

# Sustainable Procurement Guidelines

November 2024

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## 1. Overview

In Alinma, we believe in embedding our sustainability commitment across all functions. Supply chain/Procurement in particular is essential part of our sustainability commitment. Applying Our sustainability strategy is based on the three letters, ESG where “E” stands for Environment, “S” for Social and “G” for Governance.

Our Mission in Alinma Bank is to contribute to society through supporting local content and drive for a greener supply chain and greener procurement practices and responsible approach in procuring goods and services.

As we are committed to achieve Net-Zero by 2050, Alinma takes in consideration the consequences of its actions on ecological and social dimensions. We understand the Internal and external drivers for sustainable procurement (Financial, Risk management, Commitments and goals, stakeholder expectations, Attractiveness).

### 1.1 Purpose

Alinma sustainable procurement Guidelines aims to incorporate three dimensions of sustainability concept (Economy, Environment and Social) within its procurement process by encouraging suppliers to adopt sustainability practices that achieve green and social procurement outcomes.

### 1.2 Scope

These Guidelines applies to Alinma Bank and developed in accordance with following references:

- a. Alinma sustainability strategy
- b. Alinma sustainability Policy
- c. Alinma environmental Management policy
- d. Alinma procurement policy
- e. Alinma code of conduct (suppliers)
- f. Alinma ESG position statement

## 2. Alinma sustainable procurement approach

Alinma Bank is committed to support Saudi Arabia to meet the Sustainable Development Goals (SDG) Specifically, the SDG 12, specifically goal 12.7 which refers to promote sustainable public procurement practices. This guideline is not mandatory at this stage and the main purpose of it is to encourage responsible actions for Alinma and its suppliers. As a start of this journey, we in Alinma have followed three main approaches:

**Promoting Culture of Sustainability:** By developing and conducting series of awareness programs and providing staff training about achieving Sustainability procurement outcomes throughout the procurement process. We also encourage our suppliers to cooperate with us in the investigation of their status to support them.

**Ensuring Compliance:** We have updated our Code of conducted to include our sustainability highlight and made it mandatory to be shared with all our engaged suppliers and review and acknowledge by new suppliers as part of their onboarding process.

**Enhancing performance:** We developed a Supplier ESG assessment tool which will help us identifying the ESG gap in our supply chain and then coordinate with our suppliers to bridge it. Suppliers are requested to review and submit ESG assessment tool (whenever required) in order to allow Alinma monitor Green Sustainable Procurement Performance through its supply chain.

### 3. Definition

Abbreviation	Description
ESG	Environmental, Social and Governance
SDG	Sustainable Development Goals
SDG 12	Responsible Consumption and Production
goal 12.7	Promote public procurement practices that are sustainable, in accordance with national policies and priorities
GHG	Greenhouse Gas

### 4. Alinma sustainable procurement Guidelines:

In Alinma Bank, we encourage following Environmental, Social and Governance practices:

#### Environment

- Reduce environmental impact throughout procuring environmentally friendly goods and services whenever it possible (Environmentally preferable goods and services are those that have a lower environmental impact).
- Alinma is committed to calculate scope 3 Greenhouse Gas (GHG), emissions (category 1 &2) related to capital good and purchased goods and services.
- Considering Alinma GHG reduction targets and Net zero goals in procurement activities.
- Set up processes to reduce, repair, reuse or recycle goods.
- Consider Disposal methods and life cycle assessment in goods and equipment that require sustainable disposal strategies for the end of their useful life.

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## Social

- All suppliers must uphold the human rights of workers as understood by Saudi labor law and treat them with 1. dignity and respectfulness and 2. Safe and healthy work environment.
- Alinma Suppliers and service providers should not permit any form of forced labor.
- Alinma Suppliers and service providers is encouraged to demand and promote localization, diversity and inclusion.
- Alinma is committed to a contract with a fair balance of risk between the purchaser and the supplier.
- Alinma is committed to conduct supplier satisfaction survey on annual bases and develop action plan to enhance level of satisfactory.

## Governance

- All Alinma suppliers must adhere to applicable laws and standard procurement ethics. They must strictly follow the shared code of conduct.
- Alinma is committed on fair and equal treatment
- Alinma is committed to continual improvement in organizational Sustainable procurement goals, policies and outcomes.
- Overall procurement activities of Alinma Bank shall adhere to Alinma Bank Code of Conduct.
- Alinma engaged Suppliers must adhere to Alinma Data protection policy.
- Alinma and the regulator SAMA reserve the right to audit and inspect supplier's operations and facilities, upon reasonable notice, with or without support of a third party.

## 5. Approval matrix

Function	Group / Division
Owner	Procurement
Stakeholder	Strategy and Sustainability
Approval	Shariah
	Risk Management
	Legal & Corporate Governance
	Compliance & Anti Finance Crim's
	Share services Governances
	<b>Procedures Unit</b>