



Value Built on Values



# Strength through Sustainability

Sustainability Report 2018



## **Welcome to Savola Group's 2018 Sustainability Report**

This report is the fifth Sustainability Report for Savola, covering the sustainability achievements, performance and activities of its operating companies within the Kingdom of Saudi Arabia, including Panda Retail Company, Afia International Company, United Sugar Company and the Group's Headquarters (HQ). The scope of this report has also expanded to include our International Food Industries (IFI) business.

Although this is our fifth official report, it is the first report on our annual sustainability performance. Previously, we produced sustainability reports on a two-year basis, however, as a result of our ongoing commitment towards sustainability we are now reporting on an annual basis.


This report covers the period between January 1, 2018 and December 31, 2018, while the previous Report covered the period between January 1, 2016 and December 31, 2017.

A more detailed overview of the scope of this report and coverage can be found on **page 03**.

## Key Highlights

# Savola World

Strategy Continues to Guide our Approach to being Responsible Citizens



# 4 Million

People Reached through the Digital Campaigns of Negaderha Program




# 84%

Participation in our Tawer Employee Engagement Survey

# +600

Attendees to Conferences and Internal Workshops, as Part of Makeen Program



# 5th

Sustainability Report Published – and our First Annual Sustainability Report

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Savola at a Glance

# About Savola

## Who Are We?

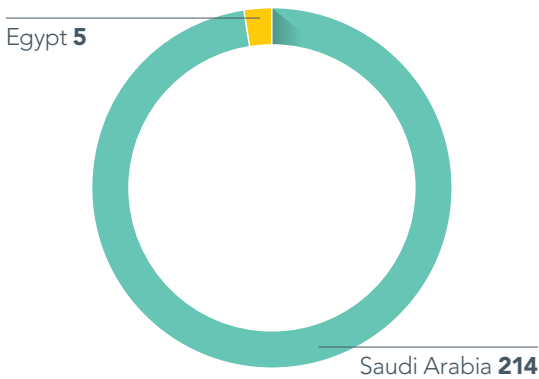
We are the leading strategic investment holding Group in the food and retail sectors across the MENAT (Middle East, North Africa and Turkey) region.

We maintain a diverse and expanding portfolio of managed and non-managed assets. Across our verticals in food and retail, we operate the largest grocery store chain in Saudi Arabia, producing much-loved everyday household products, including oil, sugar, pasta and frozen foods, in more than 30 countries. We believe in creating "Value Built on Values". We are Savola.

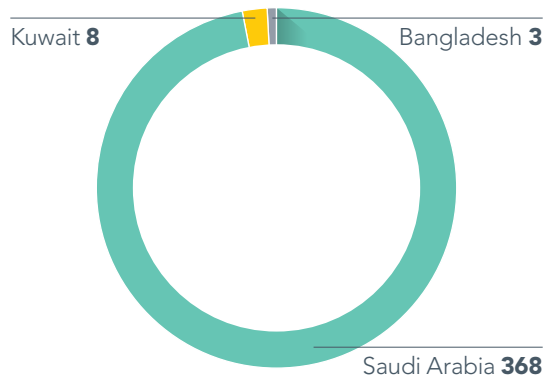
Since 1979, investors have chosen Savola for its strong performance and specialist market knowledge.



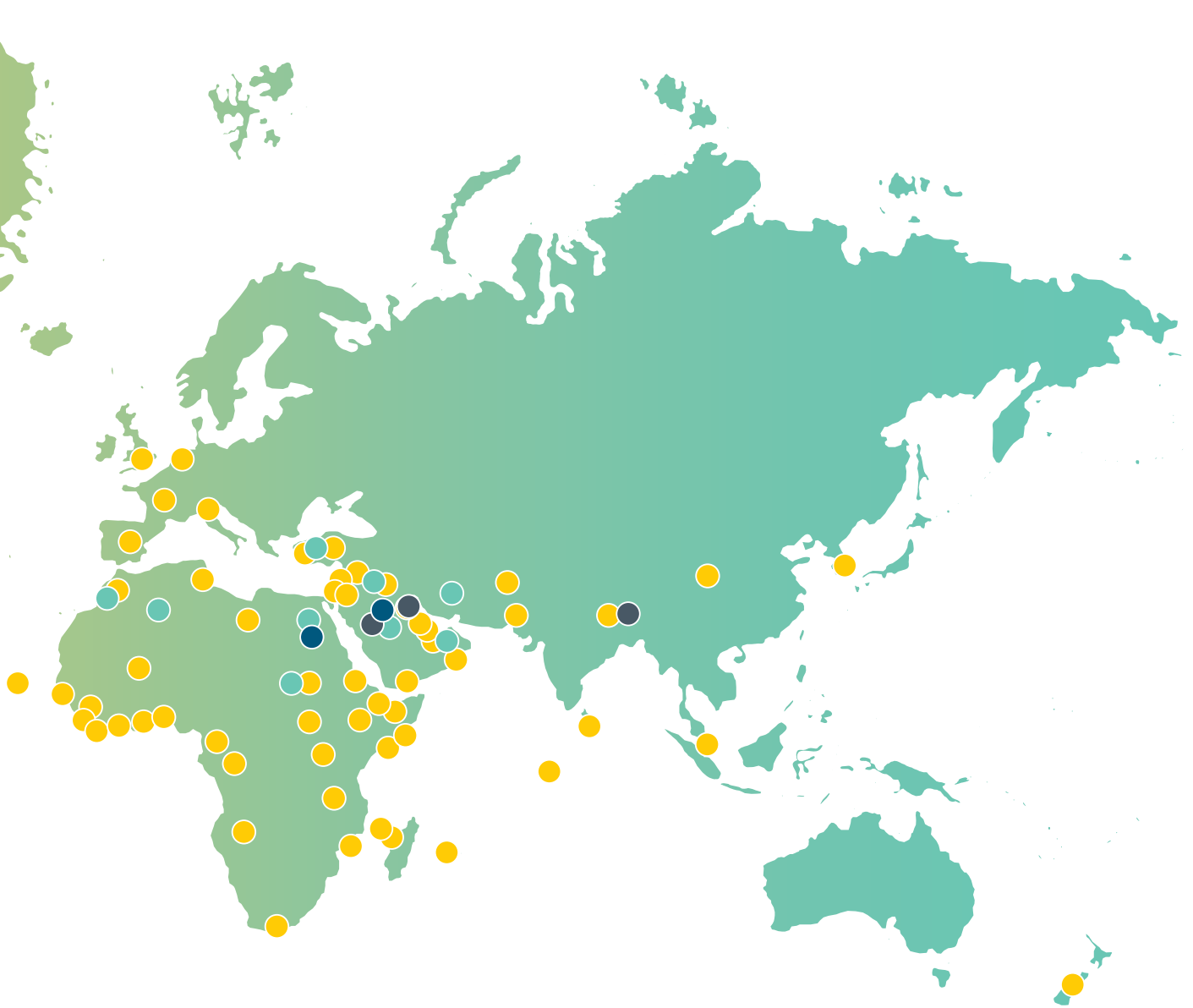
Number of Panda Stores



Number of Herfy Stores



<p><b>Major/manufacturing markets</b></p> <ul style="list-style-type: none"> <li>Saudi Arabia</li> <li>Iran</li> <li>Egypt</li> <li>Turkey</li> <li>Sudan</li> <li>Algeria</li> <li>Morocco</li> <li>Iraq</li> <li>UAE</li> </ul>	<p><b>Export markets</b></p> <table border="0"> <tr> <td>Afghanistan</td> <td>Ethiopia</td> <td>Libya</td> <td>Palestine</td> <td>Sudan</td> </tr> <tr> <td>Angola</td> <td>France</td> <td>Maldives</td> <td>Qatar</td> <td>Syria</td> </tr> <tr> <td>Bahrain</td> <td>Gambia</td> <td>Mali</td> <td>Rwanda</td> <td>Tanzania</td> </tr> <tr> <td>Benin</td> <td>Ghana</td> <td>Mauritius</td> <td>Sierra Leone</td> <td>Tunisia</td> </tr> <tr> <td>Cameroon</td> <td>Guinea</td> <td>Mayotte</td> <td>Singapore</td> <td>Turkey</td> </tr> <tr> <td>Canada</td> <td>Iraq</td> <td>Morocco</td> <td>Somalia</td> <td>UAE</td> </tr> <tr> <td>Cape Verde</td> <td>Italy</td> <td>Mozambique</td> <td>Somaliland</td> <td>Uganda</td> </tr> <tr> <td>China</td> <td>Jordan</td> <td>Nepal</td> <td>South Africa</td> <td>United Kingdom</td> </tr> <tr> <td>Comoros</td> <td>Kenya</td> <td>Netherlands</td> <td>South Korea</td> <td>Yemen</td> </tr> <tr> <td>Congo</td> <td>Kuwait</td> <td>New Zealand</td> <td>South Sudan</td> <td></td> </tr> <tr> <td>Djibouti</td> <td>Lebanon</td> <td>Oman</td> <td>Spain</td> <td></td> </tr> <tr> <td>Eritrea</td> <td>Liberia</td> <td>Pakistan</td> <td>Sri Lanka</td> <td></td> </tr> </table>	Afghanistan	Ethiopia	Libya	Palestine	Sudan	Angola	France	Maldives	Qatar	Syria	Bahrain	Gambia	Mali	Rwanda	Tanzania	Benin	Ghana	Mauritius	Sierra Leone	Tunisia	Cameroon	Guinea	Mayotte	Singapore	Turkey	Canada	Iraq	Morocco	Somalia	UAE	Cape Verde	Italy	Mozambique	Somaliland	Uganda	China	Jordan	Nepal	South Africa	United Kingdom	Comoros	Kenya	Netherlands	South Korea	Yemen	Congo	Kuwait	New Zealand	South Sudan		Djibouti	Lebanon	Oman	Spain		Eritrea	Liberia	Pakistan	Sri Lanka		<p><b>Panda stores</b></p> <ul style="list-style-type: none"> <li>Saudi Arabia</li> <li>Egypt</li> </ul> <p><b>Herfy stores</b></p> <ul style="list-style-type: none"> <li>Saudi Arabia</li> <li>Kuwait</li> <li>Bangladesh</li> </ul>
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### Food Investments

Our food vertical includes investments in large branded categories across the MENAT region. Savola Foods is a leader in basic branded consumer packaged goods, which it offers in more than 30 countries. We are proud to say that many of our products are market leaders in their respective categories. We continue to build on our range of established products by expanding into higher-value items and diversifying our portfolio. We also generate profits through our long-term strategic investments. We are the largest shareholder in the Middle East's leading food manufacturer and distributor, Almarai, with a 34.52% stake in the business. In 2018, we acquired a majority stake in Al Kabeer Group of Companies, one of the region's leaders in frozen foods manufacturing and distribution.

### Retail Investments

Panda Retail is the largest modern grocery chain in Saudi Arabia, with 214 stores serving 116 million customers annually. Panda boasts a proud history, a leading market share and formidable geographic reach. We also generate profits through our long-term strategic investments and are the largest shareholder in Herfy Food Services Company, one of the leading restaurant, industrial bakery and meat processing businesses in Saudi Arabia, with a 49% stake in the business.

### Scope of Report

In the scope of this report, we will include International Food Industries Company (IFI), a subsidiary of Savola Foods Company. IFI is the first local company specialized in producing specialty fats like shortening, margarine, coco butter alternatives, ghee and butter blend.

The company's factory in Jeddah is fully supported with an automated and integrated system for refining and processing all types of vegetables fats and has a production capacity of 60,000 MT per year. The company started production in January 2017 and is now the primary supplier for top clients in food industry market in KSA.

## Group CEO Statement

# Delivering a Culture of Sustainability across the Group

The mindset of sustainable living is hardwired into the Savola Group. We live in a world which is deeply interconnected; the echoes of every choice we make and action we take ultimately impact both our present and future generations.

We aim to embody this mindset through our responsible behavior towards all our stakeholders, including our community, customers, employees and environment. This is not in opposition to our goal of securing growth and profits for our shareholders and investors rather, we believe sustainable business practices translate into long-term, profitable success. This philosophy is what drives Savola's purpose: "Value built on values."

Each one of us has a legacy to protect and we work to create value that is built upon ensuring the well-being of our people, society, nation, and the generations ahead.

### Committed to Sustainability

We need to move sustainability into the heart of our business. As collective understanding of sustainability issues has evolved, we need to meet our stakeholders' requirements and be transparent about our impacts, risks, and opportunities we face.

More frequent sustainability reporting reconfirms our commitment to sustainability, in a way that helps us to measure, understand and communicate performance, set goals, and manage change more effectively. By following proper guidelines and best practice, our sustainability reporting enables us to measure our maturity and self-awareness and provide credible demonstrations of our efforts.

### Employees Leading the Way

Our unique sustainability platform, Savola World, embodies our commitment to our stakeholders and reach beyond our organization to touch the lives of people throughout the region. Our employees are our most important ambassadors. They continue to inspire us to uphold the commitments and goals we have set, and we, in turn, remain committed to their health, welfare and success as individuals.

In 2018, we maintained our focus on attracting, supporting and developing our employees throughout our organization, providing world-class employee benefits and lifelong learning opportunities. We also launched and strengthened a number of programs to promote wellbeing and success, and continue to focus on improving the inclusion of persons with disabilities in the workplace, through our "Makeen" program, which aims to drive positive behavioral change throughout the region.

We continued to promote healthy living and sustainable food consumption and storage through our "Negaderha" program, which engages with the public and NGOs to reduce food waste in Saudi Arabia. We are also proud about building strategic alliances with national NGOs in Saudi Arabia during 2018 to help Negaderha extend its outreach and impact. We remain committed to the idea of rational, sustainable consumption and our reduce-reuse-recycle policy

is designed to limit waste across our operations and encourage others to do the same.

Our 2018 Employee Engagement survey of our staff revealed an increase by six points over the results of the last survey in 2016. The survey gives us a useful understanding and knowledge-base to help us improve engagement and establish stronger synergies across our subsidiaries.

## A Year of Challenges and Opportunities

This year, Savola Group has faced strong challenges across all markets, with macro-economic conditions affecting our business. However, we remain focused on the long term and committed to a strategy that will both safeguard our leading market position and allow us to emerge a stronger and leaner organization.

In the upcoming year, we aim to measure the social return on investment for all of our CSR activities. This will enable us to manage our sustainability performance, program planning and evaluation and maximize value and to assess the degree to which activities meet stakeholder needs.

We also aim to introduce a variety of CSR programs, under each sustainability pillar, to meet the strategic objectives of the 2030 National Vision and in accordance with the global UN Sustainable Development Goals. This will contribute to create a more balanced sustainability strategy. We also aim to embed sustainability in the different aspects of our business to ensure a more holistic sustainability approach.

I would like to thank all our shareholders, customers, employees, suppliers and partners for their support as we work to build a stronger and better business.



**Eng. Anees Ahmed Moumina**  
Group Chief Executive Officer



**Our employees are our most important ambassadors. They continue to inspire us to uphold the commitments and goals we have set, and we, in turn, remain committed to their health, welfare and success as individuals.**

## Our Sustainability Team



### Tarik Ismail

Corporate Affairs and Sustainability Executive Director,  
The Savola Group

**Previous positions:** Director, Corporate Communications and CSR; Senior Manager, Communication and CSR in Panda Retail Co.; Senior Manager, Investment and Marketing, Aayan Group; VIP department Manager at Emaar The Economic City.

**Qualifications:** Bachelor's degree in Management, University of Dubai, UAE; Certificate in Corporate Governance International Directors Program, INSEAD – France; Honorary Doctorates in Sustainability from United Nations.

**Experience:** Experience in communication, marketing, CSR, real estate, investment, and board and committees affairs.

### Tareq Khan

Corporate Communications and Sustainability Director,  
The Savola Group

**Previous positions:** Commercial Director, Ejada United; Department Manager, Marketing & Loyalty, AlNahdi Medical Company; Manager Campaign Management, Marketing & Loyalty, Cards Business, The National Commercial Bank; Brand Manager, Saudi Goody Products Marketing Company; Team Leader, Unilever.

**Qualifications:** Graduated with Marketing Major studies from King Fahad University of Petroleum and Minerals (KFUPM), and a holder of an MBA degree from the College of Business Administration (CBA) with HR & Finance focus, Certified Sustainability Officer by the Institute of Leadership & Management (ILM).

**Experience:** An Executive Leader with focused experience in brand building, campaign development and management, loyalty development and implementation, communication, advertising and promotional activities, and a certified relationship coach.



### Nouf Halwani

Corporate Social Responsibility Projects Manager,  
The Savola Group

**Previous positions:** Public Relations & Research Officer at The Madinah Institute for Leadership & Entrepreneurship (MILE); Management Trainee in PR & CSR, The Savola Group HQ.

**Qualifications:** Bachelor's Degree in English Literature & Linguistics, with the First Degree of Honors from King Abdul-Aziz University. Nouf holds a certification on "The Sustainability Strategy & Reporting," with accreditation of the ILM and the CPD Standards. She is also a Certified Carbon Footprint Strategy Practitioner, and was qualified for the Global Reporting Initiative (GRI). She is a Certified trainer for The Implementation of Mentor & Buddy System in Workplaces.

**Experience:** A sustainability and communication professional, with extensive experience in sustainability strategy, CSR program development, building communication campaigns, materials and platforms, and specialized knowledge in SROI measurement and sustainability reporting.

### Muffareh Asiri

Corporate Social Responsibility Projects Manager,  
The Savola Group

**Previous positions:** Quality Control Manager, Total Quality Systems Manager, Production Planning Manager, Learning Resources Manager at Savola Edible Oils Company; CSR Specialist at The Savola Group HQ.

**Qualifications:** Bachelor's Degree in Industrial Chemistry from KFUPM (King Fahad University of Petroleum and Minerals); specialized certificates, including APICS modules (The American Production and Inventory Control Society) in Supply Chain Management and the Implementation of Mentor & Buddy System in Workplaces.

**Experience:** CSR professional, currently managing the Makeen program, with experience of projects related to disability, including the total accessibility project; participates in national and regional disability related conferences, and is a member of a number of local associations.





## Savola World Our Sustainability Strategy

### What is Savola World?

Savola World was launched in March 2017 with the aim to create value by promoting socially and environmentally responsible practices. Savola World represents a game-changer in the sustainability industry across the Middle East, North Africa and Turkey (MENAT) region. Sustainable development will be embedded in our business as we take the lead in leveraging our outreach to achieve economically and socially responsible behavioral changes among our customers and stakeholders.

Over the years we have been reporting progress against this strategy through our standalone sustainability reporting and communication on our website. The pillars of the strategy are outlined below.

Focus	 <b>1. Community</b>	 <b>2. Employees</b>
What does this Mean?	We are an active member of the communities in which we operate. As a responsible business, we seek to enhance the lives of those around us that promote sustainable practices and affect large-scale behavioral changes among consumers and stakeholders we interact with.	As a regional employer of more than 30,000 employees, we have a clear responsibility to keep our people safe, happy and secure, and to help them thrive.
Our Priority	<b>Excess Food Management</b>	<b>Maximizing Employee Potential</b>
Our Programs to Date	<ul style="list-style-type: none"> <li>&gt; Negaderha Program</li> <li>&gt; Community Initiatives &amp; Contributions</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Employee Training &amp; Development Programs</li> </ul>



## Our Mission

To create value built on values for our community, employees and society. In doing so, we will also thrive by generating unprecedented rewards for our shareholders and investors.

## Our Vision

To be an internationally-recognized role model for sustainability in all of our business activities, prospering in complete harmony with our ecosystem and creating a better world for generations to come.

For the purposes of this report, in addition to the four pillars of our Savola World strategy, we also cover the measures we have taken to ensure we operate as a responsible business from the perspective of ethics and compliance.



### 3. Environment

Our focus on sustainability starts with an emphasis on operating as a responsible organization. For us that means upholding the highest standards of ethical conduct, safety and environmental responsibility.

#### Direct Resource Management

- > Adhering to ISO 14001 standards
- > Alignment to the "three Rs" (reduce, reuse, recycle)



### 4. Sector

As a multi-national strategic investment holding group, we strive to lead the MENAT food and retail sectors. This means we put our customers first, enhancing our market presence and acting as a responsible leader.

#### Empowering Persons with Disability in our Sector

- > Refocusing Makeen as a learning and development hub



### 5. Business

Our focus on sustainability starts with an emphasis on operating as a responsible organization that upholds the highest standards of ethical conduct.

#### Compliance and Ethical Conduct

- > Establishing our CSR Committee
- > Promoting our Values

## Savola World Our Sustainability Strategy continued



### Savola Group CSR Strategic Objectives



### Our Materiality Process

Alongside the development of Savola World, we conducted a desk-based materiality exercise in 2017 to help identify the sustainability issues that are most important to our business and stakeholders.

The exercise sourced issues from a wide range of external sources including global guidelines, regional legislation, peer reviews and best practice sustainability standards (such as the GRI, CDP and the DJSI Index). It identified the following topics:

Link to Savola World		
	<b>Community</b>	<b>Employees</b>
Material Issues	<b>Community Initiatives</b> Read more on <b>page 28</b> >	<b>Health and Safety</b> Read more on <b>page 24</b> >
	<b>Corporate Donations and Contributions</b> Read more on <b>page 28</b> >	<b>Being an Employer of Choice</b> Read more on <b>page 38</b> >
	<b>Sponsorships</b> Read more on <b>page 29</b> >	<b>Diversity and Equal Opportunity</b> Read more on <b>page 58</b> >
	<b>Food Waste Reduction</b> Read more on <b>page 30</b> >	<b>Training and Education</b> Read more on <b>page 42</b> >

### Engaging with Stakeholders

Our stakeholders are not only the beneficiaries of Savola World’s activities, they are also vital to planning and implementing its strategic objectives. Therefore, it is essential that they are involved in our programs and initiatives from the early phases of their development through to their evaluation and improvement.

Our process for engaging with stakeholders is outlined on pages 10-11 of our 2016/2017 Sustainability Report. This includes alignment to Global Sustainability Standards and Charters.

### Memberships and Associations

Beyond some of the global standards and charters we adhere to (summarized on page 11 of our 2016/17 Sustainability report), our subsidiaries are also members of several associations that relate to our sustainability program.

#### Afia International Company ‘Afia’ (a subsidiary of Savola Foods Company):

- > Business Disability Network (Qaderoon).
- > Saudi Standards, Metrology and Quality Organization (SASO).
- > Arab Center for Nutrition (ACNU).
- > American Oil Chemists Society (AOCS).
- > Chamber of Commerce.
- > Gulf Petrochemical and Chemical Association (GPCA).

#### United Sugar Company (USC) (a subsidiary of Savola Foods Company):

- > BRC Global Standards.
- > ISO 18001 alignment.
- > ISO 14001 alignment.
- > ISO 22000 alignment.
- > Working on ISO 17025 adherence.
- > Working on ISO 22301 adherence.

#### Panda Retail Company (Panda):

- > Ministry of Labor: labor law charters and principles.
- > Disabled Children’s Association.
- > Jeddah Chamber of Commerce & Industry.
- > Advisory Council on the Development of the Human Resources Development Fund.
- > BRC Global Standards.
- > Halal Certification.
- > PME Certification.

#### International Food Industries Company (IFI):

- > BRC Global Standards.
- > Halal certificate.
- > American Institute of Banking (AIB) Certification.
- > Roundtable Sustainable Palm Oil (RSPO) Certification.
- > ISO 22000.
- > The Saudi Standards, Metrology and Quality Organization (SASO).
- > International Financial Reporting Standards (IFRS).
- > Saudi Food & Drug Authority (SFDA).
- > The General Authority of Meteorology and Environmental Protection (PME).
- > Modon (The Saudi Authority for Industrial Cities and Technology Zones).



## Environment



## Sector



## Business

### Environmental Responsibility

Read more on **page 50** >

### Customers First

Read more on **page 54** >

### Health and Nutrition

Read more on **page 56** >

### Packaging and Labeling

Read more on **page 57** >

### Effective Risk Management

Read more on **page 62** >

### Sustainability Governance

Read more on **page 14** >

### Supply Chain and Procurement

Read more on **page 20** >

### Anti-corruption and Bribery

Read more on **page 23** >

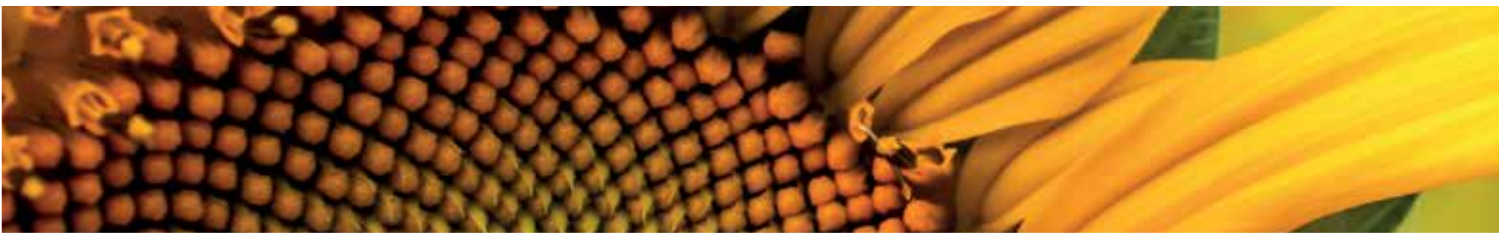
### Living our Ethics and Values

Read more on **page 18** >



### What do we Focus on?

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Preventing Bribery & Corruption	23
Health & Safety	24





# 02

## Business

### Responsible Business Operations

#### What does this Mean?

We are committed to operating as a responsible business. This means we strive to have a consistently positive impact on the world. Our focus looks to uphold the highest standards of safety, governance, environmental and ethical conduct, right across our value chain. It also aims to contribute to society by living our values on a daily basis.

## Responsible Business Operations

### Good Governance

#### Our Approach

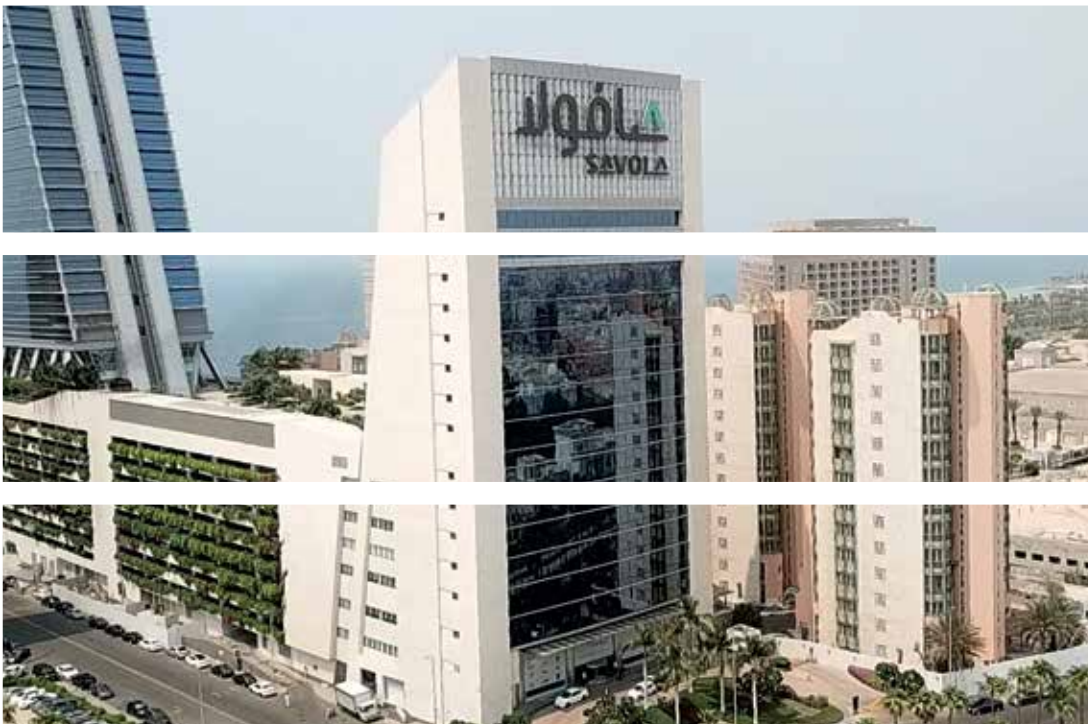
In order to ensure we operate as an ethical and responsible business, a strong governance structure is vital. Our Corporate Governance Manual, Committee Charters and our Code of Conduct and Ethical Values guide this approach, outlining the legal, administrative and ethical standards of conduct expected of all our people.

The conduct of our Board is crucial in this area. Board members shall lead by example to achieve the best interests of Savola and its shareholders, shape an ethical culture and protect the rights of its stakeholders.

The Code of Conduct is designed to support our people in performing their duties of loyalty and care, protecting Savola's interests, development and growing value. The Code is applied by means of a four-tiered governance approach to ensure it is managed and rolled out at all levels of the organization. Equally important is building our people's awareness of ethical risk and providing guidance to help them recognize and deal with ethical issues. Our whistleblowing system, available online for Savola employees and the public, is there to report unethical conduct and to help foster a culture of honesty and accountability.

Savola's Articles of Association state that the Board of Directors should consist of 11 members. The Board is made up of non-executive and independent members who are qualified to ensure shareholders' rights, safeguard transparency and assume responsibility. Their expertise spans industry specific experience, administration, strategic planning, accounting, law, marketing, corporate governance, human resources, risk management, and mergers and acquisitions.

Due to the proper and effective governance controls and structure that adopted by Savola, there were zero incidents reported for legal action regarding competition, monopoly or related outcomes in 2018.



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The Code is applied by means of a four-tiered governance approach to ensure it is managed and rolled out at all levels of the organization.

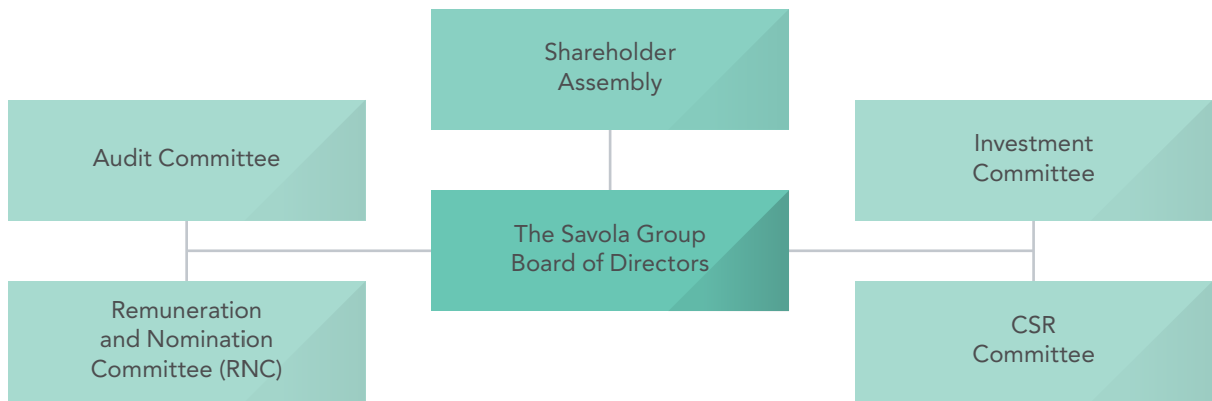
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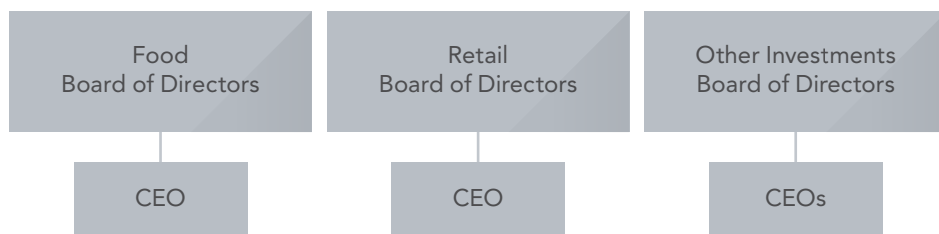


# A Clear Governance Structure

## Oversight



## Portfolio Management Assessing and Supporting Business Development



## Responsible Business Operations

### Good Governance continued

#### Our Committees

The Board's four sub-Committees comprise of Board members, external independent experts and Savola senior executives, and operate under specialized individual charters approved by the Savola Board. The Committees are as follows:

#### Audit Committee

The Audit Committee consists of five members and met six times during 2018. Savola's current operational model as a strategic investment holding company reflects the operational independence of its subsidiaries. Therefore, all interactions between the Committee and Savola's subsidiaries occur via Savola's representation on the audit committees of the subsidiaries themselves.

For a full list of the Audit Committee's responsibilities and key activities, please refer to page 18 of our 2016/17 Sustainability Report.

#### Remuneration and Nomination Committee (RNC)

The RNC consists of five members who are independent and non-executive Board members, all of whom have experience that is relevant to its mandate. The RNC met four times in 2018.

For a full list of the RNC's responsibilities and key activities, please refer to page 18 of our 2016/17 Sustainability Report.

#### Investment Committee

The Investment Committee consists of five members, most of whom are independent non-executives. The Committee met six times during 2018.

For a full list of the Investment Committee's responsibilities and key activities, please refer to page 19 of our 2016/17 Sustainability Report.

#### Corporate Social Responsibility (CSR) Committee









The Corporate Social Responsibility (CSR) Committee is responsible for promoting sustainability initiatives, developing programs that contribute to deepening the sense of social responsibility within Savola and its subsidiaries, and establishing criteria and standards for monitoring the implementation of these initiatives.

The Committee consists of five members (one executive and four independent), all of whom have relevant experience. Its duties and responsibilities include:

1. Developing the Savola World strategy and achieving sustainable social impacts.
2. Overseeing all sustainability activities and interests, including those involving health and safety, environmental issues and employee rights.
3. Activating Savola's policies, initiatives and sustainability programs concerning its contributors, importers, customers, community and the natural environment in order to support and enhance Savola's reputation.
4. Establishing indicators linking Savola's performance with its social initiatives.

The CSR Committee held four\*\*\* meetings in 2018 to review Savola’s sustainability programs and plans. The attendance data from these meetings are presented below:

### Meetings during 2018

Name	Number of meetings attended
Mr. Mohammed Ibrahim Al Issa (Chairman) (Independent Savola Board Member)*	
Eng. Anees Ahmad Moumina (Executive – Group CEO)**	
Mr. Mahmoud M. Abdulghaffar (Non-Executive Member)	
Dr. Mervat A. Tashkandi (External Member)	
Mr. Saleh A. Alrammah (External Member)	
Mr. Tarik M. Ismail (Committee Secretary)	
Mr. Abdulaziz Ibrahim Al Issa (ex-Chairman) (Independent Savola Board Member resigned on September 6, 2018)	
Eng. Rayan Mohammed Fayez (Executive – Former CEO of the Group) (resigned from the Committee on February 8, 2018)	

\* Appointed on September 6, 2018.

\*\* Appointed on April 1, 2018.

\*\*\* The fourth meeting related to 2018 was held at the beginning of 2019.

## 6

The Audit Committee met six times during 2018 (seven in 2017).

## 4

The Remuneration and Nomination Committee met four times during 2018 (five in 2017).

## 6

The Investment Committee met six times during 2018 (six in 2017).

## Our Focus Moving Forward



Through the work of the Board of Directors and the diligence of these key Committees, Savola will continue to ensure our governance structure fully supports our efforts to remain a responsible business. We will also continue to apply our Code of Conduct and Ethical Values across all our business units and activities, while our CSR Committee prioritizes the development of Savola World as a vehicle for delivering lasting and meaningful social and environmental impacts.

Our CSR Committee charter is available on our corporate website – [www.savola.com/en/investors/corporate-governance/audit-committee](http://www.savola.com/en/investors/corporate-governance/audit-committee)

## Responsible Business Operations Building an Ethical Culture

### Our Approach

Every company is built on individuals, who work and interact closely with one another, both internally with colleagues and with external partners. In all of these instances lies the potential for conflicts of interest and differing value judgements. This is why we employ a clear, structured approach to defining our statement of ethics.

### Living our Values

Since the Savola Group was founded in 1979, our values have defined us and the way we do business. These values mean more to us than words on a page – they represent a blueprint for the concrete actions we take each day, both as a company and as individuals.

Our individual values outline the behavior expected of all the individuals within the business. They include:

#### Modesty:

However knowledgeable we may be we can always learn more.

#### Following Examples:

Everyone around us has something we can learn.

#### Resolution:

Our resolve and determination gives us the confidence to always seek the best possible outcome.

#### Mastery:

We strive for perfection in our business and our sector.

This virtuous cycle requires working together as one, with the support and assistance of others, guided by our team values. These include:

#### Trust:

Knowing that we are all committed to the same values builds our confidence in those working alongside us.

#### Leniency:

Listening to our colleagues and accepting their opinions.

#### Keeness:

Confidence and openness breeds a commitment to develop ourselves and our company through collaboration.

#### Solidarity:

By working together to achieve our aims and to support each other.

#### Trust:

We trust our people to deliver together.

Living by Savola's team values supports the development of our four integrated Savola values. These values, which provide sustainable value for our stakeholders, are:

#### Righteousness:

Taking responsibility for maintaining the trust of those who have contributed to Savola's success.

#### Fulfillment:

Refers to our obligations toward those who depend on us.

#### Persistence:

Our relentless dedication to Savola's progress and development in service of our unified vision.

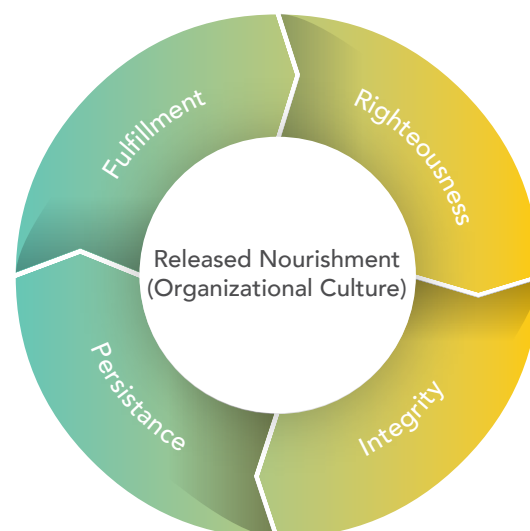
#### Integrity:

Employing every asset and resource, be it human or material, that can generate benefits for all.

We aim to deliver our commitment to provide value built on values for all stakeholders, including our investors, partners and our employees.

We are dedicated to supporting our colleagues through the provision of a positive and caring work environment. For our customers we provide value through our products, the quality of our service and exceptional customer experience.

Finally, we add value to the communities we are a part of through our sustainability focus.



### The Principles of our Business Ethics

All our relationships and interactions are governed by four ethics: Honesty (Amanah), Conscientiousness (Taqwa), Caring Justice (Birr) and Personal Control (Mujahadah).



#### Honesty (Amanah):

- > Always tell the truth, no matter what situation we might find ourselves in or how beneficial lying might appear in the short term. This way we will have nothing to hide and our transparency will be assured.
- > Always fulfil our promises and obligations.
- > Always honor our pledges to others.
- > Always commit to resolving conflicts with respect and objectivity.

#### Conscientiousness (Taqwa):

- > Is the decision legal and have we checked its legality with the appropriate parties or references – e.g. our legal department?
- > Even if the decision is legal, will I be able to publicly admit to it and stand by it? In other words, if the decision is revealed to others, will I be proud of it?
- > Do I feel comfortable with the decision? Do I feel that what I am doing is not only legal but fair?

#### Caring Justice (Birr):

- > Provide managers, subordinates and colleagues with clear and accurate feedback.
- > Acknowledge the accomplishments and achievements of others, both financially and non-financially.
- > Ensure that those we are responsible for develop in accordance with their needs and the needs of the organization.
- > Promote the progress of others, especially if they are deserving of this progress.

#### Personal Control (Mujahadah):

- > Realize our full potential
- > Achieve a life of balance and satisfaction.
- > Drive towards self-improvement and increasing self-discipline.

## Our Focus Moving Forward



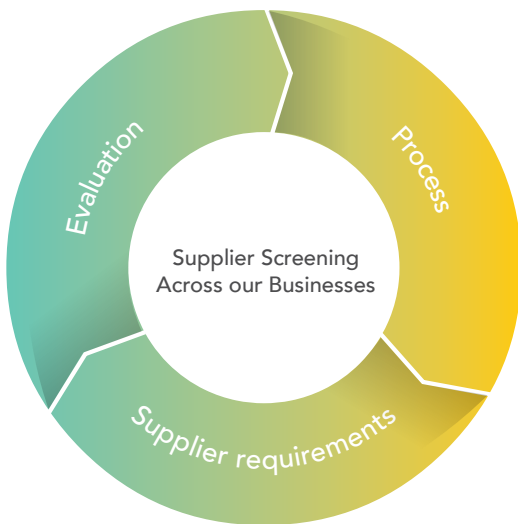
We will continue to implement our values across the Savola Group. By placing them at the forefront of our activities on a daily basis, we will strive to ensure that our business reflects our deeply held commitment to honesty, conscientiousness, caring justice and personal control. By continually applying these values throughout our organization, we will fulfil our responsibilities to those who have invested their trust and support in us, from our colleagues, customers and partners through to our shareholders and investors. Our aim is to act as a model for other organizations to follow in terms of the principles and moral pillars that drive our success.

## Responsible Business Operations Supply Chain & Procurement

### Our Approach

We are dedicated to operating our business in a socially responsible and environmentally considerate way right across our value chain. Our supply chain and procurement approach is designed to deliver our customers the right products, of the right quality and quantity, and at the right time.

A key part of this process is having a diligent supplier selection process to protect our business and consumers, engaging with partners who are fully capable and share our goals. We have rigorous standards for our suppliers and they must abide by the principles in the purchasing clause of our Code of Conduct and Ethical Values. Our supplies are mostly purchased locally within Saudi Arabia, with a minority of retail supplies being sourced from abroad.



### Supplier Screening Across our Businesses

#### Panda

##### Process:

Corporate procurement has a pre-qualification process to register any new suppliers. A structured evaluation matrix assesses each proposal on different aspects, with a scoring mechanism for key projects and requests.

Technical evaluation is conducted on purchased commodities or/and services in terms of technical specifications, quality, quantities, locations, delivery lead-time and response, and resolutions time by business units, in addition to commercial, supplier/ service provider. Pricing evaluation is conducted on purchased commodities or/and services by corporate procurement.

Prior to choosing suppliers, contract templates will be executed by Legal team alignment and the Corporate Procurement Contracting team.

##### Supplier Requirements:

Supplier requirements vary based on the nature of engagement. Our selection process enables us to choose the right supplier for the right job. Suppliers are qualified through the revision and approval of the necessary pre-qualification documents and process.

Selection is based on the process mentioned above and the supplier evaluation assessment governs the process. Each engagement has different strategy based on the criticality of the contract in close alignment with BUs.



**Evaluation:**

At the engagement phase, suppliers are evaluated through the tendering process, which includes a technical and commercial evaluation. While the service is running, the supplier assessment matrix is used to assess performance on quarterly basis.

**USC**

**Process:**

To qualify suppliers, products are submitted to field tests or actual application, coordinating tests or equipment application with the Quality Assurance Department. The evaluation of the supplier considers design, specification, previous experience, qualifications, financial background and reputation of the supplier.

Bidders lists are largely made up of suppliers who are considered qualified (registered vendors).

**Supplier Requirements:**

The Request for Qualifications from New Vendors procedure asks new vendors to give specific technical and financial data. Additionally, as deemed appropriate, the company may request to conduct an inspection visit of the new vendor’s facilities.

Procedure of approval of New Vendors involves a sample for testing being requested, before an evaluation form (in Oracle system) is completed and approved by authorized personnel, as indicated in Quality Assurance manual.

**Evaluation:**

USC follows strict criteria for registering suppliers on the financial position of the company and the quality of the material to be purchased. However, different criteria and financial position will apply for different categories of the suppliers. For locally controlled materials’ suppliers, local criteria for registration of suppliers is followed. For materials controlled by the central buying, it is the responsibility of the central buying to (Pre-Qualify) suppliers.

Regarding vendor selection, only the Purchase Department is authorized to invite offers for standard and indefinite items, while the User



Department is authorized to invite offers for specialty items. The company will use the following three methods for fulfilling its procurement needs:

- 1) Inquiry (Quotations – Negotiation).
- 2) Tendering (Bidding).
- 3) Sole Source.

In all purchases of major items, the company will require a limited number of bids from the most qualified and reliable suppliers.

With vendors’ performance appraisals, it is the purchasers responsibility to evaluate all suppliers that deliver material more than SR 500k per year, against the following criteria:

- 1) Delivery.
- 2) Quality.
- 3) Quantity.
- 4) Documentation’s and Administrations.

## Responsible Business Operations

### Supply Chain & Procurement *continued*



#### Afia

##### Process:

A Purchase Requisition (PR) is the procedural process by which departments request the purchase of goods and/or services for Afia. The requisition outlines the specifications, quantities and expected dates of delivery for the purchase prior to payment being sent.

Bidders are then screened – first an initial screening is undertaken for those registered in the Suppliers' Registry (a list of existing suppliers and/or those that have passed pre-qualification), followed by a formal screening where buyers are screened in additional detail.

##### Supplier Requirements:

The requesting departments are responsible for preparing the specification and requirements of goods and services. The success of the RFP process will depend on how well-prepared the scope of goods and/or services are and how well candidates progress through the initial screening, formal screening and bidders list.

##### Evaluation:

As part of the bidding process, suppliers are assessed on a range of technical and commercial requirements. These vary depending on whether the purchase is a direct or indirect purchase, and whether the supplier is existing or new.

#### Empowering Local Suppliers

In support of promoting local goods and products, Savola and its operating companies maintain policies that favor local suppliers wherever possible. This is permitted they pass quality screening criteria and a comprehensive review, ensuring their values and ethical standards conform to our own.

We also look to purchase from local suppliers to support local communities and economies. For example, 87% of the United Sugar Company's (USC) spending was with local suppliers in 2018.

To empower local suppliers, USC audits local suppliers and shares feedback on areas for improvement (such as food safety and hygiene). This in turn helps suppliers develop and obtain new customer opportunities. Panda also provides a score to local suppliers to give them an indication of areas to improve to ensure they are more likely to pass future procurement requirements.

## Our Focus Moving Forward



We will continue to thoroughly evaluate suppliers to ensure that they meet Savola's needs (through our Supplier Evaluation Process) and work with our technical teams to guarantee that 100% of new supplies are fully and rigorously assessed. Alongside this, we are working to empower our suppliers, supporting local suppliers wherever possible and sharing feedback on areas for improvement to help them obtain new opportunities.



## Responsible Business Operations Preventing Bribery & Corruption

### Our Approach

All organizations face inherent risk. However, to combat unintended consequences or unknowingly harboring malpractice, such as instances of corruption and bribery, it is important we encourage a culture of openness and accountability within the organization. We are wholeheartedly committed to identifying and remedying such situations.

### Reducing Risk through Internal Controls

Our management’s anti-corruption activities are driven by a comprehensive ethical framework and a sound corporate culture. Savola’s Audit Committee, internal audit departments, and corporate governance and compliance bodies work in cooperation to limit risk by ensuring the proper functioning of internal controls. The financial statements for the Group’s domestic and overseas operations are audited by KPMG.

Savola’s Board and the Shareholder’s General Assembly (AGM) review and approve finances, remuneration, related party transactions and Group performance on an annual basis. In this report, individual business units are not analyzed for risks related to corruption.

To complement these processes, the Group’s Whistleblowing Policy outlines the procedure for employees and concerned persons to report any concerns about workplace practices through the Integrity Hotline. The Board oversees this, with day-to-day responsibility for oversight and implementation designated to a Whistleblowing Officer (DWO). The Audit Committee has responsibility for monitoring and reviewing the operation of the Policy, and any recommendations for changes within the organization resulting from investigations into complaints under the Policy.

### Integrity Hotline

Savola’s Integrity Hotline reporting mechanism is a system for employees or any concerned person to confidentially and anonymously report suspected illegal activities, such as theft, fraud, corruption, waste or misconduct in our organization.

The Integrity Hotline is accessed online at [hotline.savola.com](http://hotline.savola.com) and is a completely independent and secure reporting channel. The reported cases are analyzed by independent professionals with experience in investigating such matters. Anyone using the Integrity Hotline for genuine concerns is assured they can do so without fear of retribution and will not be victimized or intimidated in any way.

Anonymity of a reporting person and a professionally managed framework are hallmarks of this service and Savola’s management is passionately committed to this initiative.

Integrity is one of Savola’s values and we encourage all employees to protect these values.



### Fines and Non-Compliance

As Savola strictly abides to governance and regulations and has strong legal structure in place, there were no incidents reported for legal action regarding competition, monopoly or related outcomes in 2018.

## Our Focus Moving Forward



Savola will continue to encourage our employees to speak out on any issues they wish to bring to our attention and will treat all reports with complete respect and confidentiality. We will also promote our Integrity Hotline as a means for all employees to report such issues and will work to roll out access to this service for additional stakeholders.

## Responsible Business Operations Health & Safety

### Our Approach

At Savola Group, it is essential we carefully monitor our suite of safety measures to keep any incidents relating to injuries, disease and absenteeism to a minimum. Our Health and Safety (H&S) Committees across the operational companies are focused on driving improvements in this area and ensuring our employees have a safe and hazard-free working environment.

### Strong H&S Governance

Our H&S Committees are responsible for identifying – as well as encouraging and motivating employees to do the same – and evaluating work-specific hazards and issuing appropriate recommendations or corrective measures to improve health and safety in the workplace. The worker representatives sitting on a Committee speak on behalf of the workforce for each operating company. They are all familiar with health and safety standards, as well as the specific risks of the activities of each business.

Each of Savola’s operating companies has a dedicated H&S Committee of its own, which focuses on addressing these responsibilities and duties. Employees constitute 2-5% of the memberships of each Committee and represent the respective workforce of each operating company. Due to the low H&S risk of the activities of the HQ, it does not operate such a committee.

### Our H&S Performance Highlights

In 2018, we continued to conduct key activities across our operations to maintain stringent levels of compliance with our own H&S standards and to keep our people safe and secure at all times.

At USC, each department within the business has its own dedicated safety committee. To ensure compliance, each committee has its own team leader and is comprised of 50% managers and 50% non-managerial staff. Meetings are held on a monthly basis and each committee is responsible for building new and updated risk assessments, investigating near misses and incidents as well as sharing and discussing H&S improvements.

IFI also has its own Committee whose core duties are to ensure alignment with all HSE policies and procedures, to track any incidents and to monitor and track process against set KPIs. This work includes providing updates on alignment to HSE induction training and process against the ISO 45001 implementation plan relating to Health and Safety Management. IFI only received one lost time injury day in 2018.

At Afia, the positive work being conducted by the H&S Committee culminated in the achievement

of zero reported injuries, diseases, accidents or lost days in 2018. This combined with a total of 629 hours training brought the number of safe working days without a loss time accident to 827 by the end of the year.

At Panda, progress continued to be made in reducing incidents.

Finally, in our USC division, we continued to progress with our Safety Culture Assessment Framework Roadmap and business-wide HSE training. In 2018, the number of recorded incidents was three (2017: three) and the number of lost days due to injury were 16 (2017: 11).

629

Afia staff received 629 hours of dedicated H&S training.

3

The number of recorded incidents at USC was three in 2018.

### Case Study:

## Promoting a Culture of Safety at Afia

In 2018, Afia launched an innovative new HSE Program aimed at improving HSE Culture by raising awareness of unsafe acts and unsafe actions.

The Program, entitled “STOP” encourages employees to report any unsafe conditions, risks or causes for concern via a dedicated website where employees can upload photos of their concerns and submit a report. Any issues are immediately reviewed and addressed by the HSE team.

## Our Focus Moving Forward



Across the business we will continue on our efforts to align our HSE management systems to OHSAS 18001 and ISO 140001 and other best-practice frameworks/guidelines. We will also continue to improve reporting of safety hazards and train our staff to identify risks, report them and act with safety in front of mind at all times.

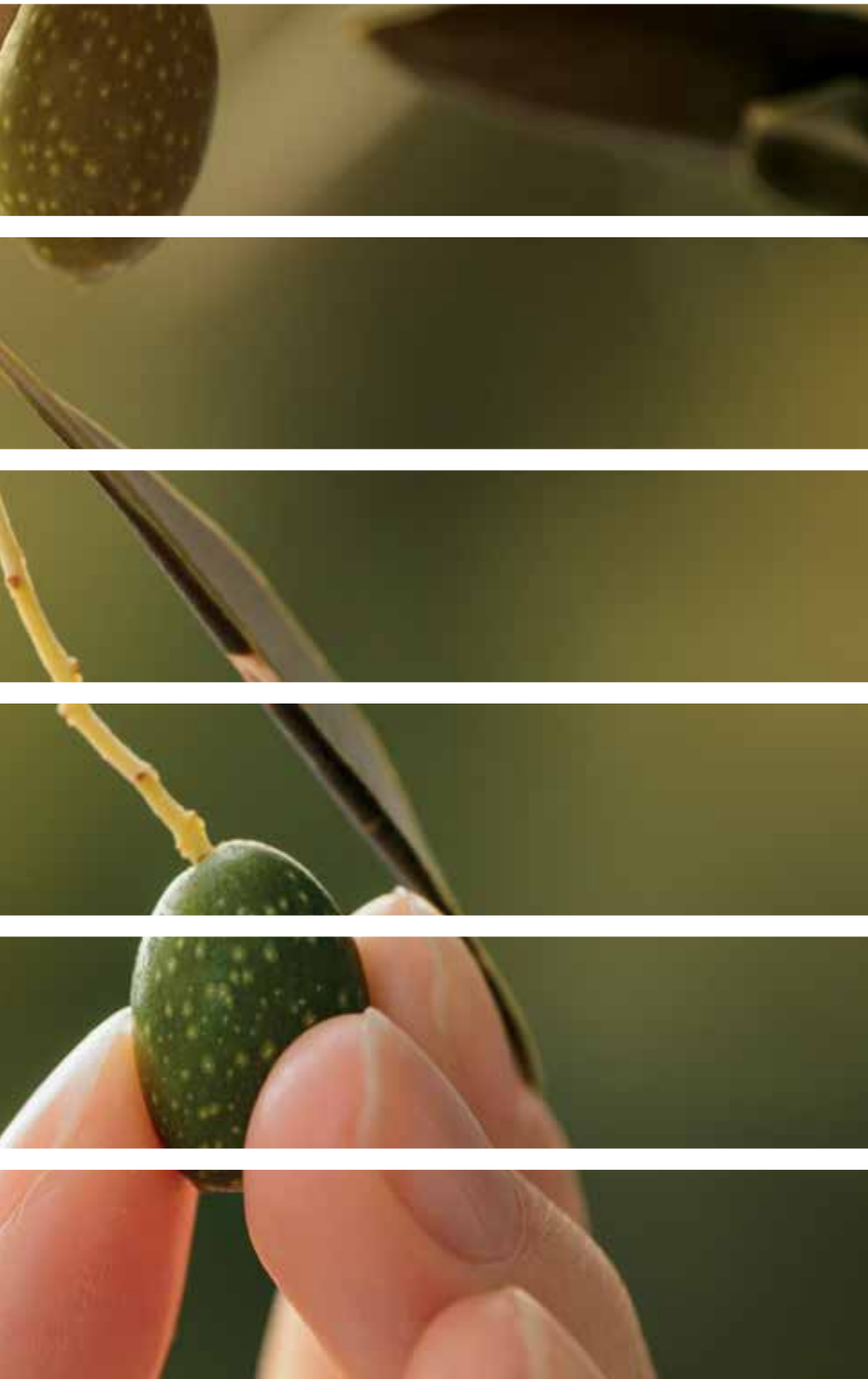




### What do we Focus on?

Community Initiatives and Contributions	28
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# 03

## Community

### Responsible Members of our Community

#### What does this Mean?

As a business that operates at the heart of many communities across the MENAT region, we aim to drive large-scale positive change among the consumers and stakeholders we interact with. To achieve this, Savola promotes healthy living through dedicated community campaigns while also supporting humanitarian causes through donations. During 2018, we continued our efforts in promoting sustainable food consumption through Negaderha program. We are working passionately to decrease food wastage on a national level by raising awareness about the threats it poses and by adopting internationally proven practices to drive behavioral change toward optimal food resource management.

## Responsible Members of our Community Community Initiatives and Contributions

### Our Approach

Savola plays a central role in supporting communities and encouraging them to thrive. Our community initiatives and charitable contributions seek to empower local communities while providing them with skills and providing employment opportunities.

Savola used to allocate 1% of its net operating profits to CSR projects and initiatives, however this policy has been reviewed after the issuance of the new Company's Law in 2016. The new policy is to allocate an annual lump sum budget subject to

the Company's Board of Directors approval. Beyond this, we continued to contribute to organizations with strong social and community credentials.

### Key Community Initiatives across our Business

Initiative	Activity
<b>Panda</b>	
Leave the Change for Them	'Leave the Change for Them' is an initiative launched by Panda Retail Company in 2006. Panda customers donate the excess change from their purchases, which are then donated to the Disabled Children's Association. The amount donated throughout 2018 totaled SR 3.4 Million.
Panda Caravan	The Panda Charity Caravan was held for the 18th year running in 2018. The charity initiative, which aims to promote the spirit of sharing across the company, encourages employees to donate generously during the holy month of Ramadan. The donations are used to provide low-income families across the Kingdom with shopping cards to purchase their essential items for Ramadan and Eid Al-Fitr. One of the main areas of focus was in contributing funds to orphans at Ramadan with the intention of working to help them grow and prosper in 2019 and beyond.
<b>IFI</b>	
Feeding Families	IFI launched an initiative to feed around 50 families in Alnozlah district – a poor neighborhood located in Jeddah city.





Additional Sponsorships  
**Panda**

2018
More than once Vaccinations against polio
Saudi local team sponsorship
Aytamona festival awareness sponsorship
In-store MOCI Awareness Campaign
Special Needs In-store Training sponsorship with MOE
In-store SASO Plastic Bag Awareness Campaign
King Khaled university student training for food safety process.
In-store Osteoporosis Awareness Campaign with MOH
Panda Stores visits trips with MOE
Women's Euro Arabian North Pole Expedition
Saydah Aisha for donated clothes

## Our Focus Moving Forward

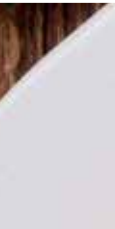


In line with our ambitions, Savola will continue to support the community by supporting community initiatives through financial contributions, donations and volunteering work.

Responsible Members of our Community  
**Food Waste Reduction**



# Negaderha (Food Waste Management Program)



**95%**  
 of Participants are Willing to Initiate and Maintain Behavioral & Purchasing Habits to Reduce Food Waste (Negaderha Social Survey)

**2,500**  
 Recipes were Submitted through the Communication Campaign, from which Nine Winners were Selected

**60**  
 Interactive Leftover Recipe Videos are Available on Negaderha Portal

**Our Approach**

The Savola Negaderha program is a food waste prevention and reduction scheme developed to face the pressing problem of food waste across Saudi Arabia. It is estimated that around 1.3 billion tons of edible food is wasted globally each year (FAO, 2016), and that the Kingdom wastes more food per capita than any other nation. By driving behavioral change both in the home and the HORECA (hotels, restaurants and cafés) sector, we aim to reverse this highly damaging trend that undermines our national food security.







**SAVOLA**  
WORLD

**Negaderha**

**Negaderha**

To effectively realize its goals, Negaderha has collaborated with several local and international organizations – the United Nations Environment Programme (UNEP), the Waste and Resources Action Programme (WRAP) and Ita’am Food Bank. The program aims to develop a comprehensive understanding of the drivers of food waste in the Kingdom and to implement campaigns based on this understanding to achieve tangible, quantifiable reductions in waste.

Building on the data gathered during the initial stages of the program in 2017, Negaderha conducted a new social survey during 2018. The aim of the survey was to establish a statistical baseline from which to measure awareness among the community and the HORECA sector regarding food waste as a social issue and the solutions offered by Savola’s Negaderha Program.

4 M

People Reached through the Digital Campaigns of Negaderha Program

54%

of People Believe that Negaderha is the most Effective National Social Program to Reduce Food Waste (Negaderha Social Survey)

## Responsible Members of our Community

### Food Waste Reduction continued

#### Key Achievements 2018

After the successful launch of Negaderha program, some tools and features were further improved and initiated, to ensure the wide outreach and for the program to make the right impacts on target groups.

The tools and services included:

#### Negaderha Portal Facelift

The portal uplift project tackled three areas: content, aesthetics and usability, with the objective of creating a more user-friendly, interactive and attractive interface to the users and offering easier page navigation and enhanced search feature. You may visit the portal at: <https://negaderha.savolaworld.com/ar>

#### Development of Negaderha Food Planner Tool

Through its enhanced portal, Negaderha introduced the portion planner tool, which helps users estimate the right amount of food to cook, by producing recommendations on nutritious food quantities and calculate the consumption per individual, with the objective of reducing and preventing food waste.

The food planner can be found on our website: <https://negaderha.savolaworld.com/en/awareness/foodcalculator>





### Production of the Digital Leftover Recipe Book

Through this book, Negaderha documented all the submitted recipes in Ramadan Community Campaign 2017. It contains up to 60 leftover recipes from participants in the competition. The book is available on the Negaderha portal.

## Our Focus Moving Forward



With the strong progress made in 2018, we intend to build on the momentum by focusing on the following projects in the upcoming year:

- > Form a strategic partnership with the Saudi Grains Organization (SAGO).
- > Launch Negaderha Mobile Application.
- > Develop and conduct a Negaderha School Communication Campaign, targeting students with food waste reduction messaging.
- > Produce short interactive videos, about food waste management tips and tricks.

## Responsible Members of our Community

### Food Waste Reduction continued

#### Timeline of Negaderha Activities

##### 1. February 2018

##### Launched Food NGO Alliance

In February 2018, Negaderha organized a Conference entitled: “ملتقى تطاف تقدرها مع جمعيات حفظ الطعام في المملكة” – Food NGOs Alliance. The aim was to build national strategic partnerships with NGOs that specialize in food waste management in Saudi Arabia, pave the way to conduct future initiatives and extend Negaderha presence and activities to include all Saudi regions and cities.

The event was a resounding success, with 30 representatives from Saudi NGOs and 15 Food NGOs across the Kingdom attending. The event included a workshop and discussion panels, where NGOs shared their major challenges.

The event culminated in the formation of an Advisory Committee for Food Waste Management in Saudi Arabia, in partnership with the NGOs. This included the development of a roadmap to build a national food waste strategy and NGOs signing a memorandum of understanding (MOU) with Negaderha to help deliver this.



##### 4. April-May 2018

##### Negaderha Communication Campaign

During the Holy Month of Ramadan, Negaderha launched the second edition of its digital communication campaign *أبدعي\_وقدري\_التحدي*. The competition aimed to prevent food waste by utilizing a given set of mystery leftover ingredients each week, and ask the participants to create new dishes out of these ingredients. Nearly 2,500 innovative recipes were received and nine winners were selected. The campaign reached more than four million people across all digital platforms.



##### 5. June 2018

##### Branded Savola Tower Canteen

Negaderha carried out an internal initiative to brand the dining area of the HQ canteen with interactive Negaderha messaging. The aim of the initiative was to spread internal awareness of the Negaderha Program and to equip Savola employees with the practical tools and tips to improve their food waste management knowledge and practices.



**2. March 2018**  
**Negaderha Social Survey Research Project**

Negaderha conducted a social survey study to establish a statistical baseline and measure the community and HORECA sector awareness of food waste as a social issue and the solutions offered by Negaderha Program.

The survey was delivered in a form of paper and face-to-face interviews and electronically, and it covered three major Saudi cities. Based on the survey results, the program contributed to raising awareness about national food waste and adopting community-based practices that limit the waste in the country. 54% of participants believe that Negaderha is the most effective national social program to reduce food waste, while 95% participants are willing to initiate and maintain behavioral and purchasing habits to reduce food waste.



**3. May 2018**  
**Recognition for our Efforts**

In May 2018, Prince Abdullah bin Bandar, the Deputy Governor of Makkah Region, honored Eng. Anees Moumina, The Group CEO, for Savola's pioneering CSR and Sustainability efforts, specifically Negaderha Program and its inspirational movement towards achieving inclusive sustainable food security in the Kingdom. The honoring took place during one of the initiatives launched by Itaam.



**6. July 2018**  
**Leftover Food Video Recipes**

In order to educate the community on how to better utilize and manage their leftovers in easy and creative ways, Negaderha produced 60 interactive recipe videos, which achieved high popularity and engagement amongst the users. The recipe videos can be found on Negaderha portal and Savola World Youtube Channel.



### What do we Focus on?

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# 04

## Employees

### Helping our People Thrive

#### What does this Mean?

Our employees make our business, and it is only through their perseverance and dedication that Savola is able to realize its goals and vision. To meet the current and future needs of our business, we remain focused on attracting, engaging and retaining the best available talent, while developing their knowledge and skills to enhance how they learn, lead and respond to challenges.

Our employee focus is an integral part of our sustainability vision, which prioritizes responsible human capital management. Our established policies secure a positive working environment for all our employees and aim to attract and welcome new members of the Savola family who share our values and vision for long-term sustainability.

## Helping our People Thrive A Supportive Culture

### Our Approach

True to our reputation as one of the Kingdom’s leading employers, we remain committed to ensuring the welfare of all our employees, reflected in a wide range of programs designed to enhance career development; recognize and reward outstanding staff and their achievements; and promote a positive, balanced professional environment.

To deliver this, we seek to maximize the creativity and productivity of our workforce at a holistic level through our Human Resources (HR) efforts. The Group’s HR departments share the same values and commitment to fostering a positive corporate culture based on clear ethical principles and equitable governance, while the HR departments of Savola Foods and Panda Retail fulfil the HR functions of their respective companies.

We seek to develop and nurture a diverse team of highly-capable, motivated people who have the knowledge, skills and determination to overcome complex challenges and deliver on opportunities. It is our commitment to the welfare and success of our people that is behind our reputation as an employer of choice for talented people from across the region.

### Our HR Vision

Savola Group’s HR vision is to be the region’s employer of choice in the food and retail industry. True to our corporate values, and in particular our commitment to fairness and the welfare of our people, encapsulated by the Arabic term “birr”, our corresponding HR mission is to:

- > Attract and sustain the best available talent to meet current and future demands.
- > Support workforce nationalization and enhance our employment brand.
- > Promote an engaging environment that is supportive of change and increased productivity.
- > Leverage technology, social media and advanced systems to raise the standard of our HR services.
- > Develop a highly-skilled workforce that will learn, lead and respond to challenges.
- > Balance our resourcing and cost management strategies.



### Case Study

## Getting to Know our Group CEO

In 2018 we launched a quarterly town hall meeting led by the Group CEO, which brings together employees and executives from all levels of our Group to listen and learn from each other. This regular get-together allows staff to ask questions directly to senior management, and serve to reinforce the goals and values of the Group.

Additionally, all new hires now enjoy lunch with the Group CEO. This is an additional element of the on-boarding process which has been designed to help employees feel part of the Group, and is supplemented by a range of communications materials and induction training.

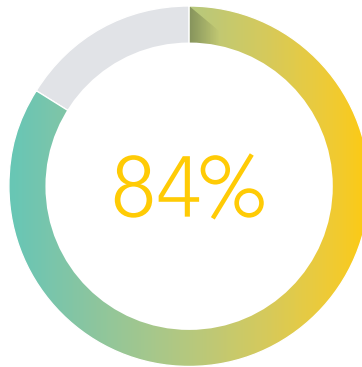


Number of Survey Participants

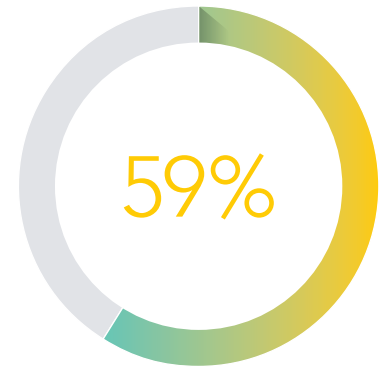


+23,000

Participation Rate



Engagement Score



**Listening to our Employees through the Tawer Program**

In addition to our world-class development, appraisal and reward system, we seek to measure, benchmark and improve employee engagement through our “Tawer Program”, a Group-wide employee engagement survey introduced in 2016.

In 2018, we continued to gather feedback through Tawer to enhance synergies and strengthen relationships across the Group. The survey involved more than 23,000 respondents across Savola Group – an 84% participation rate – and revealed a 59% engagement score, representing a six-point increase over 2016. The results were particularly positive from Savola HQ, which saw a 71% engagement rate and a seven-point increase from 2016 and a 98% participation rate.

This survey provided a critical platform for Savola’s employees. It allowed the voice of our workforce to speak clearly to HR and senior management, making their wishes and concerns heard. In direct response, the Group rolled out a wide range of internal and external initiatives in 2018, designed to improve engagement and happiness of employees, and enhance synergies across our Group.

**Providing Employee Benefits**

We continued to offer all our full-time employees a comprehensive package of benefits and incentives in 2018. This includes:

- > Basic salary.
- > Housing allowance.
- > Transportation allowance.
- > Medical insurance.
- > Annual performance bonus.
- > Children’s education allowance.
- > Annual air tickets for Saudi employees.
- > 30 days paid leave.
- > Free-of-charge in house Childcare.
- > Free-of-charge car parking.
- > Annual Salary increase cycle.

In addition, our operating companies offer their own benefit programs and perks. For instance, Panda offers store sales-based incentives, which are paid out on a quarterly basis. Panda employees also receive additional benefits for overtime, work location, irregular working hours and temporary assignments, as well as for special considerations for the nature of certain jobs and employees with disabilities. At IFI, employees are offered fuel allowance, a free lunch canteen and a reward incentive system and, at Savola Foods, employees are provided with a host of benefits through our dedicated Employee Privileges Program.

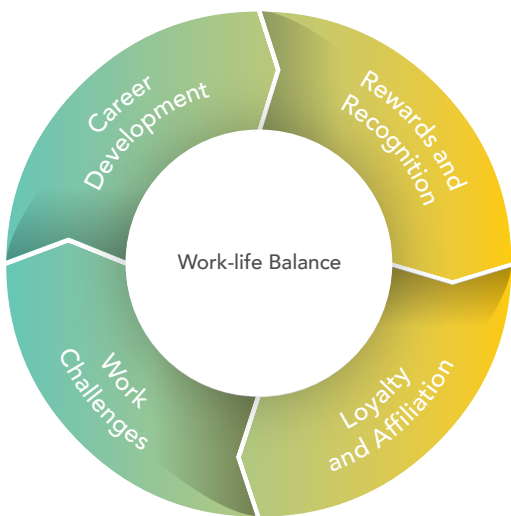
Employee retention and loyalty are vital to our business and shared success. We therefore express our appreciation and respect for our people by offering them additional compensation for their hard work through overtime pay and other work-life balance benefits. We provide our people with competitive total rewards and conduct bi-annual performance and career development reviews of our entire workforce.

## Helping our People Thrive A Supportive Culture continued

### Creating a Fair Work-life Balance

Work-life balance is an incredibly important aspect of our efforts to maintain a happy, healthy workforce that operates in an environment that is both inspirational and supportive. We therefore provide the following benefits and facilities to our employees:

- > A health program that provides a variety of medical benefits, such as diabetes check-ups and awareness sessions, seasonal vaccines and healthcare reports based on blood tests at the Group tower.
- > Gym membership.
- > Ramadan breakfast for all Group employees, complete with gifts.
- > Ramadan gifts include a pre-paid Panda shopping card.
- > Eid gifts.
- > Employee charity programs.



In 2018, we ran an International Smile Day campaign to increase positive engagement with employees. Using our Social Media platforms, we asked employees to post under the theme “With Savola, what makes you smile?”, and the flood of positive responses helped to further develop Savola’s strong employer brand in the market.

### Attracting New Talents

In 2018, we further developed our social media presence to attract and engage exceptional talent to work at Savola. We also revamped our careers webpage, making it more user friendly and informative, which resulted in a significant boost in engagement with job-seekers.

#### Case Study:

## Announcement of Sela Program

In 2018, Savola designed its employee social program “Sela”, which aims to enhance the communication between Savola Group employees through various informal activities.

To achieve this, Sela will conduct several social activities throughout the year, with the aim of strengthening the relationships between the employees, which contributes towards creating an interactive work environment.



## Our Focus Moving Forward



Savola will remain committed to ensuring the welfare of its employees by providing various programs designed to enhance their career development; recognize and reward outstanding staff and their achievements; and promote a positive, balanced professional environment. We will also work to provide a variety of work-life balance activities and internal campaigns to effectively engage with our employees.



## Case Study

# USC Employees Events 2018

**USC bought employees from across the business together in 2018 through several gatherings and events. The list of these activities and events is as follows:**

- > Annual Gathering 2018
- > Health Lounge
- > Eid Breakfast
- > Annual Ramadan Iftar 2018
- > FIFA19 Competition Play Station
- > AlBaik Meal
- > Long Service Award 2018
- > Reward قدها و قدود – Got what it takes (Reducing the Weight)
- > Flu Vaccination Campaign
- > Lunch for today (Special lunch like Albik-Kudu)
- > Stars Smile Dental Center
- > Al Osra Volleyball Tournament
- > International Anti-Drug Day
- > Eid Campaign

Beyond this USC opened a clinic, which is equipped with new services and medical equipment to effectively treat many different health issues for USC employees. The clinic is available 24/7 and provides medicine for common diseases, a quarterly healthcare program as well as weekly random checks on employees to monitor health and take any necessary action.

Additionally, and complementing the collective efforts we do with our employees, Savola holds an annual team building activity, to bring together all staff, across the different operational companies, in order to create team synergy and strengthen the bonds between the employees.

## USC's Medical Clinic

The clinic is available 24/7 and provides medicine for common diseases, a quarterly healthcare program as well as weekly random checks on employees to monitor health and take any necessary action.

## Helping our People Thrive Training and Development

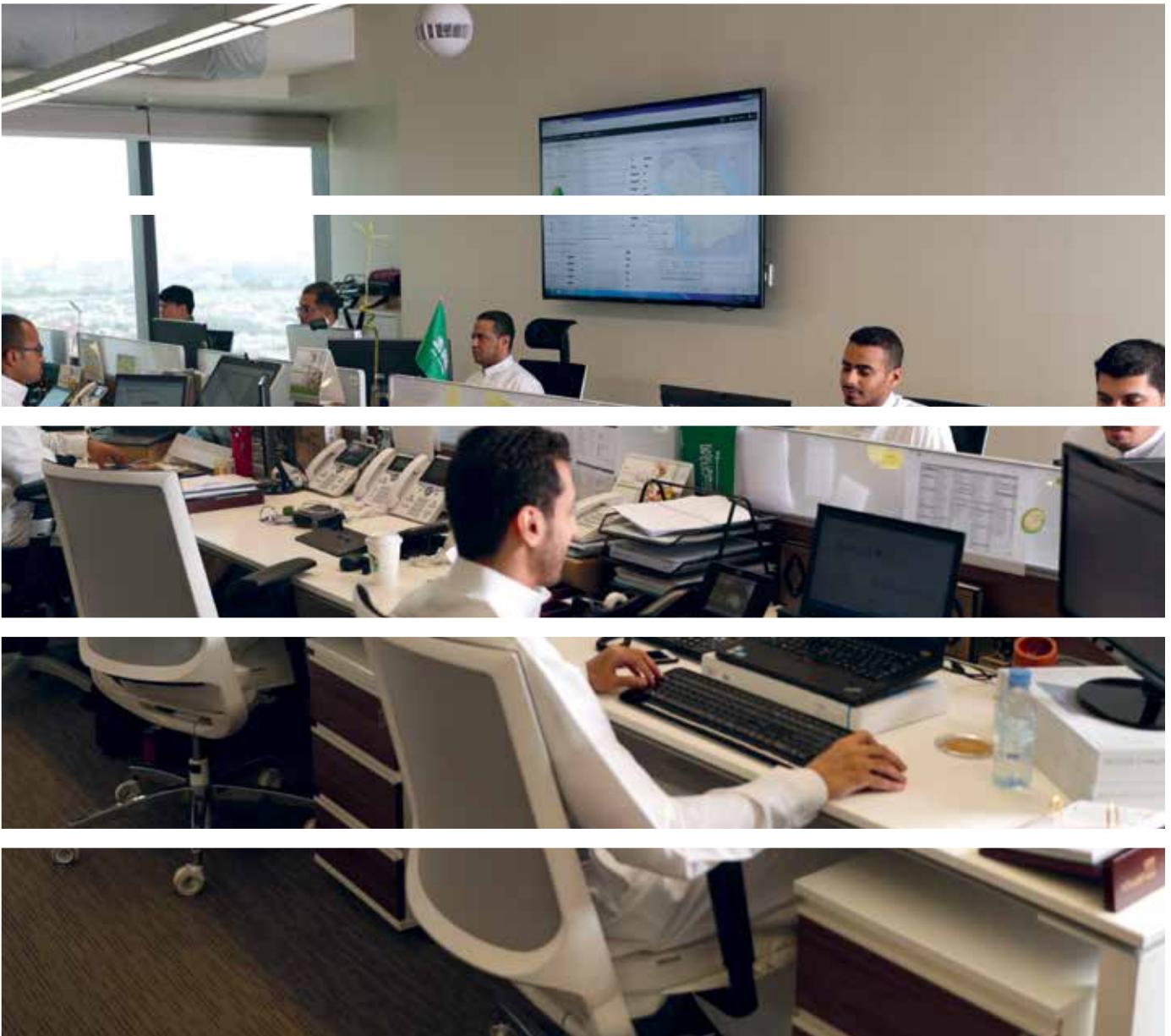
### Our Approach

Attracting, engaging, and retaining the right people is a key priority in our strategy. We seek to increase the competency and skills of our entire workforce to enable them to thrive and to provide them with the skills required to keep our customers satisfied and our business running effectively.

Reinforcing our commitment to strong corporate governance and business continuity, we introduced high-level succession management during the year, which includes definitions and criteria for identifying and selecting qualified and

suitable candidates for key executive roles across the Group, once such a position becomes vacant.

In 2018, we substantially increased the total number of training hours across the group.



## Key Training Programs Across the Group

HQ	<ul style="list-style-type: none"> <li>&gt; Communication Skills &amp; Procurement Basics</li> <li>&gt; Digital Marketing Course</li> <li>&gt; Sustainability &amp; CSR Strategy</li> <li>&gt; Building Strategy</li> <li>&gt; HR Summit &amp; Expo</li> <li>&gt; English Training Course</li> <li>&gt; Advanced Excel Training</li> <li>&gt; Project Management</li> <li>&gt; Admin Back Office &amp; Secretary</li> </ul>	Panda	<ul style="list-style-type: none"> <li>&gt; Basic retail skills</li> <li>&gt; Customer service from the heart</li> <li>&gt; Certificate in Retail operations</li> <li>&gt; Saudi Trainee Program (STeP) – Supply Chain</li> <li>&gt; New Store Manager Onboarding Program</li> <li>&gt; CCO District Manager Program</li> </ul>
Afia	<ul style="list-style-type: none"> <li>&gt; Accelerate program for managerial level</li> <li>&gt; Annual Strategic Sourcing and Procurement MENA Summit</li> <li>&gt; Business Acumen</li> <li>&gt; Business Object &amp; Marketing module</li> <li>&gt; Certified readiness program</li> <li>&gt; Communication for leadership</li> <li>&gt; Conflict Management</li> <li>&gt; CPIM</li> <li>&gt; Customer Focus</li> <li>&gt; Day-to-day Leading</li> <li>&gt; IFRS Seminar</li> <li>&gt; Innovation Training</li> <li>&gt; International Financial Reporting Standards training (IFRS)</li> <li>&gt; Leadership training</li> <li>&gt; Problem solving</li> <li>&gt; Procurement and Supply Chain Management Best Practices</li> <li>&gt; Setting Organizational Goals</li> <li>&gt; Strategic process redesign</li> <li>&gt; Teamworking</li> </ul>	USC	<ul style="list-style-type: none"> <li>&gt; Technical training for all employees</li> <li>&gt; Functional training for all employees</li> <li>&gt; English language training</li> <li>&gt; TPM</li> <li>&gt; ISO Standards alignment</li> <li>&gt; Accelerate program for managerial level</li> <li>&gt; IQTIDA'A program for Director level</li> </ul>
		IFI	<ul style="list-style-type: none"> <li>&gt; Business Acumen</li> <li>&gt; Cost Analysis and Control</li> <li>&gt; Creativity</li> <li>&gt; Customer focus</li> <li>&gt; Industrial Manufacturing of fine bakes goods</li> <li>&gt; Innovators Method</li> <li>&gt; ISO 45001 Internal Auditor training</li> <li>&gt; Leadership training</li> <li>&gt; Problem solving</li> <li>&gt; Right pricing in shortening and margarine business</li> <li>&gt; Strategic Process redesign</li> <li>&gt; Teamworking</li> </ul>



## Helping our People Thrive Training and Development continued



### Case Study

## Panda Leading in Training Provision

Over 2018, Panda continued to expand and provide comprehensive training for employees at all levels of the organization. Below is an overview of some of these programs and who they are available to:

### Basic Retail Skills

A three-day program is provided for new-hires to expose them to the in-store environment. During the program, participants attend modules on company induction, customer service, food safety and hygiene. Upon completion, participants are assigned to their respective departments to continue on-the-job training.

### Customer Service from the Heart

For associates in store, an action learning program is provided. The program educates employees about the importance of customer service by providing them with the information on mystery shopper results, identifying areas for improvement and working on the action plan to improve in store service.

### Certificate in Retail Operations (CRO)

A two-day on-the-job training program is provided for associates operating in various sections of the store. The training includes modules and guidance based on the section of the store they work in including practical training. Performance is

assessed by a trainer and participants are awarded a "Certificate of Retail Operations" upon completion of the program.

### New Store Manager Onboarding Program

In this program, newly hired store managers will undergo a 21-day program to learn about all aspects of store operations (covering standards, processes, procedures, etc.). The program consists of classroom training, before going to the assigned store to practice what they have learned in with guidance from a coach (existing senior store manager).

### Saudi Trainee Program (STeP) – Supply Chain

A two-week attachment for Demand Planners in our Supply Chain operations. The objective of the training is to expose and train new employees about processes and procedures in store operations.

### CCO District Manager Program

A 30-hour learning program for newly appointed Central Cashier Office (CCO) District Managers. The program covers the modules of Customer Service from the heart, leadership skills, induction and introduction to the Saudi Retail Industry, Train-the-trainer: CCO basic retail skills and CRO.

## Our Focus Moving Forward



Savola aims to place a better focus on building a highly knowledgeable workforce, by providing a variety of training programs, especially ones focusing on the technical skills. In addition to this, we will kick off Sela Program, with its various social activities throughout the upcoming year.

At Panda, and in line with our previous commitment, the National Capability Development program aims to produce: 100 management trainees; 50 Saudi bakers; 200 Saudi salesmen and saleswomen; and 50 Saudi butchers. The program also aims to ensure that 90% of assistant store managers are Saudi nationals. Currently, 90% of section managers and heads of department are Saudis.

## Helping our People Thrive Diversity and Inclusion

### Our Approach

We are committed to enhancing equality within the workplace and to promoting and supporting equal rights for all people regardless of their gender, religion, age, ethnicity, citizenship status or disability. Our approach is aligned with the goals of Saudi Arabia’s Vision 2030.

We seek to deliver initiatives and activities across the Group which promote diversification, support people with disabilities and empower female employees. Our HR programs focus on talent acquisition, workforce optimization, employee engagement and retention, and fostering a fair and transparent values-driven culture.

### Powering Saudization

In line with the National Development Plan of the Kingdom of Saudi Arabia, we have a duty to support local talent by absorbing more Saudi citizens into our business. This is an essential national priority and we are committed to meeting related requirements for each field of operation or sector, as stipulated by the state. The following table presents hiring and Saudization data in each operating company within the Savola Group during the reporting period:

**+5.8%**  
Saudization in Panda  
Rose from 39%  
to 44.8%

**+5%**  
Saudization in Afia  
Rose from 47%  
to 52%

**+6%**  
Saudization in USC  
Rose from 44%  
to 50%

Operating Company	2016		2017		2018		% change (year-on-year)
	Total workforce	Saudization	Total workforce	Saudization	Total workforce	Saudization	
HQ	48	73%	46	71%	52	67.3%	+15.3%
Afia	474	43%	491	47%	510	52%	+5%
Panda	24,591	32%	22,628	39%	19,888	44.8%	+5.8%
USC	380	41%	410	44%	427	50%	+6%
IFI	–	–	–	–	55	25%	–



## Helping our People Thrive Diversity and Inclusion continued

### Equality in the Workplace

We aim to maintain our strong track-record of attracting exceptional talent to join our highly capable and motivated team. Our diversity remains one of our key strengths and Savola is widely recognized as a market leader for its female empowerment initiatives. In 2018, we enhanced the day-care facility in Savola Tower by creating a mother’s committee to drive continuous improvement and we also joined hands in celebrating momentous days throughout the year, such as National Day and Mother’s Day.

Savola encourages more female employees into its workforce, in the entire structure, and across different management levels including its executive team. Additionally, and on a Group level, we promote equal pay structure to all of our employees.

In line with the Saudi government’s decision to allow women to drive for the first time in the Kingdom, we organized an initiative under the name “Jahza”, in cooperation with Abdul Latif Jameel (TOYOTA), Jeddah Traffic Department and “Najm”, reflecting our belief in supporting women (including male employees’ families) throughout our group. To show our support we decided to cover the costs of issuing a driving license for the first 30 female employees.

### Employee Breakdown

	2016		2017		2018	
	Full-time equivalent (FTE)	Contractor	Full-time equivalent (FTE)	Contractor	Full-time equivalent (FTE)	Contractor
HQ	48	N/A	46	N/A	53	1
Afia	474	455	491	387	510	35
Panda	24,591	1,438	22,628	1,354	19,888	1,138
USC	380	56	410	550	427	524
IFI	–	–	–	–	55	35
<b>Total</b>	<b>25,493</b>	<b>1,949</b>	<b>23,575</b>	<b>2,291</b>	<b>20,933</b>	<b>1,733</b>

### Case Study:

## A Commitment to Diversity at Panda

The Panda Saudization Program, initiated in 2017, is designed to complement the initiatives of the Ministry of Labor and Social Development in support of the 2030 Vision and offers customized training focused on the technical skills required to nationalize jobs within stores.

Panda maintains a platinum band Saudization rating – with nationals accounting for 44.8% of our employees in the Kingdom. In 2018, an agreement was signed with the Saudi Human Resource Development Fund (HRDF) to recruit and train young, dynamic Saudis.

Over the course of 2018, Panda continued to improve diversity in the workplace through several initiatives.

Highlights include:

- > Receiving the prestigious international disability award from the Government of Brazil in a celebration that was held in the United Nations Headquarters in New York. In 2018, the number of Panda employees with disabilities reached 298.
- > Extending Panda’s applicant pool to include more women in many positions in its office and stores, with the number of female employees rising to 768. One female employee holds an executive role of Chief Human Capital Officer, while three other females hold senior roles in the Company and one female employee was hired as District Manager. Another female employee was hired to act as Regional Training Manager.



**Case Study:**

## Supporting Employees with Disability

Savola Group maintained our Gold level Mowaamah Certificate, awarded by The Ministry of Labor and Social Development to the Group for creating a disability-friendly workplace and supporting people with disabilities through dedicated facilities, recruitment and training policies under Savola’s Makeen program. This is the second consecutive year we have received this award.

**Case Study:**

## Enabling Youth to Enter the Workplace

In 2018, Savola partnered with a group of leading employers in the Kingdom, in an international initiative called “Alliance for Youth”. The partnership is dedicated to helping young people enhance their skills and prepare them to enter the job market. Through workshops about the job market, support in developing their CVs, and interview coaching, the initiative prepares participants for professional life and improves their job prospects in an increasingly challenging job market.



## Our Focus Moving Forward



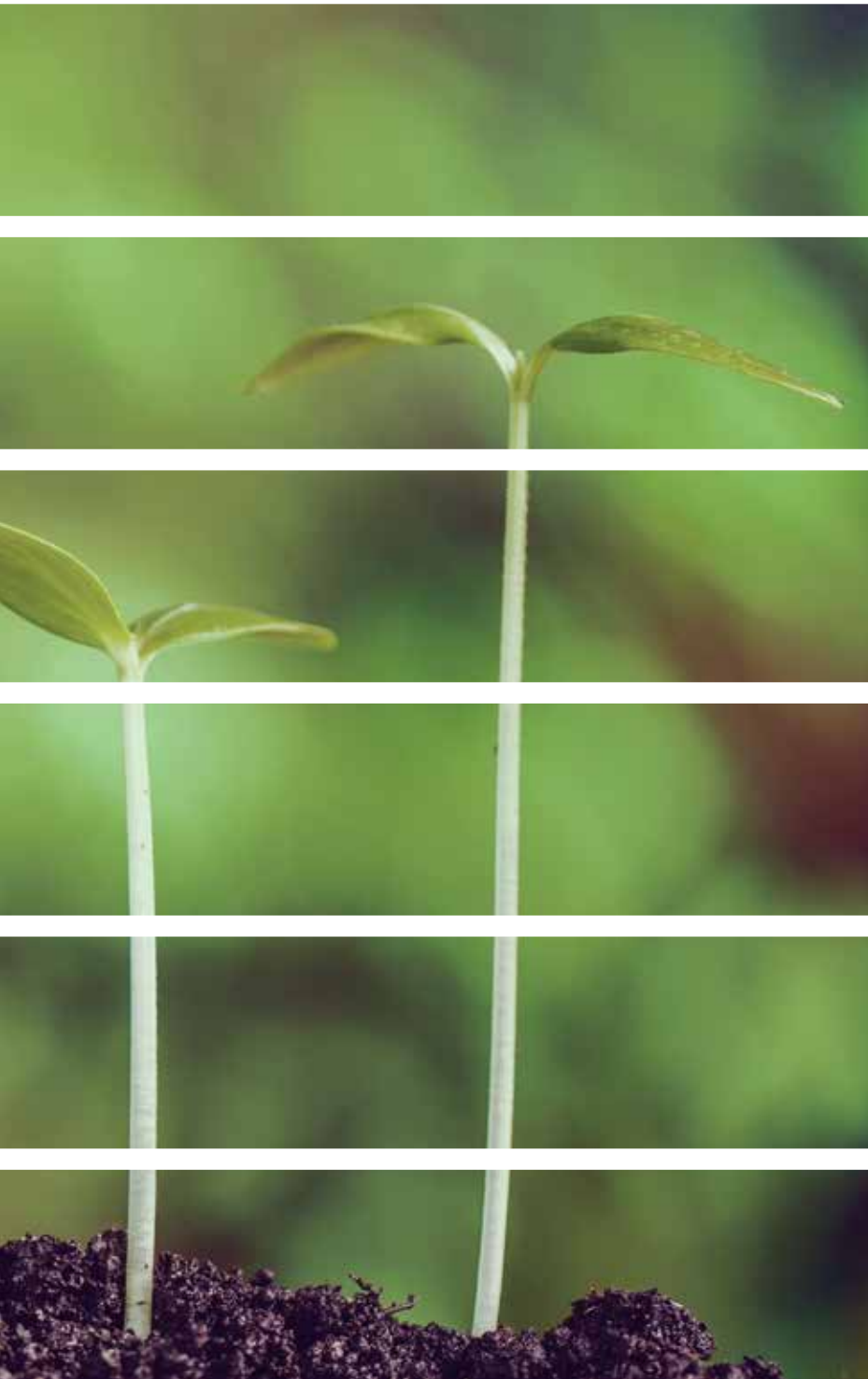
We will continue to promote and increase the employment of Saudi’s across our divisions. Beyond this, we will continue to promote a culture of inclusivity and fairness in line with our commitments and values.



### What do we Focus on?

Energy Consumption	50
Waste Management	50
Water Consumption	51





# 05

## Environment

### Reducing, Reusing and Recycling

#### What does this Mean?

Businesses do not exist in isolation. They have an impact on virtually all aspects of the natural world around us. This means we have a responsibility to affect positive change on our environmental impact where possible.

At Savola, we work to safeguard natural assets through efficient resource management, across all our subsidiaries, with our commitment to “reduce, reuse and recycle.” We also strive to improve the environmental profile of our products and ensure they meet all relevant legislation.

## Reducing, Reusing and Recycling Environmental Responsibility

### Our Approach

Our commitment to the environment is embedded in our ethos and our operations. Our unique environmental initiatives set stringent energy consumption, waste and water reduction targets and by providing the least ecologically harmful products and services, we strive to continuously reduce our environmental footprint.

Our commitment to reducing our environmental impact is set out in our Code of Conduct. We achieve this by ensuring that the resources and materials we consume are sustainable, recyclable and produce minimal waste. Wherever possible, we utilize technologies, materials and processes that have no adverse environmental impact. In cases where negative impacts are unavoidable, we strive to minimize those impacts. We also encourage our suppliers and contractors to adopt these objectives wherever possible.

### Energy Consumption

As a multinational organization with stores and offices around the MENAT region, we recognize the impact our day-to-day business activities have on the environment. As well as seeking to guarantee that our operations adhere to environmental management standards, we also measure and monitor our direct energy consumption. The table below presents energy consumption data from our operating companies in kilowatt hours (kWh) for the reporting period\*:

\* This number is inclusive of the entire Savola tower, consisting of 15 floors, that includes Panda HQ as well.

Energy Consumption (kWh)	2016	2017	2018
HQ	514,096	567,559	2,331,926*
Afia	51,075,803	56,276,077	50,328,480
USC	127,319	124,838	241,517
IFI	–	–	8,661,375

### Waste Management

Waste reduction at all stages of the value chain is an important aspect of environmental stewardship. This includes in product development, through to sales and managing waste within our corporate HQ and regional offices. Savola places significant emphasis on helping our customers to be mindful of waste

in the home – this is the focus of our Negaderha program (see page 30). The table below details the waste produced by each operating company in metric tons for the reporting period\*\*:

\*\* Panda doesn't currently have a record of the volume of its office waste.

### Waste Management

Waste (MT)	2018
HQ	135
Afia	139,158
USC	241,517
IFI	24,242

### USC

Waste (MT)	2018
Steel	211.9
Plastic Bags	46.5
Cables	13.3

### Water Consumption

It is also vital that we manage our water usage in a safe and responsible manner, particularly given our operations in water-scarce regions. Our most significant water-related environmental impacts stem from our food investments – specifically our direct food production through Savola Foods Company.

Our retail operations also consume water and we strive to implement measures to reduce usage across our operations wherever possible. The table below presents water consumption data for each operating company in cubic meters for the reporting period:

Water (m <sup>3</sup> )	2016	2017	2018
HQ	233,945	323,187	6,735*
Afia	233,945	323,187	283,272
USC	578,000	565,000	499,000
IFI	–	–	43,567

\* This number is inclusive of the entire Savola tower, consisting of 15 floors and Panda’s corporate HQ.

### Case Study:

## Launching an EMS at Afia

In 2018, Afia launched its own dedicated Environmental Management System (EMS) aligned to ISO 14001 (2015). The EMS is built on the four pillars of Environmental aspects and impact analysis; Waste management; Environmental measures; and, Employee engagement.

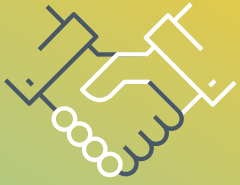
The EMS forms part of a broader environmental plan, where each department within the business is encouraged to identify and review types of waste, develop action plans and roll out specific environmental initiatives such as waste segregation and using glass or ceramic cups over paper cups.



## Our Focus Moving Forward



We will continue to measure and monitor the impacts of our activities on the natural world and the health of the environment. By championing GHG reduction initiatives across our operations we will reduce any harmful emissions generated as a by-product of our operations. We are also committed to minimizing the environmental footprint of our products and services through all means available.



### What do we Focus on?

Customer Satisfaction	54
Health, Nutrition and Packaging	56
Makeen Program	58
Effective Risk Management	62





# 06

## Our Sector

### A Responsible Actor in our Industry

#### What does this Mean?

Our industry has an important role within society and has the leverage to deliver impact. Sustainable practices not only help drive competitiveness and maximize the potential of our industry, but offer us the opportunity to drive positive societal change through our commitments and initiatives. As an influential player in the food and retail space, we have a duty to be a responsible leader in this area.

## A Responsible Actor in our Industry

### Customer Satisfaction

#### Our Approach

As a customer-focused business, we see ourselves less as a provider and more as a partner to our community. Our customers use our products throughout the day, wherever they are, in every aspect of their lives, and we strive to support and fulfil their needs.

We have a regional focus that encourages our local operation teams to better understand their immediate customers. By developing this understanding our communities and our customers, right down to a neighborhood level, it allows us to provide different products and assortments across different regions accordingly.

We offer excellent value for money to our customers by providing them with unrivalled deals and offers and through extensive innovation in our store offerings. By partnering with our suppliers to deliver joint programs and activities, we are able to effectively cater to the needs of our growing communities.

#### Customer Satisfaction Measures across our Divisions

##### Panda

As one of the largest local shopping destinations across the country, Panda is dedicated to offering the best experience for customers. Since 2018, we have been working to improve the customer care function in order to increase customer satisfaction.

We have been training the customer service team to become better representatives of Panda and working to improve systems and processes to offer the highest level of service availability.

- > Operations: Dealing with customer inquiries and complaints on the spot through store-level operations teams to guarantee the highest possible level of service and satisfaction.
- > Call center: Dealing with all types of customer inquiries, suggestions and complaints as well as conducting out-bound and follow-up calls to make sure customers are satisfied, as well as acquiring customer feedback on all Panda departments and gauging the market in terms of service and product satisfaction.
- > Website and social media: Inquiries and complaints received through the Panda website are handled in the same way as those received by the call center, using the same process and ticket classifications.

- > In recognition to its efforts during 2018, Panda attained the 2019 Award for 'Excellence in Customer Experience' at the RetailME Awards. Panda was chosen based on challenging criteria and was recognized for its role in delivering the best customer experience amongst national and international business.

##### Afia and USC

- > Satisfaction survey to identify strengths and potential areas for improvement.
- > Technical visits and technical support offered to all customers.
- > Customer complaints are responded to and resolved wherever possible.
- > Ease and punctuality of delivery as a supplier is prioritized.
- > Financial terms and conditions are flexible and include credit terms.
- > Product quality, range and consistency are constantly checked.
- > Trustworthiness, transparency and response rate are a priority.

In 2018, USC's customer satisfaction rate was 78%. Overall, clients have an above average satisfaction with USC based on industry standards. As for Afia, the below table outlines individual brand satisfaction rates across the subsidiaries' brands:

Brand	2018
Afia	46%
Al Arabi	26%
Shams	8%

# 78%

**USC Customer Satisfaction Rate**





**International Standards**

Savola Group ensures that all of our products adhere to the highest international quality standards, and specifically the health and safety stipulations of individual products and services provided. Our operating companies have also attained a variety of national and international quality certifications (ISO 2008-9001; ISO 22000:2005; ISO 14001:2004; BRC systems) and fully adhere to the Saudi Arabia Standards Organization’s standards and guidelines. Savola’s strategic goal is to achieve business sustainability through portfolio diversification based on customer feedback. By evolving our products and offering to match customer needs, we continue to improve quality and safety.

The Group has implemented a Confidentiality Information Commitment Policy, ensuring that customer information is treated with total confidentiality. Safeguarded information also includes operations information, accounting systems, research data, project execution data, production data, marketing data, and both current and future financial projections. During the reporting period, none of the operating companies witnessed any cases of non-compliance with regard to a breach or loss of customer data.

**Our Focus Moving Forward** 

We continue to focus on becoming a more customer-centric organization. By providing new services and products that more closely match our customers’ needs, improving our customer service delivery by training our store personnel and improving systems and processes, we can position Panda as the best local shopping destination for our customers across the country.

## A Responsible Actor in our Industry Health, Nutrition and Packaging

### Our Approach

We endeavor to promote health and nutrition among our people and customers. We are working hard to improve the packaging of products and provide clear labeling of nutritional profiles, ingredients, allergy warnings and health tips. Our divisions also run programs to boost and promote healthier lives.

### Supporting Employee Health and Wellness

To safeguard employee wellbeing, we have developed an employee wellness program, designed to increase awareness of medical conditions such as breast cancer and diabetes. We ensure that healthy, high-quality food is provided for more than 800 employees at Savola Tower in our new canteen, and launched a clinic service through a partnership with My Clinic.

Savola continues to provide its employees with a range of unique benefits, including an Employee Home Loan scheme for Saudi employees; Takaful insurance to support employees' families in the unfortunate event of death or permanent disability; and Savola's Employee Takaful Fund to assist junior staff (below manager level) to deal with financial emergencies.

800

Employees are Provided with Healthy, High-quality Food at Savola Tower in our Canteen



## Health Activities Across our Business Panda

Panda has partnered with a number medical and health providers to hold awareness sessions and routine check-ups, free of charge for employees. We have collaborated with the Ministry of Health to provide flu vaccinations to its employees and continue to partner with government authorities to secure the hygiene certifications for employees working in sections such as Fresh, Bakery and Butchery in stores.

### USC

USC has partnered with Saudi Airlines Catering to assist its employees in maintaining a healthy diet by providing specially selected diet meals for lunch. The company also established a new program to ensure that fresh fruit is provided throughout the working day.

The USC Clinic provides medicine for common diseases, based on doctors' advice. It also provides awareness health programs and healthcare programs on a quarterly basis, takes care of employees who have diabetes and high-blood pressure by offering monthly checks and providing medicine. The clinic is equipped with medical devices for doing random weekly tests to monitor USC employees' and casual labor's health status, as a preventive measure. All services are available 24/7, including a USC Fitness center.

## Transparent Packaging and Labeling USC

USC considers packaging sustainability as a vital component in maintaining competitiveness, customer satisfaction and alignment to best-practice.

On an annual basis, material development projects targeting marketing promotions, market requirements, operation optimization and cost optimization. This is usually based on experimental trials by our development team as well as suppliers' factory visits for further technical modifications and development.

At USC, we are open to developing new stock keeping units (SKUs) in house through our development team to assure the sustainability and being updated to the market. In line with food safety alignment, we follow Saudi Food & Drug Authority (SFDA) requirements for all Packaging material being used in USC and benchmark with international sugar market.

### Afia and Panda

Afia and Panda continue to improve the sustainability of the food packaging solutions used across their businesses. By constantly monitoring developments and reviewing the latest industry insights and environmentally-friendly initiatives through connections with national and international health bodies, these businesses are making strong progress. Strategic partnerships are also leveraged with suppliers to encourage the adoption of the latest technologies in efficient and sustainable manufacturing.

Given the importance of nutritional information in establishing healthy lifestyles among our clients, our labeling provides useful "guideline daily amounts" for all food products to provide full transparency to our consumers and assist them in making healthy choices.

We are also in the process of converting all plastic consumer products to biodegradable materials in alignment with the latest SASO standards. This includes plastic cups, table covers and food storage bags.

## Our Focus Moving Forward



We will continue to promote health, wellbeing and improved packaging across our operations. Beyond these efforts, we also paid particular attention to helping raise awareness of food waste among our customers through our Negaderha project (see page 30).

A Responsible Actor in our Industry  
Makeen Program



# Empowering People with Disabilities



## Our Approach

Savola Group is committed to integrating people with disabilities into our workforce. Our commitment goes beyond employment policies to include the general promotion and respect of the rights of people with disabilities, raising awareness throughout society, and the development of policies and practices that protect disabled people from all forms of discrimination.





**SAVOLA**  
WORLD

**Makeen**

In October 2017, we became the first private company in Saudi Arabia to join the International Labor Organization (ILO) Global Business and Disability Network.

Savola is one of the founders of the Qaderoon Business Disability Network of employers and holds a gold category Mowaamah certificate for the advancement of people with disabilities.

Our commitment is embodied by our Makeen program, which is dedicated to empowering people with disabilities and increasing the number in private sector employment. Through the Makeen program we deliver activities to promote awareness in society, and develop policies and practices that protect people with disabilities from all forms of discrimination.

**Makeen Program Goals**

- > Training and employment of persons with disabilities.
- > Creating an appropriate cultural and physical working environment through the dissemination of knowledge and best practices.
- > Propagating awareness of the importance of the inclusion of persons with disabilities in the workforce.
- > Providing support through the corporate Mentor & Buddy system.
- > Sharing experiences with any organization interested in implementing universal design (total accessibility).
- > Participation in conferences and seminars related to disability.

## A Responsible Actor in our Industry Makeen Program continued

### Our Focus

We believe that we have a responsibility to share our experiences and best practices in promoting the employment of people with disabilities to support others in their pursuit of common goals. We engage throughout the year with like-minded organizations, through a variety of regional and international forums. In 2018, these included the second Al-Amal International Conference on Disability in Turkey, the fifth International Conference on Disability and Rehabilitation in Riyadh, and the ILO Global Business and Disability Network forum in Geneva. We also shared our experience in applying total accessibility standards with a delegation from the Dr. Soliman Fakeeh Hospital, and participated in a diversity and inclusion forum organized by BAE Systems in Riyadh.

The Makeen program delivered a series of workshops during 2018, focusing on topics including: workplace emergency and evacuation plans for people with disabilities; barrier-free recruitment; inclusive products and services; and inclusive communication practices. Other workshop themes during the year included a Mentor & Buddy system for integrating people with disabilities into the workplace at Umm Al-Qura University and an introduction to the Mowaamah certification system.



International  
Labour  
Organization





Makeen is also producing a series of eight short infographic videos to support the objectives of the program. The videos provide information on the Makeen program itself, as well as on the feasibility and business case for employing people with disabilities; disability best practices; the mentor and buddy system; and best practices in accommodating persons with visual, hearing, intellectual and physical disabilities.

In August 2018, our United Sugar Facility and AFIA International Facility, both in Jeddah, received Universal Accessibility Certificates from the Global Alliance on Accessible Technologies and Environments in recognition of their excellent levels of accessibility for all people, including people with disabilities.

## A Responsible Actor in our Industry

### Effective Risk Management

#### Our Approach

We seek to protect our stakeholders, reputation and the value of our assets. We are committed to continually developing our risk management culture through our Risk Governance Framework and continual team development. Our wider efforts to promote a risk-aware culture across the Group through the “WAEI” initiative have also seen significant improvements to our approach to business.

We also continue to develop an integrated Enterprise Risk Management program which will be implemented through a robust governance, risk management, and compliance system. Our sustainability platform, Savola World, is considered among the most comprehensive of any operated in the Kingdom.

#### Risk Management

We operate a three lines of defense model (Identify risks, Analyze risks, evaluate risks) to ensure accountability across the Group for governance, monitoring, reporting and management of risks and the control environment. Each of the three lines of defense plays a distinct role within Savola’s wider governance framework. The Board and senior management are the primary stakeholders served by the three lines of defense model and they are the parties best positioned to help ensure that the model is reflected in Savola’s risk management and internal control processes.

#### Enterprise Risk Management Framework

We have developed – in line with the market best practices – an integrated Enterprise Risk Management (ERM) framework to support the success of the business and achievement of its strategic goals through a collaborative risk management environment that proactively identifies, monitors and mitigates risks.

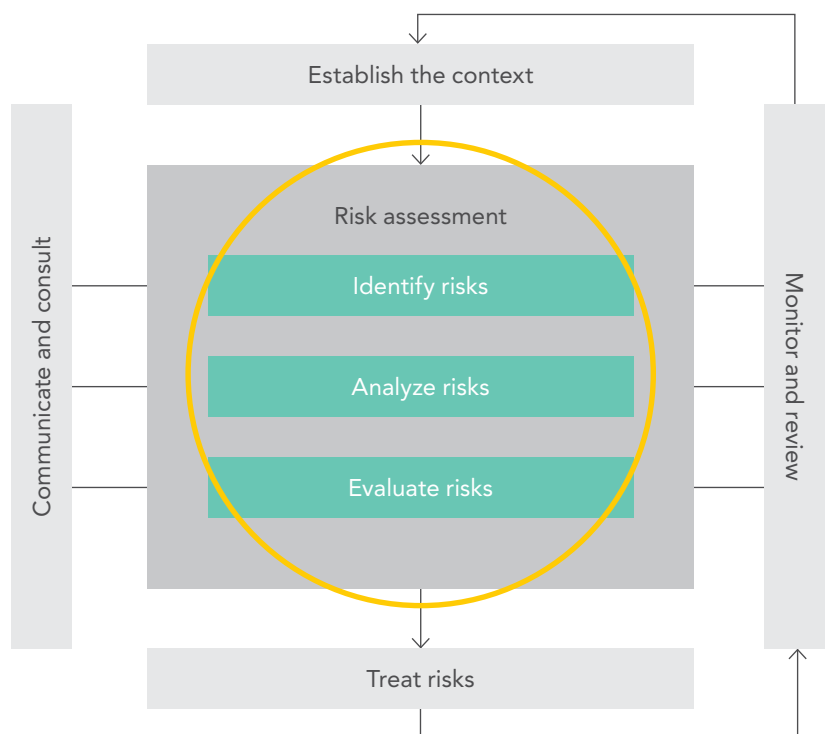
The ERM program is designed to ensure that the outcomes of risk-taking activities are consistent with Savola’s strategies and risk appetite. It is designed to deliver quality, relevant and actionable information in order to:

- > Optimize the cost of managing business risks.
- > Enable informed and conscious risk management choices on an enterprise-wide basis.
- > Improve overall business performance.

In line with the continuous efforts to strengthen risk management culture and capabilities, we have:

- > Established a dedicated risk management function.
- > Developed a risk management framework and governance policy, approved by the Board of Directors.
- > Launched WAEI risk guide program as part of promoting risk management culture.
- > Conducted multiple risk awareness sessions across the Group and its subsidiaries.
- > Identified risk champions across the Group to enhance risk management accountability.

Our ERM framework incorporates leading risk management standards and practices. The framework has been developed in line with current leading ERM practices and ISO 31000. In developing the ERM framework, the focus was to design a process that addresses Savola’s business needs while remaining simple and pragmatic. Our ERM framework outlines the series of activities that Savola will use in identifying, assessing and managing its risks.







**Case Study:**

# Promoting Risk Management Culture: WAEI

In our continuing efforts to promote a risk management culture, enhance corporate excellence and bolster internal controls, we have launched WAEI. This is a/an:

- > Modern method to share the knowledge of already identified and known business-related risks.
- > Initiative to reflect, explore and identify those risks that Savola may not fully be aware of or understand today.
- > Program that brings together people and expertise from across the Group to assess potential risks that we may face in the future.
- > Opportunity to review how we are currently managing risks and to reflect on the best and most cost-efficient ways of managing risks on a sustainable basis.

We will continue to manage and monitor all our risks as per our ERM program and efforts at promoting a culture of risk management through WAEI.





### What do we Focus on?

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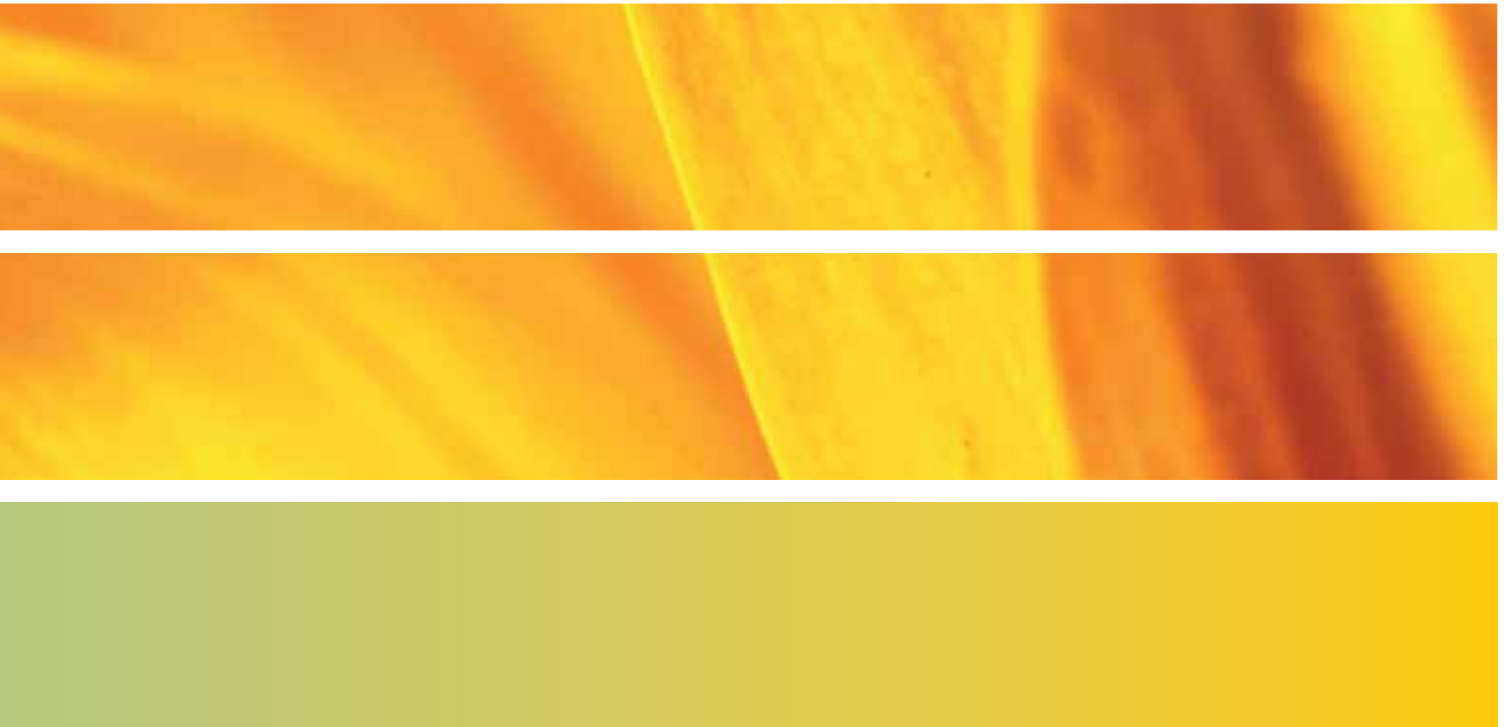
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# 07

## About this Report

This is the fifth Sustainability Report issued by the Savola Group, covering the period between January 1, 2018 and December 31, 2018. The previous Report was launched in mid-2017 and covered the 24-month period between January 1, 2016 and December 31, 2017.



## About this Report

This is the fifth Sustainability Report issued by the Savola Group, covering the period between January 1, 2018 and December 31, 2018. The previous Report was launched in mid-2017 and covered the 24-month period between January 1, 2016 and December 31, 2017.

This Report covers the achievements, performance and activities of Savola’s Operating Companies within the Kingdom, including Afia, Panda, USC, the Group’s Headquarters (HQ) and IFI.

Its scope covers Savola Group operating companies. It does not include the activities or performance of our suppliers, contractors or partners, unless stated. This also accounts for the inclusion only of operating companies based within Saudi Arabia within the Group’s GRI reports.

Since launching the Savola Group Sustainability Report, we have published editions every two years. From 2018, however, we are producing the Report on an annual basis to reflect reporting best practice. We do not commission independent assurance of our sustainability management or reporting.

We welcome opinions on our approach to reporting. To provide feedback, or request additional information, please email: [Sustainability@savola.com](mailto:Sustainability@savola.com). You can view our previous Sustainability Reports and the Group Annual Report at: [www.savola.com](http://www.savola.com).

The Savola Group as a whole, and its manufacturing facilities in particular, adopts a precautionary approach to all decisions. We are proactive in our risk management strategies concerning climate change and the environmental impact of our activities, and perform regular reviews of risk in our operations and supply chain.

The following major organizational changes have taken place in Savola during the reporting period:

1. On 9 January, 2018, the Savola (Integrity Hotline) was launched to report non-compliant practices (whistleblowing)
2. On 31 January, 2018, the appointment of Group Chief Executive Officer, Eng. Anees Ahmed Moumina was approved
3. On 11 February, 2018, appointment of a member in Savola Audit Committee was approved
4. On 6 May, 2018, 51% of Al Kabeer Group of Companies were purchased for SAR 565.5 million
5. On 8 May, 2018, the Annual General meeting (AGM) was held, it included the election of the Board of Directors for the next office term and amendment of the company by-laws
6. On 6 September, 2018, resignation of a Member of the Board of Directors and the Audit Committee and the appointment of a new Member was approved
7. The external auditors’ report for the year 2018 did not contain any reservations on the relevant annual financial statements. The Board is committed to provide the CMA with any additional information as may be required in the event of auditors expressing any reservations on the annual financial statements
8. The Company’s books and records comply with the accounting standards issued by SOCPA
9. There were no penalties or precautionary attachments imposed on the Company by the Capital Market Authority, or by any other supervisory, regulatory or judicial body

## GRI Index

This Report has been prepared in accordance with the GRI Standards:  
Core option.

GRI Standard	Disclosure	Location
<b>General Standard Disclosures</b>		
<b>Organizational Profile</b>		
GRI 102: 1	Name of the organization	Front cover
GRI 102: 2	Activities, brands, products, and services	Inside Front Cover-Page 3
GRI 102: 3	Location of headquarters	Inside Front Cover
GRI 102: 4	Location of operations	Page 2-3
GRI 102: 5	Ownership and legal form	Page 66
GRI 102: 6	Markets served	Page 2-3
GRI 102: 7	Scale of the organization	Page 2-3
GRI 102: 8	Information on employees and other workers	Page 37-47
GRI 102: 9	Supply chain	Page 20-22
GRI 102: 10	Significant changes to the organization and its supply chain	Page 66
GRI 102: 11	Precautionary Principle or approach	Page 66
GRI 102: 12	External initiatives	Page 11
GRI 102: 13	Membership of associations	Page 11
<b>Strategy</b>		
GRI 102:14	Statement from senior decision-maker	Page 4-5
<b>Ethics and Integrity</b>		
GRI 102:16	Values, principles, standards and norms of behavior	Page 18-19
<b>Governance</b>		
GRI 102:18	Governance structure	Page 15-17
<b>Stakeholder Engagement</b>		
GRI 102:40	List of stakeholder groups	Page 10-11
GRI 102:41	Collective bargaining agreements	Employees are not covered by collective bargaining agreements
GRI 102:42	Identifying and selecting stakeholders	Page 10-11
GRI 102:43	Approach to stakeholder engagement	Page 10-11
GRI 102:44	Key topics and concerns raised	Page 10-11

## GRI Index continued

GRI Standard	Disclosure	Location
<b>General Standard Disclosures (continued)</b>		
<b>Reporting Practice</b>		
GRI 102:45	Entities included in the consolidated financial statements	Inside Front Cover-Page 3
GRI 102:46	Defining report content and topic Boundaries	Page 66
GRI 102:47	List of material topics	Page 10-11
GRI 102:48	Restatements of information	Page 66
GRI 102:49	Changes in reporting	Page 66
GRI 102:50	Reporting period	Page 66
GRI 102:51	Date of most recent report	Page 66
GRI 102:52	Reporting cycle	Page 66
GRI 102:53	Contact point for questions regarding the report	Page 66
GRI 102:54	Claims of reporting in accordance with the GRI Standards	Page 67
GRI 102:55	GRI content index	Page 67-69
GRI 102:56	External assurance	None
<b>Topic-Specific Standards</b>		
<b>Economic</b>		
GRI 204:1	Proportion of spending on local suppliers	Page 22
GRI 205:2	Communication and training about anti-corruption policies and procedures	Page 23
GRI 206:1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Page 23
<b>Environmental</b>		
GRI 302:1	Energy consumption within the organization	Page 50
GRI 302:4	Reductions in energy consumption	Page 50
GRI 307:1	Non-compliance with environmental laws and regulations	Page 50
GRI 308:1	New suppliers that were screened using environmental criteria	Page 20-23

GRI Standard	Disclosure	Location
<b>Topic-Specific Standards (continued)</b>		
<b>Social</b>		
GRI 401:2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Page 39-41
GRI 403:5	Worker training on occupational health and safety	Page 24-25
GRI 403:6	Promotion of worker health	Page 24-25
GRI 404:1	Average hours of training per year per employee	Page 42
GRI 404:2	Programs for upgrading employee skills and transition assistance programs	Page 42-44
GRI 405:1	Diversity of governance bodies and employees	Page 45-46
GRI 413:1	Operations with local community engagement, impact assessments, and development programs	Page 28-29
GRI 419:1	Non-compliance with laws and regulations in the social and economic area	Page 23

## Glossary

<b>ACNU</b>	Arab Center for Nutrition
<b>AGM</b>	Annual General Meeting
<b>AOCS</b>	American Oil Chemists Society
<b>BRC</b>	Global Standards
<b>CSR</b>	Corporate Social Responsibility
<b>CWS</b>	Certificate in Workplace Skills
<b>DIFC</b>	Dubai International Financial Centre
<b>DJSI</b>	Dow Jones Sustainability Indices
<b>DWO</b>	Whistle-Blowing Officer
<b>FAO</b>	UN Food and Agriculture Organization
<b>GHG</b>	Greenhouse gas
<b>GPCA</b>	Gulf Petrochemical and Chemical Association
<b>GRC</b>	Governance, risk and compliance
<b>GRI</b>	Global Reporting Initiative
<b>H&amp;S</b>	Health and Safety
<b>HORECA</b>	Hotels, restaurants and cafés
<b>HQ</b>	Savola Group Headquarters
<b>HR</b>	Human Resources
<b>HSE</b>	Health, Safety and Environmental
<b>HRDF</b>	Saudi Human Resource Development Fund
<b>IFI</b>	International Food Industries Co.
<b>IFRS</b>	International Financial Reporting Standards
<b>ILM4</b>	Institute of Leadership and Management Level 4
<b>ILO</b>	International Labor Organization
<b>ISO</b>	International Organization for Standardization
<b>Ita'am</b>	The Saudi Food Bank
<b>KAAU</b>	King Abdulaziz University
<b>KPMG</b>	Klynveld Peat Marwick Goerdeler (accounting firm)
<b>kWh</b>	Kilowatt hours
<b>MBA</b>	Master of Business Administration
<b>MDP</b>	Managers Development Program
<b>MENAT</b>	Middle East, North Africa and Turkey
<b>MMDP</b>	Middle Management Development Program
<b>Modon</b>	The Saudi Authority for Industrial Cities and Technology Zones
<b>NGOs</b>	Non Government Organizations
<b>OHSAS</b>	Health & Safety Management System
<b>PME</b>	The General Authority of Meteorology and Environmental Protection
<b>PwD</b>	People with Disability
<b>RNC</b>	Remuneration and Nomination Committee
<b>S&amp;P</b>	Standard & Poors
<b>SAFF</b>	Saudi Arabian Football Federation
<b>SASO</b>	Saudi Standards, Metrology and Quality Organization
<b>Saudi GAAP</b>	Generally Accepted Accounting Principles in Saudi Arabia
<b>SFDA</b>	Saudi Food & Drug Authority
<b>UNEP</b>	United Nations Environment Program
<b>USC</b>	United Sugar Company
<b>WHO</b>	World Health Organization
<b>WRAP</b>	Waste Resources Action Program











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