Corporate Sustainability

Annual Report on the State of Sustainability in the Corporate Sector in the Kingdom of Saudi Arabia

2025

وزارة الاقتصاد والتخطيط
MINISTRY OF ECONOMY & PLANNING

VISION رؤية 2030
المملكة العربية السعودية
KINGDOM OF SAUDI ARABIA

SUSTAINABLE DEVELOPMENT GOALS

Contents

Acronyms & Abbreviations

AI Artificial Intelligence
AT1 Additional Tier 1
BSF Banque Saudi Fransi
BTR Biennial Transparency Report
CCE Circular Carbon Economy
CCEF Circular Carbon Economy Framework
CCUS Carbon Capture, Utilization, and Storage
CDP Carbon Disclosure Project
CEDA Council of Economic and Development Affairs
CMA Capital Market Authority
COP Conference of the Parties
CSMC Corporate Sustainability Ministerial Committee
CSR Corporate Social Responsibility
DNV Det Norske Veritas
ESG Environmental, Social, and Governance
EV Electric Vehicle
FAO Food and Agriculture Organization
FATF Financial Action Task Force
FDI Foreign Direct Investment
FII Future Investment Initiative
FSB Financial Stability Board
GFF Green Financing Framework
GFSI Global Food Safety Initiative
GHG Greenhouse Gas
GRI Global Reporting Initiative
GWP Global Warming Potential
HCD Human Capital Development
HRDF Human Resources Development Fund
ICMA International Capital Market Association
ICT Information and Communication Technology
IFSAH Integrated Financial and Sustainability Automated Hub
IOSCO International Organization of Securities Commissions
IoT Internet of Things
ISCC+ International Sustainability and Carbon Certification (Plus)
ISO International Organization for Standardization
KPI Key Performance Indicators
LC Local Content
LEED Leadership in Energy and Environmental Design
LMA Loan Market Association
LTIR Lost Time Injury Rate
MENA Middle East and North Africa
MSCI Morgan Stanley Capital International
MW Megawatt
NC National Communication
NCEC National Center for Environmental Compliance
NCSP National Corporate Sustainability Program
NDMC National Debt Management Center
NGHC NEOM Green Hydrogen Company
NGO Non-Governmental Organization
NREP National Renewable Energy Program
NZBA Net-Zero Banking Alliance
OPDC Oil Park Development Company
PCAF Partnership for Carbon Accounting Financials
PIF Public Investment Fund
PPA Power Purchase Agreements
PPP Public–Private Partnership
PRB Principles for Responsible Banking
PRC Petro Rabigh Company
PV Photovoltaic
R&D Research and Development
SAB Saudi Awwal Bank
SABIC Saudi Basic Industries Corporation
SAMA Saudi Central Bank (Saudi Arabian Monetary Authority)
SAPCO Saudi Aramco Power Company
SASB Sustainability Accounting Standards Board
SBTi Science-Based Target initiative
SDAIA Saudi Data & AI Authority
SDG Sustainable Development Goals
SDSC Sustainable Development Steering Committee
SEEP Saudi Energy Efficiency Program
SFDA Saudi Food and Drug Authority
SGI Saudi Green Initiative
SIDF Saudi Industrial Development Fund
SIRC Saudi Investment Recycling Company
SIRI Smart Industry Readiness Index
SLP Sustainability Leading Practices
SME Small and Medium-sized Enterprises
SNB Saudi National Bank
SRAD Saudi Reef Program
STC Saudi Telecom Company
STEM Science, Technology, Engineering, and Mathematics
SWCC Saline Water Conversion Corporation
TCFD Task Force on Climate-related Financial Disclosures
TfS Together for Sustainability
TRIFR Total Recordable Injury Frequency Rate
TRIIR Total Recordable Injury and Illness Rate
TRIR Total Recordable Injury Rate
UNCCD United Nations Convention to Combat Desertification
UNFCCC United Nations Framework Convention on Climate Change
VNR Voluntary National Review
VRP Vision Realization Program
WBCSD World Business Council for Sustainable Development
WHO World Health Organization

Foreword by the Minister

Saudi Arabia's Vision 2030 has placed sustainability at the heart of our national transformation. Through its ambitious goals and supporting national programs, the Vision has served as a powerful catalyst for sustainable development across the Kingdom. As a result of this integrated approach, Saudi Arabia has emerged as the fastest-improving G20 country in sustainable development performance between 2015 and 2025, according to the Sustainable Development Solutions Network.

Achieving the Kingdom's sustainability ambition requires the full and active participation of the private sector. Corporates play a decisive role in mobilizing capital, scaling innovation, and translating policy into real-world impact. Recognizing this, the Kingdom launched the National Corporate Sustainability Program (NCSP), overseen by a dedicated Ministerial Committee, to provide strategic direction, coordination, and oversight of corporate sustainability efforts nationwide.

Through this program, we are building a comprehensive and enabling ecosystem for corporate sustainability. Our initiatives span the development of national sustainability reporting guidelines, a Saudi sustainability taxonomy, sustainable finance and procurement frameworks, and targeted capacity-building programs to support companies at different stages of maturity. These efforts are designed to promote transparency and guide investment toward sustainable economic activities, by strengthening alignment with global standards while remaining grounded in national priorities and local context.

Tangible progress has already been achieved. Sustainability reporting among the Kingdom's largest companies has risen sharply, with approximately 79 percent of the top 100 companies by revenue reporting on sustainability in 2025, compared to 58 percent in 2023. Saudi companies are increasingly recognized internationally, with five firms classified as "Leaders" in latest sustainability ratings, up from none two years ago. Investor perceptions are also shifting, as confidence in the Kingdom's sustainability performance continues to strengthen.

These advancements build on a strong foundation. Saudi Arabia's private sector has long demonstrated its capacity for innovation and leadership in sustainability—whether through world-scale carbon capture projects, renewable energy deployment, circular economy solutions, digital efficiency gains, or ecosystem restoration initiatives led by national champions across sectors. These corporate efforts complement national initiatives such as the Saudi Green Initiative, the Middle East Green Initiative, and the Circular Carbon Economy Framework, which together form a coherent and ambitious national sustainability architecture.

Looking ahead, the Kingdom remains fully committed to enhancing corporate sustainability and progressively aligning corporate performance with global best practices. Our approach remains balanced: embedding requirements gradually within national frameworks, safeguarding competitiveness, and ensuring that sustainability strengthens—rather than constrains—the continued flow of investment towards the Kingdom.

This report provides a comprehensive overview of the Kingdom's corporate sustainability efforts over the past year, highlighting key developments, progress achieved, and priorities for the period ahead. We invite all stakeholders to engage with the findings of this report and work collaboratively to further strengthen sustainability adoption across the Kingdom's corporate sector.

Introduction

Sustainable development has become a cornerstone of Saudi Arabia's national agenda, embedded throughout Vision 2030's strategic framework. This commitment is exemplified by the Kingdom's ambitions, including net-zero GHG emissions by 2060.

Throughout 2025, Saudi Arabia continued to advance ambitious sustainability initiatives across clean energy, water management, environmental conservation, and social development. Flagship programs, like the Saudi Green Initiative (SGI), under the patronage of His Royal Highness Crown Prince Mohammed bin Salman, are delivering on our ambitions in climate action and ecosystem restoration. The integration of sustainability themes into high-profile platforms such as the Future Investment Initiative (FII) further demonstrates the Kingdom's sustainability ambition.

This 2025 Annual Report examines the progress made by Saudi Arabia's corporate sector towards sustainability goals, highlighting key initiatives, contributions, and results from the past year.

The report provides a comprehensive overview of Saudi Arabia's 2025 sustainability journey, with a particular emphasis on the transformative role of the corporate sector. The structure follows a logical progression: opening with key messages that highlight the Kingdom's corporate achievements across sustainability priorities, then reflecting on Saudi Arabia's commitment through policy, strategic, and financial frameworks. The report explores the government's enabling role via guidelines, incentives, and regulatory reforms that drive business engagement, before presenting the current corporate sustainability landscape and showcasing how leading companies have advanced sustainability principles through concrete initiatives. A dedicated section examines Small and Medium-sized Enterprises (SME) as critical innovation drivers and contributors to inclusive growth. The report concludes with a summary of key results, drawing on measurable outcomes across environmental, social, and economic domains, and ends with a call to action for stakeholders to collectively support Saudi Arabia's sustainable transformation.

The Ministry of Economy and Planning led the preparation of this report, drawing on extensive data and inputs from Saudi government institutions, regulatory bodies, and private sector entities. This work builds upon data and insights from national reporting tools such as the Biennial Transparency Report (BTR) and the National Communication (NC), as well as Saudi Arabia's 2023 Voluntary National Review (VNR) submitted to the UN High-Level Political Forum on Sustainable Development. Furthermore, this report has drawn data from the 2024 Annual Sustainability Report, ensuring continuity in tracking the Kingdom's progress toward Vision 2030 sustainability objectives.

This report targets five key audiences, demonstrating how each can benefit from and contribute to Saudi Arabia's sustainability journey:

- **Investors:** Gain comprehensive insights into Saudi Arabia's corporate sustainability progress, national initiatives, and performance data. The report serves as a gateway for investors seeking sustainable opportunities and partnerships in the Kingdom.

- **Saudi Corporates:** Access comprehensive guidance on how to align with national sustainability priorities, while benchmarking performance against industry peers. The report provides actionable insights and detailed case studies showcasing leading companies' sustainability achievements and strategies.

- **Public Sector Ecosystem:** Highlight the coordinated national framework for corporate sustainability, guided by the Ministry of Economy and Planning and reinforced through multi-stakeholder engagement. Such consolidated view of national efforts helps government entities align policies, identify private sector partnership opportunities, and track collective progress toward Vision 2030 sustainability objectives.

- **National Public:** Increase awareness about the importance of sustainability for Saudi Arabia's future, while celebrating progress across climate action, resource conservation, and social development. By showcasing tangible progress, the report aims to inspire pride and encourage pro-sustainability behaviors among citizens, from water conservation to sustainable daily lifestyle practices.

- **International Community:** Increase awareness of sustainability's critical role in Saudi Arabia. The report demonstrates Saudi Arabia's substantial contributions to global sustainability, from ambitious climate ambitions to environmental protection initiatives, strengthening its global positioning and influence on sustainability discussions.

This Annual Report serves a dual purpose: it showcases Saudi Arabia's sustainability achievements in 2025 and seeks to foster collaborative dialogue among all stakeholders to accelerate future sustainability initiatives. It addresses each stakeholder group's specific interests and concerns. It provides investors with insights into the Kingdom's sustainability momentum and performance metrics. Corporations discover available support systems and industry best practices. Public agencies highlight how their initiatives advance national sustainability goals. Citizens observe tangible positive changes in their communities. International observers witness Saudi Arabia's genuine commitment to sustainable development on the global stage. Through this comprehensive, yet tailored approach, the report serves not just as a simple progress update, but more importantly as a strategic communication tool that engages diverse audiences and helps build momentum for sustainability efforts across all sectors in the Kingdom.

Key Messages

Saudi Arabia's 2025 Corporate Sustainability Report highlights a year of significant transformation in the sustainability landscape. The Kingdom has deepened its strategic commitment, operationalized key institutional frameworks, and mobilized the corporate sector as a central partner in delivering on Vision 2030 and its sustainability goals.

This section presents five key messages that define the Kingdom's sustainability trajectory and highlight the private sector's pivotal role in this transformation.

1. Sustainability has become a major pillar of Saudi Arabia's national development agenda:

The Kingdom has established a comprehensive cross-sectoral policy framework that integrates environmental, social, and economic sustainability into national development priorities. Anchored in Vision 2030 and aligned with global ambitions and commitments, this institutional approach includes regulatory reforms, strategic programs, and oversight bodies that promote climate resilience, social inclusion, and long-term resource efficiency. Key instruments, such as the Saudi Green Initiative (SGI), Circular Carbon Economy (CCE) framework, National Renewable Energy Program (NREP), and National Corporate Sustainability Program (NCSP), provide direction and coherence to the Kingdom's sustainability path.

2. Saudi Arabia is leveraging sustainable finance to advance national development goals, while addressing emerging climate priorities:

In addition to renewable energy initiatives advanced under the National Renewable Energy Program (NREP), the Kingdom, through the Public Investment Fund (PIF), channels strategic investments into clean transport, sustainable infrastructure, and tourism, supporting diversification, job creation, and industrial transformation. The Green Financing Framework (GFF) complements these efforts by ensuring transparent, credible financing for environmental projects through alignment with global standards and facilitation of green bonds and sukuk issuance. In parallel, the Capital Market Authority (CMA) has issued the Guidelines for Issuing Green, Social, Sustainable, and Sustainability-Linked Debt Instruments, designed to expand sustainable financing options, promote local issuances, and channel funding toward sustainable projects within the Kingdom. Together, these mechanisms are delivering flagship projects, such as the NEOM Green Hydrogen Company, Red Sea Global's green buildings, and water infrastructure in NEOM, positioning Saudi Arabia as a growing regional hub for sustainable finance and investment.

3. Major Saudi companies are driving sustainability efforts through large-scale, transformative initiatives:

Leading corporations including Aramco, SEC, SABIC, ACWA Power, STC, and Ma'aden are implementing ambitious sustainability programs that directly advance Vision 2030 and Saudi Green Initiative objectives. These efforts include some of the world's largest carbon capture and storage (CCS) hubs and low-carbon hydrogen projects, extensive renewable energy development, digital energy efficiency solutions, circular manufacturing processes, environmental restoration, and biodiversity protection initiatives. Beyond environmental impact, Saudi companies are achieving operational improvements by reducing emission intensities, enhancing energy and water efficiency, and pioneering sustainable technologies. Simultaneously, they are expanding workforce inclusion and strengthening community development programs. Governance practices are evolving to incorporate comprehensive Sustainability oversight and transparency, particularly among industry leaders. These corporate champions are demonstrating how large enterprises can spearhead the transition toward a sustainable, knowledge-based economy.

4. Saudi banks are expanding their role in support of the green economy and are increasingly integrating Sustainability principles into their financial decision-making:

Leading financial institutions, such as the Saudi National Bank (SNB), Al Rajhi, Saudi Awwal Bank (SAB), and Banque Saudi Fransi (BSF), are expanding green lending, issuing sustainable bonds and sukuk, and embedding Sustainability considerations into credit risk assessment, procurement, and executive compensation frameworks. These banks have expanded financing toward priority sectors that support national sustainability objectives, including clean energy, transportation, water, and housing. Beyond environmental finance, Saudi banks are advancing financial inclusion, supporting SMEs, promoting digital access, and funding community programs in education and healthcare. Governance structures are evolving with board-level Sustainability committees and sustainable procurement policies becoming standard practice.

5. Small and Medium-sized Enterprises (SME) are emerging as vital contributors to Saudi Arabia's sustainability transition:

SMEs are key drivers of Saudi Arabia's sustainable and inclusive growth. With over 1.68 million active SMEs in Q1 2025, contributing 21.9 percent of GDP and employing most of the private sector workforce, SMEs are central to economic diversification and community-based innovation. Many are advancing clean technologies, circular economy models, and sustainable solutions across energy, water, agriculture, and waste sectors. While the SME Bank remains sector-agnostic, it enhances SME access to finance and supports broader socio-economic impact, complementing sustainability-focused initiatives such as Monsha'at programs, Kafalah guarantees, and the National Corporate Sustainability Program. Collectively, these efforts strengthen SME competitiveness and resilience while making the green transition more inclusive.

This coordinated approach, spanning regulatory reform, massive capital deployment, technological innovation, and inclusive economic participation, is showing how a nation can progressively align its economic transformation with sustainability principles, while maintaining growth and competitiveness. As Saudi Arabia continues to operationalize these initiatives and scale their impact, it is not only achieving its climate and development goals, but also offering a replicable model for how resource-rich nations can align economic diversification with sustainability goals.

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Kingdom's Commitment to Sustainability

1.1. Policy and Strategic Framework

Saudi Arabia has positioned sustainability as a cornerstone of its national transformation agenda. Guided by Vision 2030 and supported by political will, the Kingdom's sustainability commitment is comprehensive, future-oriented, and increasingly aligned with both global obligations and domestic priorities. Since signing the Paris Agreement in 2016, Saudi Arabia has adopted a bottom-up approach to achieve its nationally determined ambitions considering all technologies with Public-Private Partnership and Socioeconomic and growth considerations.

Saudi leadership has consistently positioned sustainability as a central national priority through high-level commitments and public statements. At the 2021 Middle East Green Initiative Summit, His Royal Highness Crown Prince Mohammed bin Salman emphasized the regional significance of climate action, highlighting how environmental challenges extend beyond ecological concerns to encompass economic and national security implications.[1] Most recently, at the 2024 UN High-Level Political Forum in New York, the Minister of Economy and Planning, His Excellency Faisal F. Alibrahim, emphasized that sustainable development is fundamental to elevating national living standards and improving citizens' quality of life.[2]

Vision 2030 serves as a comprehensive roadmap aimed at transforming Saudi Arabia into a diversified and globally competitive economy.[3] It aims to empower citizens, attract domestic and international investment, and establish the Kingdom as a global leader across strategic sectors. The Vision is structured in consecutive five-year phases, each building upon the achievements of the previous stage. The initial phase focused on laying the groundwork through wide-ranging structural reforms across the public sector, economy, and society. The second phase has accelerated implementation by refining strategies and channeling significant investments into priority sectors and national flagship projects, resulting in measurable progress nationwide. The third phase concentrates on consolidating the gains made, ensuring long-term impact, and unlocking new opportunities for sustainable growth. Vision Realization Programs (VRPs) serve as the implementation engine for Vision 2030. Each VRP follows a specific roadmap with approved delivery plans, targeting defined objectives and key performance indicators within five-year timeframes. As Vision 2030 evolves to meet Saudi Arabia's changing needs, the VRPs adapt accordingly to ensure successful achievement of national transformation goals.

A defining feature of Saudi Arabia's policy framework is the integration of sustainability principles into macroeconomic planning, ensuring national development proceeds in an environmentally responsible, socially inclusive, and economically resilient manner.[4] Rather than treating sustainability as a sectoral issue, the Kingdom has embraced a whole-of-economy approach that proactively aligns key macroeconomic instruments, including fiscal policy, national development planning, investment prioritization, and budget allocations, with long-term sustainability goals.

To unify its sustainable development priorities across sectors, the Kingdom has also been working on the development of the National Sustainable Development Blueprint, outlining the key focus areas that will be prioritized over the next years to maximize impact.

To implement these commitments, Saudi Arabia has established robust institutional mechanisms including the Sustainable Development Steering Committee, responsible for the acceleration and oversight of sustainable development progress in the Kingdom, and the Corporate Sustainability Ministerial Committee, focused on corporate adoption of more sustainable practices.[5] A significant milestone in this institutional framework is the launch of the National Corporate Sustainability Program (NCSP), which provides comprehensive guidance for both private sector companies and public institutions.[6]

The Ministry of Economy and Planning coordinates the integration of sustainability into national development strategies, requiring line ministries to align plans with Vision 2030's sustainability goals.[7] This alignment has transformed budget processes: ministries now conduct environmental and social impact assessments for major public investments.[8] The Environmental Law (Royal Decree M/165) reinforces this approach by requiring the systematic integration of environmental considerations into policy formulation, program design, and project-level decision-making, ensuring alignment with national environmental governance objectives.[9]

In order to achieve its national ambition, the Kingdom has activated a wide range of national programs and strategies to drive various aspects of sustainable development.

The Future Investment Initiative (FII) Institute plays a pivotal role in Saudi Arabia's efforts to institutionalize sustainability. Founded by the Public Investment Fund (PIF), this global non-profit organization based in Riyadh catalyzes positive impact on humanity, while also shaping the sustainability discourse and promoting cross-sectoral collaboration.[10]

Saudi Arabia has set an ambition to reducing, avoiding, and removing Greenhouse gas (GHG) emissions by 278 million tons of CO2eq annually by 2030, supported by a project-based framework with several initiatives.[11] Saudi Arabia is also advancing efforts under the Circular Carbon Economy (CCE) framework, emphasizing the principles of reduce, reuse, recycle, and remove. Under the CCE framework, carbon capture, utilization, and storage (CCUS) technologies and applications serve as key enablers for cross-sectoral economy decarbonization. Complementing these efforts, the National Renewable Energy Program was launched to diversify the energy mix and accelerate the adoption of clean energy sources, with the objective of achieving an optimal, efficient, and cost-effective energy mix.[12] The Ministry of Environment, Water, and Agriculture has also introduced the National Environmental Strategy to enhance environmental governance across the Kingdom.[13] Building on this policy foundation, Saudi Arabia has established a national governance framework for corporate sustainability and introduced the Sustainability Champions Program to strengthen Sustainability capabilities across institutions and enterprises.[14]

Saudi Arabia is also continuing its efforts under the Saudi Energy Efficiency Program (SEEP) to improve energy use efficiency across demand and supply sectors through several regulations, standards, and initiatives along with required enablers.

The Kingdom's sustainability journey since 2016 has been marked by a series of coordinated milestones, the most important of which are highlighted in the following figure.[15]

Figure 1:Evolution of the Kingdom's Sustainability Commitments

2016 - 2017

Signature of the Paris Agreement with aim to reduce by 278 mtpa of CO2e equivalent by 2030

Launch of Vision 2030 with environment, renewable energy mix, and **sustainability at heart of the development**

2017 - 2018

Announcement of National Renewable Energy Program and launch of **King Salman Renewable Energy Initiative**

2018 - 2019

Launch **of National Environmental Strategy** by Ministry of Environment, Water and Agriculture

2019 - 2020

Launch of the **Green Riyadh Project**

2020 - 2021

Endorsement of KSA's Circular Carbon Economy framework by global leaders during the G20 Riyadh Summit

2021 - 2023

Launch of **Saudi Green Initiative** and **Middle East Green Initiative**; announcement of Kingdom ambition to reach **Net-Zero by 2060**

Establishment of the Sustainable Development Steering Committee (SDSC) to oversee, monitor and report on progress of the SDG action roadmap

2023 - 2024

Development of **the National Corporate Sustainability Program**

2024 - onward

Setup of a **national Corporate Sustainability Governance,** including the Corporate Sustainability Ministerial Committee and Corporate Sustainability Development Working Group

Launch of Sustainability Champions Program to enable progress in corporate sustainability

The Ministry of Energy in coordination with the concerned governmental entities provides investors with customs duty exemptions for renewables and battery energy storage projects, providing access to high-quality renewable resource data from the National Geographical Survey project, in addition to competitive land leases rates, thereby accelerating the adoption of renewable energy across the Kingdom. Local content requirements in renewable energy tenders, overseen by the Local Content and Government Procurement Authority, mandate domestic sourcing of materials and labor to encourage industrial localization.[16] In 2024, the Public Investment Fund launched the Renewable Energy Localization Company to further support domestic manufacturing of photovoltaic components and wind turbine parts.[17] The Saudi Industrial Development Fund complements these efforts by offering incentivized financing terms to companies investing in sustainable technologies, reinforcing the Kingdom's commitment to integrating environmental priorities within broader industrial policy.[18]

Saudi Arabia also shows strong adherence to international financial governance and anti-corruption frameworks, reinforcing its global credibility as a transparent and well-regulated economy. The Saudi Central Bank (SAMA) is an active member of the Basel Committee, following its Banking Supervision standards and the Basel III international regulatory framework.[19] The bank is also a member of the Financial Stability Board (FSB).[20] The Capital Market Authority (CMA) participates in the International Organization of Securities Commissions (IOSCO), promoting investor protection and sound capital-market regulation.[21] Furthermore, Saudi Arabia is a founding member of the G20 and the first Arab country to gain full membership in the Financial Action Task Force (FATF), underscoring its commitment to combatting financial crime and enhancing transparency.[22] Through participation in the G20 Anti-Corruption Working Group and consistent implementation of the G20 Anti-Corruption Action Plan, the Kingdom continues to advance robust governance and compliance systems aligned with Vision 2030 objectives.[23]

Through integrated planning, fiscal innovation, strategic investment, and institutional alignment, the Kingdom is shaping a development model that is simultaneously growth-oriented, climate-conscious, and socially equitable.

1.2. Financing Framework

To advance its sustainability objectives, Saudi Arabia has created a comprehensive financing framework that integrates sovereign instruments with institutional investment strategies for sustainable development.

1.2.1 Public Investment Fund[24]

The Public Investment Fund (PIF) serves as a cornerstone of Saudi Arabia's economic diversification strategy and its long-term commitment to sustainable development. As one of the world's largest sovereign wealth funds, PIF drives economic diversification, accelerates sectoral growth, and supports the Kingdom's transition toward a sustainable, inclusive, knowledge-based economy. Originally established by Royal Decree in 1971 and restructured under the 2019 PIF Law with full financial and administrative autonomy, the Fund invests on behalf of the government in projects that promote long-term economic growth, enhance public welfare, and advance Vision 2030 strategic objectives.[25]

As part of its climate strategy, PIF is a major contributor to the Saudi Green Initiative, with investments in renewable energy production, electric mobility, and conservation. It plays a key role in supporting the Kingdom's ambition to increase renewable energy generation and energy storage capacities by 2030; and reach net-zero greenhouse gas emissions by 2060. Notable investments include backing the NEOM Green Hydrogen Project, one of the world's largest planned green hydrogen facilities.[26]

PIF's investment strategy operates through six investment pools - four domestic and two international (see Figure below) - that collectively work to diversify Saudi Arabia's economic base, localize strategic industries, enhance infrastructure, and develop national champions across sectors including tourism, entertainment, renewable energy, and advanced technology.[27]

Figure 2: PIF's Investment Pools

1 Saudi Equity Holdings

Invests in listed and private companies across Saudi Arabia and MENA. Focus: growing subsidiary value and achieving sustainable returns. Includes direct equity, third-party funds, and indirect assets.

2 Saudi Sector Development

Targets new and emerging sectors to drive diversification, SME growth, innovation, and job creation. Catalyzes private sector expansion and value chain development without competing directly.

3 Saudi Real Estate & Infrastructure Development

Invests in urban development, tourism, entertainment, and infrastructure to enhance livability and attract global capital. Supports economic growth through high-quality development and strategic partnerships.

4 Saudi Giga-Projects

Intended to deliver structural economic transformation through job creation, non-oil GDP growth, and increased foreign direct investment, with progress tracked through sector-level performance indicators.

5 International Strategic Investments

Focuses on long-term global investments via strategic partnerships. Builds ties with innovative companies and top global investors in future-facing industries.

6 International Diversified Pool

Invests in a global mix of liquid and illiquid assets to diversify risk and reduce reliance on oil. Aims for strong, long-term returns across geographies and asset classes.

As of 2024, PIF's assets under management exceeded USD 925 billion, with official forecasts anticipating the portfolio to surpass USD 1 trillion by end-2025.[28] The Fund has grown exponentially in recent years, supported by government capital injections, asset transfers (including strategic equity in Saudi Aramco), and the proceeds of green and conventional sukuk issuances. By end-2024, PIF had received cumulative funding exceeding SAR 4.321 trillion, up from SAR 3.664 trillion in 2023. The Fund also recorded a 25 percent rise in total revenues in 2024, which amounted to SAR 413 billion, compared to SAR 331 billion in the previous year.[29] The growth in revenues was primarily attributed to increased earnings from several of its major portfolio companies, including Savvy Games Group, Ma'aden, STC, SNB, AviLease, and Gulf International Bank, as well as dividend inflows from Aramco and returns from key projects that began generating higher revenues.[30]

PIF's portfolio is diversified across several sectors, with more than three-quarters of its assets under management in the domestic market and the remainder in international markets, underscoring its centrality in national development.[31] Its involvement spans flagship projects, including its five giga-projects NEOM, ROSHN, Qiddiya, Red Sea Global, and Diriyah Project.[32] Through these projects, the Fund is not only reshaping urban infrastructure and the tourism sector but also stimulating employment, attracting private investment, and embedding sustainability in the built environment.

PIF also supports the growth of local industries and entrepreneurship. Through the Saudi Sector Development Program, PIF has extended capital and strategic support to more than 100 companies operating in high-growth sectors such as health, digital services, mining, education, and logistics.[33] Through strategic initiatives and targeted equity investments, PIF is contributing to private sector expansion by catalyzing investment and value chain participation. To institutionalize and expand this engagement, PIF launched the Private Sector Hub, a platform designed to connect its portfolio projects and procurement opportunities with Saudi and international companies, encouraging greater private sector integration across supply chains.[34] The Fund aims to contribute SAR 1.2 trillion to non-oil GDP cumulatively by the end of 2025, reflecting its role as an economic engine for inclusive growth.[35]

PIF also promotes the principles of circular economy through its support for carbon capture and storage, waste-to-energy projects, and sustainable urban planning. Through ROSHN, its real estate arm, the Fund is building smart, livable, and environmentally friendly communities that comply with the Mostadam and LEED green building standards.[36] By embedding Sustainability considerations across its project lifecycle and due diligence processes, PIF ensures that environmental and social impact is central to its investment strategy.

In addition to its domestic mission, PIF maintains a global investment strategy aimed at generating long-term financial returns and technological spillovers. The Fund has acquired strategic stakes in companies such as Lucid Group, Uber, Aman Group, and Blackstone, and maintains significant commitments in global funds.[37] It also owns international assets in logistics, infrastructure, and sports, including the acquisition of Newcastle United Football Club.[38] While international investments account for a smaller share of the portfolio, they complement domestic objectives by transferring knowledge, fostering innovation, and positioning Saudi Arabia as a global investment hub.

1.2.2 Green Financing Framework[39]

The Kingdom has established a sovereign Green Financing Framework through the National Debt Management Center under the Ministry of Finance. Under this framework, the proceeds of green bonds or sukuk will be allocated to projects across a set of eligible green categories that support climate change mitigation and adaptation, consistent with the priorities of Vision 2030, the Saudi Green Initiative (SGI), and the Circular Carbon Economy National Program (CCE). The framework sets out formal processes for use-of-proceeds allocation, project evaluation and selection, proceeds management, reporting, and external review, thereby ensuring transparency and alignment with international standards such as the Green Bond Principles.

Through this sovereign framework the Kingdom aims to mobilize public and private capital to finance a broad portfolio of green investments including renewable energy, energy efficiency, sustainable land and water use, biodiversity conservation, and climate-resilient infrastructure. The framework thus constitutes a foundational financial instrument to implement the Kingdom's updated nationally determined contribution under the Paris Agreement, which targets reducing, avoiding and removing greenhouse gas emissions, and supports the national commitment to achieve net-zero emissions by 2060.[40]

To ensure good governance and adherence to eligibility criteria in project selection, the Kingdom has established a Governance Framework for the GFF, which is summarized in Figure 3.

Under GFF, the net proceeds of any Green Bond or Sukuk issuance are used to finance or refinance projects that support the Kingdom's climate mitigation and adaptation objectives. Eligible expenditures include investment outlays, operational costs, tax expenditures, and subsidies. These must contribute directly to climate action as articulated in Vision 2030, the SGI, the Circular Carbon Economy (CCE), and the Kingdom's NDCs.

Eight core green project categories are eligible for financing, as shown in Figure 4 below. Each category is aligned with relevant SDGs, and the Framework explicitly excludes funding for sectors such as alcohol, tobacco, palm oil, weapons, gaming, and any projects involving forced or child labor.

Figure 3: GFF's Governance Framework

Oversight Structure

Sustainable Financing Committee (Main Committee)

Chaired by: Minister of Finance

Members: Ministers of Energy; Environment, Water & Agriculture; Economy & Planning; CEO of NDMC

Functions:
- Approves eligible green projects
- Oversees implementation, fund allocation & impact reporting
- Meets twice annually, with additional meetings as needed

Sub-Committee: Projects & Monitoring

Chaired by: Budget Deputyship

Members: NDMC, Project Owners, Appointed Experts

Responsibilities:
- Identify & recommend green projects
- Validate compliance & monitor allocation
- Prepare regular reports
- Meets quarterly
- Governed by NDMC-drafted internal regulations

Fund Management

Managed by: Ministry of Finance

Track: Green bond/sukuk proceeds

Unallocated funds: held under Treasury Policy

Full traceability ensured – total eligible expenditures ≥ total funds raised

Transparency & Reporting

Annual Allocation Report:
- Projects by type, region, and financing nature (new vs. refinancing)

Biennial Impact Report (minimum):
- **Metrics include:**
  - CO_2e emissions avoided/reduced
  - MWh of renewable energy used
  - Energy savings achieved
  - EVs & charging stations deployed
  - Biodiversity outcomes
  - Water savings & treatment capacity

External Validation

Second Party Opinion (by Moody's) affirms ICMA Green Bond Principles alignment

Post-Issuance Audits verify asset selection, allocation, and reporting integrity

Figure 4: GFF's Eligible Project Categories

Environmentally Sustainable Management of Living Natural Resources and Land Use

Energy Efficiency

Renewable Energy

Clean Transportation

Pollution Prevention and Control

Sustainable Water and Wastewater Management

Climate Change Adaptation

Terrestrial and Aquatic Biodiversity Conservation

Figure 5 below highlights flagship projects financed under the GFF.

Figure 5: Flagship Projects under the GFF

NEOM Green Hydrogen Company (NGHC)

Category: Renewable Energy

- **Joint venture:** ACWA Power, Air Products, and NEOM
- **World's largest** green hydrogen plant (Oxagon, NEOM)
- **Powered by 4 GW** of wind and solar
- **Output:** 600 tonnes of green hydrogen/day ⟶ converted to green ammonia for global export
- **Impact:** Supports decarbonization in transport and heavy industry
- **Timeline:** Commissioning by end-2026
- **PIF Investment:** USD 979 million (11% equity)
- **Disbursed via GFF:** USD 525 million as of June 2024
- **Impact:** Avoids ~192,000 tonnes of CO_2 annually

NEOM Water Distribution Project

Category: Sustainable Water Management

- **Fully circular, digital, and energy-neutral water system**
- **Components:** Renewable-powered desalination, 100% wastewater reuse, smart infrastructure
- **Target:** <3% non-revenue water
- **Sets global benchmarks** in water efficiency and sustainability
- **PIF Investment:** Over USD 1 billion
- **Projects Supported:** 9 infrastructure projects across NEOM
- **Impact:** Enhances water-use efficiency with full traceability and reporting

Red Sea Global (RSG) – Green Buildings

Category: Green Buildings

Projects: The Red Sea & AMAALA

Focus: Regenerative tourism, sustainable infrastructure, eco-residences

Certifications: LEED Platinum, LEED Gold, Mostadam Gold

Operational Assets (as of June 2024):
- 9 green buildings
- 4 hotels, 4 residential clusters, 1 management office

PIF Investment via GFF: USD 1.7 billion

Energy Savings: 20% less energy use = 18,000 MWh/year

Emissions Reduction: 36,000 tonnes CO_2eq/year (current)

Projected Impact: >600,000 tonnes CO_2eq avoided annually at full build-out

GFF is subject to periodic review and revision by the Sustainable Financing Committee to reflect evolving global practices and ensure continued alignment with international benchmarks. Any future versions will retain or improve current levels of disclosure and transparency.

1.2.3 CMA's Guidelines

In May 2025, the Capital Market Authority (CMA) issued the Guidelines for Issuing Green, Social, Sustainable, and Sustainability-Linked Debt Instruments, representing a major step in expanding Saudi Arabia's sustainable financing ecosystem.[41] The Guidelines are designed to support issuers in the Saudi capital market, including corporates, financial institutions, and government-related entities, in developing sustainability finance frameworks and issuing Sustainability-aligned debt instruments. Their objectives are to broaden financing options, encourage local issuances, and direct capital toward projects that advance the Kingdom's economic diversification and sustainability priorities under Vision 2030. The Guidelines provide a clear framework for structuring, monitoring, and reporting sustainable finance instruments, ensuring that issuances are credible, transparent, and aligned with international best practices. They establish principles for classifying eligible projects, setting sustainability objectives, and linking financing to measurable environmental and social outcomes. Issuers are expected to disclose key features of their financing frameworks, including use of proceeds, process for project evaluation and selection, management of proceeds, and reporting commitments. Importantly, the Guidelines stipulate that if an issuer departs from the guidance, such deviations must be disclosed in the issuance framework or offering documents, regardless of whether the issuance is public or private. Beyond standard-setting, the Guidelines are intended to strengthen the resilience of Saudi Arabia's financial sector to environmental and social risks, enhance the quality of sustainability-related disclosures, and build knowledge and capabilities in sustainable finance. By embedding technology-enabled, trusted, and efficient financing flows, the CMA is enabling both domestic and international investors to participate in a wider range of sustainable financing opportunities.

1.3. Key Results*

The Kingdom has achieved significant sustainability results. The following are some of the most significant examples.**

Human Development and Social Inclusion

- Saudi Arabia achieved a female labor force participation rate of 33.5 percent in Q4 2024, surpassing its Vision 2030 target of 30 percent, with women holding 44.1 percent of middle and senior management roles in 2024.
- Female-owned SMEs constituted 46.8 percent of all small and medium enterprises by Q3 2024.
- Unemployment rate fell to 7.0 percent for Saudis in Q4 2024.
- The Citizen Account Program has disbursed over SAR 50 billion to support vulnerable populations since 2017.
- The Mowaamah program raised labor force participation for persons with disabilities to 13.4 percent in 2024.

Education and Innovation

- Saudi Arabia ranked 16th in the 2024 IMD World Competitiveness Index and advanced to 25 universities in the Times Higher Education Impact Rankings, up from six in 2019.
- Students won 23 grand and four special prizes at the International Science and Engineering Fair (ISEF).
- Public spending on the education sector increased by 4.4 percent in 2024. The education sector represents more than 15 percent of total expenditures for 2024.
- The Kingdom ranked 14th globally and 1st in the Arab world in the 2024 Global AI Index, up from 22nd.

Healthcare

- Under-5 mortality declined to 12.16 per 1,000 live births in 2023, with 99.6 percent of births attended by trained professionals.
- In 2024, the Saudi Food and Drug Authority (SFDA) achieved WHO maturity level 4 in medicines and vaccines regulation, the highest possible standard.
- Over 900,000 workers were employed in the health sector as of 2023.

Economic Diversification and Private Sector Growth

- GDP surpassed USD1 trillion in 2023, with annual 2024 real GDP growth of 1.3 percent and Q4 2024 growth at 4.5 percent.
- Non-oil GDP growth reached 4.6 percent in 2024, underscoring the Kingdom's progress in economic diversification under Vision 2030 and its efforts to reduce reliance on hydrocarbons through the expansion of manufacturing, tourism, logistics, and technology industries.
- Foreign Direct Investment (FDI) inflows hit SAR 96 billion in 2023, exceeding targets by 16 percent.
- Venture capital investments totaled USD1.4 billion in 2023, accounting for 52 percent of all MENA VC deals.
- Saudi Arabia ranked third globally in the 2025 FDI Confidence Index among emerging markets.

* Key results summarized and extracted from "Kingdom of Saudi Arabia Annual Sustainability Report, 2024".
** Infographic

Environmental Sustainability and Energy Transition

- As of October 2025, the total tendered renewable energy capacity reached 63.8 GW, of which 12.3 GW is connected to the grid. In addition, 30 GWh of energy storage capacity is at various stages of development, of which 8 GWh is connected to the grid.
- Saudi Arabia aims to achieve around 50 percent of its total generation capacity from renewable energy sources by 2030.
- NEOM's Green Hydrogen Project is expected to deliver 600 tonnes/day of clean hydrogen by 2026.
- As of March 2025, more than 115 million trees have been planted under the SGI, and 118,000 hectares of degraded land have been rehabilitated.
- As of 2024, 10 million smart electricity meters have been installed, enabling a reduction of 1.8 million tonnes of CO_2 annually.

Water and Food Security

- As of 2023, Saudi Arabia has produced over 7.5 million m^3/day of desalinated water, representing 22.2 percent of global output.
- As of 2024, Saline Water Conversion Corporation (SWCC) holds nine Guinness World Records and achieved the world's lowest energy consumption in desalination (less than 2.27 kWh/m^3).
- The Saudi Reef Program (SRAD) supported over 80,000 rural farmers and agri-SMEs with sustainable agriculture solutions.
- National food production increased significantly, with wheat production exceeding 1.3 million tonnes in 2023 and poultry self-sufficiency nearing 80 percent in 2024.

International Cooperation and Humanitarian Aid

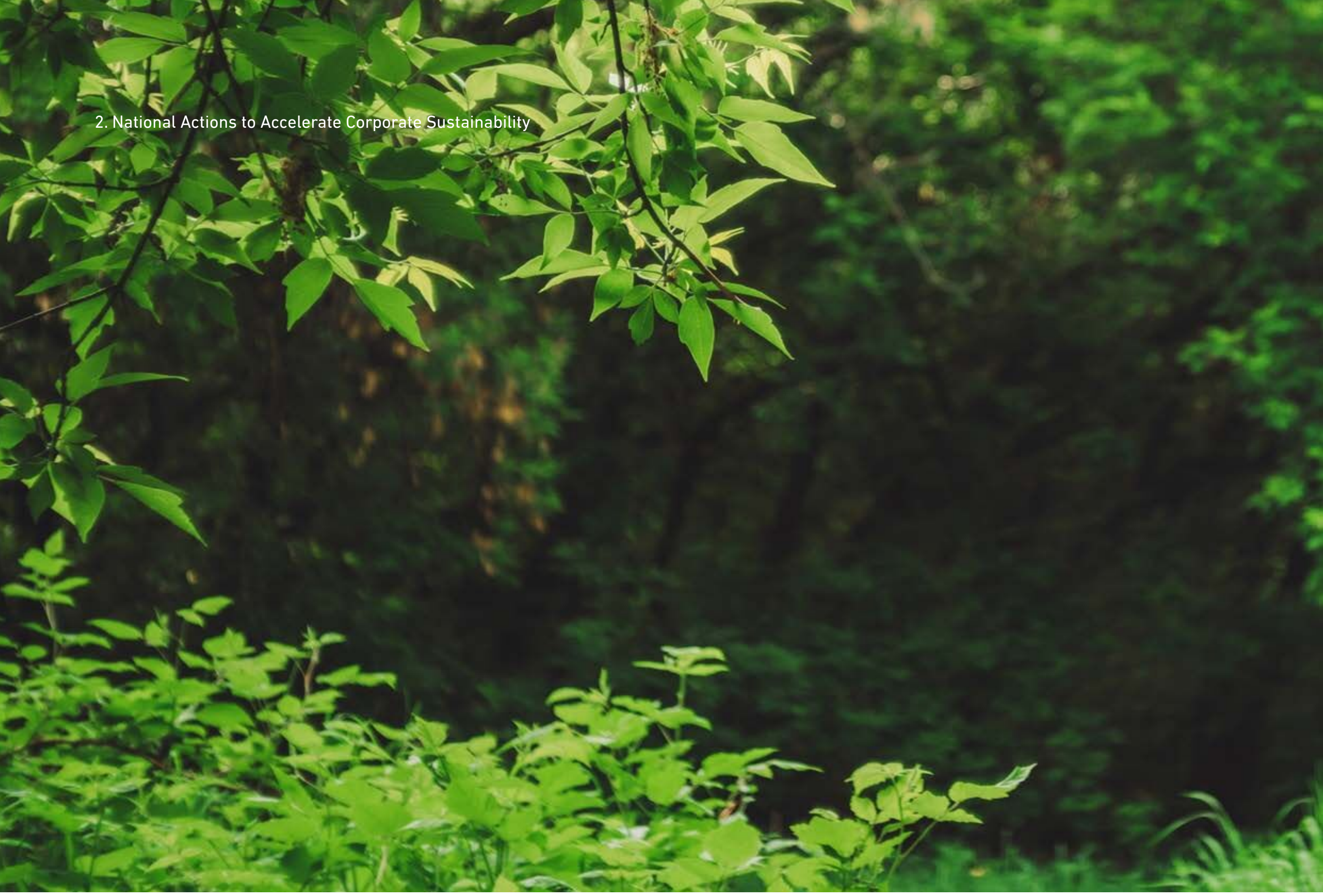
- Saudi Arabia provided USD18.4 billion in humanitarian and development assistance in 2023 alone.
- Cumulatively, the Kingdom has contributed over USD129.5 billion to 169 countries from 1975 to 2024.
- By mid-2025, KSrelief had implemented 3,612 projects worth USD8.14 billion in 108 countries.

Global and Regional Leadership

- In 2024, Saudi Arabia hosted the Conference of the Parties 16 (COP16) for the United Nations Convention to Combat Desertification (UNCCD) and MENA Climate Week, and launched the Riyadh Global Drought Resilience Partnership.
- Tourism contributed SAR 283.8 billion to GDP in 2024, accounting for 7 percent of total GDP and 11 percent of non-oil GDP.
- The Kingdom continues to lead through the Middle East Green Initiative and the Circular Carbon Economy framework, setting a precedent for pragmatic climate leadership.

02

National Actions to Accelerate Corporate Sustainability



Saudi Arabia recognizes that achieving its sustainability goals requires not only public-sector interventions, but also broad adoption of sustainability practices by businesses. The government sets policies and leads by example, but it is the private sector that delivers the innovations, investment, and implementation capacity to achieve targets on the ground. For example, to achieve its renewable energy target of 50 percent by 2030, Saudi Arabia relies on corporate developers such as ACWA Power and international partners to deliver large-scale solar and wind projects.[42] At the same time, companies like Aramco, SABIC, and STC are supporting efforts to improve energy efficiency and reduce industrial emissions by retrofitting facilities and adopting advanced technologies. Similarly, achieving social targets such as the increase of women's participation in the workforce or expanding their roles in SMEs requires active engagement from employers and businesses. This shift is already underway, as companies adapt hiring practices and workplace culture in response to, and in alignment with, national policy reforms.

To accelerate sustainability in the corporate sector, government entities have implemented a range of supportive measures, from guidelines and incentives to regulations and new programs.

2.1. Guidelines and Standards for ESG Reporting

The Saudi government has prioritized transparency and accountability by establishing ESG reporting guidelines. In 2021, the Saudi Stock Exchange (Tadawul) introduced voluntary ESG Disclosure Guidelines for listed companies, providing a standardized framework for sustainability reporting.[43] These guidelines cover environmental metrics such as energy and water consumption, social indicators including workforce diversity and community investment, and governance structures. The framework aims to standardize reporting practices and enable investors to effectively evaluate companies' ESG performance.

Corporate adoption of these guidelines has shown positive momentum. By Q3 2024, 38 companies had published ESG reports through the Integrated Financial and Sustainability Automated Hub (IFSAH), demonstrating growing commitment to transparency.[44] PIF has accelerated this trend by requiring its large portfolio companies to develop comprehensive ESG strategies and report progress regularly.[45] PIF has reinforced its leadership through a commitment to achieve net-zero emissions across its portfolio by 2050 and the establishment of a dedicated "PIF ESG Program" to share best practices among owned companies, creating a top-down sustainability integration across major PIF enterprises.[46]

Saudi Arabia is also developing national corporate sustainability reporting guidelines that align with local priorities and context and are guided by relevant global frameworks. Global frameworks inform the process only where relevant, with selective adoption to ensure consistency with national objectives, regulatory structures, and sectoral realities. This approach ensures that the emerging guidelines are both internationally coherent and firmly aligned with the Kingdom's unique circumstances and sustainability ambitions. Through the NCSP, a technical committee is establishing baseline sustainability topics and indicators, along with a set of guidelines, designed to facilitate disclosures for large Saudi firms and standardize reporting across the Kingdom. Once completed, these Saudi-specific guidelines will be deployed for corporate adoption in a voluntary manner, guiding data collection and strong alignment with national development objectives.[47][48]

Several large Saudi corporations provide underlying activity data and emissions information that feed into the Kingdom's Biennial Transparency Report and National Communication. These national reports are prepared under the UNFCCC and require robust datasets across sectors such as energy, industry, waste, and land use. Strengthening corporate disclosure through the sustainability guidelines therefore improves the quality of nationally reported information, supports more accurate greenhouse gas inventories, and reinforces the Kingdom's ability to meet its international reporting obligations in line with the Paris Agreement.

2.2. Policy Initiatives

The Saudi government has also introduced policy incentives, both financial and non-financial, to motivate companies to pursue sustainability initiatives.

- **Financial incentives:** As noted previously in this report, under its own GFF, PIF not only raises dedicated capital through green bonds and sukuk but also serves as a catalyst for private sector participation in sustainable development. By financing large-scale projects in renewable energy, smart water systems, green buildings, clean transportation, etc., PIF creates investment platforms that attract private companies and suppliers. The PIF Private Sector Hub, designed as a bridge between the Fund, its portfolio companies, and private enterprises, encourages private sector entities to engage with PIF projects, suppliers, and investment opportunities.[49] Through structured initiatives like the MUSAHAMA Program, PIF promotes localization, build-out of local content, and integration of private actors into its green supply chains.[50] Furthermore, Saudi Arabia's Human Resources Development Fund (HRDF) was established to support the development of skills and employment of Saudi nationals in the private sector through training, qualification, and financial incentives. HRDF delivers a range of products and programs designed to enhance workforce participation and their sustainability in the labor market. One of the most important programs is Employment Support Program, which focuses on covering a portion of salaries for individuals hired by companies, either after completing HRDF-supported training programs or through direct hiring initiatives as part of HRDF partnership with private sector. This program provides subsidies across all national workforce segments, with additional preferential support for women and persons with disabilities. In addition to wage support, HRDF offers standalone enabler products to address barriers that prevent workforce participation and retention: Qurrah Product: subsidizes childcare services for working mothers, enabling women to return to work and remain employed. Wusool Program: provides transportation support for women employees, helping them overcome mobility challenges and maintain stable employment.[51] Moreover, the Saudi Industrial Development Fund (SIDF) offers a diverse range of short, medium, and long-term financial solutions. Tanafusiya Program is one of these solutions that provides financing solutions to support the improvement of the current industrial base through technology and digitization. Another one is Mutajadeda Program which contributes to the improvement of local developers in the field of Renewable Energy's production.[52] Monsha'at, has launched green entrepreneurship awards and grants to encourage startups working on sustainability challenges with a prime example being the "Smart & Green Buildings Challenge".[53]

- **Recognition and awards:** Beyond monetary incentives, recognition is used to motivate corporates. A prime example of this is the King Khalid Sustainability Award, established by the King Khalid Foundation, which honors leading private organizations in Saudi Arabia for excellence in corporate sustainability.[54] At the 2023 King Khalid Awards, Abqaiq Plants of Aramco won the private-sector Sustainability Award, followed by Ma'aden and SABIC.[55] The Saudi Capital Market Awards added a category for "Best ESG", which SABIC won for the second consecutive year in 2023.[56]

- **Capacity-building support:** The Saudi government has established partnerships to improve corporate capabilities in sustainability. For example, the Ministry of Economy and Planning and the Ministry of Commerce host workshops for businesses on implementing Sustainability in strategy and reporting. They invite international experts from the UN Global Compact or renowned international consulting companies to share knowledge with Saudi executives. In 2024, under the Sustainability Champions Program, which is detailed further in this report, a structured series of nine training sessions was offered to participating companies covering topics like the Sustainable Development Goals, conducting materiality assessments, sustainability reporting, and even case studies of global corporate sustainability journeys.[57] The program provided participating companies with high-value sustainability training and technical knowledge that would typically require substantial investment to obtain independently.

- **Public–Private Collaboration Platforms:** To accelerate national sustainability goals, Saudi Arabia has established several platforms that enable structured collaboration between the government and private sector. Flagship initiatives such as the Saudi Green Initiative (SGI) build momentum from the ground up by engaging local stakeholders, public agencies, companies, and civil society to drive climate action, advance emissions reduction, and support ecosystem preservation.[58] The Saudi Data & AI Authority (SDAIA) further strengthens this ecosystem through its Open Data Platform, enabling transparent access to sustainability-related datasets across sectors. In addition, the Ministry of Economy and Planning recently announced the SUSTAIN platform, an AI-enabled partnership network designed to connect government entities, businesses, investors, academia, and civil society, accelerating the implementation of cross-sector sustainability initiatives.[59] Public–private partnership (PPP) frameworks also increasingly incorporate sustainability criteria to ensure that infrastructure development aligns with national environmental and sustainable development objectives.[60]

2.3. Support Programs

Saudi Arabia has taken a comprehensive approach to supporting corporate sustainability through a range of dedicated programs. These initiatives embed sustainability principles across the private sector by providing clear guidance, building institutional capacity, and promoting collaboration between government, regulators, and businesses.

2.3.1. National Corporate Sustainability Program (NCSP)[61]

Saudi Arabia launched the National Corporate Sustainability Program (NCSP) in 2023. NCSP represents a coordinated approach to boosting corporate sustainability adoption on a national scale. It was approved by the Council of Ministers and is led by the Ministry of Economy and Planning in collaboration with a high-level committee of other ministries and stakeholders.

NCSP is underpinned by the governance structure shown in Figure 6.
Overall, the NCSP's governance model is designed to provide formal oversight, inclusive input, and effective execution. The Council of Ministers' endorsement also means relevant ministries cooperate and allocate necessary resources.

Figure 6: Governance Structure of the NCSP

Strategic Oversight: Corporate Sustainability Ministerial Committee (CSMC)

Composition:
10 senior government officials

Mandate:
- Sets national sustainability priorities
- Approves major policies and initiatives
- Resolves inter-agency coordination issues

Meets:
Periodically to review progress

Collaborative Support: NCSP Working Group

Members:
- ~30 entities
- 5 Key Regulators
- 11 Public Sector Bodies
- 15 Leading Private Companies

Role:
- Provides technical input and field-level insights
- Reviews and refines proposed initiatives
- Facilitates public-private coordination

Guidelines Development: Working Group

Function:
Draft national sustainability reporting guidelines

Process:
- Incorporate feedback from the Working Group
- Submit recommendations to CSMC for approval

The strategic programs under the NCSP have been identified as follows:[62]

Strategic Programs under the NCSP

Step 1

Build the foundation of corporate sustainability landscape:

1. **Establish robust governance systems with a clear champion**
   Set up a clear governance structure, identifying roles and responsibilities (incl. appointing a national champion) and necessary councils.
2. **Develop sustainability guidelines and ensure coordinated policies and regulations**
   Develop relevant sustainability guidelines and ensure coordinated sustainability policies and regulations.
3. **Build capacity and awareness of corporates**
   Build awareness and capabilities of corporates to help them enhance their disclosures and embed sustainability practices within their operations.
4. **Engage investors to build awareness of KSA sustainability efforts and enhance sustainability ratings**
   Engage investors and promote investment in the Kingdom by raising awareness on national sustainability efforts; and improve KSA ranking on global sustainability indices

Step 2

Nurture the corporate sustainability landscape:

1. **Launch incentives and partnerships targeting corporates**
   Launch appropriate incentives schemes (both financial and non-financial) and develop partnerships to drive the development of corporate sustainability landscape
2. **Raise awareness of public community towards sustainability topics**
   Raise awareness of the general public to sustainability issues through launching relevant campaigns to increase public knowledge and influence behavior.

While NCSP's priority initiatives and their main goals for 2024 are summarized in the box below:[63]

NCSP Priority Initiatives

Sustainability Reporting Guidelines

Operationalize and develop sector-specific and sector-agnostic guidelines that outline clear guidelines for companies to report on their sustainability performance.

Sustainability Taxonomy

Establish a classification system that identifies sustainable economic activities to help guide investment decisions and promote sustainable economic growth.

Sustainable Financing Framework Guidelines

Develop guidelines for corporates to support them in developing sustainable finance frameworks and issuing green debt instruments.

Sustainability Champions Program

Design and establish a program with sustainability Champions in key sectors to provide training and resources to selected companies in their sector/ value chain.

2.3.2. Sustainability Champions Program[64]

Launched by the Ministry of Economy and Planning in April 2024 during the World Economic Forum Special Meeting in Riyadh, the Sustainability Champions Program accelerates sustainability adoption by fostering peer-to-peer Championship between leading corporations (Champions) and companies at earlier stages of their sustainability journey (Future Champions).

The program's core objective is to build sustainability capacity across the business ecosystem by leveraging the experience of frontrunner companies to guide others in developing sustainability strategies, disclosures, and improvement projects.

Future Champions are chosen based on their commitment to sustainability, alignment with priority sectors, and status as large enterprises. Champions commit not only to supporting other firms, but also to enhancing their own sustainability performance. Each Champion is tasked with mentoring at least three companies, providing guidance through structured Championship formats and shared learning opportunities.

At launch, a total of 19 Champions were selected across seven priority sectors. The program had expanded to include more than 66 Future Champions, demonstrating growing traction across the Saudi corporate sector.

As part of the program, the Kingdom launched a comprehensive set of awareness and capability-building sessions to equip both Champions and Future Champions with the knowledge and tools required to advance their sustainability agendas. This structured program comprised nine sessions, each co-designed and delivered in collaboration with leading global sustainability partners.

The sessions were designed not only to share international expertise and real-world case studies, but also to help both Champions and Future Champions implement program milestones in practice, ensuring that knowledge translates into measurable progress on sustainability integration. This initiative underscores Saudi Arabia's commitment to fostering sustainability excellence across the corporate landscape, while balancing international best practices with local leadership and sector-specific insights.

Figure 7: Core Components of the Sustainability Champions Program

1 Ecosystem Collaboration

Facilitating collaboration and knowledge transfer from leading corporates across key sectors in KSA.

2 Capability-Building

Expanding the capacity of additional corporates in priority sectors by leveraging the experience and expertise of the Champions.

3 Strong Aspiration

Supporting enhanced sustainability reporting and performance.

2.3.3. Additional Initiatives

Additional initiatives have been introduced to provide targeted support to the business sector and accelerate the adoption of sustainable practices.

- **Development of Sustainability Reporting Guidelines:**[65] Saudi Arabia is developing a national framework for corporate sustainability reporting guidelines tailored to the Kingdom's context and guided by international good practices. These guidelines operationalize both sector-specific and sector-agnostic reporting requirements, providing clear and consistent guidelines for companies to report on their sustainability performance. Mechanisms for ongoing monitoring and updating of the guidelines will be established to ensure they remain adaptive to evolving sustainability expectations and regulatory developments.

- **Development of Sustainability Taxonomy:**[66] Saudi Arabia is also developing a national Sustainability Taxonomy, which is a structured classification system that defines and guides sustainable economic activities. This initiative supports decision-makers in government and the private sector with a unified language for sustainability-linked investment, policy, and reporting. The taxonomy is guided by international good practices, while reflecting Saudi Arabia's national priorities, including climate resilience, water security, and economic diversification. Over time, the taxonomy will be expanded to include additional sectors and activities, including a mechanism for ongoing monitoring to ensure relevance and adaptability.

- **Development of Sustainable Finance Framework Guidelines:**[67] The Capital Market Authority (CMA) has issued the Guidelines for Issuing Green, Social, Sustainable, and Sustainability-Linked Debt Instruments, which provide issuers with a clear framework to establish sustainability finance programs in the Saudi capital market. The Guidelines aim to broaden financing options, encourage local issuance, and channel capital toward projects that advance the Kingdom's economic diversification and sustainability objectives. They enhance market transparency by setting expectations for disclosure and reporting, while also strengthening resilience to environmental and social risks. In addition, the Guidelines build capacity in sustainable finance and align the Saudi market with leading international practices, ensuring that green, social, sustainable, and sustainability-linked instruments are structured, monitored, and reported in a credible and consistent manner.

2.4. Regulatory Incentives

Saudi Arabia has introduced several targeted regulations that influence corporate practices across key sustainability dimensions. Multiple regulations drive corporate sustainability through compliance requirements and performance incentives.

- **Environmental Protection and Pollution Control:** Saudi Arabia updated its environmental law in 2020, strengthening standards for pollution control.[68] As a result, companies face higher penalties for violations such as illegal waste dumping and must conduct environmental impact assessments for new projects under stricter guidelines.[69] The National Center for Environmental Compliance (NCEC) conducts audits of factories, power plants, etc., and publishes compliance information.[70] In the industrial sector, companies are implementing emissions-control upgrades in line with existing national regulations, including standards overseen by the Royal Commission for Jubail and Yanbu, which require strict controls on particulate emissions and flaring. For example, cement producers have installed modern filtration systems pursuant to regulatory air-quality limits, and petrochemical facilities have enhanced flaring management in accordance with national directives aimed at minimizing routine flaring toward the 2030 target.[71]

- **Efficiency Standards:** Saudi Arabia has developed Energy Efficiency regulatory frameworks for industry and utility sectors to drive efficiency improvement and support sustainability in the targeted sectors and companies. The Saudi Green Building Code requires new constructions to meet defined energy and water efficiency standards, creating upfront costs that yield long-term savings and enable green marketing positioning.[72] The government has also rolled out fuel efficiency standards for vehicles and equipment, requiring automakers and businesses with large fleets to shift to cleaner vehicles over time.[73]

- **Energy Pricing Reforms:** Domestic energy price reforms are progressively reducing subsidies on electricity, fuel, and water for large consumers, creating strong incentives for corporate efficiency improvements.[74] As prices approach market rates, heavy industrial users and large commercial entities are investing in energy-efficient machinery, cogeneration units, and enhanced insulation to achieve both cost savings and energy efficiency.
- **Corporate Governance and Anti-Corruption:** Governance represents a fundamental sustainability pillar, and Saudi regulators have strengthened corporate governance requirements accordingly. The Capital Market Authority (CMA) has enhanced corporate governance codes, mandating independent board members and establishing audit and risk committees.[75] These requirements have improved transparency and accountability across many companies. As part of broader anti-corruption and compliance efforts, the CMA requires directors of all publicly listed companies to complete mandatory ethics training. This initiative provides board members with comprehensive understanding of their legal, regulatory, and ethical obligations, helping prevent misconduct while enhancing governance standards and building investor confidence. Companies are increasingly publishing formal governance policies and codes of conduct in response to these elevated standards.
- **Labor Regulations and Localization (Saudization):** Labor policies serve as key drivers of social sustainability by creating frameworks that benefit both workers and businesses. Recent Nitaqat system reforms include tiered incentives that promote employment quality by encouraging Saudization in mid- and upper-management positions, enabling companies to reduce unemployment while upskilling the local workforce.[76] Companies responding to these requirements demonstrate social responsibility, with many exceeding compliance by providing enhanced benefits, parental leave, and comprehensive training programs, recognizing that worker welfare is integral to strong sustainability performance.

03

Current Corporate Sustainability Landscape in the Kingdom

Corporate sustainability awareness and implementation have accelerated significantly across Saudi Arabia's business landscape. Businesses spanning energy, utilities, finance, petrochemicals, telecommunications, mining, and diverse other sectors are increasingly embedding sustainability considerations into their core strategies and operations. This section provides an overview of corporate sustainability developments in the Kingdom, highlighting trends that have shaped the landscape in recent years and the role of leading companies in driving progress.

3.1. Growing Momentum and Sustainability Adoption

Recent years have been marked by growing momentum in sustainability adoption by Saudi corporates, both large and small. One indicator is the rapid increase in corporate sustainability reporting. Since the Saudi Stock Exchange (Tadawul) issued sustainability disclosure guidelines in 2021 as a voluntary framework for listed companies, the number of companies publishing sustainability or sustainability reports has steadily risen each year.[77] Sectors such as petrochemicals, banking, and telecommunications have shown an especially strong uptake, driven by stakeholder expectations and global market norms. For instance, Saudi Basic Industries Corporation (SABIC) and Saudi Telecom Company (STC) now release comprehensive sustainability reports aligned with international standards such as the Global Reporting Initiative (GRI) and Sustainability Accounting Standards Board (SASB), whereas five years ago such reporting was rare.[78 79]

Another indicator of momentum is the growing number of corporate net-zero and climate targets. In the wake of the Kingdom's 2060 net-zero ambition, a number of major companies, particularly in the energy, chemicals, and utilities sectors, have announced long-term climate goals. Aramco aspires to achieve net-zero Scope 1 and 2 emissions across its wholly-owned operated assets by 2050.[80] SABIC has announced a 2050 net-zero goal for its global operations as well.[81] Utilities and energy developers like ACWA Power and NEOM Energy have similarly embraced long-term decarbonization targets.[82 83]

Sustainability performance has started to influence capital access. Saudi corporates are increasingly aware that global investors and lenders favor companies with strong sustainability practices. In response, more companies are obtaining sustainability ratings from agencies like the Morgan Stanley Capital International (MSCI) and S&P and striving to improve those scores.[84] By the end of 2024, several Saudi firms had achieved medium to high sustainability ratings, reflecting improvements in governance, environmental disclosure, and social responsibility.[85] Furthermore, the market saw its first wave of green and sustainability-linked financing: Saudi Electricity Company issued a USD1.3 billion green sukuk in 2020, and more recently, Riyad Bank and SNB raised sustainability-linked syndicated loans that tie borrowing costs to sustainability targets.[86] Green Sukuk are Sharia-compliant bonds whose proceeds are exclusively allocated to finance or refinance eligible green projects, such as renewable energy, energy efficiency, clean transport, water and wastewater management, pollution prevention, climate change adaptation, biodiversity conservation, green buildings, and circular economy initiatives.[87] The Saudi Exchange also launched an sustainability Index in 2023 to highlight top performers and encourage peer benchmarking. All these developments create incentives for companies to step up their sustainability performance.

Overall, sustainability is moving from a niche concern to a mainstream priority for Saudi businesses. The trend is supported by both push factors such as regulatory guidance and investor expectations; and pull factors such as cost savings from efficiency, reputational gains, and alignment with Vision 2030 which emphasizes private sector contribution to sustainable growth. Adopting sustainability frameworks is increasingly seen by many firms as a prerequisite for international competitiveness and long-term risk management.

3.2. Flagship Sustainability Initiatives by Leading Companies

Saudi Arabia's champion companies have led by example, launching large-scale sustainability initiatives that are among the most ambitious in the region, and in some cases, the world.

- **Aramco – Pioneering Carbon Capture & Storage (CCS) and Clean Energy[88]:**
  Aramco is leveraging its position as one of the world's largest integrated energy companies to support Saudi Arabia's sustainability agenda through groundbreaking technology investments and operational excellence. Through a strategic partnership with Linde and SLB, the company is developing one of the world's largest carbon capture and storage (CCS) hubs in Jubail, designed to capture up to 9 million tonnes of CO_2 annually by 2028.[89] This initiative advances Aramco's ambition to achieve net-zero Scope 1 and Scope 2 greenhouse gas emissions across its wholly-owned operated assets by 2050 while supporting the Kingdom's 2060 net-zero ambition. Operational performance shows progress: Aramco achieved one of the industry's lowest upstream emissions intensities at 9.7 kg CO_2eq per barrel of oil equivalent in 2024, alongside a flaring intensity of 6.07 scf/boe.[90]

  Aramco is also investing in blue hydrogen and ammonia. It shipped the world's first 40 tonnes of high-grade blue ammonia to Japan in 2020 and is scaling up capacity.[91] In 2023, in partnership with SABIC and TotalEnergies, the company advanced key Circular Economy pillars by successfully converting oil derived from plastic waste into ISCC+ certified circular polymers.[92] On the renewable front, Aramco, through Saudi Aramco Power Company (SAPCO) and in partnership with other companies, is investing in solar and wind energy to power its facilities and communities, including participation in the National Renewable Energy Program.[93][94] It has installed a large-scale solar farm at its Jazan refinery and is testing wind turbines on offshore platforms.[95]

  Wa'ed Ventures, established as Aramco's entrepreneurship arm, is one of the largest corporate venture capital funds in Saudi Arabia, managing a USD500 million portfolio with more than 75 active investments.[96] Its mission is to accelerate the growth of high-potential Saudi startups through equity funding, loans, and incubation, with a focus on sectors that advance the Kingdom's diversification agenda, including sustainability, advanced technology, and digital innovation. Among its notable successes is the early investment in FalconViz, a 3D surveying and mapping company whose technologies are now deployed in NEOM.[97]

  Aramco's Research and Development (R&D) arm is active in energy efficiency and clean tech, from developing advanced engine fuels that help reduce emissions to piloting non-metallic materials that help reduce lifecycle carbon footprints.[98] Aramco has built a CO_2 capture and purification plant at its Uthmaniyah gas plant, one of the largest of its kind, designed to capture more than 800,000 tonnes of CO_2 annually for use in enhanced oil recovery.[99] Complementing this, the company implemented digital sustainability initiatives in 2024, leveraging AI to enhance emissions monitoring and operational efficiency.[100] In parallel, Aramco has planted approximately 12.5 million mangroves in the Kingdom, bringing the Company's cumulative total of planted mangroves to more than 43 million.[101]

  Its efforts to integrate sustainability in its operations is backed by strong governance. The company has implemented sustainability-linked remuneration and enhanced board-level oversight of climate risk.[102] Aramco has also launched a USD1.5 billion Sustainability Fund in 2022 to invest in startups focusing on carbon capture, hydrogen, and solar, thereby supporting innovation in the ecosystem.[103]

  Aramco has prioritized inclusive development and social investment. Workforce Saudization reached 90.2 percent in 2024, with a total workforce of over 75,000, including more than 5,935 women.[104] In 2024, the company spent USD 583 million to support social and environmental initiatives which benefit communities, both within Saudi Arabia and internationally. The number of people in the sponsored community programs reached 15,400 in 2024.[105] The company also reported a world-class occupational safety record in 2024, with a lost time injuries/illnesses rate of just 0.021 per 200,000 hours worked, one of the lowest in the sector.[106]

- **ACWA Power – Driving Renewable Energy Scale-Up:**
ACWA Power has positioned itself as a cornerstone of Saudi Vision 2030, driving the Kingdom's energy transition while contributing significantly to global decarbonization through large-scale renewable energy development.[107] By 2024, ACWA Power's portfolio had offset 2.5 million tonnes of CO_2 and the company has committed to cut its carbon intensity 50 percent by 2030.[108] ACWA Power has become a regional leader in renewable energy projects. The company is a key participant in the National Renewable Energy Program (NREP) and is currently developing around 30.3 GW of renewable energy capacity across solar PV and wind projects.[109] ACWA Power delivered the Kingdom's first utility-scale project (Sakaka solar PV project) and is currently constructing a group of projects across the Kingdom to contribute to the 2030 targets in this regard.[110] [111] [112] Internationally, ACWA has expanded into over a dozen countries, leveraging Saudi expertise to build green projects abroad (e.g., giant solar farms in the United Arab Emirates and wind farms in Egypt and Uzbekistan).[113] In partnership with NEOM and Air Products, ACWA Power is co-investing in the world's largest green hydrogen production facility in NEOM, powered entirely by 4 GW of renewable electricity.[114] This facility, due for completion in 2026, will produce green ammonia for export and put Saudi Arabia on the map in the hydrogen economy. ACWA Power's innovations, such as using battery storage and AI for grid stability, have earned global recognition such as awards for "Utility of the Year" in emerging markets and has attracted foreign investment (e.g., a significant stake by China's Silk Road Fund).[115]

- **SABIC – Circular Economy and Carbon Management[116]:**
SABIC, one of the world's largest petrochemical manufacturers, has made sustainability a core business strategy. A flagship project is SABIC's Carbon Capture and Utilization plant in Jubail, which is the world's largest CO_2 purification and liquefaction plant in operation.[117] This plant captures 500,000 tonnes of CO_2 per year from glycol production and purifies it for reuse - equivalent to planting 11 million trees in emissions terms.[118] The captured CO_2 is then piped to SABIC affiliates where it is used to make valuable products: urea fertilizer (supporting agriculture), methanol (an industrial chemical), and liquefied CO_2 for the food and beverage industry.[119] SABIC turns CO_2 emissions into feedstock, illustrating circular carbon economy principles in action.[120] SABIC is also a pioneer in plastic recycling and circular polymers. It opened a chemical recycling plant in the Netherlands and expanded TruCircle™, a suite of solutions for turning mixed plastic waste into certified circular polymers, and it has surpassed one million tonnes in circular product sales and recycled approximately 600,000 tonnes of plastic waste globally.[121]

  Domestically, SABIC has piloted a project to convert CO_2 into valuable materials like carbon fiber and carbon nanotubes, potentially unlocking new industries.[122] Furthermore, SABIC has implemented enterprise-wide energy efficiency measures - by 2024 it had improved energy intensity by approximately 15.6 percent against the 2010 baseline, and it is investing in renewable energy for its operations (e.g., a 400 MW solar power purchase agreement (PPA) to power SABIC's factories).[123] The company has maintained the ISO 14001 certification across global operations and introduced new biodiversity action plans at key industrial sites.[124]

  SABIC's sustainability efforts extend to its people and communities. With over 31,000 employees in more than 50 countries, SABIC emphasizes inclusive development and capability building.[125] In 2024, it delivered 43,350 training hours across sustainability, ethics, technical skills, and leadership development, and reached 30 percent female representation in leadership roles through targeted mentoring and talent pipelines.[126] SABIC invested USD 28.9 million in Corporate Social Responsibility (CSR) programs through charitable donations, sponsorships, partnerships, and volunteer service in 20 countries.[127] Workplace safety remained a top priority in 2024, with a Total Recordable Injury and Illness Rate (TRIIR) of 0.09 per 200,000 hours worked, meeting international benchmarks.[128]

  SABIC has systematically integrated sustainability across its operations, embedding environmental and social considerations into enterprise risk management and executive compensation frameworks. Beginning in 2024, the company implemented a new supplier screening methodology that incorporates sustainability criteria based on Together for Sustainability (TfS) evaluations and audits, ensuring responsible sourcing throughout its supply chain.[129] SABIC also maintains active engagement in global sustainability initiatives, participating in COP28 and collaborating with the Alliance to End Plastic Waste to address industry-wide environmental challenges.

  In 2024 SABIC retained strong sustainability credentials, with a BBB rating from MSCI, a Sustainalytics score of 24.4, and an EcoVadis Gold Medal for its sustainability management. Looking ahead, SABIC aims to advance its Carbon Neutrality Roadmap, with a target of reducing Scope 1 and 2 emissions by 20 percent by 2030, and is expanding circular economy initiatives to reduce waste and promote recycling.[130]

- **STC (Saudi Telecom Company) – Emissions Reduction and Green ICT[131]:**

  STC, the nation's largest telecom operator, has set a goal to cut 50 percent of its Scope 1 and 2 greenhouse gas emissions by 2030 (from a 2021 baseline) and to achieve net-zero emissions by 2050.[132] To reach these targets, STC has been investing in renewable energy and energy-efficient technologies. In 2023, STC installed solar power systems at 7 major sites in Riyadh, totaling 3.5 MW capacity and generating 1.7 GWh of clean electricity annually.[133] Beyond renewables, STC has implemented advanced power-saving technologies using Artificial Intelligence (AI) across its 4G/5G network, optimizing base station energy use and achieving a 13 percent reduction in network energy consumption in 2023.[134] Solar-powered cell sites with lithium batteries and AI-driven fuel management have reduced diesel usage by 90 percent. This has lowered costs, emissions, and maintenance, while enhancing sustainability.[135] As a result of broader energy efficiency efforts, STC successfully reduced total GHG emissions by 17 percent from 2023 to 2024.[136] The company is also investing in modern, energy-efficient data centers and shifting to cloud computing, which can be more efficient at scale.[137] In 2024, STC advanced its circular economy and waste reduction strategy through comprehensive recycling programs, e-waste management, biodegradable packaging, and trade-in initiatives, achieving high reuse and recycling rates across operations and supply chains. These efforts, combined with a paperless office policy and expanded digital processes, significantly reduced environmental impact, including an 89.5 percent drop in paper consumption since 2019.[138]

  STC has put in place e-waste recycling programs for devices and network equipment, preventing hazardous materials from landfills.[139] STC's sustainability plan includes social initiatives. For example, it is using its digital platforms to support quality education and digital inclusion for persons with disabilities, like the "Education4ALL Digital Inclusion Action Plan", developed in partnership with Huawei.[140]

  In 2023, STC invested more than SAR 14 million in community programs across 64 cities, and sponsored 59 projects in Saudi Arabia.[141] It collaborates with a wide network of local organizations on initiatives that expand digital literacy and bridge the digital divide such as the Smart Truck program, which in 2024 benefited over 9,000 elderly participants across more than 70 remote areas and 56 cities, and supported over 1,300 non-profit organizations.[142] Workforce Saudization reached 89.3 percent, and female employees were 2,787 in 2024.[143] The company delivered 476,675 hours of employee training, with a strong emphasis on AI, digital innovation, leadership, and sustainability awareness.[144] It also maintained a zero-fatality workplace safety record for the sixth consecutive year.[145]

  From a governance perspective, STC reinforced its data management oversight through the Data Governance Steering Committee, which ensures enterprise-wide compliance with regulatory requirements and international best practices. The committee oversees the implementation of data quality, integrity, and security measures, monitors key performance indicators, and guides strategic initiatives such as advanced analytics adoption.[146] A Responsible Supply Chain policy was also implemented, with 100 percent of new suppliers screened for environmental, labor and human rights practices.[147]

  In recognition of its leadership, STC was upgraded from a "BBB" to an "A" rating in 2025 by MSCI, placing it in the top 31 percent of telecom companies globally.[148] STC has already pledged to reach net-zero and reduce Scope 1 and 2 emissions by 50 percent and Scope 3 emissions by 46.2 percent before 2030.

- **Ma'aden (Saudi Mining Co.) – Environmental Restoration[149]:**
  Ma'aden, Saudi Arabia's mining giant, has positioned environmental stewardship at the center of its operations, with particular emphasis on land restoration and biodiversity conservation initiatives. Ma'aden announced an initiative to plant 20 million trees by 2040, focusing on areas around its mine sites and in degraded landscapes needing reforestation.[150] This massive tree-planting effort supports the Saudi Green Initiative and will help restore ecosystems, enhance air quality, and increase biodiversity across various regions. As of 2024, Ma'aden has already planted over 1.1 million native trees and mangroves, and it has partnered with the Ministry of Environment and Royal Reserves to scale up the program (including a new Mangrove Park in Jubail on the east coast).[151]

  Ma'aden's environmental efforts also include initiatives such as a partnership with the National Water Company, supplying 300 km of pipelines to phosphate complexes and utilizing treated wastewater to significantly reduce reliance on groundwater for mining and processing operations.[152] The company is implementing solar power at remote mining sites to cut diesel use. In 2024, Ma'aden teamed with GlassPoint to develop Ma'aden Solar 1, the world's largest solar process heat plant that is envisaged to save 600,000 tonnes of CO2 emissions per year.[153] In 2023, it announced a Net-Zero GHG emissions commitment by 2050 and initiated a company-wide decarbonization roadmap.[154] As a result of all these efforts, in 2024 Ma'aden achieved a 15.13 percent reduction in Scope 1 & 2 GHG emissions intensity from its 2020 baseline, from 1.19 to 1.01, while decreasing groundwater use intensity 20.66 percent, from 2.71 in 2020 to 2.15 in 2024.[155]

  In 2023, Ma'aden was certified by Det Norske Veritas (DNV), an international accredited registrar and classification society, as the world's largest producer of ultra-low carbon ammonia, having produced over 614,000 tonnes using carbon capture technologies.[156] Additionally, Ma'aden is advancing biodiversity conservation through two flagship initiatives under the SGI. The first creates a 1,600 km^2 protected zone within the Saja Umm Ar-Rimth Natural Reserve to safeguard endangered species and restore native vegetation and the second develops 20 Houbara bird enclosures at the Imam Turki bin Abdullah Royal Natural Reserve to protect and breed this vulnerable species.[157] Further supporting its circular economy goals, Ma'aden recovered 40 percent of total waste generated in 2024, through reuse, recycling, and recovery initiatives, significantly reducing landfill disposal.[158] At COP16 2024, Ma'aden partnered with the Net Positive Water Initiative to improve water sustainability practices, aligning with Vision 2030 goals.

  On the social front, Ma'aden achieved over 80 percent Saudization and grew its workforce to 6,890 employees with 484 being female.[159] Ma'aden's Tharwah Local Content (LC) program, launched in 2022, advances Vision 2030 by increasing the retention of expenditure within Saudi Arabia using local talent, goods, services, and domestically produced assets and technology.[160] By supporting entrepreneurs, suppliers, and businesses, and investing in workforce development and innovation, the program strengthens the mining sector's economic contribution and reinforces Ma'aden's role as a driver of national economic transformation. Workplace safety also remained strong, with a Total Recordable Injury Frequency Rate (TRIFR) of 0.11.[161]

- **Yamama Cement Company – Emissions Control and Community Investment:[162]**

  The new Yamama Cement facility was constructed in the Halal area to the north of Al-Kharj, within the Riyadh region through Shariah-compliant long-term financing of 900 million SAR from the Saudi Industrial Development Fund.[163] Its current capacity is 20,000 tonnes clinker per day with 263 emissions purification filters.[164] Yamama Cement is developing the third line Transportation and Construction Project in partnership with China's Sinoma (Overseas Sinoma Development Co.), with a clinker production capacity of 12,500 tons per day. The project includes the construction of a power station and a gas supply line, with a total estimated cost of USD 338 million. Completion is targeted for Q2 2026.[165]

  On the social front, Yamama achieved a 73 percent localization rate and implemented various training courses in administrative, skill, industrial and technical fields, granting them professional certificates. The total number of participants was 767 in 2024. The company has managed to achieve 17.5 million working hours without serious or disabling injuries.[166]

  The company embarked on its journey to evaluate the Smart Industry Readiness Index (SIRI), where a contract was signed with a consultant to build a roadmap, after which the Operational and Institutional Excellence Project was launched at the beginning of 2025. Out of more than 44 entities, Yamama Cement Company obtained the Social Responsibility Award for the (Bronze) category at the ceremony held in 2024.[167] The company is committed to implementing a comprehensive strategy to ensure a safe and sustainable work environment by adhering to occupational health and safety and environmental standards in accordance with ISO 45001 and ISO 14001 specifications.

- **Petro Rabigh – Emissions Reduction and Sustainability Governance in Petrochemicals[168]:**

  As a major petrochemical and refining company, Petro Rabigh's actions reflect a growing commitment to climate responsibility and stakeholder value creation aligned with Vision 2030. Petro Rabigh also launched a company-wide recycling program, collecting over 500 tons of materials in 2024.[169] Real-time environmental monitoring systems were enhanced across production units to strengthen compliance and emissions tracking. The company maintained its ISO 14001:2015 certification across operations and recorded no major environmental violations in 2024.

  On the social front, Petro Rabigh reached 81 percent Saudization, including growth in technical and field positions, and increased female workforce participation to 1.7 percent in 2024 from 1.3 percent in 2020.[170] In 2024, Petro Rabigh Human Capital Development (HCD) department made significant strides in employee development, providing 830 courses for new recruits. The company maintained a Total Recordable Injury Rate (TRIR) of 0.026, reflecting international best practice in occupational safety.

  The company applies a structured sustainability governance framework, aligning its practices with globally recognized recommendations and frameworks to ensure consistency with international standards. Sustainability performance is continuously measured, monitored, and evaluated against defined sustainability ambitions and material indicators. Responsibilities and performance metrics are assigned across departments, with progress regularly reported to the Management Committee and the Board of Directors. This governance model drives strategic decision-making, supports target achievement, and fosters continuous improvement in sustainability outcomes. Looking ahead, the company will conduct a new materiality assessment and refine its core sustainability key performance indicators to further align with global best practices and stakeholder expectations. The company will undertake the largest turnaround operation of its kind in the Middle East, serving as a central element of the revised PRC Turnaround Strategy. This strategy transitions from a two-phase approach to a unified, streamlined plan aimed at restoring the integrity, reliability, and efficiency of operations. The initiative is designed to enhance long-term competitiveness and resilience.

- **Savola Group – Climate Action and Inclusive Growth in Food and Retail[171]:**

  Food and retail investment leader Savola Group advanced its sustainability framework in 2024, prioritizing climate responsibility, inclusive growth, and governance excellence. The company's initiatives were aligned with Saudi Vision 2030, the Saudi Green Initiative, and international sustainability standards. Savola Foods Company has reduced its Scope 1 and 2 greenhouse gas emissions by 15 percent between 2019 and 2023.[172] The company improved water discharge rate from 0.033 m^3/tonne in 2022 to 0.0269 m^3/tonne in 2023.[173] It also made significant progress in reducing plastic waste, transitioning over 500,000 kilograms annually from conventional plastics to biodegradable alternatives in its oil packaging. Savola renewed its ISO 14001 certification in 2023, continuing its commitment to world-class standards of sustainability management.

  On the social front, Savola Group also emphasized diversity and female empowerment, with 33 percent of successors in key roles being women. The company successfully advanced Savola Group's Saudization rate from High Green to Platinum, reflecting a commitment to social development and job creation for Saudi nationals.[174] Moreover, through strategic succession planning and training programs, in collaboration with leading global institutions, the company has strengthened its internal talent pipeline, ensuring career progression opportunities for all employees. The Yumnak program is one of Savola World's initiatives, aimed at empowering small and medium-sized enterprises (SMEs) to grow and expand by providing them with specialized consulting expertise and opportunities to connect with investors and key players in the market. The program, supported by 30 experts and extensive training in areas like digital marketing and financing, selected 10 companies from 100 applicants, delivered over 20 workshops and 38 Championship sessions, attracted 60+ participants on Partnership Day, and enabled participating SMEs to secure SAR 31.93 million through 17 strategic agreements.

  In 2023, Savola's Makeen initiative advanced disability inclusion through regional conference participation, the Hemam partnership, and training for 221 participants. The Ata'a program launched a promotional campaign, issued guidelines, and delivered 300 volunteer hours benefiting 500 people. Negaderha earned the Princess Seetah Award, reached over 17.5 million people with its "Recycle Food, Don't Waste It" campaign, and presented at the FAO regional conference.[175]

- **Tasnee – Industrial Efficiency and Sustainability-Driven Growth[176]:**

  The company's baseline emissions audit identified that 71 percent of total annual emissions originate from direct (Scope 1) sources, including fuel gas and oil consumption, company-owned vehicles, flaring, fugitive emissions, and other point sources, while 29 percent are indirect (Scope 2) emissions from purchased energy. To reduce this footprint, the company is implementing a hybrid strategy focused on future adoption of hydrogen refueling, post-combustion carbon capture, and enhanced plant reliability. Ongoing initiatives include the installation of solar power systems at the T&I site to supply 25 percent of its energy needs and evaluations for similar deployments at other sites, with an overall target of reducing emissions by 4,747 MT CO_2eq.[177]

  On the social front, Tasnee reached 57 percent Saudization across its workforce and achieved 74 percent localization in senior management.[178] The proportion of female Saudi employees also increased by 23 percent, reaching 125 employees. In 2024, Tasnee's commitment to workforce development resulted in a 27 percent increase in total training hours, reaching 132,648 hours in totality.

  The company continuously refines its procurement processes to meet evolving regulations, global sustainability standards, and industry best practices. All new suppliers undergo sustainability screening, strict compliance checks with Business Ethics and General Procurement Policies, and enhanced due diligence in partnership with independent third parties. Digital tools are integrated to monitor performance and assess risks, ensuring a transparent, ethical, and sustainable supply chain.

- **Almarai – Expanding National Food Security Capacity[179]:**
  The company plays a strategic role in advancing Saudi Arabia's food security objectives under Vision 2030 and the Sustainable Development Goals, particularly SDG 1 on No Poverty and SDG 2 on Zero Hunger. The company has announced an investment plan exceeding SAR 18 billion for 2024 to 2028 to expand its production capacity, strengthen supply chains, and enhance technological innovation. This includes SAR 7 billion to expand poultry operations, SAR 5 billion to reinforce core product categories such as dairy, bakery, and juice, and SAR 4 billion to improve logistics, sales, and distribution capabilities. These investments aim to increase national self-sufficiency in protein sources, reduce import dependence, and stabilize the supply of staple foods. Almarai is also diversifying its portfolio into red meat, seafood, and frozen bakery, with plans to reach 450 million poultry birds annually by 2026.

  Through the acquisition of Etmam Logistics and the construction of new farms and factories, the company is strengthening cold chain and distribution systems to reduce food waste and ensure availability and affordability across regions. All fourteen of Almarai's manufacturing facilities are certified under the Global Food Safety Initiative (GFSI), with zero product recalls or non-compliance cases, underscoring the company's emphasis on food safety, animal welfare, and nutritional quality. By combining capacity expansion, product diversification, and high standards of quality, Almarai contributes directly to national goals on food security, nutrition, and sustainable economic growth in line with Vision 2030.

- **Banking Sector:**
  Saudi Arabia's banking sector has emerged as a key driver of sustainability. In 2024, leading financial institutions, such as Al Rajhi Bank[180], Banque Saudi Fransi (BSF)[181], Saudi National Bank (SNB)[182], Riyad Bank[183], and Saudi Awwal Bank (SAB),[184] delivered measurable progress across sustainability pillars, playing a greater role in financing the transition to a more inclusive and low-carbon economy.

  Green and sustainable financing have emerged as a central pillar across all institutions. Al Rajhi Bank allocated USD 7.75 billion in sustainable finance instruments by the end of 2024, of which USD 674 million directly supported environmental projects, including USD 468 million in renewable energy, USD 127 million in water and wastewater management, USD 53 million in clean transportation, and USD 26 million in energy efficiency.[185] The bank also issued its first USD-denominated AT1 Sustainable Sukuk[3] valued at USD 1 billion, significantly oversubscribed with more than USD 3.5 billion in demand. Similarly, SNB expanded its green financing portfolio by 28 percent year-on-year, reaching SAR 9.5 billion, and launched its Sustainable Finance Framework aligned with ICMA Green Bond Principles to facilitate future green Sukuk and loans.

  Operationally, the banks undertook some measures to reduce their environmental footprint. In 2022, SNB reduced its energy consumption by installing solar panels at its Riyadh Head Office and all newly constructed branches, and by introducing energy-saving measures such as automatic lighting shutdown at 7 p.m. and replacing incandescent bulbs with LED lamps, achieving up to 80 percent savings in lighting energy.[186] Al Rajhi used smart applications to regulate electricity and water consumption, limit paper usage and recycle used paper.[187] In 2023, BSF reduced indirect electricity consumption by 2.9 percent through energy-saving projects and operational improvements.[188] Al Rajhi further demonstrated alignment by not allocating proceeds to projects where the majority of revenues are derived from exclusionary sectors, consistent with its Shariah-compliant exclusionary policy[4].

  The localization of the workforce remained a cornerstone of social responsibility, with Saudization rates reaching 92.5 percent in BSF, 98 percent in Al Rajhi and 91.6 percent in SAB. The financial sector also made progress in gender inclusion. SNB expanded female workforce participation to 16 percent, BSF reached 24.38 percent, SAB achieved 36 percent and Al Rajhi reached 34 percent.

[3] An Additional Tier 1 (AT1) Sukuk is a perpetual, subordinated, loss-absorbing instrument issued in compliance with Shariah principles, according to the Saudi Central Bank Rulebook (https://rulebook.sama.gov.sa/en/222-additional-tier-1-capital).
[4] Al Rajhi Bank, being compliant with Shariah banking principles, has included an exclusion list in its Allocation and Impact 2024 report: The proceeds of any Sustainable Financing Instruments will not be allocated to projects where the majority of revenues are derived from fossil fuels, nuclear power generation, conflict minerals, weapons, gambling, vaping, tobacco, alcohol, mining and/or oil and gas.

Capacity-building and upskilling programs were scaled significantly. SAB provided over 52,400 employee training hours, SNB delivered more than 289,441, and BSF exceeded 44,000 hours, with training focused on sustainability literacy, digital transformation, leadership, and compliance. These efforts were supported by external partnerships. For example, Banque Saudi Fransi (BSF) launched its first Digital Engineering Apprenticeship Program in collaboration with AstroLabs, a leading capability-building organization in the MENA region.[189]

SNB increased its community investments by 25.4 percent in 2023, reaching a total of approximately SAR 99 million.[190] Al Rajhi dedicated over SAR 5 billion to social and environmental initiatives, including over SAR 250 million for affordable housing via the "Jood Eskan" initiative, and extended support to medical and educational causes across the Kingdom.[191] While over the period 2022-2023, SAB's collaboration with the Riyali Foundation impacted the lives of 730,000 students.[192]

A common thread across these banking institutions was the establishment or expansion of Board-level sustainability or Sustainability Committees, tasked with overseeing climate and social risks, driving sustainability disclosure, and ensuring strategic alignment with international frameworks. These governance bodies played a key role in monitoring performance, setting internal benchmarks, and increasing leadership accountability.

Sustainability integration into risk management and financial decision-making became a defining feature of governance enhancements. SNB and BSF incorporated sustainability criteria into their credit risk assessments and procurement processes, while SAB expanded this approach to its corporate and SME lending practices. BSF formalized this shift through a dedicated Sustainability Risk Framework, and SNB further codified its approach with the launch of a Sustainable Procurement Policy.

Transparency and disclosure were markedly improved. As of 2024, SNB is integrating sustainability considerations into its governance framework and risk management practices and participates in the Saudi Central Bank's ESG Banking Advisory Committee.[193] BSF uses Sustainability Due Diligence Toolkit to evaluate environmental and social risks in financing prior to allocation and for ongoing monitoring. Its Sustainable Finance Framework formalizes this process.[194] SAB developed a Climate Risk Framework that integrates climate risks into the bank's overall Risk Management Framework.[195]

Accountability mechanisms were reinforced through executive compensation links to sustainability performance. Digital transformation and innovation were also positioned within governance modernization efforts. Al Rajhi launched its "Harmonize the Group" strategy, emphasizing the integration of AI, data management, and fintech into governance systems.[196] The bank established Neotek, a regulated fintech firm, and acquired a majority stake in Drahim, a digital personal finance platform, reflecting a forward-looking approach to financial inclusion and governance agility.[197]

In addition to strengthening internal sustainability governance, Saudi Arabia's leading banks are aligning with international sustainability frameworks to enhance transparency and investor confidence. Several institutions are members or signatories of global initiatives such as the UN Global Compact, the UN Principles for Responsible Banking (UN PRB), the Partnership for Carbon Accounting Financials (PCAF), and CDP, reinforcing their commitment to responsible banking and climate-aligned finance.

- **Riyad Bank:**
  Places sustainability at the center of its strategy, aligning with Vision 2030 and the Saudi Green Initiative while reinforcing its leadership in responsible finance.[198] The Bank has established science based interim decarbonization targets for the power and iron and steel sectors by 2030, becoming the first bank in the Kingdom to do so, and aims to achieve net-zero emissions across its operations by 2035 and full net-zero by 2060. It maintains a Sustainable Finance Framework aligned with ICMA and LMA standards and will launch a Transition Finance Framework in 2025, targeting SAR 20 billion in sustainable financing by 2030. Riyad Bank was the first Saudi bank to issue a Sustainability AT1 Sukuk, with two issuances totaling USD 1.5 billion, and is integrating environmental and social risk considerations into its lending and investment decisions to enhance resilience and long-term value creation. Its commitments also include extensive national talent development, ambitious gender

inclusion targets, and community investments in health, financial education, and innovation. The Bank's governance framework ensures Board level oversight through an executive sustainability committee, with a Board Sustainability Committee to be established in 2025, and its participation in the UN Global Compact, UN Principles for Responsible Banking, CDP, and the Partnership for Carbon Accounting Financials underscores its alignment with global sustainability frameworks and disclosure standards.

The commitment to sustainability earned these banks national and international recognition. Al Rajhi Bank was named the Most Valuable Brand in Saudi Arabia by Kantar BrandZ,[5] reflecting its strong public trust and market positioning. It also received top honors in social responsibility from the Ministry of Human Resources and Social Development, alongside accolades such as Leading Digital Bank[6], Achievement in Customer Experience Excellence[7] and Best Mobile banking App[8] from international bodies. SNB was recognized as the Most Innovative Retail Banking App[9], and received a Donor Recognition for Housing Initiative[10]. Furthermore, its MSCI sustainability rating improved to BBB from BB. It plans to expand sustainability-aligned offerings, publish its first climate risk scenario analysis, and adopt science-based emissions reduction targets as part of its 2025 roadmap. BSF received recognition from Argaam and Global Finance for its leadership in sustainability and digital transformation.

3.3. Other Initiatives by Saudi Companies

Beyond the major corporations profiled above, Saudi businesses across sectors are launching pilot programs that embed environmental stewardship into their operations, thus advancing the Kingdom's sustainability objectives. The following are some key initiatives and projects.

- **NEOM's New Future:**
  NEOM represents one of Saudi Arabia's most ambitious flagship developments and a cornerstone of Vision 2030's sustainable urban transformation. Valued at USD 500 billion, the smart city is designed to operate entirely on renewable energy through an integrated, zero-carbon system developed by its energy and water subsidiary, ENOWA.[199 200] NEOM's urban planning redefines livability, with sustainable transport networks that are fully powered by clean energy, eliminating the need for cars and roads while enabling seamless, autonomous mobility. At its heart is The Line, a linear, car-free, zero-emission city that preserves 95 percent of surrounding natural landscapes and incorporates cutting-edge green architecture.[201]

- **Webuild's Construction of a Freshwater Lake at Trojena:**
  Webuild has secured a USD4.7 billion contract to construct a 2.8 km freshwater lake within the Trojena mountain resort, part of NEOM's ambitious megaproject.[202] The artificial lake will integrate cutting-edge engineering and sustainable water-management techniques to support leisure, tourism, and ecological balance in the desert mountain environment. Powered entirely by renewable energy, this year-round facility reinforces NEOM's vision of creating futuristic, environmentally responsible destinations that blend innovation with environmental stewardship.

- **OPDC's "THE RIG":**
  PIF's subsidiary Oil Park Development Company (OPDC) has unveiled the master plan for "THE RIG," a distinctive offshore adventure tourism destination inspired by oil platform design.[203] Located 40 km off Saudi Arabia's eastern coast near Al Juraid Island and the Berri Oil Field, the project spans over 300,000 m^2 and aims to attract more than 900,000 annual visitors by 2032. The development will feature three hotels totaling 800 rooms and 11 restaurants, alongside extensive leisure facilities including an extreme sports adventure park, diving center, marina with helipads, and entertainment venues such as amusement and splash parks, an esports center, immersive theater, and multipurpose arena.

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[5] Kantar BrandZ is a global brand valuation and research program run by Kantar, a leading market research and data analytics company. Kantar BrandZ measures brand value using a consumer-centric methodology that combines Financial Performance and Brand Contribution.
[6] Awarded in 2024 by World Business Outlook.
[7] Awarded by Business Transformation and Operational Excellence (BTOPEX).
[8] Awarded in 2024 by The Global Economics.
[9] Awarded in 2024 by Global Banking & Finance Awards for Saudi Arabia.
[10] Awarded by the Ministry of Municipalities and Housing.

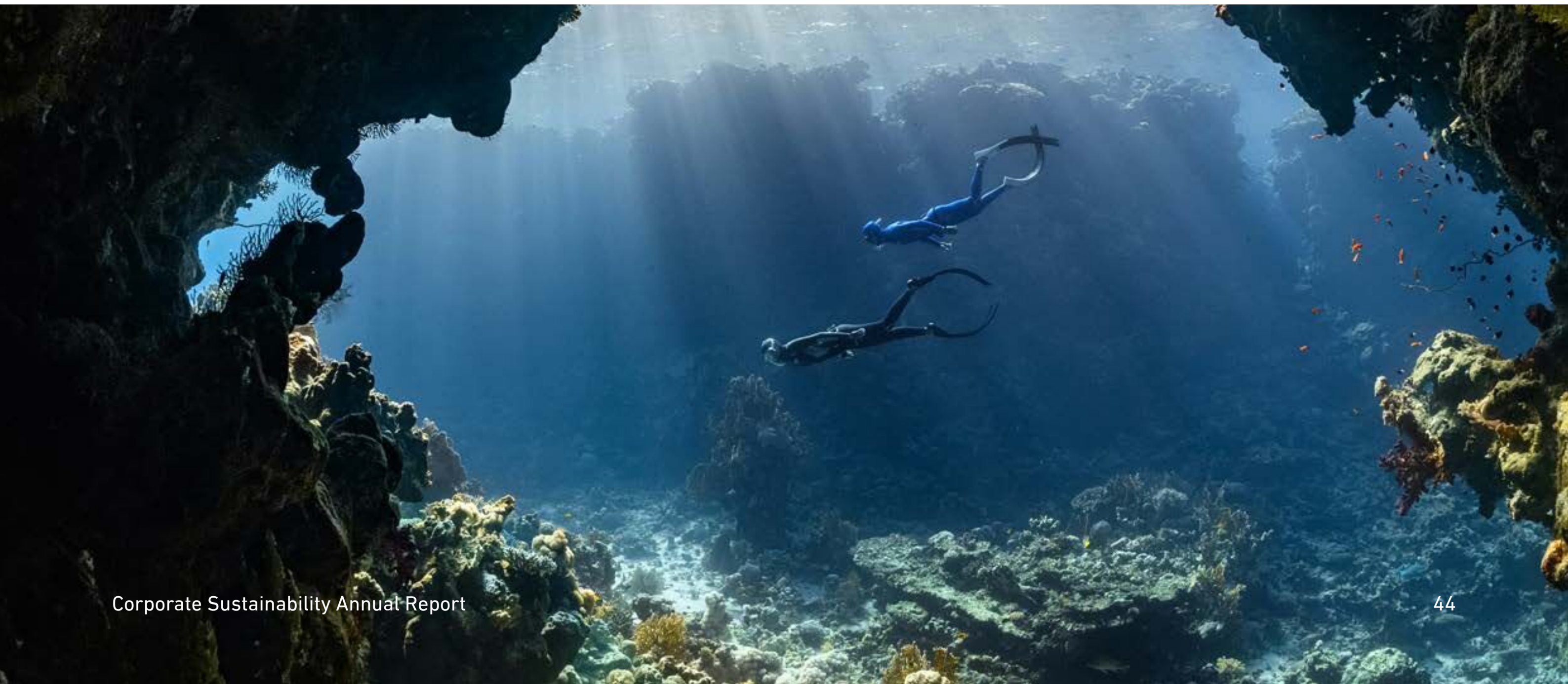
- **Saudi Electricity Company's Emissions Reduction:**
  SEC is advancing energy efficiency and emissions reduction through targeted modernization and innovation in its operations. The company has undertaken extensive retrofits across its power generation fleet to improve fuel efficiency and reduce greenhouse gas emissions in line with the Kingdom's climate goals.[204] In partnership with King Abdullah University of Science and Technology, SEC has piloted a cryogenic carbon capture project at its Rabigh plant that is capable of capturing more than 98 percent of carbon dioxide emissions, along with sulfur dioxide, nitrogen oxides, and particulate matter.[205] This project forms part of SEC's broader strategy to support Saudi Arabia's ambition of achieving net-zero emissions by 2060 and to integrate advanced technologies that can be scaled across its network. By combining plant retrofits with breakthrough collaborations such as the one mentioned above, SEC is positioning itself as a leader in sustainable power generation in the region while contributing to national energy transition objectives.

- **Red Sea Global's Beach Cleaning Robot:**
  Red Sea Global has introduced a fully electric, remote-controlled beach-cleaning robot capable of sanitizing up to 3,000 m^2 per hour and collecting debris as small as one square centimeter, navigating autonomously around obstacles such as sunbeds.[206] This innovation supports the company's commitment to sustainable tourism and coastal conservation within the Red Sea and Amaala megaprojects, reinforcing environmental stewardship and ecological preservation through advanced automation.

- **Alat develops Cutting-Edge Manufacturing and R&D Center:**
  PIF-owned tech conglomerate Alat has partnered with Carrier Corporation to establish a sustainable manufacturing and R&D facility focused on advanced, energy-efficient HVAC systems.[207] Using clean energy sources including solar, wind, and green hydrogen, the initiative targets local production of low-GWP climate control solutions optimized for high ambient temperatures and supports decarbonization of buildings, including giga-projects like NEOM. This collaboration accelerates Saudi Arabia's transition to green manufacturing, creates over 5,000 jobs, and advances national sustainability goals.

- **SirajPower develops Commercial and Industrial Solar Power Solutions:**
  SirajPower, the solar division of Positive Zero, has formed a strategic partnership with ENERCO, a Tamimi Energy subsidiary, to accelerate clean energy development.[208] The collaboration aims to jointly finance, design, and deploy commercial and industrial solar power solutions throughout the Kingdom, helping achieve Saudi Arabia's target of installing 40 GW of photovoltaic capacity by 2030. Leveraging both companies' technical expertise, capital resources, and energy transition experience, the partnership supports the expansion of solar deployment across multiple sectors and aligns with national goals for renewable energy growth, carbon emission reduction, and economic diversification.

Collectively, these corporate actions are making a significant contribution to Saudi Arabia's sustainability objectives. At the same time, they are enhancing the reputation of Saudi companies globally, with many of them gaining visibility for their sustainability performance and disclosure improvements.



04

Role of SMEs in Driving Sustainability

Small and medium-sized enterprises (SMEs) are a cornerstone of Saudi Arabia's economy and a key focus of Vision 2030, which aims to increase SMEs' contribution to GDP from about 20 percent in 2016 to 35 percent by 2030. Beyond their economic significance, SMEs also have an important role in advancing national sustainability objectives.

This section examines the growing contributions of Saudi SMEs to sustainability and the actions being taken to support and empower them on the sustainability front.

4.1. SMEs in the Saudi Economy: A Vital and Growing Force

Saudi Arabia's SME sector has expanded rapidly in recent years, becoming a vital engine of growth, innovation, and job creation. By early 2025, there were 1.68 million active SMEs in the Kingdom marking a 48 percent year-on-year increase in commercial registrations.[209] These firms span all sectors, from retail, trading, and services to tech start-ups, manufacturing workshops, and agribusinesses. In Riyadh alone, SMEs employed more than 3 million people as of 2024.[210] Notably, SMEs' contribution to GDP reached 21.9 percent in 2023, exceeding the interim target of 20 percent and moving closer to the 2030 goal.[211]

What makes SMEs especially significant for sustainability is their agility and innovative capacity. Many of Saudi's entrepreneurial ventures are focusing on sustainable solutions and filling gaps not addressed by large corporates. Saudi Arabia's sustainability agenda is driving a new wave of innovation across key green sectors: ***i) in renewable energy,*** firms like Desert Technologies and Mirai Solar are innovating solar panel systems and dual-purpose shading technology to support the Kingdom's 2030 goals; ***ii) in waste management,*** KAUST-linked Edama and other circular-economy ventures are turning plastic or organic waste into value-added products; ***iii) in agritech,*** startups using hydroponics, smart irrigation systems, and IoT-based water monitoring are enabling sustainable agriculture solutions in arid zones; ***iv) in green mobility,*** emerging startups are advancing EV charging infrastructure and e-mobility services, aligning with national electrification strategies.[212][213][214][215] These sectors are increasingly supported by Vision 2030 initiatives, PIF-backed sustainability programs, and new financing vehicles targeting green tech and circular economy innovation.

SMEs continue to drive innovation and new business models across Saudi Arabia's evolving economy. In the mobility sector, tech-focused SMEs have launched ridesharing, food delivery, and carpooling platforms that utilize route optimization technologies to reduce fuel consumption and enhance efficiency.[216] Beyond mobility, other SMEs are leading the development of sustainable tourism offerings aligned with Vision 2030's objectives, such as ecotourism ventures that organize low-impact desert excursions, or marine tourism companies that support coral reef monitoring through guided diving tours.[217][218] These enterprises reflect the growing role of SMEs in advancing both economic diversification and environmental sustainability.

Furthermore, SMEs help drive inclusive growth. They create employment across all regions of Saudi Arabia and for a wide range of skill levels. Importantly, SMEs have been a vehicle for women's economic empowerment, given that as of Q3 2024, 46.8 percent of SMEs are women-owned. These women-led SMEs range from e-commerce startups to design firms to small consultancies, each contributing to economic diversification and social progress.

SMEs serve as critical suppliers and distributors in large companies' value chains, where their practices in resource use and labor conditions directly influence overall sustainability performance. When dozens of SME suppliers adopt cleaner production techniques or fair labor standards, the cumulative impact becomes substantial.

Saudi SMEs play a vital role beyond GDP and job creation. They are essential for localizing green innovation, expanding employment in underserved regions, and integrating sustainability across diverse economic sectors. The government has recognized this potential, actively supporting SMEs through Monsha'at and other programs while increasingly embedding sustainability requirements into these initiatives.

4.2. Growing Contribution of SMEs to Sustainability Objectives

Many SMEs in Saudi Arabia have begun embracing sustainability, either by the nature of their business or by improving their operations. Key areas of SME contributions include the following domains.

- **Clean Technology and Renewable Energy SMEs:**
  A number of Saudi start-ups are providing solar energy solutions, targeting segments that large developers might overlook. For example, ***Desert Technologies*** is a home-grown solar photovoltaic firm that not only invests in utility projects but also offers portable solar generators and battery systems ideal for remote farms or small facilities.[219] It has exported solar products to over 20 countries and collaborates with other entities to expand its reach. By scaling solar adoption, such SMEs help cut carbon emissions and increase energy access. Another start-up, ***Juleb***, designs small wind turbines suitable for use on ranches or telecom towers.[220] Collectively, these SMEs contribute to the renewable energy capacity and innovation targets.

- **Waste Management and Circular Economy:**
  Recycling SMEs collect and recycle paper, plastics, and metals from neighborhoods and offices – some partnering with municipalities. Barakah operates a digital platform that facilitates real-time redistribution of surplus food from commercial outlets to registered charities, reducing organic waste while supporting food security.[221] Another enterprise, ***Edama Organic Solutions***, makes organic compost from date palm waste.[222] These activities support national goals of raising recycling rates and reducing landfill use which is currently targeted to drop sharply by 2035 as part of environmental goals.

- **Water and Agri SMEs:**
  Water conservation technology is another growing focus area for Saudi SMEs, with several startups developing solutions for efficient irrigation, water reuse, and sustainable farming practices. Many farms, often SMEs or family-owned, have adopted greenhouse farming and drip irrigation, doubling water efficiency for vegetable production in line with the Water Strategy's objectives. One example is ***Arable***, a Riyadh-based agritech SME that develops closed-loop hydroponic systems capable of reducing water use by up to 90 percent compared to traditional farming, while increasing year-round production of fresh produce.[223] By sourcing most components locally and retrofitting existing greenhouses, Arable enables scalable adoption of water-saving technologies across the Kingdom's agricultural sector.

- **Social Enterprises and CSR-focused SMEs:**
  Saudi Arabia is witnessing the growth of social enterprises, SMEs that integrate social or environmental missions into their core business models. For example, an SME called *"Triad"* employs Saudi women to upcycle discarded fabrics into fashionable bags, tackling waste and providing jobs.[224] The Kingdom's effort to boost the "third sector", that include non-profits and social enterprises, under Vision 2030 has led to a rise in such hybrid business models, often started by young entrepreneurs passionate about a cause.

- **SMEs in Supply Chains Improving Sustainability:**
  Many SMEs have enhanced the sustainability of their operations, driven by demands from larger clients or cost-saving opportunities. In response to evolving procurement requirements from large buyers, some SMEs have adopted biodegradable materials and eliminated single-use plastics to enhance contract competitiveness. Green Bags Saudi has adopted a practical and impactful solution in adopting eco-friendly cotton bags as a replacement for single-use plastic bags.[225] As major corporations such as Aramco and SABIC integrate sustainability into their procurement policies, such as requiring suppliers to obtain ISO 14001 environmental management certification, SMEs are increasingly aligning with higher environmental standards.

- **Innovation-Driven SMEs Supporting Sustainability Goals:**
  A new wave of Saudi SMEs is harnessing advanced technology to deliver scalable sustainability solutions across diverse sectors. For example, Intelmatix applies artificial intelligence to optimize operations and reduce resource waste through predictive analytics, while SUPPLAI digitizes freight logistics to cut transport inefficiencies and emissions.[226] [227] BrightWave, a cleantech startup, develops AI-powered tools to monitor and regenerate marine ecosystems, supporting marine conservation goals.[228] Sadeed Tech offers Arabic natural language AI tools that enable public and private entities to monitor sentiment and streamline communication, including around sustainability topics.[229] Meanwhile, Tamara advances financial inclusion and responsible consumption through its Shariah-compliant "buy now, pay later" platform.[230] These examples illustrate how digital SMEs are beginning to address sustainability challenges in sectors such as logistics, food, and marine resource management.

Despite these successes, SMEs still face challenges in adopting sustainability: limited resources, lack of expertise, and difficulty accessing financing for green upgrades. They operate on thin margins, so investing in solar panels or waste treatment may seem out of reach without support. This is why national actions targeted at SMEs are crucial, to lower the barriers and provide assistance.

4.3. Supporting SME Sustainability Adoption

Saudi Arabia has initiated several actions to enable and encourage SMEs to integrate sustainability into their business models and operations:

- **Training and Awareness Programs:**
  Monsha'at and the Ministry of Economy and Planning have collaborated to offer workshops specifically tailored to SMEs.[231] [232] In 2024, as part of the Sustainability Champions Program, a subset of future champions companies were SMEs, and they benefitted from the structured training series mentioned earlier. Additionally, the King Khalid Foundation, in partnership with AccountAbility, has delivered Sustainability Leading Practices (SLP) training workshops across Jeddah, Abha, Riyadh, and Dammam to equip Saudi SMEs with practical sustainability knowledge and skills.[233] The objective is to enhance capacity among SME owners and managers by demonstrating that sustainability measures can yield financial, operational, and reputational benefits even for small enterprises.

- **SME Financing with a Green Focus:**
  The newly established SME Bank, which was launched in 2021, has begun offering products that incentivize sustainable projects.[234] Similarly, the Kafalah loan guarantee program, which facilitates SME access to financing, traditionally covers 80 percent of loans but has increased coverage to up to 90-95 percent for selected strategic sectors.[235] Additionally, Kafalah has recently launched a new environmental-focused guarantee product in partnership with the Environment Fund, aimed at supporting SMEs operating in environmental sustainability projects.[236]

- **Incorporating SMEs in National Programs:**
The National Corporate Sustainability Program explicitly includes SMEs in its scope. As part of its strategic initiatives, the program has developed dedicated toolkits and guidelines to support SMEs in adopting sustainable practices, recognizing that smaller companies with limited staffing capacity are often unable to maintain dedicated sustainability functions. Additionally, the Sustainability Champions Program includes SMEs within its scope by engaging them as future champions companies under the guidance of larger, sustainability-leading organizations. This approach facilitates the integration of SMEs into national programs and strengthens their ability to contribute to the Kingdom's Vision 2030 goals.

- **Recognition and Market Access:**
To incentivize SMEs, Monsha'at launched the "Ebtker Award" an annual innovation competition recognizing outstanding Saudi startups and SMEs, providing winners with financial prizes of up to SAR 300,000, training programs, and eligibility to represent the Kingdom in the World Entrepreneurship Cup and benefit from the Innovative Growth Program, which provides intensive training, Championship, and capacity-building support.[237] Moreover, large companies and government entities are being nudged to include sustainability criteria in procurement. Government procurement is also exploring giving preference or extra points to bidders who demonstrate sustainable practices. This creates procurement advantages for SMEs that align with buyer sustainability criteria, thus reinforcing sustainability investments.

- **Infrastructure and Ecosystem Support:**
The government is also investing in support infrastructure that benefits SMEs' sustainability. For instance, the Saudi Investment Recycling Company (SIRC), under the Public Investment Fund, is developing integrated recycling facilities across the Kingdom, including municipal, plastic, electronic, and industrial waste processing centers accessible to private-sector operators, including SMEs.[238] A supportive ecosystem, complete with incubators, accelerators, and Championship from successful entrepreneurs, enables more SMEs to transform sustainable ideas into commercially viable ventures.

- **SME Engagement in SGI and Local Initiatives:**
At the community level, SMEs are engaged in national initiatives like tree planting. SGI's ambitious tree-planting campaign is working with local landscaping and nursery SMEs to grow seedlings and carry out planting drives, thus creating green jobs and business.

4.4. Looking Forward

While momentum is building, many SMEs continue to perceive sustainability as secondary to immediate operational challenges such as financing, market access, or regulatory compliance. This perception often stems from limited awareness, constrained institutional capacity, or a lack of technical and financial resources needed to adopt sustainability practices.

Nevertheless, the overall trajectory is encouraging. A cultural shift is underway, particularly among younger Saudis, who increasingly aspire to launch businesses that generate positive social and environmental impact alongside economic returns. A high percentage of Saudi youth express interest in purpose-driven enterprises, an early signal of a generational change in business ethos. This evolving mindset is beginning to translate into practice, as more SMEs integrate environmental efficiency, social inclusion, and responsible governance into their business models.

The enabling ecosystem outlined throughout this report, comprising financing mechanisms, technical support, recognition programs, and clear policy direction, is helping to convert emerging interest into actionable sustainability pathways. As this ecosystem matures, SMEs will play an even greater role in innovating local solutions, advancing circular economy models, creating green jobs, and ensuring that the sustainability transition is inclusive and community-rooted.

05

Conclusions

As detailed throughout this report, Saudi Arabia made significant progress in 2024 toward embedding sustainability into its national development model.

The year was marked not just by new initiatives, but by measurable outcomes, institutionalization of frameworks, and an expanding culture of sustainability integration across the corporate sector. The following are the main takeaways from this report.

National Progress and Strategic Integration:

Sustainability is no longer peripheral, but is firmly embedded in Saudi Arabia's macroeconomic planning, regulatory frameworks, and national vision. Anchored in Vision 2030 and the Paris Agreement, the Kingdom has set several ambitions such as increasing renewable energy capacity by 2030, aiming at net-zero by 2060, and substantial improvements in water, waste, and emissions management. These goals are being actively pursued through flagship initiatives such as the Saudi Green Initiative (SGI) and the Circular Carbon Economy (CCE) framework. The government has mainstreamed sustainability into budget processes and development planning, while major cities like Riyadh are implementing large-scale greening and livability projects. Until October 2025, the total tendered renewable energy capacity has reached 63.8 GW, 12.3 GW of which is connected to the grid, alongside 30 GWh of energy storage capacity in different development stages, of which 8 GWh is connected to the grid. As of 2024, the Public Investment Fund (PIF) directs more than three-quarters of its assets under management toward domestic projects aligned with green and sustainable development.

Corporate Engagement and Sustainability Integration:

The Kingdom's corporate sector has rapidly evolved from viewing sustainability as CSR to embedding Environmental, Social, and Governance (ESG) principles into core strategy. Aramco, SABIC, ACWA Power, STC, Ma'aden, major banks, and others have set net-zero ambitions and introduced ESG-linked executive incentives. Initiatives range from giga-scale carbon capture and storage (CCS) hubs and green hydrogen exports to advanced energy efficiency and digital sustainability solutions. In 2024, Saudi corporates issued sustainability-linked sukuk, built green buildings certified to LEED or Mostadam standards, and deployed AI-driven emissions monitoring. Financial institutions are now catalysts of sustainable development: SNB, Al Rajhi, and BSF collectively issued billions in green finance and operationalized climate risk metrics into lending and procurement. Sustainability ratings and transparency indices are improving rapidly across sectors. Importantly, supply chain sustainability and workforce inclusivity are gaining momentum, with Saudization and female participation targets exceeded across leading firms.

Institutional Framework and Policy Innovation:

One of the most significant achievements in 2024 was the deep institutionalization of corporate sustainability. The National Corporate Sustainability Program (NCSP), backed by the Council of Ministers, has created a governance ecosystem involving over 30 government, regulatory, and private entities. In its first full year of implementation, NCSP delivered major milestones: near-finalization of the Saudi Sustainability Reporting Guidelines, a national green taxonomy draft, sustainable finance guidelines for corporates and banks, and the successful rollout of the Sustainability Champions Program, with 19 large firms mentoring over 60 others. These initiatives are bolstered by regulatory incentives, capacity-building workshops, and fiscal tools. The NCSP stands out globally for its cross-sectoral reach and is positioning Saudi Arabia as a regional leader in orchestrated public-private sustainability collaboration.

SMEs and Inclusive Sustainability:

Small and medium enterprises (SMEs) have emerged as critical enablers of sustainability. Representing over 1.68 million firms and 21.9 percent of GDP, SMEs are leading green innovation in fields ranging from solar energy and water conservation to recycling and social entrepreneurship. Women-owned SMEs rose to 46.8 percent of all SMEs by Q3 2024. National programs, including SME Bank's green loan incentives, Monsha'at's sustainability training, and NCSP's SME toolkit, are breaking down barriers to sustainability adoption. SMEs now serve as clean tech developers, sustainable tourism operators, circular economy actors, and localized implementation partners in national strategies. Their inclusion in supply chains of large companies is reinforcing the diffusion of sustainable practices throughout the economy.

Challenges and Future Direction:

Notwithstanding substantial progress, the sustainability transition is ongoing. Challenges include accelerating the shift from pilot to scale in renewable energy and smart infrastructure; ensuring grid readiness and water security; and overcoming SME capacity gaps. Urban waste, air quality, and biodiversity pressures require stricter enforcement and innovation. The Saudi government is aware of these hurdles and is responding proactively, examples including the plans to broaden the Champions Program, operationalize the green taxonomy, and possibly mandate sustainability disclosure for large companies by 2026. Education, R&D, and green job creation remain cross-cutting priorities, with interministerial coordination continuing to evolve.

Saudi Arabia views sustainability as a lever for national resilience, economic competitiveness, and international leadership. In 2024, 87 percent of Vision 2030 targets were either achieved or on track. With new targets set, such as 40 percent female labor force participation and expanded climate ambitions, the Kingdom is raising its aspirations. Internationally, Saudi Arabia is contributing through USD18.4 billion in foreign aid, regional initiatives like the Middle East Green Initiative, and platforms like COP16 and MENA Climate Week. Sustainability is now seen as a cultural and economic imperative for the Kingdom, and the trajectory is one of continued acceleration.

Call to Action for Stakeholders

The successes and the initiatives described in this report are a result of collaborative efforts. Moving forward, all stakeholders have a role to play and are called upon to actively participate in Saudi Arabia's sustainability journey. The following is a call to action for all relevant stakeholders.

- **For Corporates:**
  Saudi companies are encouraged to actively embrace available sustainability tools and opportunities to drive both national progress and business value. Companies have the opportunity to leverage the new reporting guidelines and taxonomy to improve their sustainability management and disclosure. Companies can join initiatives like the Champions Program – either as champions if they are ahead, or as future champions if just starting – to share and gain knowledge. Corporates are encouraged to set bold sustainability targets (e.g., emissions, waste, diversity) in line with national and global goals, and to integrate these into their business strategy. The Ministry of Economy and Planning and other government bodies offer institutional, technical, and financial support for firms committed to sustainability leadership. Most importantly, collaboration is key - industries can form alliances (as some have in forming recycling coalitions or clean energy buyers groups) to tackle common challenges. All companies, including SMEs, are encouraged to engage with relevant authorities on pilot initiatives in clean technology, low-carbon infrastructure, and inclusive community programs. By being proactive, corporates not only contribute to national goals, but also enhance their own resilience and reputation.

- **For Investors:**
  Both domestic and international investors can play a crucial role in Saudi Arabia's sustainable transformation while achieving competitive returns and positive impact. The government has opened attractive investment sectors, including renewables, waste management, and sustainable tourism, supported by comprehensive incentives. Investors can channel capital into sustainable projects through instruments such as green bonds, sustainability equity funds, and direct project investments, thereby achieving both competitive financial returns and measurable sustainability impact. Saudi Arabia's Public Investment Fund demonstrates this potential with USD19 billion allocated across 91 green projects, creating opportunities for private investors to participate at various scales in this expanding ecosystem.

- **For Public Sector Entities:**
  Ministries, agencies, and local authorities should continue embedding sustainability throughout their operations and mandates. Key priorities include implementing green procurement policies that favor sustainable goods and services, ensuring new public projects from buildings to infrastructure meet established environmental standards, and expanding public awareness campaigns on critical issues like water and energy conservation. Public entities should also maintain constructive dialogue with businesses to refine regulations and incentives, ensuring they achieve desired sustainability outcomes without creating undue operational burdens.

- **For the National Public (Citizens and Residents):**
  Every person in Saudi Arabia can contribute to national sustainability through daily conservation practices (water, electricity, waste reduction), active participation in SGI tree-planting and environmental initiatives, and support for local sustainable businesses. Citizens should hold companies accountable through responsible purchasing decisions and provide policymaker feedback via public consultations and social media. With young Saudis showing particular environmental enthusiasm, bottom-up citizen action complements government awareness programs and remains crucial for achieving collective sustainability goals.

- **For the International Community and Partners:**
  Saudi Arabia welcomes collaboration with international partners to amplify sustainability efforts. The Kingdom is already partnering with international renewable developers, participating in climate summits, and funding green initiatives abroad. The call to international stakeholders is to engage with Saudi Arabia with an open mind on sustainability. Opportunities abound - knowledge exchange, co-investment in cutting-edge projects such as carbon capture, hydrogen supply chains, or smart city technologies where global firms can collaborate with Saudi entities, and joint initiatives under frameworks like the Middle East Green Initiative to address regional environmental challenges. The international community is also invited to observe and acknowledge Saudi's sustainability progress. Saudi Arabia is keen on continuous improvement and values expert input to ensure its programs align with global sustainable development standards.

This report, the first of what will be an annual series, demonstrates Saudi Arabia's commitment to transparency and accountability in its sustainability journey. By documenting progress, sharing success stories, and acknowledging challenges, the report aims to foster trust and collaboration among all stakeholders. The Ministry of Economy and Planning, as the custodian of this report, reiterates its open invitation to stakeholders: engage with us, provide feedback, seek partnerships. As stated during the launch of the corporate sustainability program, we invite all stakeholders to ***"join and actively participate in shaping the corporate sustainability landscape in the Kingdom".***

Together, by aligning our efforts, we can achieve the ambitious vision of a sustainable, prosperous Saudi Arabia – one that balances economic growth with environmental care and social well-being, and one that contributes meaningfully to global sustainability efforts. The progress made in 2024 gives much reason for optimism. The road ahead will require sustained dedication, innovation, and partnership, but Saudi Arabia is charting it with confidence. In the spirit of Vision 2030, the Kingdom is not only transforming itself but also seeking to be a model of sustainable development for the region and the world. Achieving the Kingdom's sustainability vision will require continued commitment, innovation, and coordinated multi-stakeholder action.

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