

Nadec aims to position itself as a leader in the “green” food sector in the Kingdom of Saudi Arabia by 2030. To realize this vision, the company’s sustainability strategy is built on the following pillars:



## Improving Operational Efficiency

Nadec remains steadfast in its pursuit of the strategic goal of sustainably improving operational efficiency. This commitment involves the implementation of advanced operational practices and the use of digital technology to maximize benefits and returns, and ensure sustainable market share growth. The members of the Board of Directors of Nadec confirm that there have been no disruptions or material impacts on the company’s financial position during the past twelve (12) months. Throughout 2023G, Nadec achieved remarkable revenue growth and enhanced profitability by implementing strategies focused on refining its manufacturing and distribution activities. Revenue for the current year showed a significant increase of 18.66% over the previous year, primarily driven by the growth in dairy sales and the new protein sector of 19.20%, and the agricultural sector of 6.03%..

Nadec’s management has been dedicated to enhancing operational performance levels through a strategic focus on improving the cost structure to reduce expenses and increase profit margins. The sales-to-revenue cost ratio for the current year showed a notable decrease of 7.02% compared with the previous year. This significant improvement is mainly due to the decrease of prices in consumable materials and raw materials.

## Providing Products for All Consumer Segments

Nadec is constantly striving to strengthen the presence of its products in the market, expand its regional footprint, and facilitate geographic expansion. This is being pursued through the company’s commitment to entering into new partnership agreements and expanding distribution channels throughout the Kingdom, the Middle East, North Africa, and other untapped markets, creating diverse opportunities for future growth. During the year under review, revenue from the Kingdom of Saudi Arabia increased by 17.9%, while export revenue to other countries also increased with a growth rate of 24.8% compared to the previous year (2022G).

The revenue ratio increased to  
**18.66%**  
compared to last year

Increase in Sales Percentage  
Dairy and Protein  
**19.20%**  
during the year 2023G

Increase in Sales Percentage  
Agricultural Sector  
**1.6%**  
during the year 2023G

Increase in Revenue  
Within the Kingdom  
**17.9%**  
Exports to Other Countries  
**24.8%**  
compared to the  
previous year  
2022G

## Meeting Stakeholder Needs

Nadec’s sustainability strategy revolves around supporting initiatives that engage stakeholder groups related to its activities, including organizations linked to its food-related operations and consumers. Prior to undertaking community service activities, the company meticulously defines its organizational vision, mission, and goals. Through these guiding principles, Nadec endeavors to add environmental, social, and economic value to the communities it serves in the Kingdom of Saudi Arabia and beyond.

## Six 6 Achievements of Nadec’s Communication Channels with Stakeholder Groups

- 01** Publicizing the organization’s sustainability issues, material impacts, and objectives.
- 02** Transparently reporting on the progress made in all divisions of Nadec.
- 03** Establishing open communication channels that allow stakeholders to gain deeper insight into Nadec’s approach.
- 04** Identifying potential opportunities by analyzing the nutritional needs of consumers.
- 05** Enabling Nadec to leverage stakeholder insights.
- 06** Continuously enhancing the strategic approach and responsiveness to material risks and opportunities.

## Steady Progress Toward Sustainable Operations

### Four 4 Promising Targets Achieved by Nadec in 2023G

Target	Indicators of goal achievement
<b>First: Nadec aims to become a leader in “green” food in the Kingdom of Saudi Arabia by 2030.</b>	Nadec has partnered with a leading sustainability consulting firm to facilitate the development of its sustainability strategy and roadmap. This collaboration is instrumental in implementing Nadec’s strategy and contributing significantly to the objectives of the National Transformation Program 2023G.
<b>Second: Promoting the Values of Integrity and Transparency by Leading by Example</b>	Nadec fosters this culture within its own operations.  Nadec sets goals and reports on progress within its operational areas.  Nadec encourages and supports stakeholders to do the same. This commitment is driven by Nadec’s desire to take significant steps in innovation and collaboration to ensure the reduction of any pollution from its operations or suppliers.
<b>Third: Maintaining a Healthy and Adaptive Environment is Crucial for Company Success</b>	Nadec is committed to safeguarding the environment from natural threats through various initiatives, including projects to combat desertification, efforts to reduce water consumption, efficient wastewater management, and ownership of one of the largest solar arrays in the Middle East for clean energy production. More details on environmental initiatives and achievements are provided in this report.
<b>Fourth: Innovation to Ensure Food Security</b>	We have dedicated resources to improving agricultural techniques, production processes, and efficiency to maximize food production while ensuring the sustainable use of natural resources.

## Strategic Priorities for Product Sustainability

Nadec’s sustainability strategy, developed and refined throughout 2023G, outlines ten (10) foundations and priorities that are currently being implemented through environmental and social initiatives this year. In response to today’s environmental and social changes, ensuring product sustainability in the food industry has become paramount to business continuity and meeting consumer expectations. As consumers increasingly seek products that prioritize environmental preservation and adhere to social responsibility, Nadec identifies and categorizes sustainability priorities within the industrial context of its products, addressing the challenges it faces. These sustainability priorities encompass various aspects, including:



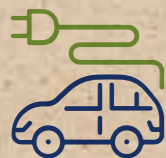
### 1- Sustainable Resources:

Focusing on the efficient use of resources, including energy, water, and raw materials, improves environmental efficiency through sustainable production practices and the use of renewable energy sources.



### 2- Environmentally Friendly Packaging:

Improving packaging design to reduce waste and minimize environmental impact, including the use of recyclable or renewable materials.



### 3- Sustainable Transportation:

Seeking environmentally friendly and efficient transportation methods to reduce carbon emissions associated with the supply chain.



### 4- Sustainable Agriculture:

Supporting sustainable farming practices for agricultural components used in products.



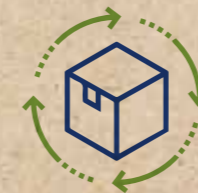
### 5- Social Responsibility:

Exercising social responsibility by caring about and making a social impact, ensuring the responsible sourcing of components and materials.



### 6- Product Innovation:

Developing new and innovative products that meet customers’ needs in a sustainable way and achieve balanced environmental and economic performance.



### 7- Product Life Cycle Analysis:

Assessing the environmental impact of products throughout their life cycle, from production to disposal, and working to reduce that impact.



### 8- Compliance with International Standards:

Complying with international standards and regulations related to sustainability and food classifications.



### 9- Sustainable Growth:

Opening departments that meet customers’ needs and fulfill Nadec’s aspirations in the sustainable food market.



### 10- Achieving Social Added Value:

Promoting community participation through Nadec’s support of social, sports, and cultural projects, combining its productive purpose with its role in the community.

## Nadec's Climate Change Approach

Nadec recognizes the challenges and risks associated with climate change, including desertification, water stress, and various negative environmental factors. As a leading company, Nadec prioritizes the adoption of green energy, participates in reforestation initiatives, and shares knowledge within its supplier network.

### Nadec's Climate Change Initiatives in 2023G:

- 1- The company has signed several agreements related to programs and initiatives that yield positive results in addressing climate change, including a partnership with Pure Harvest to create a food system that uses resources efficiently and reduces carbon emissions.
- 2- Announcement of Nadec's ownership of one of the largest solar arrays in the Middle East, through which it continues to produce clean energy.
- 3- The company is implementing a fleet improvement program to reduce its environmental impact.
- 4- Nadec continues to use innovative cooling technologies at its dairy farms to reduce the amount of electricity required for cooling.

## Nadec's Approach to Water Management

Nadec recognizes that access to water and sustainable water management are key factors in its continued success, whether in agriculture or manufacturing. The company has carried out several projects and initiatives focused on reducing water consumption and managing wastewater.

### Nadec's Water Management Initiatives in 2023G:

The company has implemented several important measures to reduce water usage and liquid waste, including:

- 1- Partnering with Pure Harvest to implement innovative farming systems that result in reduced water consumption per kilogram of production.
- 2- Signing a memorandum of understanding with the Olive Producers Association to establish cooperation and promote the adoption of best practices, particularly in the field of irrigation.
- 3- Nadec has completed a study on water reclamation within its operations to achieve maximum efficiency and sustainability.
- 4- Planning for the implementation of a wastewater treatment project in 2024G.



## Nadec's Approach to Waste Management

The company's "New Dawn" strategy focuses on resource efficiency and waste management as an integral part of its sustainability approach, helping to reduce environmental impacts such as carbon dioxide emissions. Nadec's approach to waste management aims to turn waste into usable natural resources instead of disposing of it.

### Nadec's Waste Management Initiatives in 2023G - Waste Disposal Program:

- 1- In 2023G, the company launched several initiatives, including the recently introduced "Waste Disposal Program" and the "Zero Waste Journey," which will be expanded over the next five years.
- 2- As part of this initiative, the company's digitization and automation programs are positively contributing to waste reduction and increased efficiency. Other projects include compostable packaging, biofuels, food waste reuse, and wastewater treatment.
- 3- In 2023G, Nadec signed several agreements related to programs and initiatives aimed at reducing unnecessary waste, including a partnership with "SERC" for the recycling of organic waste.