



The National Agricultural Development Company

Supply Chain Position Statement

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Applicability	The Company including all stakeholders connected with the procurement activities.
Owner	Procurement Department (Supply Chain Sector)
Approver	Chief Executive Officer

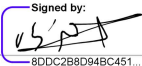
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1 Applicability and scope

This Supply Chain Position Statement applies to the National Agricultural Development Company (“NADEC”) and its subsidiaries. NADEC is a listed joint stock company incorporated under the laws of the Kingdom of Saudi Arabia. It covers all NADEC business units, subsidiaries, joint ventures, and third-party entities involved in procurement, sourcing, logistics, transportation, warehousing, packaging, and any other supply chain activities across local and international operations.

The scope extends to all tiers of suppliers, contractors, service providers, and outsourced partners responsible for delivering goods, materials, or services within NADEC’s value chain. All such parties are required to comply with NADEC’s procurement policies, Supplier Code of Conduct, and ESG standards.

This Position Statement supports NADEC’s “New Dawn” ESG Strategy, aligns with Saudi Vision 2030 objectives, and reflects global best practices in ethical sourcing, supply chain transparency, and responsible procurement.

2 Statement of commitment

NADEC is committed to building a resilient, transparent, legal compliant and ethical supply chain that contributes to long-term value creation while minimizing operational, reputational, and sustainability-related risks. Our supply chain practices are guided by principles of fairness, transparency, integrity, risk mitigation, and value creation. These principles are embedded in all procurement and vendor-management processes to ensure alignment with NADEC’s business objectives, ESG commitments, and compliance obligations.

Our practices are grounded in internationally recognized human rights and labor standards, including the conventions of the International Labour Organization (ILO) and the United Nations Global Compact.

Key focus areas include:

- Fair and transparent procurement practices
- Compliance with all applicable national and international laws, including those governing labor, trade, and environmental protection
- Prohibition of forced labor, child labor, exploitative working conditions, and discriminatory practices
- Support for freedom of association and collective bargaining, where permitted by law
- Enforcement of safe working conditions, fair treatment, and adequate living and housing conditions when worker accommodation is provided.
- Respect for maximum working hours, minimum living wages, and occupational health and safety protocols across the value chain.
- ESG due diligence and grievance mechanisms to identify, assess, and remediate labor rights violations
- Promotion of local content and economic development in Saudi Arabia
- Monitoring and reduction of Scope 3 emissions associated with procurement and supply chain activities

Alignment with NADEC’s Supplier Code of Conduct, which requires suppliers and contractors to uphold ILO conventions, ensure nondiscrimination, fair wages, safe working conditions, wage transparency, legal working hours, and zero tolerance for coercive or inhumane practices, in full compliance with national labor laws and international human rights frameworks.



3 Our position

NADEC adopts a strategic and values-driven approach to procurement and supply chain management. Our practices are organized around four core pillars that ensure transparency, ethical conduct, sustainable sourcing, and continuous performance improvement across the value chain.

Ethical and Transparent Procurement

- Uphold fairness, value-for-money, and open competition in all procurement activities
- Ensure all procurement decisions are free from conflicts of interest
- Maintain full documentation and auditability of procurement activities to support transparency and compliance

Vendor Due Diligence and Risk Management

- Conduct pre-qualification and ongoing due diligence covering legal, financial, operational, and regulatory factors
- Screen vendors for sanctions, political exposure, corruption risk, and human rights violations including forced labor, child labor, and unsafe working conditions
- Require all suppliers to sign and comply with NADEC's Supplier Code of Conduct prohibiting exploitative labor and enforcing non-discrimination
- Verify vendor adherence to labor rights, including freedom of association, collective bargaining, and access to grievance mechanisms
- Apply a risk-based vendor segmentation model with corresponding mitigation actions for high-risk suppliers
- Assess compliance with maximum working hours, fair wages, and ethical recruitment practices
- Enforce consequences for violations, including corrective actions, suspension, or blacklisting

Sustainable and Responsible Sourcing

- Prohibit forced labor, child labor, corporal punishment, and abusive practices in all supplier operations
- Require suppliers that provide worker accommodation to meet standards for safe, acceptable living conditions
- Ensure fair wage practices, legal working hours, and compliance with health and safety regulations
- Prioritize suppliers with strong social and environmental performance
- Promote local sourcing in alignment with Saudi Vision 2030
- Integrate ESG factors, including labor rights, environmental impact, and responsible sourcing practices—into contract awards, renewals, and performance evaluations

Performance Monitoring and Continuous Improvement

- Conduct annual performance evaluations of key vendors across quality, cost, service, innovation, and ESG impact
- Implement corrective action plans where supplier performance is non-compliant or below expectation
- Maintain blacklisting and exception processes with documented controls
- Encourage suppliers to enhance ESG performance through training, dialogue, awareness programs, and continuous feedback
- Support capacity-building initiatives to uplift supplier capabilities in responsible sourcing and ethical business conduct



4 Governance and accountability

Supply chain governance at NADEC is structured to ensure transparency, accountability, and strong oversight across all procurement and sourcing activities. Responsibilities are clearly defined across organizational levels to safeguard compliance, manage risks, and uphold ethical and sustainable sourcing standards.

- **Board of Directors:** Provides strategic direction and oversight of supply chain governance, ensuring alignment with NADEC's ESG commitments, risk management framework, and responsible sourcing objectives.
- **Executive Leadership:** Oversees the implementation of procurement strategies, monitors supplier-risk mitigation measures, and ensures cross-functional coordination to strengthen supply chain resilience and integrity.
- **Procurement Department (Supply Chain Sector):** Manages end-to-end procurement processes, including vendor onboarding, due diligence, contract management, risk assessment, compliance monitoring, and performance evaluation.
- **GRC and Legal Departments:** Ensure procurement activities comply with internal policies, national laws, and international standards, including human rights, anti-bribery, fair competition, contract law, and ESG due diligence requirements.
- **Finance Department:** Supports supplier financial assessments, validates cost structures, and ensures accurate reporting under IFRS standards, including procurement-related ESG disclosures.
- **All Departments:** Are obligated to comply with NADEC's procurement procedures, internal controls, and Delegation of Authority (DOA) requirements.

All vendor decisions are governed by DOA protocols, and any exceptions require CEO approval to ensure transparency and robust governance

5 Reporting

NADEC maintains structured reporting processes to monitor supply chain performance, strengthen transparency, and support risk-based decision-making across procurement activities. Supply chain reporting forms an integral part of NADEC's broader ESG governance and compliance framework.

- **Procurement and ESG Reporting:** Annual procurement plans and periodic ESG disclosures reflect sourcing priorities, responsible procurement initiatives, and alignment with NADEC's sustainability objectives.
- **Vendor Performance Monitoring:** Supplier performance is evaluated through documented Vendor Performance Evaluation Reports (VPERs), including assessments of quality, cost, delivery, innovation, and ESG impact.
- **Internal Dashboards and Risk Reports:** Quarterly reports provide senior management with visibility into sourcing risks, contract performance, vendor compliance status, blacklisting decisions, and corrective-action progress.
- **Exception and Blacklisting Logs:** Detailed logs record exceptions, violations, justifications, corrective measures, and decisions regarding vendor suspension or reactivation.
- **Future Public Disclosures:** NADEC aims to expand public reporting to include responsible sourcing KPIs such as ESG-risk screening coverage, local sourcing ratios, Scope 3 emissions associated with procurement, outcomes of supplier ESG audits, and diversity and inclusion metrics across the supplier base.

All data is reviewed for accuracy and incorporated into governance reports shared with senior management as part of NADEC's ESG oversight cycle.



6 Training and capacity building

NADEC ensures that all employees and suppliers involved in procurement and supply chain activities are equipped with the competencies required to uphold the Company's ethical, regulatory, and ESG-related sourcing standards. Procurement staff receive onboarding and refresher training on due diligence procedures, responsible sourcing requirements, anti-bribery and conflict-of-interest controls, and NADEC's internal procurement policies. Suppliers and contractors participate in awareness sessions and compliance briefings to ensure alignment with NADEC's Supplier Code of Conduct, labor rights expectations, traceability requirements, and Scope 3 emissions considerations. NADEC also invests in capacity-building initiatives focused on sustainable procurement practices, digital sourcing platforms, and supplier-engagement tools to enhance performance and strengthen governance across the value chain.

7 Review and continuous improvement

This position statement is supported by senior management and approved by NADEC's Executive Management and Board of Directors, and is reviewed every three years to ensure continued relevance and alignment with regulatory requirements, operational, and industry developments. NADEC continuously enhances its supply chain practices through annual updates to vendor-risk procedures and regular audits of supplier records and procurement documentation within SAP. The company actively engages with suppliers to drive innovation, improve standards, and mitigate lifecycle risks, while advancing digitalization and analytics capabilities to strengthen supply chain visibility, traceability, and overall performance. Lessons learned from audits, risk assessments, and supplier feedback are integrated into process refinements, and this Position Statement is periodically updated to reflect emerging risks, evolving expectations, and NADEC's ongoing commitment to responsible and ethical supply chain management.

8 Disclaimer

This statement is provided for informational purposes only and does not create any legally binding obligations. It sets out NADEC's priorities, which are intended to be incorporated into its governance framework and implemented through its established processes. All initiatives remain subject to change in response to evolving circumstances, including regulatory developments and supervisory requirements. Actual outcomes and impacts may vary due to operational changes and external factors.