Committee, established in 2022, is responsible for sustainability strategy and performance across TFC. This includes identifying and managing sustainability risks and opportunities, integrating sustainability into TFC’s strategy and operations, and overseeing initiatives, controls and reporting.

The Board ESG Committee is chaired by a recognized sustainability expert, Ms. Hawazen Nazieh Nassief. There are three Board Directors on the Committee to ensure a strong Board connection. Members of the Committee bring significant operational and strategic experience. Mr. Hamadani, TFC’s CEO, represents the Executive Management on the Committee.

Management Level ESG Committee

A management-level, cross-functional ESG committee was established in 2022, to operationalise sustainability and oversee and monitor performance. This committee is headed by the Managing Director and Executive Board member.

THE BOARD ESG COMMITTEE COMPOSITION

				
Hawazen Nazieh Nassief Chairperson	H.E. Amr Abdullah Al-Dabbagh Member	Ahmed Sharaf Osilan Member	Syed Zulfiqar Hamadani Member	Patrick Meyer Member
MEMBERSHIP				
Independent Board Director	Chairman of the Board of Directors	Executive Board Director Managing Director	Chief Executive Officer	Chief Sustainability Officer Al-Dabbagh Group

— GOVERNANCE



Risk management

Our risk management policies are established to identify and analyze the risks faced by TFC, including sustainability risks. It sets appropriate risk limits and controls and monitors risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. TFC, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all colleagues understand their roles and obligations.



Performance

— PERFORMANCE | SUSTAINING PEOPLE

Sustaining People

Supporting people and communities, enabling them to thrive, is an essential part of TFC fulfilling its vision. Their commitment, ingenuity and drive will grow the business and enable us to achieve our goals whilst delivering positive impact.

For full details on our performance and activities, please see the Sustainability Report Addendum. Please see our policies [here](#). →

— PERFORMANCE | SUSTAINING PEOPLE

Investment in talent

Our people are the foundation of our business. It is critical to our success that we support, develop and celebrate them so that they feel proud to be part of our organization.

Building skills

Knowledge is at the heart of the Omnipreneurship philosophy. When we combine this with the needs stemming from our growth and the hiring of new colleagues, we must invest in their training and development. Since 2021, we have seen a significant increase in training for our colleagues at our plants, farms and hatcheries. All our colleagues are receiving training including health and security, biosecurity, HACCP protocols, good management practices, work quality, inclusive leadership, diversity awareness and particularly cybersecurity training on Knowbe4 (our online training platform). We plan to conduct more trainings covering several topics on corporate behavior, ethics, audit, leadership, policies and procedures through Knowbe4 in the future.

↑ **259%**

increase in training hours for below managerial level colleagues

↑ **22%**

increase in training hours for managerial and above level colleagues

Diversity, equity and inclusion

Moving forward on diversity

It is critical that we improve the gender balance in our business, so our business more closely reflects the society we are in. In order to achieve this, we have focused on increasing female representation at all levels of the business, and we have already seen this driving changes.

We are proud to be one of the first companies in Saudi Arabia to employ women from rural areas. Ten years ago, we provided employment opportunities in our production facilities, and since many have progressed in their careers with us and now hold supervisory and managerial positions.

While only 9% of our workforce are currently female, we operate in a sector where women are significantly underrepresented, and we are at the start of our journey to improve our gender balance. Given the growth and recruitment statistics we have achieved this year, we know we are moving in the right direction.

On inclusion, we have partnered with Sa3ee to employ people with disabilities, providing them with a platform to learn new skills and make a positive contribution to the society.



↑ **89%**

more female staff were promoted in 2022 compared to 2021

↑ **71%**

Female colleagues growth from 2021 to 2022



— PERFORMANCE | SUSTAINING PEOPLE

Managing our supply chain

Our suppliers are a critical factor in our business success, so it's essential we manage our relationships with them well and work to mitigate any risks apparent in the supply chain. We screen all suppliers to ensure they meet our Supplier Code of Conduct, which covers legal compliance, human rights, labor standards, workers health and safety, environmental stewardship, animal welfare, and business ethics. In 2022 we started developing policies on Human Rights and Working hours, for finalization in 2023.

↑ **100%**

of suppliers screened against our Supplier Code of Conduct

Healthier and safer workplaces

As a food production business with thousands of colleagues and suppliers, we take issues of health and safety seriously. Our Health, Safety and Environment (HSE) practices apply to all colleagues, suppliers and others working on behalf of TFC.

We conduct regular audits throughout the year and have developed our Safety Management System in accordance with ISO 45001:2018, and the Saudi Human Resources and Social Development Ministry (HRSD).

In 2022, we established a new Health, Safety and Environment (HSE) team and Committee to centralize, coordinate and drive this area of our business. They began with a thorough risk and gap assessment across all our locations to identify areas of improvement. A key feature of this was training, which we increased significantly and saw direct improvements as a result.

↙ **47%**

Reduction in lost time injuries frequency rate from 2021 to 2022

↙ **0**

fatalities in 2022 across all locations

↗ **60%**

of facilities accredited with environmental licenses by the NCEC Saudi Arabia

↗ **229%**

Increase in Occupational Health and Safety (OHS) training hours from 2021 to 2022



— PERFORMANCE | SUSTAINING PEOPLE

Investing locally

Giving is one of the cornerstones of our philosophy. When we invest in our community, not only are we giving, but we are also building long-lasting connections with our colleagues and the local communities we are in. It is a critical part of why our colleagues keep working with us for such long tenures.

~25%

of colleagues are Saudis

We know that we can make a more significant contribution through our procurement by directing our spending to local suppliers and partners. It's necessary that as our business grows and prospers, and so do the local communities and economies in which we operate.

We have attracted and hired local talent, as a preferred employer, and so are making an important contribution to Saudization. In 2022, approximately 25% of our colleagues were Saudis.

643m SAR

spent on local procurement in 2022

46%

of total procurement investment spent locally



— PERFORMANCE | SUSTAINING AGRICULTURE

Sustaining Agriculture

We are committed to the highest standards of animal welfare and sustainable resources use, producing the best quality products possible. We are already benefiting commercially and sustainably through sourcing raw material, improving production efficiencies, and creating value chain synergies with our local and international partners.



For full details on our performance and activities, please see the Sustainability Report Addendum. Please see our policies [here](#). →

— PERFORMANCE | SUSTAINING AGRICULTURE

Improving animal welfare and biosecurity

At all our locations, we follow five rules that are accepted as global standards for responsible animal care:

1 Freedom from hunger or thirst

We provide clean and fresh water with a healthy diet that maintains bird health and promotes better growth.

2 Freedom from discomfort

We provide suitable housing environment for all our birds.

3 Freedom from pain and disease

We provide scheduled medical care through proper vaccination and rapid diagnostic treatment.

4 Freedom to express normal behaviors

We make sure they have the required growth space, facilities and the company of similar species.

5 Freedom from fear and distress

We provide favorable conditions and the best treatment to avoid mental discomfort.



Our success in maintaining these standards can be seen through the certificates we have achieved and maintained this year.

In the first quarter of 2022, we achieved the NSF International Global Animal Wellness Certification, which shows we have a strong, consistent animal wellness system in place along our entire supply chain. We were recognized by the Saudi Ministry of Environment, Water and Agriculture (MEWA) with the GAP certificate for good agricultural practices.

Additionally, we have the following accreditations:

Primary Processing Plants (PPL)

- A+ British Retail Consortium Global Standard certification for traceability

- ISO 22000-2018 for food safety management system

Chemistry labs

- ISO/IEC 17025:2017 for raw materials and product testing

Feed mill

- ISO 9001:2000 HACCP
- ISO 22000-2018 for food safety management system

Farms

- GAP Certification from Saudi Ministry of Environment, Water, and Agriculture (MEWA) for farming practices

— PERFORMANCE | SUSTAINING AGRICULTURE

Innovating for healthier products

In 2022 we introduced Omega-3 fortified chicken to incorporate healthy fats in our chicken products to combat cardiovascular diseases. We ensured all the feed we use is produced from 100% vegetable based raw materials and are hormone-free.

We have two R&D teams. One is focused on improving the nutritional performance of our products. The other focuses on improving our sustainability performance, across the business.

100%

Vegetable-based, hormone free feed

Omega-3 fortified product innovation

As per research from Global Organization for EPA and DHA Omega-3 (GOED), 80% of the world's population doesn't get enough Omega-3 polyunsaturated fatty acids (PUFAs) through their normal diet. In 2022, we worked with Humanativ to produce Omega-3 enriched feed from natural and sustainably sourced Algal oil to fortify our fresh chicken products. This will help our end-consumers get valuable Omega-3 nutrients that they are currently missing.

Our development journey involved meticulous product development, multiple trials, and the careful evaluation of potential market opportunities. By leveraging a detailed go-to-market strategy, our goal is to make a lasting impact on the health and well-being of our customers. Together with Humanativ, we are proudly transforming the landscape of nutrition and wellness in the region.

Since its launch, the response from our consumers has been phenomenal. It provides our brand with an edge as a healthier, reliable and trustworthy organization.

Ensuring safe and quality products

Our business demands the highest standards of product quality and safety. For speed, accuracy and assurance, we use in-house laboratories to conduct extensive chemical and microbiology testing. All our colleagues working in production and operations are trained on good manufacturing practices, with quality control personnel and line managers required to repeat this training every three years with an approved certification provider. Our commitment extends beyond the boundaries of the company, with all relevant suppliers required to be certified under the Global Food Safety (GFS) initiative.



Full details can be found in our Product Food Safety Policy and the Sustainability Report Addendum. →

2 R&D Teams

for animal nutrition and sustainability



PERFORMANCE | SUSTAINING AGRICULTURE

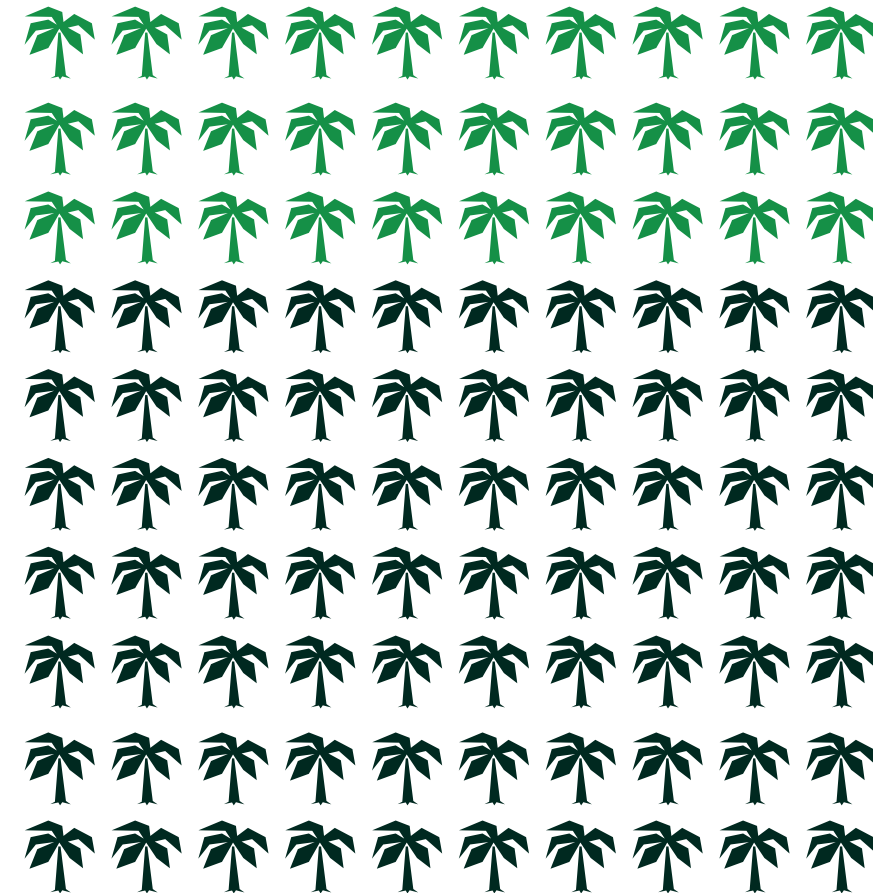
One Million Tree Initiative

We are combating desertification in Saudi Arabia through our One Million Tree Initiative. This initiative supports a key priority of the Saudi Vision 2030 and directly benefits our business as well as the local environment.

The initiative sees us planting trees near our primary processing plants, using poultry manure as fertilizer and treated wastewater to help the trees grow. It was developed on circular thinking, looking at how we can use waste from our production processes to create value for the business, either through savings or broader nature-based products and services. The trees will do more than sequester carbon but also enhance our biosecurity. An unexpected and yet welcome additional benefit from the trees is the impact they make on our local environment.



One million trees by 2025
300,000 trees planted by
end of 2022 enough to sequester
56,000 tons co₂e



PERFORMANCE | SUSTAINING AGRICULTURE

\$1 million innovation challenge for sustainable feed

Our birds consume 387,000 tons of feed per year. At present, 90% of the feed raw materials are imported, this presents carbon, cost and national food security issues. However, this provides a sizable sustainability innovation opportunity in terms of feed sourcing locally.

This is the challenge we've set for the 2022 Omnipreneurship Awards Grand Challenge, investing \$1 million to fund innovation in sustainable agriculture to produce local feedstock.

Climate change could also lead to substantial impacts on feed availability, supply and price. That's why we are looking to develop new, more sustainable, technologies and solutions to feed our birds.

The \$1 million prize will, after careful testing and evaluation, be awarded to the most innovative and commercially applicable approach. Entries for the award closed in December 2022, with screening, testing and judging taking place through 2023.

**Omnipreneurship Awards
Grand Challenge** →

\$1 million

sustainable feed innovation challenge



PERFORMANCE | SUSTAINING AGRICULTURE

Improving water efficiency

The GCC region is home to some of the most water-scarce countries in the world. In addition, we operate in a water-intensive industry in one of the most water-scarce regions in the world. Therefore, responsible water management is critical to our business performance and our contribution as good corporate citizens.

We pay NCEC Saudi Arabia approved third-party suppliers for nearly three-quarters of the water we consume as well as paying for the disposal of wastewater using government approved service providers.

We have a wastewater treatment plant at our Shagra facility. In 2022, this facility treated 581 megaliters of wastewater, converting it into agricultural grade grey water. This recycled water is used to irrigate the afforestation plantations as part of our One Million Tree Initiative.

In 2022:

3,083

megaliters of water consumed

1,324

megaliters of wastewater generated

5.7m SAR

saved

11%

improvement in water intensity

44%

of total wastewater is recycled annually



581

megaliters of wastewater recycled annually

Sustaining Planet

Delivering our strategy will ensure we are playing our part as a responsible corporate citizen, and also building a stronger, more resilient and efficient business. This will see us innovate, turning waste into energy and value and so reducing our exposure to external shocks. Efficiency in our production and operations reduces waste and enables more agility in our business. As the world changes to be low carbon through policy and procurement changes, by delivering on our strategy, TFC will be better positioned because of what we're doing on sustainability, especially around efficiencies of energy and waste.

For full details on our performance and activities, please see the Sustainability Report Addendum. Please see our policies [here](#). →

— PERFORMANCE | SUSTAINING PLANET

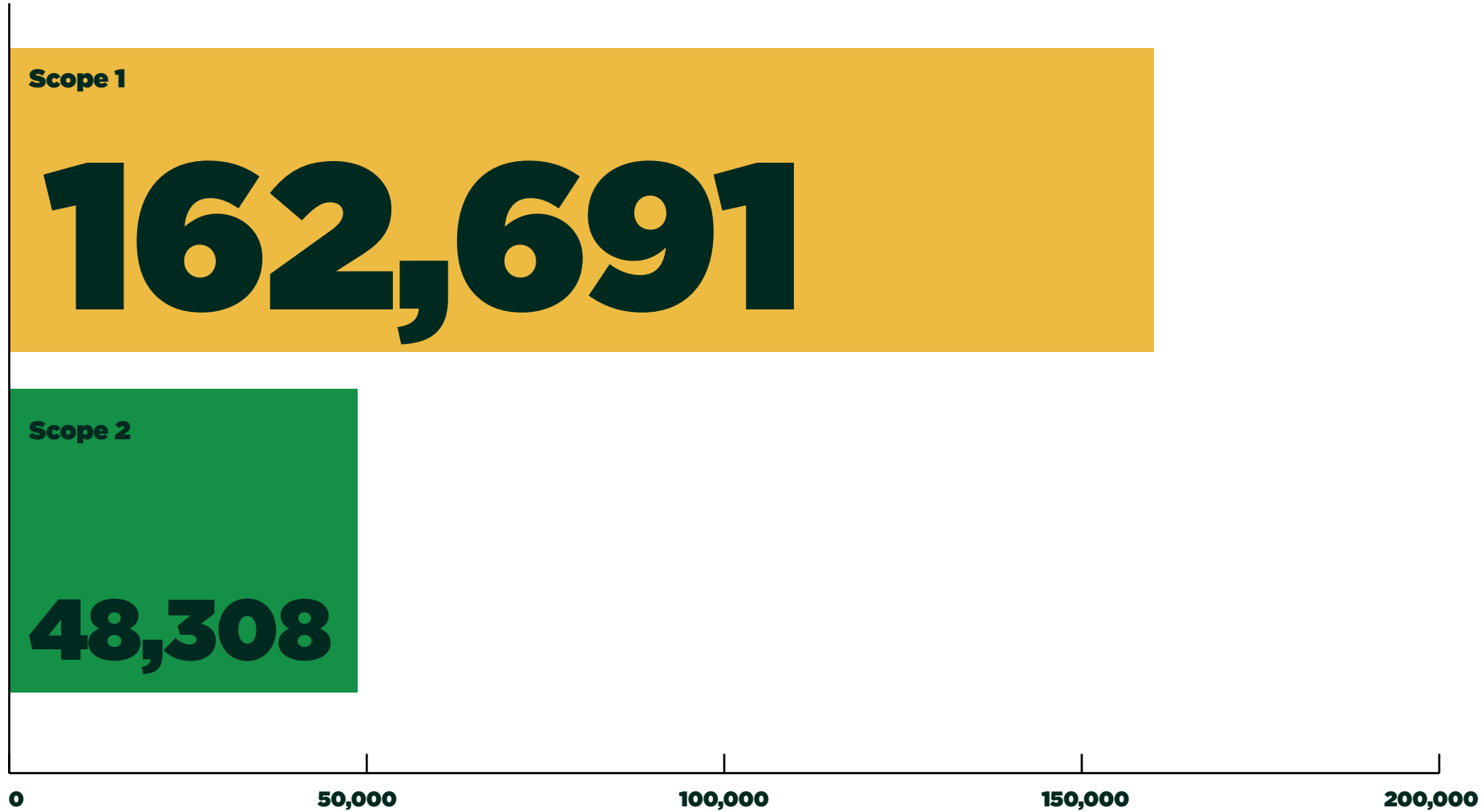
Climate action and energy efficiency

Climate is a critical issue for every business. Before taking action, we need to know where we stand, so we used a Supplier Leadership on Climate Transition’s tool to complete our scope 1 and scope 2 emissions footprint. This will allow us to see where we are doing well, as well as spotting where we have room for improvement, so we can lower the total emissions created by our business and improve our efficiency in the future.

In 2024, we aim to use external experts for scope 1 and scope 2 carbon accounting exercise and will set carbon reduction targets towards carbon neutrality, in line with Saudi Arabia’s 2060 net zero target, to help us reach our vision as the fully integrated global halal sustainable healthy protein leader, by 2030.

This year, our baseline assessment indicated that the majority of our footprint is attributed to fuel used to power our sites and through our logistics fleet of vehicles. This provides a focus for us in the years to come as we look to reduce our emissions and contribute positively to the climate change agenda and our own running costs.

2022 Carbon Footprint in tCO₂e



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Improving energy efficiencies

In 2022, we measured and analyzed our scope 1 (primarily fuel consumption for vehicles, industrial processes and backup power) and scope 2 (primarily purchased grid energy) emission sources so we can target areas for improvement. That doesn't mean we've been standing still though. Over the year we have worked on demand-side energy reduction measures by installing thousands of LED lights across our sites. This work began in 2021 and continued into 2022. These changes have significantly improved the energy intensity of our business.

In 2022, our LED project delivered impact:

↙ **6.3%**

year-on-year reduction in energy consumption

3,200 tco₂e
saved



Fuel efficiency through smart logistics

In fuel, where the majority of our impacts lie, our Track and Trace initiatives have optimized our logistics and deliveries, reducing fuel consumption and therefore emissions, as well as cost. This involves equipping our fleet with Internet of Things (IoT) technology and Real-time data monitoring. As well as reducing fuel and emissions, it also improves animal welfare by minimizing stress and transportation time.

Nature-based carbon capture

Alongside these reduction efforts, we are also sequestering carbon through our One Million Tree Initiative, which will make an important contribution to our carbon impacts.

300k

trees planted

56,000 tco₂e

sequestered

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Turning waste into value

As an agricultural business, waste is a significant output of our business. Alongside the environmental impacts, the management and disposal of this waste carries a commercial cost. This circular economy approach underpins our Omnipreneurship philosophy, of giving, earning and sustaining, driving our thinking in this area. As such, we are delivering significant progress, environmentally and commercially.

The majority of our progress has been delivered through our program of turning poultry waste into fertilizer for our tree plantations.

Growth of business would normally mean more waste, but because of our efforts and procedures, as set out in our **Sustainable Agriculture Policy**, compared to 2021, **we have achieved:**

↗ **35.4%**

increase in recycled waste from 2021 to 2022

↘ **6%**

reduction in landfill waste

↘ **2%**

reduction in our total waste

10.6m SAR

saved by avoiding third-party waste disposal



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Rethinking packaging

Conventional packaging depletes natural resources, forcing businesses to manage natural resource depletion as they grow. Moving to sustainable packaging means we place less of a burden on depleting resources, which would become more expensive as they become less readily available. We also commit less harmful materials to landfills and reduce our carbon footprint.



This means that moving to more sustainable packaging is better in the long term, not just for the planet, but also for the bottom line of our business.

Changing our packaging mix

We produce millions of poultry products a year. For each product type, we have made significant packaging changes. For the portion units, we have replaced non-recyclable foam trays with recyclable polyethylene terephthalate (PET) trays. This shift has caused a 34% reduction in foam trays and a 1,606% increase in PET trays from 2021 by weight.

For whole chickens, we have moved to using an oxo-degradable bag, a first of its kind in Saudi Arabia. This packaging is completely degradable. Each unit comes with labeling that educates the consumer about the packaging and how to dispose of it responsibly. In 2022, this was named 'Product of the Year' at the Gulf Awards.

We ran 31 campaigns, across a range of media and communication channels to raise consumer awareness about the changes in our packaging.

Educating customers on recycling

To educate customers about the packaging changes, we ran a series of campaigns. These campaigns not only promoted the environmental benefits of our packaging and product to consumers, but also guided them how to responsibly dispose of the packaging and the environmental benefits of doing so. This not only enhances our brand in consumers' minds, it also increases our contribution to the environment.

↓ **34%**
reduction in foam trays

↑ **1,606%**
increase in PET trays

'Product of the Year' at the Gulf Awards

This packaging is completely degradable. Each unit comes with labeling that educates the consumer about the packaging and how to dispose of it responsibly. In 2022, this was named 'Product of the Year' at the Gulf Awards



The Future



— THE FUTURE

Looking forward

We are proud of the progress we've made in 2022 and look forward to continuing our success in 2023 and beyond.

We will continue to drive changes in the business to help us give, earn, and sustain, and therefore drive success in our business and our community, through our core pillars of people, agriculture, and planet.

Strengthening sustainability governance

In 2023, we plan to strengthen our sustainability governance. We have identified several risk and opportunity areas which we will cover by updating and expanding our policies on everything from people, product, procurement, agriculture, remuneration and many more.

Progressing our people agenda

For our people we will continue the work that we've begun this year as well as develop new initiatives that will help them grow and deliver even better results for the business. We will run a leadership training program, for deserving colleagues, building their leadership skills internally in key areas of the business. At the same time, we will continue our work towards a more even gender balance within the business, to improve our supply chain, to interact with our community, and to ensure our colleagues' good health and safe working environment. Each of these initiatives will help us to build a more engaged workforce, one that is focused on delivering the best results and impact for TFC and the communities that we operate in.

Advancing animal welfare

On agriculture, we will build on the foundations we've laid in 2022. We will bring animal welfare policies in our broiler section to align with our hatcheries and primary processing plants.

Gaining efficiencies in resources and water use

We will convert existing facilities to include, and embed all new facilities with, wastewater management and recycling technology as well as implementing wastewater recycling at our hatcheries, using recycled water for agriculture and tree plantations.

These improvements to our business, in line with circular thinking, will allow us to benefit financially and help Saudi Arabia as a whole to tackle the key issue of water scarcity. We will also drive more sustainable, local feed innovation to find and implement a solution that makes our feed less expensive and more secure in years to come.

Working towards carbon neutrality

For the planet, we will continue our journey to create a clear picture of our impact globally and create plans to improve our performance in that area. We will push further towards our goal of planting one million trees by 2025 and benefit even more from this initiative than we have already.

On climate action, we will continue to measure our carbon footprint, work on setting targets towards carbon neutrality and develop more clean, cheaper energy through new solar power plants installed at our locations and making the most of our biowaste, turning into biochar and creating energy too.

Expanding sustainable packaging

We will also find new ways to save on costs and build positive public perception through our work on sustainable packaging, our environmental management systems, and finding new ways to convert our waste into energy.

The future of sustainability at TFC looks very bright & promising. We are looking forward to delivering further on our strategy and seeing the positive social, environmental and commercial impacts as a result.



Find out more

To learn more about our business
and sustainability work, please visit
tanmiah.com