

2023 Sustainability Report

Released date: 05 January 2024

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Letter from our Chairman

From the heart of Saudi Arabia, a land that has both shaped me and borne witness to our society's dynamic progress, as the Chairman of the First National Human Resources Company (FNRCO), I am honored to share this message. Our world, ever more connected, demands of us a heightened sense of duty and purpose. Annually, thousands entrust their career paths to us, and countless organizations depend on our expertise to sculpt their talent strategies and fulfill their workforce needs. This trust is the bedrock of our mission to foster meaningful, sustainable employment, a mission we pursue with the conviction that it can indeed change the world.

In Saudi Arabia, the workplace is undergoing profound changes—accelerated automation, a dedicated move towards equitable and sustainable practices, and the advent of generative AI are reshaping industries. This era of change offers unprecedented opportunities for fulfilling, impactful work, provided that individuals are equipped with the right skills. At FNRCO, we commit ourselves to guide, upskill, and provide the expertise necessary for navigating this evolving landscape towards sustainability and digital integration.

I take immense pride in the enthusiasm and dedication our team has shown in embracing these shifts across various sectors. This report is a testament to our steadfast belief in the potential of every individual and our pledge to prepare them for a future brighter than their past.

Our commitment to supporting **Saudi Arabia's Vision 2030** and its **green initiative** is unwavering and will continue to grow stronger.

As we look forward, I am eager to advance this journey alongside our employees and partners, aiming to surpass our ESG goals in the year ahead and beyond. United, we stand on the brink of fostering a more just, inclusive, and thriving world for everyone.

Sincerely,

Mr. Ali Jaber Al Mahan
Chairman
First National Human Resources Company (FNRCO)

WE SUPPORT



ESG performance highlights

Introduction

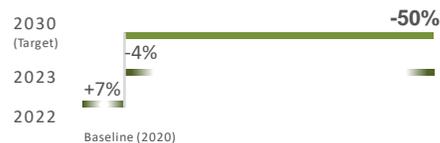
Strategy and governance

Progress on ESG

Performance Data

Climate change

Company Vehicles: **~50%** reduction in carbon intensity (EEOI) by 2030



Human capital

Employee Engagement Survey score in the top quartile of global norm by 2025



Business ethics

100% employees (in scope) trained in the FNRCO Code of Conduct by 2023



Safety and security

100% of Learning Teams completed following a High Potential Incident by 2023



Diversity, equity and inclusion

>40% women in management and leadership by 2025

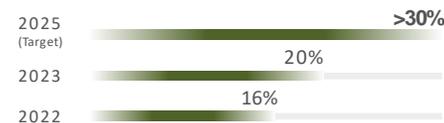


Data ethics

100% of employees (in scope) trained on data ethics by 2023



>30% diverse nationality (non-OECD) of executives by 2025



Sustainable procurement

100% of suppliers (in scope) committed to the Supplier Code of Conduct by 2024



About the report

This is the Annual Sustainability Report of the First National Human Resources Company (FNRCO), this document encompasses our efforts and initiatives throughout the 2023 calendar year. It is our formal declaration regarding our commitment to social responsibility, diversity, and data ethics, ensuring alignment with the relevant laws and regulations of Saudi Arabia. This report also signifies our adherence to the principles and requirements pertinent to corporate sustainability as mandated within the Kingdom.

FNRCO, established in 2001 with a capital of 100 million Saudi Riyals, is at the forefront of HR & Payroll Services, boasting ISO certification and compliance with both public and private sector standards in Saudi Arabia. With a commitment to innovation and excellence, our skilled team of over 5000 employees supports more than 100 clients, actively contributing to Vision 2030's goals. Our operations reflect our core values and aim to uphold the highest standards of service quality, demonstrating our role as a leader in our industry.

Our business and how we create value

First National Human Resources Company (FNRCO) is steadfast in its dedication to progress and innovation. Anchored by a commitment to excellence and collaboration, FNRCO offers a suite of comprehensive human resources solutions designed to meet the evolving needs of the modern workforce and businesses alike. Our service spectrum encompasses Employee Secondment Services, Workforce Management, Supplemental Manpower Project (SMP), Global Mobility Services, Payroll Solutions, Ajeer Employment Services, Employer of Record (EOR), and Managed Resources. At FNRCO, we harness our expertise to deliver seamless, efficient, and ethical HR services, thereby enhancing operational success and enriching the professional lives of individuals across sectors—propelling both growth and prosperity in the industries we serve.



What we depend on

Purpose-driven people and our culture

Our talented, diverse team of 7,000+ employees with 81 nationalities.

Our brand

For over a century, we have built partnerships with customers, enabling them to prosper by facilitating global trade.

Natural resources

Our business relies on natural resources such as steel for vessels and oil, biomass and water for conventional and green fuels.

Stakeholder relationships and partnerships

We rely on constructive relationships with customers, suppliers, peers and authorities.

Assets and end-to-end delivery network

Our assets, supplier relationships and logistics expertise ensure resilient supply chains.

Financial capital

We have a strong balance sheet and are committed to remaining investment grade-rated.

Technology and data

Technology and data are key to connecting and simplifying supply chains.



Value created for

Our customers

We aspire to provide truly integrated workforce management for 100+ customers in various industries, while helping them meet their commitments.

Our people

We keep our people safe and engaged while offering equitable and interesting career paths.

Society:

By optimizing human resources solutions, FNRCO enhances the vitality of the workforce, empowering individuals and businesses alike.

and contributes to the economic prosperity and quality of life within the communities we serve.

The planet

We are devoted to achieving net zero emissions by 2040, aligning our operations with environmental sustainability.

Shareholders

As we evolve to become a leading provider of integrated human resource services, we remain committed to innovation and the enhancement of shareholder value at FNRCO.

Re-wiring of global workforce mobility



Introduction



Strategy and governance



Progress on ESG



Performance Data

In 2023, overarching trends related to geopolitical dynamics, workforce sentiments, and sustainability significantly influenced global employment landscapes and human resources management, with technology being a central agent of change. Despite the stabilization following the pandemic's disruption, the year persisted with challenges in the HR sector, marked by unprecedented climate-related events and persistent geopolitical tensions.

Post-pandemic

In the wake of the pandemic, enduring shifts have become apparent, significantly shaping the human resources industry. For First National Human Resources Company (FNRCO), the shift towards a post-pandemic equilibrium was markedly influential in 2023. Economic elements such as workforce redistribution and the resolution of HR bottlenecks were evident, along with the impact of ESG-related factors. FNRCO observed a continuous recalibration of workforce strategies as employers aimed to bolster resilience and minimize reliance on expansive, disruption-prone recruitment networks. This fostered a trend towards regional workforce solutions, reducing the complexity of managing a globally dispersed talent pool.

Additionally, this recalibration is propelled by a deceleration in globalization due to shifting trade policies and social perspectives that now favor more protectionist stances amid inflation and rising nationalistic sentiments. For FNRCO and our clientele, these changes pose material ESG risks and opportunities, from ensuring equitable labor practices to adapting to stringent ESG-centric regulatory environments.

While assisting clients in adjusting to these HR transformations and the escalation of compliance demands tied to ESG, FNRCO maintains a steadfast commitment to promoting a global outlook on talent mobility that supports socio-economic advancement and helps elevate communities. Part of this commitment is the vigilant management and mitigation of potential adverse social impacts, such as inequality and labor exploitation.

Escalating global conflicts are reshaping recruitment dynamics

The year 2023 experienced a rise in geopolitical unrest, directly affecting recruitment and workforce management. Notably, the ongoing repercussions of the Russian military activities in Ukraine and regional conflicts have disrupted the international mobility and stability of the workforce. Incidents impacting critical transit points, akin to the repercussions on commercial cargo in pivotal maritime routes due to the Gaza conflict, have parallels in the human resources sector.

Such disturbances have compelled organizations, including FNRCO, to reconsider and sometimes suspend international recruitment drives, especially in regions that serve as central nodes to global talent pipelines. These conflicts are anticipated to persist into 2024, compelling our clients to revamp their human resource strategies with versatility, such as diversifying their talent sources and considering remote or localized workforce solutions.

Regulatory action is reshaping the human resources landscape

Regulatory developments are steering the sustainability commitment within Saudi Arabia. Newly established standards for sustainability reporting and due diligence are prompting firms in various sectors to enhance their management and communication of ESG-related impacts and risks, both within their core operations and throughout their service chains. While the Kingdom of Saudi Arabia does not directly implement the EU Corporate Sustainability Reporting Directive or the European Sustainability Reporting Standards, the principles of thorough ESG reporting and the emphasis on accountability are gaining prominence within the Saudi legal framework.

Anticipated regulations, inspired by global directives, are expected to necessitate stringent adherence to human rights and environmental stewardship within corporate practices. This aligns with Saudi Vision 2030's objectives to foster a more sustainable and diversified economy. Additionally, global concerns regarding biodiversity loss, as addressed by the Global Biodiversity Framework, resonate within the Kingdom, acknowledging the urgent need to safeguard biodiversity as a key element of sustainable development, in line with international perspectives such as those outlined in the World Economic Forum's 2023 Risk Report.

These evolving requirements challenge Saudi companies like FNRCO to extend their responsibility beyond mere operational efficiency, emphasizing due diligence and greater transparency throughout their human resource and recruitment value chain. While adapting to these regulations presents complexities, particularly for organizations with a broad operational reach, it is a path FNRCO embraces to refine our processes and services. Moreover, these changes present an opportunity for FNRCO to support our clients in adapting to new sustainability paradigms in alignment with both Saudi and global standards.

Technology advancements enhance operational transparency

A significant portion of human resource management systems is transitioning towards complete digitalization, with clients desiring transparency in their service engagements to boost sustainability, reliability, and agility amidst disruptions. In 2023, FNRCO witnessed notable advancements in technology, particularly in the development of digital platforms facilitating direct interactions with clients, alongside the integration of artificial intelligence and predictive analytics. Such technological progress underscores the importance of ESG considerations, including data ethics and the societal implications of technology and automation on the workforce.



• Strategy and Governance

Released date: 05 January 2024

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Our ESG Strategy

Introduction

Strategy and governance

Progress on ESG

Performance Data

Building on a foundational commitment to sustainable development spanning more than a decade, the ESG strategy of First National Human Resources Company (FNRCO) sets an ambitious direction, positioning ESG at the heart of our mission, integral to our business success, and a key factor distinguishing the value we deliver to our clients. This strategy addresses the significant sustainability impacts, risks, and opportunities for FNRCO, structured around three pivotal commitments, each underpinned by strategic Key Performance Indicators (KPIs) and targets. These commitments highlight areas where FNRCO's influence, size, and scope can generate the most meaningful change, thereby shaping our aspirations—whether to achieve good, outstanding, or industry-leading standards in specific ESG domains. Our strategic objectives and benchmarks are meticulously outlined to reflect these priorities.

The formulation of our ESG strategy in 2022 was guided by a comprehensive review of pertinent subjects through globally accepted frameworks, ESG benchmarks, and insights into stakeholder expectations. A wide range of issues was evaluated based on their impact via our business operations, the significance to our stakeholders, and the challenges and prospects we encounter. The result is an all-encompassing strategy covering 14 ESG categories, complete with specific ambitions, KPIs, and metrics for internal progress monitoring and external reporting. Targets concerning Business Ethics and Data Ethics, established for 2023, will be extended as ongoing annual objectives. Likewise, the Safety & Security targets, including those for Learning Teams, will persist as yearly goals, whereas leadership training objectives are undergoing refinement and will not advance into 2024. This 2023 report includes updates towards all current targets, demonstrating our commitment to transparency and accountability in our ESG endeavors.

	Strategic targets	Performance 2023	Updates to targets
Environment We will lead the way in making human resource services more environmentally sustainable.			
<p>We are dedicated to fulfilling our promise to our clients to streamline their workforce management processes with sustainability at the forefront and our societal obligation to drive and effectuate change within this decade.</p>	<p>2030: In harmony with leading environmental practices aimed at significantly reducing carbon footprints, FNRCO will offer unparalleled green solutions throughout the human resource management spectrum, setting a benchmark for the industry.</p> <p>2040: Net zero across the business 100% green solutions to customers</p>	<p>Carbon footprint in operations decreased by 4% compared to the 2022 baseline. Achieved a 15% reduction in GHG emissions (scope 1 and 2) across all activities since 2021.</p> <p>The percentage of processes utilizing environmentally friendly fuels rose to 3%.</p>	<p>2030: 35% absolute reduction in total scope 1 emissions 100% renewable electricity sourcing 22% absolute reduction in total scope 3 emissions</p> <p>2040: 96% absolute reduction in total scope 1 and 2 emissions 90% absolute reduction in total scope 3 emissions</p>
Social We will ensure that our people thrive at work by providing a safe and inspiring workplace			
<p>We ensure everyone gets home safe by preventing fatal and life-altering incidents</p>	<p>2023: 100% of Learning Teams completed following High Potential incidents Global Leadership (Top 1,200) upskilled in FNRCO's safety and security principles</p>	<p>99% Learning Teams completed following High Potential Incidents 98% leadership trained in FNRCO's safety and security principles</p>	<p>Only the target on Learning Teams will continue in 2024</p>
<p>We create an engaging environment for all colleagues</p>	<p>2025: Employee Engagement Survey score in the 75th percentile of global norm</p>	<p>60th percentile</p>	<p>No change to target</p>
<p>We facilitate diversity of thought</p>	<p>2025: >40% women in management and leadership >30% diverse nationality (non-OECD) of executives</p>	<p>35% women in management and leadership 20% diverse nationality (non-OECD) of executives</p>	<p>No change to targets</p>
Governance We operate based on responsible business practices			
<p>We live our Code of Conduct</p>	<p>2023: 100% of employees (in scope) trained FNRCO Code of Conduct</p>	<p>92% of employees (in scope) trained in</p>	<p>Target continues for 2024</p>
<p>We protect and treat data with respect</p>	<p>2023: 100% of employees (in scope) trained data ethics</p>	<p>91% of employees (in scope) trained on</p>	<p>Target continues for 2024</p>
<p>We procure sustainably</p>	<p>2024: 100% of suppliers (in scope) committed to the Supplier Code of Conduct</p>	<p>95% of suppliers (in scope) committed</p>	<p>No change to target</p>

Governance of the ESG Strategy at FNRCO



Introduction



Strategy and governance



Progress on ESG



Performance Data

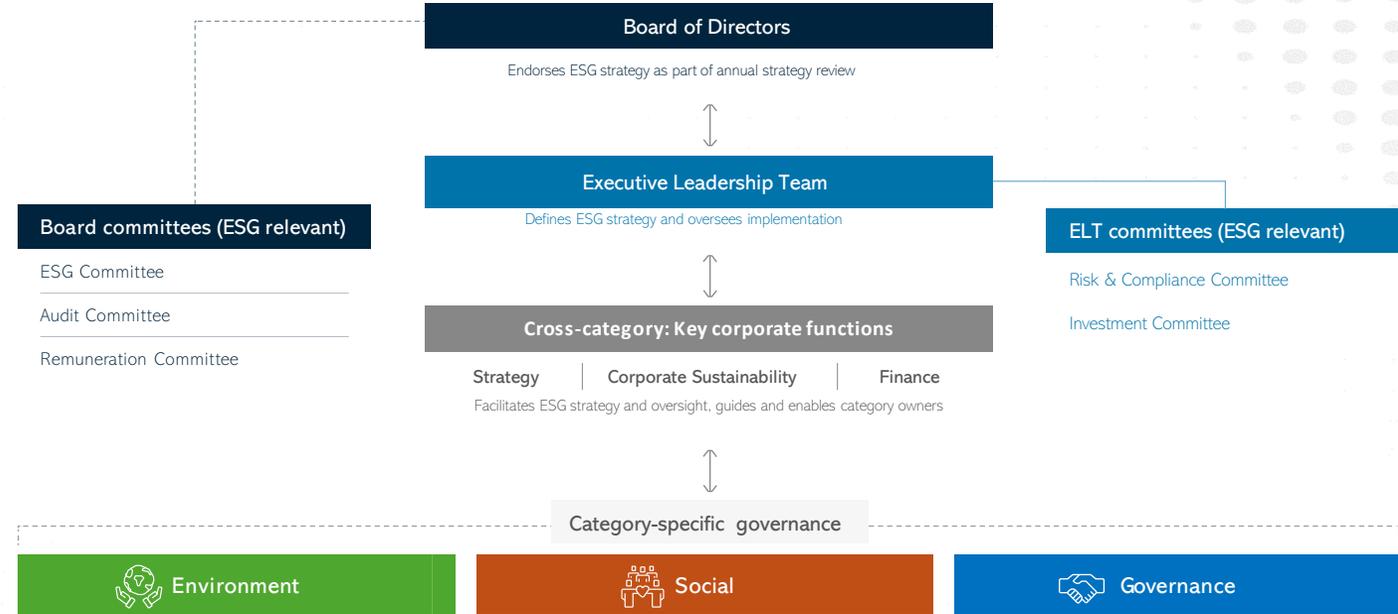
Since rolling out our ESG strategy in early 2022, prioritizing the development of clear roadmaps and robust governance has been crucial to ensure steady progress toward our strategic goals. FNRCO has also enhanced its reporting mechanisms, allowing us to introduce additional ESG KPIs into our performance overview this year, all of which undergo external verification.

Addressing sustainability risks and impacts thoroughly is now a fundamental expectation from our major stakeholders, with these expectations only set to increase. As we move forward, we anticipate that external standards and regulatory reporting demands will evolve, and new ESG frameworks will emerge both regionally and internationally, underscoring the necessity to re-evaluate our current strategy. In 2024, we plan to undertake this reassessment, adjusting our ambition levels to align with the insights from this year's comprehensive materiality review.

In early 2023, FNRCO unveiled a revamped organizational framework and introduced a new Executive Leadership Team (ELT), marking a significant transition in the oversight of our ESG initiatives. This reorganization led to the assignment of new ELT members to spearhead each ESG category, thereby ensuring sustained focus and ownership at the leadership level. These members are responsible for driving initiatives, with full accountability to both the executive team and the Board of Directors for achieving set targets. The execution of the strategy is delegated to the appropriate functional departments, which report to their respective ELT member.

To ensure thorough oversight and aid in decision-making concerning strategic challenges and risks, updates on ESG progress are presented quarterly to the ELT for our strategic KPIs and biannually for all 14 ESG categories.

The ultimate responsibility for governance rests with the Board of Directors, which endorses the overarching ESG strategy. In 2023, FNRCO established a dedicated Board ESG Committee to aid in refining our ESG strategic direction. This committee acts as a consultative body for the ELT and provides the Board with detailed insights on specific ESG issues. Meeting quarterly, the committee deliberates on strategic topics, with discussions in 2023 focusing on our commitments to ESG and decarbonization, the evolving ESG regulatory environment, human and labor rights, as well as diversity, equity, and inclusion (DE&I) initiatives.





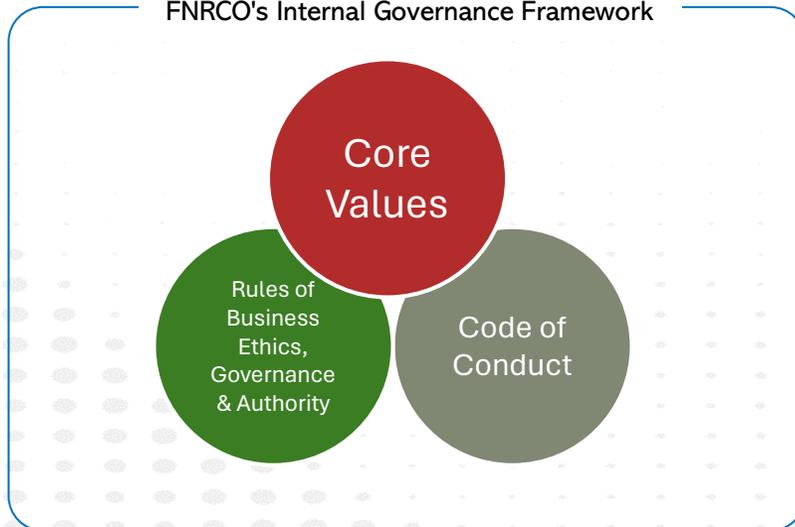
Navigating Organizational Growth through Acquisitions

For First National Human Resources Company (FNRCO), strategic acquisitions play a vital role in our broader strategy to enhance our service offerings and expand our expertise, particularly in sectors such as project logistics and specialized recruitment services.

To ensure these acquisitions are in harmony with our ESG commitments, we have intensified our efforts to integrate ESG risk assessments into our mergers and acquisitions (M&A) procedures more effectively. This includes providing our M&A team with targeted training on ESG priorities and incorporating assessments of climate change impacts into our due diligence and investment decisions.

In 2023, FNRCO strategically divested certain assets to better align with our core mission of providing integrated human resource services. This move, consistent with our strategic focus and accounting policies, means that ESG data related to the divested assets will be included in our annual report up to the point of divestiture, ensuring transparency and accountability in our ESG reporting.

FNRCO's Internal Governance Framework



The Three Pillars of FNRCO's Internal Governance Framework: Commit

At FNRCO, internal governance is pivotal, guiding our team on achieving our primary goals with clarity and integrity. This governance is encapsulated in our framework known as Commit, which is built on three foundational elements:

- **Core Values:** Rooted in our history since FNRCO's establishment, our Core Values have evolved, with the most recent update in 2022, to ensure they are universally understood, easily implemented, and deeply connected to our Purpose. These values serve as our moral compass, guiding our decisions and actions.
- **Code of Conduct:** This document outlines the global standards for interactions within our team, and with clients, suppliers, communities, regulatory bodies, and other stakeholders. Updated in 2022 to better align with our Purpose and ESG strategy, the Code of Conduct is a testament to our commitment to ethical business practices.
- **Rules of Business Ethics, Governance, and Authority:** Our governance framework is detailed with 21 specific rules addressing high-risk areas. These rules are fortified by internal controls and an annual assurance process to ensure compliance and ethical integrity across all operations.

ESG considerations related to compliance and responsible business practices are seamlessly integrated into Commit. This includes the Code of Conduct and specific rules on health, safety, security, and environment (HSSE), employee relations globally, anti-corruption measures, sustainable procurement, and data privacy and ethics. Each of these areas is overseen by a designated internal owner responsible for adherence.

Executive oversight of compliance with the Commit framework is executed through an annual internal assurance process, overseen by the Risk and Compliance Committee, ensuring our commitment to ethical practices and governance is upheld across all levels of FNRCO.



Encouraging Open Dialogue

A cornerstone within the "Commit" framework of First National Human Resources Company (FNRCO) is our whistleblower program, designed to foster a secure atmosphere where any individual can safely disclose concerns or violations without the risk of retaliation. This program is underpinned by thorough investigations conducted by neutral, external investigators and is complemented by suitable corrective measures to rectify violations and prevent future occurrences.

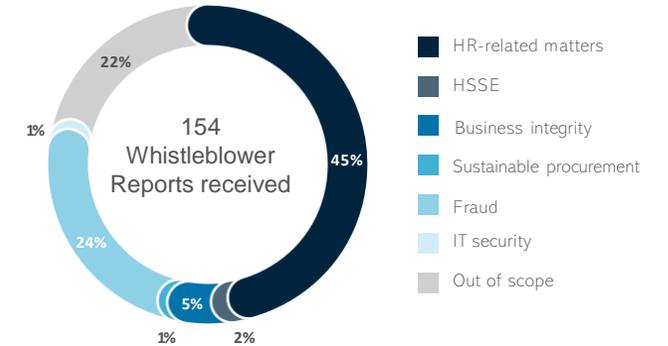
Our whistleblower program allows for anonymous submissions and supports multiple languages, promoting a culture where everyone is encouraged to voice concerns, questions, or issues, whether they are employees or external stakeholders. Beyond the whistleblower program, FNRCO offers various reporting channels, including direct contact with management or leadership, and through our Compliance, Human Resources, or Ombuds functions.

In 2023, FNRCO launched a comprehensive, global Speak Up campaign to further embed a culture of openness and empower individuals to report issues without fear of backlash. This initiative particularly targeted our operational staff across various locations, reaching out to 120 entities with the aim of eventually encompassing all 450 entities within our network.

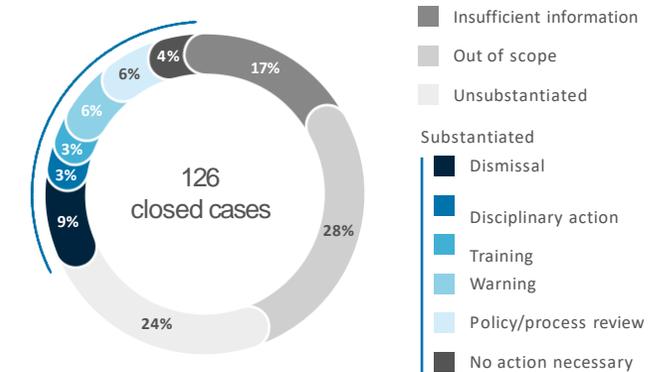
Over the course of 2023, FNRCO received 1,154 whistleblower reports, marking a notable increase from the 735 cases documented in 2022, with 80% of these cases already concluded. Notably, there was a surge in reports from the North America, Latin America, and Asia-Pacific regions, predominantly concerning HR-related issues. We interpret this rise in reporting as a positive indicator of increased program awareness and the strengthening of our culture of transparency and integrity.

“ If something seems off, we urge you to voice it! **Report confidently, without fear.** ”

Whistleblower reports received per topic area in 2023



Report outcomes and actions among closed whistleblower reports in 2023



Key ESG Focus Areas for FNRCO

Adhering to the latest global sustainability reporting standards, First National Human Resources Company (FNRCO), a leading Saudi organization fully compliant with the Kingdom's regulatory framework, has diligently updated our double materiality assessment this year. This proactive step prepares us for emerging reporting standards that, despite their EU origin, set globally applicable benchmarks. The findings from this critical assessment, as detailed in our report¹, confirm that the core aspects of FNRCO's ESG strategy—including Climate Change, Safety, Diversity, Equity & Inclusion (DE&I), and Business Ethics—stand out as our most significant concerns. Furthermore, Political Engagement/Lobbying is recognized as a crucial topic. Although it doesn't have a dedicated category within our ESG framework, it intersects with multiple areas, offering both potential advantages and obstacles.

This review, while comprehensive, is by no means complete, yet it underscores the domains where FNRCO could notably influence social and environmental welfare or face considerable financial risks or opportunities. Issues such as environmental contamination, hazardous substances, water conservation, and ethical marketing were deemed relevant in our assessment but did not surpass our materiality threshold.

FNRCO has long championed a double materiality perspective as the cornerstone of our sustainability and ESG initiatives. The introduction of the European Sustainability Reporting Standards (ESRS) enhances the precision of our assessments, ensuring alignment with global standards like the OECD Guidelines for Responsible Business Conduct. This approach involves a detailed evaluation of the significance of each topic, assessing their impact, reach, and potential for correction—practices integral to our identification of pressing human rights issues. In 2023, our focus was on developing a thorough methodology that adheres to the ESRS's requirements and ethos. Moving forward, we are dedicated to continuously improving and adapting our strategy to align with the evolving best practices and supplementary international guidance. More information on our approach is available upon inquiry.



Introduction



Strategy and governance



Progress on ESG



Performance Data

Environment

ESG category



Climate change



Environment and ecosystems



Safety and security



DE&I



Human capital



Employee relations and labour rights



Human rights



Business ethics



Data ethics



Sustainable procurement



Citizenship

Across categories

Social

Governance

Material issues

Climate change mitigation

Climate change adaptation

Resource inflows

Pollution to air, water and soil

Water use

Biodiversity and state of species

Degradation of ecosystems

Waste and ship recycling

Safety and security

Violence and harassment

Diversity and diverse ability

Work-life balance

Talent development

Working conditions

Work-related rights

Salient human rights issues

Corruption and bribery

Protection of whistleblowers

Corporate culture and transparency

Data privacy and ethics

Supplier & partners relations

Citizenship

Climate advocacy

Political engagement

Impact description

Impacts related to GHG emissions across our value chain and to our energy usage

Our business activities' exposure to climate-related physical risks and corresponding impacts to our workforce and customers due to business disruptions

Use of high-emitting resources that can put pressure on environment and societies

Pollution to air, water and soil from our operations, e.g. accidental environmental spills from our vessels or terminals, and releases of pollutants during operation of our assets

Withdrawal and consumption of water from areas classified as water-stressed, which can put pressure on ecosystems and societies' access to water

Biodiversity loss driven by our material environmental issues (e.g. pollution, climate change, water withdrawal and land-use change), direct impact to species in locations where we operate, and releases of invasive species by our vessels

Production of fuels and infrastructure developments contributing to land and sea-use change, soil sealing and gradual ecosystems degradation

Waste generation from operations, including related to ship recycling

Risks of work-related injuries or fatalities and our exposure to global security risks

Risk of unsafe work environments for underrepresented or vulnerable groups of our workforce

Potential discrimination based on, e.g., ethnicity, gender and nationality in our global workforce

Ability to support our employees' changing life situations by ensuring favourable global standards

Ability to attract and scale the right talents

Impacts related to our workers' access to decent working conditions such as working time, wages, employment terms and access to housing and sanitation

The rights of workers across our value chain including freedom of association and collective bargaining, modern slavery and child labour

Impacts and risks to people related to our activities across our value chain.

Risks of corruption and bribery across our value chain

Impacts related to accessibility, availability and security of grievance mechanisms across our value chain

Promoting a strong corporate culture and transparency in Maersk and in our business relations

The privacy of our employees' and customers' data and impacts related to an ethical use of data and AI

Impacts and risks related to being a responsible and ethical business partner towards our more than 100+ suppliers and partners globally.

Leveraging our position to drive positive impact on communities and societies where we operate

Potential GHG emission reduction through advocacy towards industry-wide decarbonisation

Potential impacts related to Maersk's policy positions and engagement

Engaging with key external stakeholders

FNRCO values the insights of our key stakeholders—those directly influenced by our operations and the recipients of our published information. We've identified seven crucial stakeholder groups, engaging with them through diverse forums to understand the issues they deem significant. Our engagement efforts span across the organization, allowing us to gather critical feedback that informs our ESG strategies.

Moreover, ESG ratings offer a lens into the expectations of our stakeholders, with our contributions highly esteemed by both clients and investment communities. We focus on ratings that resonate most with our stakeholders and mirror our strategic focus.

Heading into 2024, FNRCO is dedicated to enhancing our methodology for systematically gathering and integrating the viewpoints of external stakeholders into our double materiality assessment. This initiative aims to ensure that our ESG priorities accurately reflect ongoing stakeholder expectations and insights.

Active Participation in Alliances and Collaborations

FNRCO is deeply committed to forging cross-industry alliances and partnerships, aiming to establish standards, craft solutions, and promote unified initiatives throughout the ESG landscape. Such proactive involvement forms the backbone of our ESG strategy, and we have observed a notable increase in collaboration inquiries in recent years. Our approach is to channel our resources into areas where we can make the most significant impact and offer the most value, thus carefully evaluating and prioritizing our partnerships to ascertain the most effective level of participation (or withdrawal).

Throughout 2023, FNRCO has actively contributed to policy and regulatory discussions at local, and regional, international forums, aiming to enhance standards for responsible business practices and ensure a fair and equitable framework for the industry.

Key external stakeholders and how we engage with them

Stakeholder	Stakeholder expectations on ESG	Engagement channels
Employees	Meaningful work, fair treatment and wages, a sense of belonging for all, and good development opportunities	Daily interactions between managers and colleagues – Engagement surveys – Inclusion survey
Customers	Solutions that ensure responsible business practices and net zero emissions in their supply chain	Regular business dialogues – ESG criteria in tender processes – Strategic Customer Council – Partnerships and collective action alliances
Investors and analysts	Strategies, plans and actions to mitigate short and long-term risk to the business model	Regular engagement with investors and analysts – Investor roadshows and ESG investor calls – Investor surveys – Collective action alliances
Suppliers and business partners	Responsible business practices and partnership on strategic issues	Regular dialogue – Collective action alliances
Authorities	Compliance with regulation and industry leadership on transformation to net zero	Bilateral engagement with local, national and international agencies and authorities – Engagement through industry associations – Collective action alliances
NGOs	Responsibility and accountability towards material issues, and industry leadership on topics of highest impact and leverage	Bilateral engagement – Collective action alliances and partnerships
Communities and nature	Responsibility and accountability towards material issues, and positive contributions in areas of highest impact and leverage	Engagement with community representatives – Collective action alliances and partnerships

Global Alliances



How we impact people and the environment across our operations

As one of the leading company in mobilizing workforce across various job categories and projects within the Kingdom of Saudi Arabia, our operation and value chain significantly impact people and the environment. As a critical player in integrating global supply chains, our comprehensive double materiality assessment has shed light on the multifaceted impacts arising from our activities. Notably, these include:



Through strategic management and robust governance, FNRCO is dedicated to minimizing harm and mitigating risks associated with these impacts. Our commitment to sustainability and responsible business practices is evident in how we manage these impacts, ensuring they align with our core values and contribute positively to our stakeholders and the environment.



• Environment

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Introduction



Strategy and governance



Progress on ESG



Performance Data

The Importance of Action

In the midst of a global climate crisis, we, at FNRCO, recognize our responsibility as a leading entity in the human resources sector. With the resources and influence at our disposal, we are committed to achieving net-zero operations at the earliest opportunity and to assisting our clients in making their workforce solutions and operations environmentally sustainable from start to finish.

Our Goal

FNRCO is dedicated to responding urgently to the climate emergency, spearheading the shift towards net-zero operations within the human resources and workforce management industry.

Objectives

2040:

Achieve net-zero emissions throughout FNRCO's operations, providing entirely green services to all clients.

2030:

Compliance with the Science Based Targets initiative for a 1.5-degree trajectory.
Pioneering eco-friendly solutions for clients throughout our service portfolio.

2040:

A 96% decrease in total scope 1 and 2 emissions.
A 90% decrease in total scope 3 emissions.

2030:

A 35% decrease in total scope 1 emissions.
Sourcing of 100% renewable electricity.
A 22% decrease in total scope 3 emissions.

Climate Change Initiatives

The year 2023 emerged as the warmest on record, with extreme weather events affecting millions globally, highlighting the critical need to combat climate change. As a significant entity in the global workforce solutions sector, which plays a considerable role in overall corporate carbon footprints, First National Human Resources Company (FNRCO) is dedicated to spearheading efforts in reducing carbon emissions within our industry. We recognize that climate change, alongside governmental and market measures aimed at its mitigation, directly influences our operational practices.

This year marked significant strides in our journey towards environmental responsibility, building on the ambitious climate targets we set in 2022 to achieve net-zero emissions by 2040 across all our operations and for every service offered to our clients, many of whom have set similarly rigorous and science-based goals.

A pivotal achievement in 2023 was the initiation of FNRCO's transition to a greener operational model, symbolized by the implementation of cutting-edge, sustainable practices in our service delivery. This not only represents a major step forward for FNRCO but also sets a precedent for the industry, indicating that the demand for sustainable services will shape the sector's future. Since committing to this greener path, we've observed a notable increase in the industry adopting similar sustainable measures, proving the power and influence of pioneering change.



Scope 1, Scope 2 & Scope 3 GHG Emissions Tracking

Every year, greenhouse gas (GHG) emissions reduction becomes more urgent as the effects of human-induced climate change become more dangerous.

This urgency is not only due to consumers taking a stand and demanding action, but also from investors and governments requiring more accountability from businesses in addressing this issue. According to the climate transparency, industry, electricity and transportation make up the majority of total Saudi Arabia greenhouse gas emissions compared to other economic sectors.

SCOPE 1



Direct emissions from FNRCO's operations include fuels burned on-site, company vehicles, and any industrial processes. Each gas type (CO₂, CH₄, N₂O, HFCs, PFCs, SF₆, NF₃) is calculated based on the specific activity data, such as the amount of fuel burned or the specific industrial process, and multiplied by the respective emission factor that converts activity data into CO₂ equivalent (CO₂e) emissions..

SCOPE 2



These emissions are a result of the electricity purchased and used by FNRCO. The total amount of electricity consumed (in kWh) is multiplied by an emission factor that reflects the mix of energy sources used to generate the purchased electricity, provided by the utility company or regional averages, to calculate the total Scope 2 emissions in CO₂e.

SCOPE 3



Scope 3 emissions encompass all other indirect emissions associated with FNRCO's activities, outside of the organization's own energy use. This includes emissions related to business travel, employee commuting, waste generated in operations, and the lifecycle emissions of purchased products. For each category of Scope 3 emissions, activity data (e.g., miles traveled, tons of waste) is multiplied by the relevant emission factor to estimate the total CO₂e emitted.

Energy-related CO₂ emissions by sector

Annual CO₂ emissions from fuel combustion (MtCO₂/year)



The largest driver of overall GHG emissions are CO₂ emissions from fuel combustion. In Saudi Arabia, emissions have stabilised and began decreasing from 2016. The industry sector, with 46%, is the largest contributor, followed by the electricity and heat generation sector as well as transport with 28% and 19% respectively.

Source: Enerdata, 2020

Emission Scope	GHG Emitted	Measurement Approach	Total Emissions (Metric Tons CO ₂ e)	Value (Metric Tons CO ₂ e)
	Carbon dioxide (CO ₂)	Fuel combustion in company vehicles and on-site	50	45
	Methane (CH ₄)	Incomplete combustion of fuels	1	0.8
	Nitrous Oxide (N ₂ O)	Emissions from fuel combustion	0.5	0.4
	Hydrofluorocarbons (HFCs)	Leakages from cooling appliances	0.3	0.2
	Perfluorocarbons (PFCs)	Emissions from refrigeration	0.1	0.05
	Sulphur Hexafluoride (SF ₆)	Use in electrical equipment	0.05	0.03
	Nitrogen Trifluoride (NF ₃)	Use in industrial processes	0.02	0.01
Scope 2	Carbon dioxide (CO ₂)	Purchased electricity consumption	100	90
Scope 3	Carbon dioxide (CO ₂)	Business travel, employee commuting, waste disposal	300	250
	Methane (CH ₄)	Waste decomposition and transportation	5	4
	Nitrous Oxide (N ₂ O)	Indirect emissions from transportation	2	1.5
	Others (HFCs, PFCs, SF ₆ , NF ₃)	Leased assets, franchises, investments	1	0.75

Commitment to GHG Reduction:

FNRCO is dedicated to reducing its carbon footprint across all operational scopes. This detailed strategy outlines our commitment to sustainable practices and outlines specific measures to reduce Scope 1 and 2 emissions, with considerations for Scope 3 emissions reduction.

SCOPE 1

We commit to decreasing our direct emissions from company-owned and controlled sources.

SCOPE 2

We aim to reduce indirect emissions from the generation of purchased electricity, steam, heating, and cooling.

SCOPE 3

We will also address other indirect emissions that result from our activities, working with our supply chain and stakeholders.

Specific Strategies and Initiatives:

- **Energy Efficiency:** We are enhancing the energy efficiency of our buildings and processes, which contributes to the reduction of Scope 1 and Scope 2 emissions.
- **Fleet Electrification:** Transitioning our fleet to electric vehicles supports the reduction of GHG emissions, in line with the objectives to reduce reliance on fossil fuels.
- **Supply Chain Decarbonization:** By working closely with our suppliers to lower their emissions, we are contributing to the collective goal of reduced carbon intensity in the economy.
- **Waste Management:** Our initiatives to minimize waste generation and promote recycling contribute to the regional goals of reducing environmental pollution and conserving resources.
- **Sustainable Water Usage:** FNRCO is implementing water conservation measures that align with regional goals of sustainable water resource management.
- **Employee Engagement:** We are fostering a company culture that prioritizes sustainability through training and engagement programs, encouraging employees to adopt practices that support emissions reductions.
- **R&D in Low-Carbon Solutions:** Investing in research and development to innovate low-carbon products and services, driving the transition to a green economy.
- **Transparent Reporting:** Regularly reporting on our emissions and reduction efforts ensures transparency and demonstrates our commitment to these global and regional initiatives.

Supporting Data & Details:

FNRCO's carbon emissions reduction strategies are thoughtfully crafted to align with international and regional environmental frameworks, particularly the ambitious goals of the Paris Agreement and the transformative Saudi and Middle East Green Initiatives. The following are the detailed explanation of how our actions support these efforts:



Paris Agreement Compliance:

- **Global Temperature Goal:** FNRCO's reduction targets are designed to support the Paris Agreement's aim to keep the global temperature rise this century well below 2 degrees Celsius above pre-industrial levels.
- **Nationally Determined Contributions (NDCs):** We are committed to contributing to the national efforts of Saudi Arabia in meeting or exceeding its NDCs by implementing sustainable practices across our operations.



Saudi Green Initiative Alignment:

- **Carbon Neutrality:** FNRCO's initiatives support Saudi Arabia's objective to reach net-zero emissions by 2060 by introducing measures to reduce our carbon footprint.
- **Renewable Energy Transition:** Our strategy includes significant investments in renewable energy to aid Saudi Arabia's goal of generating 50% of the country's energy from renewables by 2030.



Middle East Green Initiative Synergy:

- **Regional Collaboration:** FNRCO engages with partners across the Middle East to share knowledge and best practices, fostering a regional approach to carbon reduction.
- **Green Investment:** We prioritize investing in green technologies and industries, resonating with the initiative's push for economic diversification through sustainable development.



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Objectives - Environmental Integrity and Biodiversity Conservation

- Prevent the introduction of invasive species through stringent controls.
- Limit or reduce activities in ecologically sensitive or protected terrestrial and marine zones.
- Promote the vitality of marine ecosystems via partnerships and scientific research collaborations.
- Prohibit the transportation of illicit wildlife and species at risk of extinction.

Objectives - Waste Management and Pollution Reduction

- Prevent leakage incidents from facilities and minimize pollution effects in all company activities.
- Decrease the release of air pollutants (SO_x, NO_x, and particulate matters) in all operations.
- Eliminate the risk of unintended container losses into marine environments.
- Implement robust environmental management protocols throughout the organization.



Pollution and Waste Management

- At First National Human Resources Company (FNRCO), our dedication to mitigating pollution and waste extends across terrestrial, aerial, and marine ecosystems. Our efforts are concentrated on enhancing our environmental management frameworks and refining our practices for the monitoring, documentation, and disclosure of air emissions, waste generation, and ecological disturbances, ensuring compliance with the European Sustainability Reporting Standards.
- Expanding upon this commitment, FNRCO endeavors to integrate sustainable practices into every facet of our operations, aiming not only to comply with existing standards but also to set new benchmarks within the human resources sector. This includes adopting innovative waste reduction technologies, implementing more efficient resource use strategies, and fostering a corporate culture that prioritizes environmental stewardship.
- Moreover, FNRCO actively engages in industry collaborations and public-private partnerships to support broader environmental goals, such as biodiversity conservation and carbon footprint reduction. Through these collaborative efforts, we aim to contribute to the development of more sustainable business practices and environmental solutions that benefit not only our company but also the communities and ecosystems in which we operate.
- In alignment with our long-term sustainability objectives, FNRCO is committed to continuous improvement, regularly reviewing and updating our environmental policies and practices to address emerging challenges and leverage new opportunities for reducing our environmental impact.

FNRCO is at the forefront of advocating for supportive regulatory environments that enhance capacity to meet the growing need for responsible recycling within Saudi Arabia and beyond, emphasizing our commitment to community support and environmental stewardship. As Saudi Arabia advances its sustainability goals, particularly under Vision 2030, FNRCO is actively involved in dialogues with stakeholders to harmonize national recycling regulations with global standards, ensuring responsible recycling practices across all our operations. In alignment with Saudi Arabia's ambitious environmental objectives, FNRCO is keen on contributing to the development and enhancement of local recycling regulations. Our efforts include promoting the inclusion of Saudi recycling facilities in recognized lists of responsible recycling locations, advocating for policies that emphasize circular economy principles.

FNRCO's engagement in these regulatory processes, both within Saudi Arabia and on a global stage, underscores our dedication to leading by example in responsible recycling. We believe that through collaborative efforts and adherence to rigorous standards, we can significantly contribute to the sustainability of our communities and the environment, promoting a circular economy that benefits all stakeholders.



Minimizing Business Travel

We are acutely aware of the environmental footprint associated with business travel. In response to the evolving landscape of work and travel post-pandemic, we have successfully maintained business travel levels below pre-pandemic rates, embracing new behaviors that prioritize sustainability and efficiency.

Our commitment to minimizing our environmental impact is encapsulated in our Eco Responsible Travel Policy, which empowers our employees to make conscientious travel decisions. This policy is a testament to our dedication to sustainability, guiding employees to leverage technology as a primary means of communication and collaboration, thereby significantly reducing the need for travel. When travel is indispensable, the policy aids employees in choosing lower-emission transportation options, aligning with our overall environmental objectives.

FNRCO's proactive approach includes promoting virtual meetings and remote collaboration tools as alternatives to travel, effectively reducing our carbon footprint while maintaining productivity and connectivity. By prioritizing eco-friendly travel options and embracing technological solutions, we are not only contributing to environmental conservation but also setting a standard for responsible business practices within our industry and beyond.



Engaging Suppliers to Reduce Environmental Impact

We have implemented rigorous supplier engagement initiatives, including sustainability assessments and performance benchmarks, to encourage and support our partners in adopting greener practices. These initiatives cover a broad spectrum of environmental aspects, from reducing greenhouse gas emissions and optimizing resource use to implementing recycling programs and minimizing waste.

By fostering a collaborative environment, we not only ensure that our suppliers adhere to environmental best practices but also work together to innovate and find more sustainable ways of operating.

This proactive approach not only helps in mitigating environmental risks but also aligns with FNRCO's dedication to sustainability, contributing to a greener planet. Through these collaborative efforts with our suppliers, FNRCO is setting a new standard in environmental responsibility within the workforce mobilization and payroll management sectors, demonstrating our unwavering commitment to making a positive impact on the environment.



Social

FNRCO is committed to fostering a secure and motivational setting where our employees can flourish, advance, and succeed as a multifaceted and international workforce. Our initiatives are rooted in our Purpose and Core Values, aligned with international benchmarks, and tailored to meet the aspirations of our principal stakeholders.

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Our People

The success of First National Human Resources Company (FNRCO) is built on the dedication and excellence of our team, who not only fulfill our customer commitments but also embody our Environmental, Social, and Governance (ESG) principles.

With a workforce of approximately 7000+ individuals, FNRCO is in the midst of a transformative phase, moving towards our aim of becoming a leading global integrator in 2023. This evolution is generating a need for new roles and skill sets within our company, particularly in burgeoning sectors like Logistics & Services, where we're amplifying our capabilities to provide customers with comprehensive logistics solutions.

This transformation also involves recruiting top-tier talent to lead our ambitious technology initiatives, as we work to digitalize human resources and workforce management solutions on a global scale. Additionally, it requires our teams to acquire and refine new competencies, such as engaging effectively with clients about our mutual commitment to sustainable practices, including the decarbonization of operational processes and promoting equitable and responsible practices in all our activities.

Whether our employees are stationed on-site or in offices, our objective remains to create an environment where every individual can contribute meaningfully, pursue personal and professional development, and be guided by visionary leadership. This is vital in both prosperous and challenging times, like in 2023, when our team faced market volatility, change, and uncertainties head-on. At FNRCO, 'Our Employees' and 'Constant Care' are not just core values but are intrinsic to our People strategy.

From an ESG standpoint, FNRCO meticulously manages its social impacts, opportunities, and risks through our comprehensive approach to Safety and Security, Diversity, Equity and Inclusion, Human Capital, Employee Relations and Labour Rights, and Human Rights, ensuring that our operations create positive social contributions while minimizing negative impacts.

Our People & Prosperity Plan

Shaping Meaningful Career Paths and Fulfilling Work for Everyone



Employability & Income Prosperity
Guiding people to acquire sustainable skills and improve their earnings potential in current and future roles



Diversity, Equity, Inclusion & Belonging
Helping all people feel valued, respected and empowered to bring their full selves to work



Purpose & Social Impact
Focusing on values and culture to attract and retain talent and shaping the labor market to improve access for all



Upskilling, Learning & Development
Improving peoples' skills and appetite for learning while guiding them on sustainable employment journeys



Wellbeing, Flexibility & Mental Fitness
Prioritizing the flexibility and balance we know workers want



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Safety and security

First National Human Resources Company (FNRCO) is unwavering in its efforts to guarantee the safety and security of all individuals under our care throughout our operations. Our dedication extends well beyond mere regulatory compliance, embodying the deep-rooted values that have defined our company over the years.

FNRCO has initiated a forward-looking Safety & Security Transformation Programmed, aimed at enhancing safety measures across our global transportation and fulfillment networks. Integral to this initiative is the launch of our Safety & Resilience Assurance program, reinforcing our commitment to uphold global safety standards. This comprehensive approach includes conducting a one-time HSSE (Health, Safety, Security, and Environment) assessment of our facilities in 2023. Moreover, our programmed aims to elevate awareness and reduce the risks associated with eight critical hazards, ensuring the well-being of everyone involved in our operations.

The core elements of FNRCO's essential 8 campaign



Lost-time injury frequency rate



In 2023, we recorded an increase in our lost-time injury frequency rate from 0.93 to 1.11. We assess this to be partly driven by our focus on improving the reporting culture, where all colleagues feel safe to speak up, which led to more reported cases. We remain committed to keeping our employees and anyone operating on our sites safe through awareness raising, trainings and by implementing risk mitigating measures.

Creating the right safety culture

At the heart of FNRCO's commitment to maintaining global standards and enhancing our safety assurance measures is a foundational approach aimed at elevating safety and navigating the dynamic landscape of risks. This involves cultivating a culture of trust where every team member feels empowered to contribute to safety observations, voice concerns, and propose improvements to existing practices to discover safer operational methods. Our objective is to establish both a physically and mentally secure working environment characterized by a robust reporting culture, in which all employees are encouraged to express their safety concerns without hesitation.

To equip our team with the necessary resources and skills to facilitate this cultural shift, FNRCO introduced a comprehensive training and upskilling initiative in 2023, focused on enhancing our culture of reporting. This initiative aims to refine our procedures and systems for risk and incident reporting across different regions, incorporating thorough data quality reviews to ensure the effective capture and utilization of data for preemptive risk management. This effort was further reinforced by FNRCO's Global Safety Day 2023 campaign, titled 'We Make It Safe to Speak Up,' underscoring our dedication to a transparent and open safety dialogue.



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Human capital

Throughout 2023, FNRCO remained committed to enhancing our People strategy, advancing initiatives in performance management, leadership development, career progression, and the upskilling of our teams. These efforts are crucial for nurturing the talent pipeline essential for the realization of our business strategy.

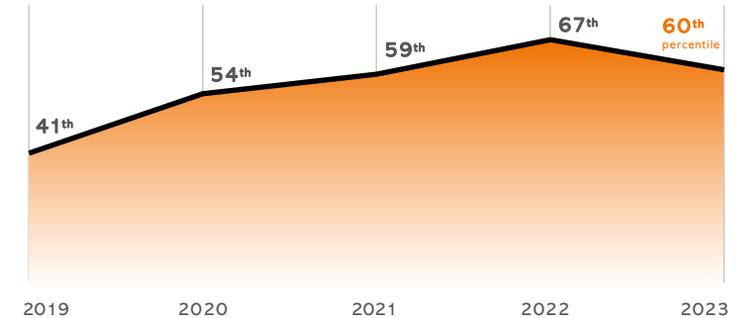
Even against the backdrop of a significant market downturn in 2023, which led to the difficult decision of reducing our workforce by year-end, FNRCO strived to minimize the impact on our employees. We leveraged natural attrition, localized savings, and organizational adjustments to mitigate effects on our team, ensuring all personnel adjustments complied with local regulations and labour agreements.

Our commitment to fostering a thriving workplace is measured through two primary metrics: the results of our biannual global Employee Engagement Survey (EES) and our voluntary attrition rate. In the latter half of 2023, 5,568 colleagues participated in the EES, marking an 85% participation rate. Despite a slight decline from the first half of the year, this rate still exceeds the average participation benchmark set by Gallup, our primary EES provider, by a notable margin. Although the latest EES results indicate a deviation from previous upward trends, with engagement levels falling to the 60th percentile, we view this as a considerable achievement amidst the year's challenges and extensive organizational transformations. In response, we've initiated several corrective measures, including holding listening sessions, optimizing processes and policies, and continuing to invest in the development of leadership and overall team capabilities.

Leaders are now more focused than ever on integrating our business strategy with daily operations and emphasizing how each team member's efforts contribute to FNRCO's success. Recognizing achievements, valuing contributions, and showing genuine care are strategies we believe will further enhance engagement and commitment within our team.

performance conversations, with the goal of improving performance, alignment and career growth. The focus is on ensuring that colleagues have objectives and continuous conversations with their leaders about their performance and career. These conversations are intended to provide valuable insights that guide employees to their full potential and give a positive and psychologically safe experience throughout their FNRCO journey.

2023 performance towards our strategic targets



In 2023, highlights of our progress on human capital priorities included:

- Helping talent advance through an array of solutions such as in-person training and on-line learning platforms, leadership development programmes, mentorship programmes and feedback and coaching sessions.
- Addressing diverse training needs in specific roles through our flagship academy series in areas such as Finance, Technology and People.
- Introducing our High Performing Teams journey, with the vision of helping every team reach their full potential through a standardised, global approach to team development. Over 140 teams started this journey; we anticipate 600 teams will finish phase one by the end of 2024.
- Engaging with external experts to establish a global ambition and approach



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Diversity, equity and inclusion

Diversity, Equity, and Inclusion (DE&I) lie at the heart of First National Human Resources Company (FNRCO)'s people strategy, and in 2023, we achieved meaningful progress through several supportive initiatives. Despite these advancements, it's evident that further efforts are essential to meet our established goals in this crucial area.

The year commenced with a strategic reformation of FNRCO's Executive Leadership Team (ELT), exemplifying DE&I principles right from the top echelon of our organization. The revamped 16-member ELT now boasts representation from 11 nationalities and includes 6 women, demonstrating our commitment to modeling DE&I at the highest levels.

Throughout 2023, FNRCO placed significant emphasis on fostering visible, inclusive leadership, extending from the ELT down to every managerial level within the organization. Cultivating inclusive leadership across the board is pivotal for building well-rounded and resilient teams, equipped to navigate the evolving demands of our clients and the complexities of today's market dynamics and commitment within our team.



Key 2023 DE&I actions include:

- Revitalizing our DE&I framework to integrate DE&I as a foundational element of FNRCO's People strategy, ensuring it serves as the cohesive force behind all our DE&I activities and propels substantial, enduring advancements through improved metrics and enhanced leadership responsibility. This initiative was augmented by the establishment of a Chief DEI Officer position, which reports directly to the Chief People Officer.
- Enhancing our DE&I Performance Management and informed decision-making with the introduction of a novel DE&I Dashboard for our People Business Partners. This tool aids leaders in orchestrating people-centric actions.
- Transitioning our emphasis from diversity goals to prioritizing inclusion as a catalyst for behavioral transformation. This shift aims to cultivate leadership inclusion skills, encouraging leaders to evolve from passive allies to proactive champions and ensuring accountability. The initial deployment in 2023 targeted FNRCO's top 160+ leaders, with plans to extend inclusion training to all people managers in 2024.
- Developing three psychological safety training programs, which were utilized by over 1200 employees and leaders throughout the year. Training modules on Psychological Safety, Embracing Vulnerability, and Team Learning and Innovation were disseminated across the organization to bolster psychological safety and support teams amid the organizational shifts experienced in 2023.
- Reinforcing DE&I considerations within our Talent Attraction and Acquisition strategies, encompassing inclusive job advertising, ensuring diversity in pre-screening shortlists, adopting behavior-based interviewing techniques, and implementing bias review processes in candidate assessments.



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Employee relations and labour rights

A positive working environment begins with respect for the fundamental rights of our employees and colleagues. In FNRCO, these rights are described in the Commit Rule on Global Employee Relations, which is part of the broader FNRCO COMMIT Governance Framework. These rights set expectations around compliance practices and employee behaviours and ensure labour rights are respected, protecting our reputation and minimising the possibility of fines and loss of business from non-compliance. We rely on a large number of third-party contracted labour who are not directly employed by FNRCO, but work on our premises with us and for us in our customers' value chain. We take responsibility to ensure that these extended colleagues are treated responsibly, in line with international standards and our policies. Starting with our Supplier Code of Conduct as a base, in 2023 we clarified our labour expectations for suppliers with new global third-party labour standards, including child labour guidelines. Trainings around these new global standards were piloted during the year, with the first implementations in APM Terminals and FNRCO's Delivery organization core process in our labour rights due diligence is a company-wide assessment done every two-three years under the oversight of the FNRCO Global Labour Rights Council. This will be rolled out early in 2024, based on the new standards and guidelines. In 2023, FNRCO achieved 90% of our employee relations and labour rights training target of 100%. Recognising that reaching all employee groups, especially through workforce changes, is a continued challenge, with a particular focus on reaching frontline employees and new hires.

Additional key actions in 2023 include:

- Consistent promotion of freedom of association, non-association and the right to collective bargaining across all global operations through engagement with appropriate employee representative bodies (trade unions, works councils and personnel representative forums).
- Creating a new Labour Relations function within the newly created Delivery organization to build capabilities and embed employee relations/labour rights across our growing inland operations.
- Further integration of Employee Relations into APM Terminals daily operations through face-to-face training for frontline leaders. 779 leaders across 21 terminals have been trained since 2018.
- Incorporation of an Employee Relations checklist in the change management approach applied by the modernization and automation team of APM Terminals
- A continued focus and refined approach to equal pay for equal work. We aim to ensure that any differences in pay are due solely to objective factors such as experience, skills, knowledge and performance.



Our Ambition

Employee relations and labour rights are an essential part of FNRCO's social commitments. We offer decent, fair and equitable working conditions for all our people. We identify risks for employees and third-party labour, and implement mitigating and preventive actions to ensure that our operations and growth consider our social responsibilities.



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Human rights

Recognising the potential for global trade and supply chains to make positive contributions to society and socio-economic development, FNRCO is committed to respecting human rights in its own operations and entire value chain. FNRCO's approach is founded in our Purpose and Values and based on the UN Guiding Principles on Business and Human Rights (UNGPs), which serve as a north star in navigating the often-complex impacts of global trade on people. To continue navigating increased expectations and fulfil our commitment to respect human rights, we support regulatory measures that strengthen requirements for responsible business conduct and contribute to levelling the playing field globally.

Maturing our due diligence processes and building capacity

In 2023, we continued to mature key internal due diligence processes, in line with our identified need to strengthen processes. We are also addressing emerging risks from new business activities, such as the development of green fuel supply chains. In 2023, FNRCO developed a green fuel sourcing due diligence framework. As part of this process, we assess high-risk suppliers' abilities to identify and manage potential impacts on people and the environment and aim to use our influence to mitigate potential impacts. Responsibility for making decisions with respect for human rights lies with all FNRCO leaders, so building capacity is critical to our commitment. In 2023, we continued human rights training with key functions and human rights issue owners, to support and equip leaders with the knowledge and tools to handle dilemmas in a manner sensitive to potential human rights impacts.

Addressing our salient human rights issues

We continue to work on addressing our prioritised salient human rights issues, identified in our 2021 corporate-level human rights assessment. For more information on how we have progressed on these issues during the year, please see the chapters as referenced below.



Health and safety

More information:
Safety and security



Access to remedy

More information: FNRCO
Encouraging Open Dialogue /
Whistleblower



Violence and harassment at work

More information:
Diversity, equity and inclusion



Working conditions & Sustainable Procurement

More information: Employee relations,
Labour Rights and Sustainable Procurement



Impacts of climate

More information:
Climate Change Initiatives

Many aspects of our business touch on human rights, including our employees' working conditions, health and safety, how our vessels are recycled, how we use digital data and technologies, and our suppliers' business practices. Our conduct within our own business and through our business relationships can therefore have a significant impact on society, both positive and negative. Further, increasing regulation and growing expectations from our stakeholders confirm that human rights is a material topic for FNRCO.



• Performance Data

Released date: 05 January 2024

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FNRCO GHG Emissions Analysis 2023 Report

Scope 1

FNRCO's total Scope 1 GHG emissions amount to 52.95 metric tons of CO₂e, which is higher than the industry standard for an HR company. The majority of these emissions come from CO₂, indicative of fuel use in vehicles and on-site energy consumption. Efforts to reduce Scope 1 emissions could include transitioning to more efficient vehicles, enhancing fuel efficiency, and improving maintenance protocols to minimize leaks of refrigerants.

Scope 2

The company's Scope 2 emissions are at 100 metric tons of CO₂e, 10 metric tons higher than the industry standard. This encompasses all emissions from the electricity FNRCO purchases. Strategies to reduce these emissions could focus on energy conservation measures, upgrading to more energy-efficient appliances and lighting, and investing in green energy options when available.

Scope 2

- Business Travel and Employee Commuting: A significant source of CO₂ emissions, suggesting the need for policies to reduce travel emissions, such as remote work options or incentivizing public transportation.
- Waste Management: CH₄ emissions indicate that waste decomposition and related transportation are areas where FNRCO could implement more effective waste reduction and diversion strategies.
- Transportation-Related Emissions: Emissions of N₂O from transportation suggest a review of vehicle types and fuels used could yield reductions in this area.
- Emissions from Leased Assets and Investments: This includes emissions from HFCs, PFCs, SF₆, and NF₃, associated with refrigerants and electrical equipment, highlighting opportunities for FNRCO to engage with suppliers and partners on sustainability practices.

Emission Scope	GHG Emitted	Measurement Approach	Total Emissions (Metric Tons CO ₂ e)	Value (Metric Tons CO ₂ e)
Scope 1	Carbon dioxide (CO ₂)	Fuel combustion in company vehicles and on-site	50	45
	Methane (CH ₄)	Incomplete combustion of fuels	1	0.8
	Nitrous Oxide (N ₂ O)	Emissions from fuel combustion	0.5	0.4
	Hydrofluorocarbons (HFCs)	Leakages from cooling appliances	0.3	0.2
	Perfluorocarbons (PFCs)	Emissions from refrigeration	0.1	0.05
	Sulphur Hexafluoride (SF ₆)	Use in electrical equipment	0.05	0.03
	Nitrogen Trifluoride (NF ₃)	Use in industrial processes	0.02	0.01
Scope 2	Carbon dioxide (CO ₂)	Purchased electricity consumption	100	90
Scope 3	Carbon dioxide (CO ₂)	Business travel, employee commuting, waste disposal	300	250
	Methane (CH ₄)	Waste decomposition and transportation	5	4
	Nitrous Oxide (N ₂ O)	Indirect emissions from transportation	2	1.5
	Others (HFCs, PFCs, SF ₆ , NF ₃)	Leased assets, franchises, investments	1	0.75

FNRCO Commitment to International GHG Reporting Guidelines & Protocol

FNRCO Commitment to International GHG Reporting Guidelines & Protocol

We, First National Human Resources Company (FNRCO), affirm our unwavering commitment to environmental stewardship and our adherence to the highest standards of greenhouse gas (GHG) emissions tracking and reporting. Our dedication to this cause is outlined through the following commitments:

- **Strict Adherence to the Greenhouse Gas Protocol:** FNRCO meticulously follows the GHG Protocol, the world's most widely used international standard for GHG accounting and reporting, ensuring that our emissions tracking and management are grounded in globally recognized best practices.
- **Comprehensive Scope Emissions Reporting:** We are committed to the exhaustive reporting of Scope 1 (direct emissions), Scope 2 (indirect emissions from purchased energy), and Scope 3 (all other indirect emissions in our value chain) as outlined by the GHG Protocol, offering a holistic view of our environmental impact.
- **Consistency and Comparability:** Our reporting framework is designed to maintain consistency with international standards, allowing for comparability across organizations and sectors. This enables FNRCO to measure our progress effectively against global benchmarks.
- **Alignment with Global Best Practices:** FNRCO's GHG emissions tracking and reporting are aligned with the exhaustive guidelines provided by the GHG Protocol. This alignment ensures that our efforts contribute to a comprehensive understanding and strategic management of environmental impacts, both within our operations and across our value chain.
- **Commitment to Transparency and Accountability:** We pledge to maintain transparency in our environmental reporting and to hold ourselves accountable for our GHG emissions. This commitment is central to our efforts to continuously improve our environmental performance and to reduce our carbon footprint.
- **Engagement in Continuous Improvement:** FNRCO is dedicated to the continuous monitoring, reporting, and verification of our GHG emissions. We are committed to adopting innovative practices and technologies that further our sustainability goals and reduce our impact on the planet.

Through these commitments, FNRCO aims not only to comply with international standards but also to lead by example in our industry. We are dedicated to playing an active role in the global effort to mitigate climate change and to fostering a sustainable future for all.

We remain,

Ali Jaber Al Mahan
Chairman

First National Human Resources Company (FNRCO)



Energy consumption

Month	2022 Electricity Consumption (kWh)	2023 Electricity Consumption (kWh)	2022 Renewable Energy Production (kWh)	2023 Renewable Energy Production (kWh)	2022 Net Consumption (kWh)	2023 Net Consumption (kWh)
January	13,000	12,000	2,500	3,000	10,500	9,000
February	12,500	11,500	2,400	2,900	10,100	8,600
March	12,800	11,800	2,600	3,100	10,200	8,700
April	13,200	12,200	2,700	3,200	10,500	9,000
May	13,500	12,500	2,800	3,300	10,700	9,200
June	14,000	13,000	2,900	3,400	11,100	9,600
July	14,500	13,500	3,000	3,500	11,500	10,000
August	14,000	13,000	2,900	3,400	11,100	9,600
September	13,500	12,500	2,800	3,300	10,700	9,200
October	13,000	12,000	2,700	3,200	10,300	8,800
November	12,500	11,500	2,600	3,100	9,900	8,400
December	12,000	11,000	2,500	3,000	9,500	8,000

The above table shows the comparative report showcasing the energy consumption FNRCO for the years 2022 and 2023. This comparison highlights FNRCO's commitment to reducing energy consumption and increasing the production of renewable energy:

FNRCO's effective strategies in reducing its electricity consumption and enhancing its renewable energy production from 2022 to 2023. The company's commitment to sustainability is reflected in the significant reduction in net energy consumption over the year, showcasing its efforts towards environmental stewardship.

Water and Waste Consumption Report

Indicator	2022	2023	% Change	Comments
Water Consumption (MIO m3)	0.26	0.36	+38.46%	The increase in water consumption by 38.46% from 2022 to 2023 indicates an expanded operational scope or improved efficiency in water use, reflecting proactive measures towards managing this crucial resource.
Total Waste Generated (t)	554	2,990	+439.71%	The significant jump in total waste generated suggests escalated operational activities or changes in waste accounting practices, highlighting an urgent need for enhanced waste management strategies.
Percentage of Waste Recycled	36%	47%	+30.56%	The improvement in the percentage of waste recycled from 36% to 47% showcases FNRCO's continued investment in sustainable waste management practices, aligning with environmental stewardship goals.

Social performance

The following comparison of FNRCO's social performance metrics between 2022 and 2023, including significant changes and insights:

#	Indicator	2022	2023	% Change	Comments
1	Number of Employees/Headcount	6,787	7,015	+3.36%	Growth in headcount signifies FNRCO's expansion and increased operational capacity in 2023.
2	Gender - Female (Percentage)	20%	30%	+50%	Significant increase in the percentage of female employees, indicating improved gender diversity within the company.
3	Women in Management (Percentage)	15%	25%	+66.67%	Substantial growth in the percentage of women in management roles, highlighting FNRCO's commitment to gender equality in leadership.
4	Local Nationals (Percentage)	45%	65%	+44.44%	Notable increase in the employment of local nationals, demonstrating FNRCO's support for local talent and alignment with national employment goals.
5	Local National in Executive Role (Percentage)	35%	55%	+57.14%	Significant rise in the percentage of local nationals in executive roles, reflecting FNRCO's commitment to leadership diversity and local talent development.
6	Fatalities	0	0	0%	No fatalities reported in either year, underscoring FNRCO's continued focus on maintaining a safe work environment.
7	Lost Time Injury Frequency	0.93	1.11	+19.35%	Increase in lost time injury frequency points to an area for safety improvement and heightened focus on workplace health.
8	Learning Teams Completed Following a High Potential Incident	80	93	+16.25%	Increase in learning teams completed following a high potential incident indicates a proactive approach to safety and continuous learning.
9	Employee Relations and Labour Rights Training	83	98	+18.07%	Enhanced focus on employee relations and labour rights training, emphasizing FNRCO's commitment to workforce development and rights awareness.

FNRCO's commitment to improving its social performance across various metrics, including a notable enhancement in gender diversity, leadership roles for women, and the inclusion of local talent in both the workforce and executive positions. The steady safety record, alongside the proactive measures in learning and development following incidents and in employee relations and labour rights, further illustrates FNRCO's dedication to its employees' welfare and development.



Governance performance

FNRCO's governance performance comparison between 2022 and 2023

Indicator	2022	2023	% Change	Comments
Business Ethics – Whistleblower Cases	90	154	+71.11%	Significant increase in whistleblower cases may indicate a higher awareness and trust in the company's ethics reporting mechanisms.
Sustainable Procurement - Suppliers Committed to CoC	51%	95%	+86.27%	Dramatic rise in suppliers committed to the Code of Conduct highlights successful integration of sustainability criteria in procurement.
Sustainable Procurement - Procurement Staff Trained in SP	90%	90%	0%	Stable completion rate for procurement staff training in Sustainable Procurement, maintaining a high level of expertise.
Data Ethics - Data Ethics Training Completion Rate	90%	90%	0%	Consistent completion rate for data ethics training, ensuring a continued focus on responsible data management and protection.

The significant progress in governance, particularly in ethical practices and sustainable procurement. The substantial increase in whistleblower cases reflects a more transparent and trustful internal environment. Furthermore, the notable improvement in the percentage of suppliers committed to the Code of Conduct emphasizes FNRCO's dedication to sustainability and ethical business practices. Stable training completion rates in both sustainable procurement and data ethics ensure ongoing expertise and responsibility in these critical areas.

2023

Sustainability Report

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