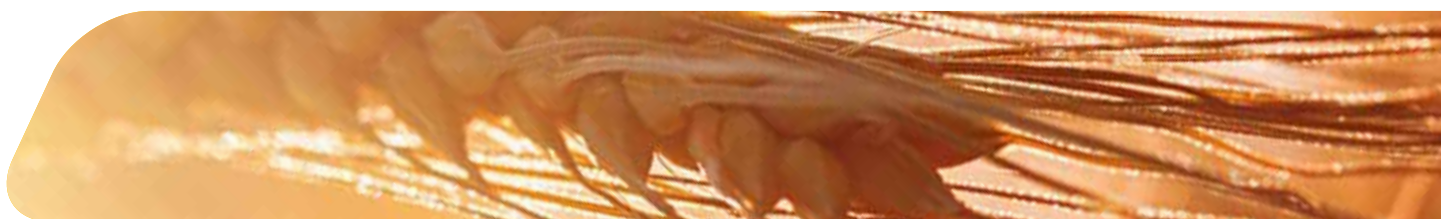
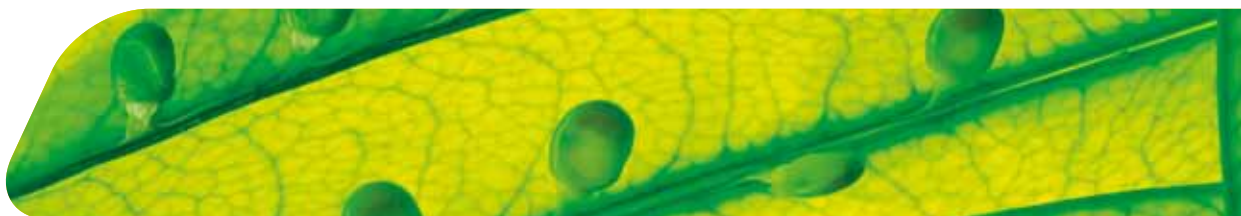




Sustainability Report 2019

Leading a Sustainable Future



A tall, modern skyscraper with a distinctive circular observation deck at the top. The building's facade is primarily glass, reflecting the sky, with a dark, solid-colored upper section. The Savola logo is prominently displayed on the upper section. The sky is a mix of soft pink and blue, suggesting dawn or dusk. The building is the central focus, with some other structures visible in the background.

سافولا
SAVOLA

Welcome to Savola Group's 2019 Sustainability Report

This Sustainability Report is the sixth Sustainability Report for Savola. It covers the sustainability approach, priorities, activities, performance and achievements of its operating companies within the Kingdom of Saudi Arabia, including Panda, Retail Company, Afia International Company, United Sugar Company, International Food Industries (IFI) and the Group's Headquarters (HQ).

This year we present a more detailed analysis of our Materiality process and the alignment with the newly published Saudi National Standards for Sustainability Reporting.

The report covers the period between January 1, 2019 and December 31, 2019.

A detailed overview of the scope of this report and coverage can be found on page 92.



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How we add Value

As a leading Saudi retail and food company, we work continuously to create exceptional and lasting value for our stakeholders through our secure, reliable and transparent operations.



Our Business

9
Major manufacturing markets

+600
business units

+26,000
employees

SAR 2.94 billi
sales and distribution expenses



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.



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.

53

Export
markets

13

business
certifications
across Savola
companies



Value Created

- Revenue of SAR 22,243 million
- Net Profits of SAR 476 million
- Shareholder dividend of SAR 160.2 million
- Over 116 million customers for Panda
- Food sales for 2019
279,336 metric tons of pasta
2.2 million metric tons of sugar
1.6 million metric tons of edible oil
- "Great Place to Work" Award
- Received Mowaamah Certification-Gold
- 420 people benefited from Makeen's Mentor & Buddy Program
- National Food Waste Management Program "Negaderha"
- Savola World Foundation Programs and Contributions
- Leading the Efforts for Saudi Vision 2030



Key Highlights

Business

40

Savola celebrated 40 years of operation.



Savola World is transformed from a department into a standalone private foundation.

4th

Savola ranked 4th in governance and transparency by Standard & Poor's, the Hawkamah Institute and the International Finance Corporation.



Savola was selected among the Top 9 highest scoring companies in the Saudi Corporate Governance index.



Savola was among the 31 companies added to MSCI (Morgan Stanley Capital International), as part of the Saudi Stock Exchange (Tadawul) inclusion into the MSCI Emerging Market Index.

Community



Panda launched the "Can't miss Initiative" for waste reduction.

6,000

people benefited from Savola's community initiatives and contributions.



Negaderha Program was a driving force and behavioral changer in the HORECA sector.



Tackled food waste through strategic partnership with the SAGO and joined the 10x20x30 global initiative.

Employees



Savola awarded "Great Place to Work" Certificate in 2019.

98%

Achieved a participation rate of 98% in the "Tawer" employee engagement program.

+47%

increase in KSA's female workforce since 2018. In total, 1,207 women were employed by Savola.



Numerous benefits and employee wellbeing programs including "Sela" and "Takaful", access to canteen and health clinic.

Environment

21,445

USC achieved a 21,445 tons of CO₂-eq reduction in emissions.



Panda introduced LED lamp technology at both King Abdullah Economic City and Riyadh to reduce power consumption.



AFIA saved 1,012,586 liters of fuel by replacing diesel engine forklifts with electric ones.

Sector

+300

private label food and non-food products in Panda.

820

attendees at Makeen events.

75%

of IFI's products are trans fat free.



Quality, Food Safety and Environmental Management certifications across all Group Companies.



Product availability in Panda stores increased to 91% in 2019 - an increase of 12%.

Savola at a Glance



Savola Group ("Savola", "the Group" or "the Company") is one of the leading strategic investment holding Groups in the food and retail sectors across the Middle East, North Africa and Turkey (MENAT) Region.

Throughout 40 years of excellence, Savola maintains a diverse and expanding portfolio of assets. Across our verticals in food and retail, we operate the largest retail store chain in Saudi Arabia and produce much-loved everyday household products including edible oil, sugar, pasta, bakery products and frozen foods distributed to more than 50 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.

Major/ manufacturing markets:



40

Years of
excellence



Exports to
50+ countries



Net Group profit of
SAR 475.6 million for 2019

Food Investments

Savola Foods is a leader in basic branded consumer packaged goods, which are produced in more than 9 countries and distributed in more than 50 markets.

We are proud that many of our products are market leaders in their respective categories.

43%

of Group Revenue

34.52%

stake in Almarai

51%

stake in Al Kabeer

2019

Number of Panda Stores

Saudi Arabia: 201
Egypt: 4

Number of Herfy Stores

Saudi Arabia: 383
Kuwait: 8
Bangladesh: 3

Customer Count (millions)

2019 > +116
2018 > +106
2017 > +134

57%

of Group Revenue

205

Panda stores in 40+ cities

394

Herfy stores in 50+ cities

49%

stake in Herfy

Retail Investments

Panda Retail is the largest modern retail chain in Saudi Arabia serving more than 106 million customers annually. We are the largest shareholder in Herfy Food Services Company, one of the leading fast food chains, industrial bakery and meat processing businesses in Saudi Arabia.



Savola Group CEO Statement

A Positive Contributor to Sustainability

Our world is changing. This Report is being prepared and communicated in the midst of a pandemic that has been radically transforming our economies and societies at a global scale and continues to do so. As we embark on yet another Sustainability Reporting cycle, we realize that one thing remains unchanged: our commitment to sustainability.

Dedication to Sustainability

In Savola, our values, strategy and actions are the anchor of sustainability. Sustainability is part of who we are and defines how we conduct business. We are proud of the considerable progress we have made in the areas we recognized in our strategic approach. We also realize that in order to respond effectively to upcoming challenges, we need to strengthen our engagement with stakeholders and apply new tools to tackle sustainability threats.

It is our pleasure to further concentrate our efforts to continue helping our community, customers, employees, partners, environment and other stakeholders in CSR areas. It is our duty to use business to create a positive impact for our people and our nation, now and in the future. To this end, the development of this Report entailed an extensive engagement exercise with internal and external stakeholders, which enabled us to update our key areas of focus and also initiated valuable discussions on the future of our business.



A Year of Positive Change

Our diverse operations support exports and economic growth. Our activities also facilitate national development through the creation of jobs in Saudi Arabia and the region and improve people's livelihoods. 2019 was marked by a significant improvement in our performance. We had a remarkable turnaround story where we converted operations from net losses in 2018 to net profits in 2019.

In 2019, Savola Group became one of the key listed companies from Saudi Arabia to be included in MSCI's Emerging Market Index. This illustrates our ability to utilize opportunities and strengthen our relationships with our global institutional investors. Savola also became the first organisation in Saudi Arabia to adopt the Saudi National Sustainability Reporting Standards.

The fact that we received the "Great place to work" certification attested our commitment to human capital development.

enabled us to improve our performance and maximize the value we create for society.

A Sustainable Future Ahead

We look forward to the future with optimism. With every Sustainability Report we reaffirm our commitment to our employees, partners, customers, communities, shareholders and society at large as well as all other relevant stakeholders.

As trends evolve, new opportunities for innovative solutions arise. Consumer activism is pushing us to develop new offerings focusing on health and nutrition. New social movements enable us to look on topics around communication, packaging and labelling with more attention. This shift enables us to build stronger and better relationships with our suppliers. It also encourages us to enhance our accessibility and invest in elevating the experience of our customers.

“As we embark on yet another Sustainability Reporting cycle, we realize that one thing remains unchanged: our commitment to sustainability.”

The 2019 Sustainability Report provides an overview of our approach to diversity, which is reflected in our commitment to Saudization, women empowerment and our commitment to include people with disabilities in the workforce. A record-breaking 98% of our employees participated in the "Tawer" Program, our employee engagement survey. We also increased our female employees compared to 2018. The "Makeen" program continues to increase awareness on people with disabilities and change lives. The inclusion of women and people with disabilities in the workforce is vital to the realization of our sustainability vision at both corporate and national level. We want to eliminate stereotypes and reduce any kind of disparities among our society.

This year we became one of the few Saudi companies to measure the social return on investment for our main CSR activities. This

We also recognize that climate action is important for achieving our business goals and realizing the Saudi Development Goals' (SDGs) agenda. It is also becoming increasingly important to our investors. In the upcoming years, we aim to achieve a more holistic sustainability approach by further integrating sustainability into all aspects of our business.

Moving forward, Savola is playing a leading role in the realization of the 2030 Agenda and the Saudi Vision 2030. On behalf of all of us in Savola Group, I would like to thank you for your trust and invite you to join us in this journey.



Eng. Anees Ahmed Moumina
Group Chief Executive Officer

Savola World Executive Director of Sustainability Statement

Sustainability is a Journey

Like the rest of the world, Saudi Arabia is facing major challenges due to the impact of the COVID-19 pandemic. Sustainability is a moral compass that leads us to safer grounds and a business roadmap that ensures no one is left behind.

Contributing to the Decade of Action

In September 2019, the UN Secretary-General, António Guterres, called on all agents to mobilize for a decade of action on global, local and people level. Looking at the greatest challenges of our time and taking action is what defines Savola Group. Achieving global and local prosperity requires dedication, experience and commitment to a future-oriented strategy.

Global Action

We are committed to operate in a responsible manner, to work transparently and to implement sustainability across all aspects of Savola Group operations. It is our strong belief that a sustainable business is a successful business and in order for a business to be successful, it needs to be responsible. As a responsible corporate citizen, we owe a duty to the next generations and we promise to leave a better world. We have made a commitment to never quit and never stop trying.

In our 2019 Sustainability Report we formally present our commitment to the Sustainable Development Goals, the blueprint for achieving a better and more sustainable future for all. As a Group, we observe the highest standards of corporate governance frameworks and ethical conduct. We encourage long-term partnerships with global agents in order to utilize our



collective capabilities as a Group. Our initiatives cover all aspects of sustainability and in 2019 we proudly joined the largest food retailers in an initiative to combat food loss and waste launched by the World Resources Institute (WRI). We abide by the GRI Reporting Standards for the development of our Sustainability Report, as well as the newly developed Saudi National Sustainability Reporting Standards. Savola is the first organisation in Saudi Arabia to adopt the Saudi National Sustainability Reporting Standards

Local Action

We have aligned our approach with the strategic goals of the Saudi Vision 2030. We are implementing initiatives specifically designed to support and achieve the ambitious Vision 2030 and ensure the long-term success of the Kingdom of Saudi Arabia.

society and business, Savola supports female employees in developing personally and professionally and in achieving outstanding performance. We also recognize the necessity to give opportunities to people with disabilities not only within our Group, but also beyond our Group. Our flagship initiative "Makeen" aims to reduce inequalities and eliminate discrimination. Over 800 people attended our Makeen events in 2019. We invite the Saudi business world to join hands with us for this initiative and boost the recruitment of people with disabilities at a national level.

Navigating the COVID Era

Like the rest of the world, Saudi Arabia is facing major challenges due to the impact of the COVID-19 pandemic. The Group, through its

“As a responsible corporate citizen, we owe a duty to the next generations and we promise to leave a better world.”

In 2019, Savola World was registered as a foundation. A new vision and a new strategy approach will now accelerate the pace of its current sustainability strategy. Savola World Foundation will create positive change through new partnerships and new sectoral-based impact programs across the spectrum of sustainability.

Negaderha, our food waste management program, focuses on food waste and we actively work to tackle food waste issues. We currently are targeting households and the HORECA sector. In 2019 we produced a guiding manual, a dedicated mobile app and an engaging video with a view to driving sustainable behavioral change for an optimal use of food resources. To this end, we also expanded our strategic partners and signed an MoU with the Saudi Grains Organization (SAGO).

Moreover, our corporate volunteering was further strengthened this year with the goal to reinforce our values, strengthen employee skills and support people in need. So far, over 6,000 people have benefited from our community initiatives and contributions.

People Action

Recognizing the important role of women in

sustainability platform, Savola World, dedicated a total of SAR 10,000,000 to initiatives aimed at supporting the local community. The initiatives included among others, supporting the Health Endowment Fund, distributing 20,000 food baskets, as well as producing awareness videos that build collective public awareness on how to face the pandemic. Savola World will continue to develop sustainable solutions aligned with the local community needs, and it will offer social development programs to mitigate the impacts of COVID on the long run.

Sustainability is a moral compass that leads us to safer grounds and a business roadmap that ensures no one is left behind. Our Sustainability Reports illustrate our strategic approach to sustainability, present our commitments, success stories and flagship initiatives. Beyond that, our Sustainability Reports bear testament to sustainable business being a force for good.

Thank you for your continuous support.



Tarik M. Ismail
Savola World Executive Director



The background of the entire page is a close-up, high-resolution image of a wood grain. The grain patterns are dense and wavy, with a color palette ranging from light tan to deep, dark brown. The texture is organic and natural, providing a rustic and sustainable feel to the design.

06

**SU
STAIN
ABILITY
STRA
TEGY**

Our Sustainability Strategy

To promote responsible environmental and social practices and to achieve sustainable livelihoods, the concept of Savola World was created in 2017. In 2019, Savola Group continued to honor its commitment to sustainability. Thus, it continued safeguarding corporate performance along with community wellbeing and environmental health. Savola World, our global outreach program for socially responsible behavioral change, was registered as a Foundation in January 2020, opening new avenues of funding and partnership-building and sustaining CSR programs.

SAVOLA WORLD

Our Approach

At the end of 2019, in line with international developments in the field of corporate foundations, Savola Group formalized the importance of Sustainability and CSR by transforming Savola World -from a department- into a standalone private foundation, called Savola World Foundation (a non-profit organization under the supervision of the Ministry of Human Resources and Social Development). Savola World Foundation has a unique opportunity to make an even greater impact.

Savola World becomes a Foundation

Savola World was a concept created in March 2017 with the aim to create value by promoting socially and environmentally responsible practices. Since its inception, Savola World has been reaching out to customers and other stakeholders and has been developing strong partnerships with the aim of promoting socially responsible behavioral change across the sustainability pillars of Community, Employees, Environment, Sector and Business. Savola World is a game-changer in the sustainability industry across the MENAT region.

In November 2019, Savola World Foundation was already a separate legal entity and it commenced operating as a not-for-profit under the supervision of the Ministry of Human Resources and Social Development. It started working alongside highly qualified, internationally-acclaimed experts in order to maximize programs impact. The Foundation focuses on social awareness campaigns, coaching and consultancy, training, events management, research and studies, social impact and accreditation.



2019

Savola World is transformed from a department into a standalone private foundation.

The new legal status empowers Savola World Foundation to seek funding and form partnerships with government and private sector entities. This status enables the Foundation to champion more effectively the sustainability and social development objectives of the Saudi Arabia Vision 2030. The Foundation is funded by Savola Group and will be managed by the Board of Trustees, instead of the CSR Committee. It will replace the CSR and Sustainability Department.

The Saudi Vision 2030 is Saudi Arabia's blueprint for the future and is based on three pillars: A Vibrant Society, A Thriving Economy, An Ambitious Nation.

ALIGNMENT WITH GLOBAL AND NATIONAL INITIATIVES

Supporting the Saudi Vision 2030

Savola has closely aligned its sustainability efforts with the long-term success of the Kingdom of Saudi Arabia. The Saudi Vision 2030 is Saudi Arabia's blueprint for the future and is based on three pillars: 1 - A Vibrant Society, 2 - A Thriving Economy and 3 - An Ambitious Nation. In line with the Saudi national agenda, Savola's growth strategy is focusing on sustainability performance, directly benefiting the Kingdom's socioeconomic development and reflecting the country's strengths and capabilities.



A Vibrant Society

Under the pillar of "A Vibrant Society", Savola has gained great recognition for its initiatives for Saudi citizens. Long-term initiatives including the "Makeen" program, "Sela" program, "Tawer" program, "housing loans" program for Saudi employees, the "Takaful insurance" and the "Tawoon Fund" are embedded at the heart of Savola efforts to develop advanced talent capabilities, build a workforce for the future and provide opportunities for Saudi professionals.

A Thriving Economy

Savola is committed to supporting the Saudi Vision 2030 for a "Thriving Economy". To build a more dynamic and robust economy, Savola has seized growth opportunities through strengthening relationships with carefully selected partners and distinguished shareholders and investors. Our network of companies within the Savola Group has made us eligible for inclusion in the MSCI (Morgan Stanley Capital International), as part of the Saudi Stock Exchange (Tadawul) inclusion into the MSCI Emerging Market Index.



Our Focus Moving Forward

In 2020 and beyond, Savola World Foundation will evolve its current sustainability strategy based on a new vision and will create sectoral-based CSR programs that are consistent with its new strategic direction, the priorities enumerated in the Saudi Arabia Vision 2030 and the UN's Sustainable Development Goals.

An Ambitious Nation

Savola has invested in a robust framework of governance which is in line with the "Ambitious Nation" pillar. Savola operates according to the principles of a high-performance, transparent, effective and accountable governance system. Its goal is to achieve financial prosperity, which ultimately satisfy the economic and social aspirations of the Saudi Vision 2030.

As a Saudi leader, Savola Group takes great pride in actively supporting the implementation of the Saudi Vision 2030. We will continue our efforts to achieve "A Vibrant Society - A Thriving Economy - An Ambitious Nation."

Key efforts to help in achieving the Saudi Vision 2030

- Comply and support nationalization programs in management and non-management roles across the group.
- Support the new generation of Saudi talents (e.g. the Is'ham Training Program by Panda).

- Recruit high-caliber Saudi talents.
- Increase Saudi products exports to regional markets.
- Improve quality of products sold in Saudi and abroad.
- Inclusion in MSCI's Emerging Market Index.
- Savola Group is certified as "Great Place to Work".
- Efforts to address food waste reduction through the "Negaderha" initiative and through globally distinguished partners.
- Involve group employees in social initiatives and volunteering while promoting personal and professional growth.
- Support women and ensure work life balance for all employees.
- Encourage employee participation in sport activities and offer health benefits.
- Be recognized for the high quality of its service.



Adopting the Sustainable Development Goals







In 2015, the United Nations General Assembly formally adopted the 17 Sustainable Development Goals (SDGs) as part of the United Nations 2030 Agenda for Sustainable Development, in order to ensure prosperity and wellbeing for all people while protecting the planet. The SDGs are a global call to action for governments, companies and civil society to eradicate poverty, protect the planet and ensure that all people enjoy peace and prosperity. The 17 Goals and the corresponding 169 targets act as a reference guide for governments, companies and civil society so that they take action, address global challenges and transform our world.

Savola's alignment with the SDGs

At Savola, our strategic direction takes into consideration international frameworks and global initiatives and we have aligned our sustainability strategy with the SDGs.

Our actions can contribute to maximizing the collective positive impact; and we carefully address any potential negative impact from our operations. For the purpose of the 2019 Sustainability Report, we identified the most material topics and also reviewed how they align with the SDGs. After identifying and reviewing them, we concluded that 10 Goals are more relevant to us.





As our aim at Savola World is to promote responsible change, we have integrated the selected SDGs into our five strategic pillars of sustainability: employees, community, sector, environment and business.

SAVOLA'S ALIGNMENT WITH THE SDGs				
 Business	 Community	 Employees	 Environment	 Sector
  	 	    		 

Integrating SDGs into Core Business

To enhance the Group's sustainable performance, maximize the positive impact of our core activities and ensure effective governance of our operations, we have linked our five sustainability pillars to the SDGs.

RELEVANT SDGs	HOW WE CONTRIBUTE: 2019 HIGHLIGHTS	PAGE WITHIN THE REPORT
Zero Hunger 	<p>We work with determination to reduce and avoid food waste. In 2019 we continued our food waste management program "Negaderha". We built new strategic partnerships and signed an MoU with the Saudi Grains Organization (SAGO). We proudly joined the largest food retailers in an initiative to combat food losses and waste launched by the World Resources Institute (WRI). Through our corporate volunteering program, we have an ongoing collaboration with charities Ita'am, Namaa Society.</p>	50, 51, 53-55, 75
Good Health & Wellbeing 	<p>At Savola Group, we honor our commitment to the wellbeing and good health of the community and our employees. As a "Great place to work" certified company, we invest in the good health and wellbeing of our employees. In 2019, our employees benefited from health services, gym access, health campaigns and seminars.</p>	20, 58-63, 66-67, 88
Quality Education 	<p>We attract Saudi talents, develop them and invest in them. In 2019, our initiatives aimed to make women and youth feel empowered. Since 2016, the "Makeen" program has changed the lives of nearly 1,000 people with disabilities. Since 2010, we have cooperated with Injaz Saudi Arabia to improve employability for young people. In 2019, Panda initiated the Is'ham Training Program for young Saudi talents.</p>	20, 50, 51, 61, 64, 65, 84-87
Gender Equality 	<p>Equality and inclusion in the workplace are our priorities. Gender equality starts with hiring, thus securing a diverse and fair working environment is part of our values. In 2019, 1,207 women worked for us - an increase of 47% in KSA's female workforce compared to last year.</p>	60, 68, 69
Decent Work & Economic Growth 	<p>At Savola, we focus on food and retail. Our diverse operations facilitate nation development and exports. We support economic growth and create jobs in Saudi Arabia and the regions we operate in and improve people's livelihoods. In 2019 we organized numerous programs, including "Sela", "Makeen", "WAEI," the "STOP" program and "The happiness" campaign, to make our employees feel empowered and help them develop.</p>	10, 11, 47, 52, 84-87, 61-63
Reduced Inequalities 	<p>Throughout the Group we welcome all dimensions of diversity. At Savola we have received the Mowaamah Certification - Gold status in recognition of our commitments and outcomes in relation to people with disabilities. Through the "Makeen" program, we made great strides in reducing inequalities, eliminating discrimination and boosting the recruitment of people with disabilities at a national level.</p>	60, 68, 69, 84-87

RELEVANT SDGs	HOW WE CONTRIBUTE: 2019 HIGHLIGHTS	PAGE WITHIN THE REPORT
Responsible Consumption & Production 	<p>We produce much-loved everyday household products and we recognize our important role in tackling sustainable food consumption and responsible production. During 2019, we continued promoting national efforts to drive behavioral change through the “Negaderha” program. In 2019 Panda launched the “Can’t miss Initiative” to put an end to unnecessary waste. Our partnership with Saudi Grains Organization (SAGO), our participation in the “10x20x30” initiative and the “Friend of the Environment” initiative - shifting to biodegradable shopping bags from plastic ones- contribute to achieving Goal 12.</p>	53-55
Climate Action 	<p>We have recognized the importance of managing our environmental footprint. Through our engagement with stakeholders and the materiality assessment process, it has become obvious that we need to set clear targets for measuring our impact and accounting for it. We also recognize the need to work out action plans across the group and collaborate with expert partners to achieve our goals.</p>	74
Peace, Justice & Strong Institutions 	<p>By encouraging a culture of openness and accountability within the Group, we strengthen the fight against corruption and bribery. Our Audit Committee, Internal Audit Departments, Governance and Compliance Bodies work to reduce risks while the external auditor performs an audit of group financial statements. As we work to develop an effective and transparent group at all levels, we initiated “Tawer”, a program that helps us listen to our employees, we launched Savola’s Integrity Hotline and we operate based on “Value Built on Values”. Our Sustainability Report is issued annually to further enhance transparency and communication with our stakeholders.</p>	6, 7, 24-33, 36-40, 43-47, 60
Partnerships for the Goals 	<p>At Savola, we are working to strengthen global partnerships for sustainable development. We are now part of the MSCI Emerging Markets Index. Savola was the first Saudi company to become a member of the International Labour Organization (ILO) Global Business and Disability Network. In 2019 we signed an MoU with the Saudi Grains Organization (SAGO) and created Savola World Foundation in 2020 to further expand on building partnerships and invest in sustainable environmental and social practices which make a long-term positive impact.</p>	19-33, 50, 51, 54, 84-87

Alignment with Global Standards and Charters

In order to integrate sustainability into several aspects of our business, map existing programs to the SDGs and ensure a more comprehensive approach to sustainability, we have consulted a wide range of external sources. These included international sustainability standards and frameworks (such as GRI, CDP and DJSI Index) as well as general guidelines, regional legislation and sector best practice.

In addition to the Saudi Vision 2030 and the SDGs, Savola Group also endorses several external charters and standards developed by international/national bodies and authorities. Among others, these include:

- The GRI Standards for Sustainability Reporting as developed by the Global Reporting Initiative (GRI).
- Ministry of Labor: labor law charters and principles.
- The Saudi Standards, Metrology and Quality Organization (SASO).
- The International Financial Reporting Standards (IFRS).
- The Saudi Food & Drug Authority (SFDA).
- The General Authority of Meteorology and Environmental Protection (PME).
- The Saudi Authority for Industrial Cities and Technology Zones (Modon).
- The Capital Market Authority: Regulation.
- Standard & Poor's Transparency and Disclosure Standards.



Our Focus Moving Forward

The group will continue to be committed to achieving the sustainable development goals by bringing them to the forefront of its activities and by integrating them into its sustainability strategy. It will work hard to support the Saudi Vision 2030 and to ensure that its actions and strategies reflect its commitment to building a thriving, broad-based national economy.

STAKEHOLDERS

As a leading strategic investment holding Group in the food and retail sectors in the Middle East, North Africa and Turkey (MENAT) Region, we are accountable to a diverse group of stakeholders, including companies of the group, employees, suppliers, local community, partners, consumers, customers, investors, shareholders and government. Each of the previously mentioned stakeholders has a specific set of interests and expectations from our business.

Engaging with our Stakeholders

Cultivating and sustaining a two-way dialog is crucial in order us to achieve mutual understanding and be able to inform strategic decision-making. At Savola, we value our stakeholders' opinions and engage in regular dialog with them through various communication channels, thus ensuring that their needs and expectations are taken into account and that we can respond effectively to their concerns. Input from our stakeholder engagement is the cornerstone of the way we develop and implement our sustainability strategy.

We recognize that working to improve social and environmental issues is a major challenge. We will improve our understanding of current issues and emerging sustainability trends through a journey of cooperation and engagement with stakeholders. At Savola, we strive to create great-shared value and improve life in the societies in which we live and work.

The following table provides a high-level overview of our stakeholders, with specific indications of how we are involved with them on social and environmental issues.



OUR STAKEHOLDERS

- Partners
- Investors and Shareholders
- Employees
- Consumers and Customers
- Community
- Board of Directors
- Government and Regulators
- Suppliers
- Operating Companies
- NGOs

Our Stakeholders



Investors and Shareholders

Stakeholders

To ensure sustainable and profitable growth, we work closely with investors and shareholders within a responsible and ethical business practices framework.

What are their key concerns?

- Positive return on investment.
- Reputation management.
- Risk management.

Engagement type

- Participate in Shareholders General Assembly and Extraordinary General Assembly Meeting.
- "Investor Relation Programs" for investors.
- Financial results.
- Financial and non-financial reports on Tadawul website and in daily newspapers.
- Department for shareholders' affairs.
- Email subscription center and investor relations app.



Suppliers

Stakeholders

We invest in long-lasting relationships with our suppliers. Establishing strategic supplier partnerships ensures value creation in all stages of our extended value chain.

What are their key concerns?

- Transparent bidding process.
- Smooth invoicing and payment processes.

Engagement type

- Strengthening relationships with business partners.
- Integrated social and environmental considerations into the supplier selection process.
- Adherence to the Code of Conduct and Ethical Values.
- Support local suppliers in the Kingdom of Saudi Arabia.



Employees

Stakeholders

We value our employees and we work continuously to create an approachable work culture of communication, camaraderie and performance.

What are their key concerns?

- Job security.
- Fair compensation and benefits.
- Opportunities to develop.
- Ethical conduct.

Engagement type

- Program for training and employing people with disabilities.
- Initiatives to measure employee engagement, enhance the work environment and bring employees and their families together.
- Programs for women empowerment and employment.
- Employee assistance.
- Health benefits and seminars.
- Volunteering opportunities.



Operating companies

Stakeholders

Savola Group consists of several companies focusing on retail and food. To improve our positioning as the premier investment holding company, we emphasize on synergies while streamlining decision-making process and resource allocation.

What are their key concerns?

- Board of Directors.
- Subsidiaries, Boards & Committees.
- Regular meeting for strategic and operational direction.

Engagement type

- Clear CSR guidelines from HQ.
- CSR champions assigned across all functions.

- Clear goals, direction and strategy.
- Support and tools for improving performance.



Community

Stakeholders

As part of our commitment to enhance community wellbeing, we engage with community members, non-profit organizations, charitable establishments, employees, suppliers and other stakeholders in new initiatives and long-standing programs that make a positive impact.

What are their key concerns?

- Engagement and involvement in decision-making
- Investment in local communities.
- Supporting local enterprises.

Engagement type

- The "Leave the Change for Them" charity. Panda customers donate the small change from their purchases to charities across the Kingdom of Saudi Arabia.
- "Makeen" program to train and employ people with disabilities.
- Cooperation and supporting other social institutions to design educational, health and social programs.
- Internship opportunities for undergraduates.
- Corporate Social Responsibility (CSR) Committee (which is currently becoming Board of Trustees of Savola World).



Consumers & Customers

Stakeholders

We place customers at the heart of our operations. We focus on understanding and meeting customer needs, and on exceeding their expectations. Through trusted brands, we offer quality products that support the lifestyle choices of our consumers.

What are their key concerns?

- Fair prices.
- Ethical business conduct.
- Creating value for society's different economic segments by providing value for money products and services, and world-class quality experiences.

Engagement type

- Business development process.
- Market and satisfaction surveys.
- Customer care departments.
- Traditional media channels, social media, and online portals.
- Website.



NGOs

Stakeholders

NGOs cater to some of the most vulnerable segments of society. We value the opportunity to contribute in addressing unmet social needs.

What are their key concerns?

Supporting local causes.

Engagement type

- Funds and financial support.
- Partnerships to contribute to social and economic development.
- Volunteering activities.
- Social and environmental initiatives.



Board of Directors

Stakeholders

The Board of Directors is pushing us to lead in sustainability and continuously honor our values.

Engagement type

- Board of Directors Meetings.
- Shareholders General Assembly.
- Board committees.
- Engagement with executives.

What are their key concerns?

- Positive return on investment.
- Reputation management.
- Risk management.
- Financial and non-financial reports.
- Setting the Company's strategic direction and plans.
- Approving policies and procedures including Corporate Governance Code.



Partners

Stakeholders

Our diverse portfolio of services and products has enabled us to build strong relationships with respected partners, with whom we join forces to create positive value.

Engagement type

- Participate in innovative sustainability initiatives.
- Develop new programs and solutions.
- Utilize strengths to make a positive impact.
- Collaboration agreements (MoUs).

What are their key concerns?

- Fair dealings.
- Openness and transparency.
- Creating value through mutually beneficial dealings.



Government & Regulators

Stakeholders

We operate according to national and international laws and regulations and we work in a responsible manner that contributes to the country advancement and the corporate performance. Moreover, this manner supports the community wellbeing and a healthy environment.

What are their key concerns?

- Compliance with laws and regulations.
- Local employment opportunities.
- Support Saudi Vision 2030 and SDGs

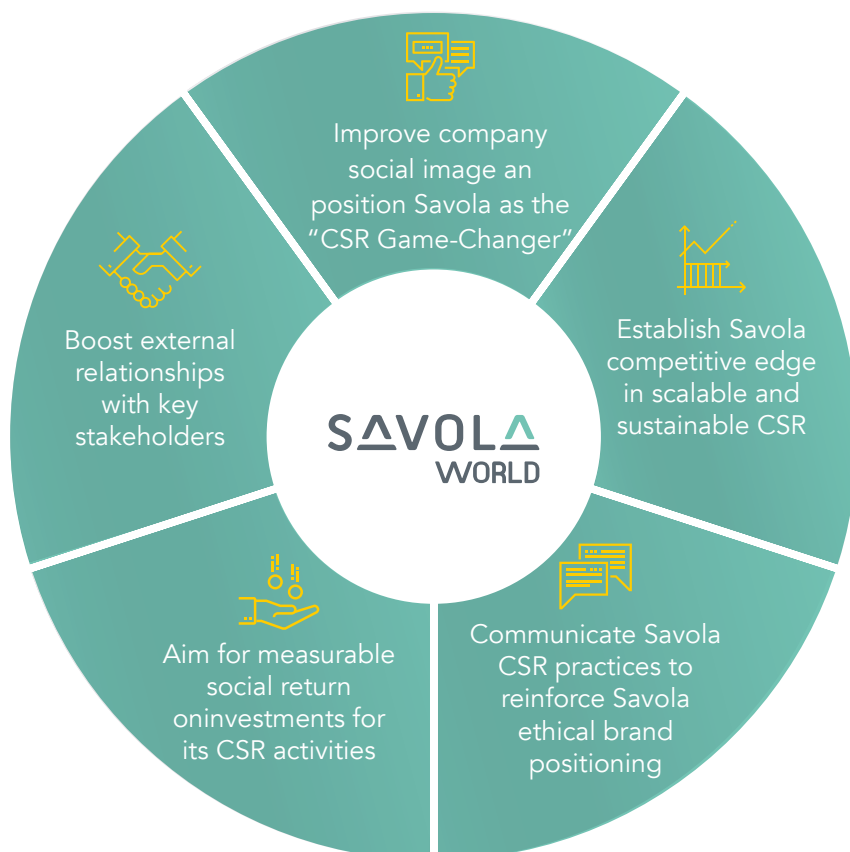
Engagement type

- Strong management and governance systems.
- Respond to government requests and participate in government programs.
- Collaborate with government stakeholders to advance common citizenship goals.
- In 2019 Savola provided feedback on the public policies of the newly proposed Companies' Law to the Ministry of Commerce and on the CG regulations to the Capital Market Authority.
- Publish quarterly financial results.

Determining Areas of Focus

In today's interconnected world, organizations deal with many economic, environmental and social issues on which they can report. Identifying material topics provides direction for strategy and communication. As we operate in a complex and unpredictable business environment, conducting a material assessment allows us to identify the sustainability topics that are a priority by us and our stakeholders.

Savola Group CSR Strategic Objectives



Materiality Process

Material topics form the basis of our Sustainability Report and reflect the economic, environmental and social impacts of the Group. Moreover, material topics influence our stakeholders' decisions. For the 2019 Sustainability Report we conducted an extended materiality assessment and updated our materiality analysis so that both the assessment and the analysis reflect the current business strategy on related sustainability issues and stakeholder priorities. We took into account a range of national, regional and global challenges, trends and approaches. We engaged with internal and external stakeholders to identify the most critical sustainability issues for our business and stakeholders. We also consulted a number of international standards, frameworks and best practice examples in order to design and conduct our materiality assessment in accordance with the principles of the GRI standards, including the principle of Materiality. Key steps of the process include:



IDENTIFICATION

Identification of potential material topics

PRIORITIZATION

Assessment and ranking by internal and external stakeholders

VALIDATION & APPROVAL

Adherence to best practices, standards, frameworks, strategic direction.
Validation of topics

COMMUNICATION

Communication via the Sustainability Report

Materiality Matrix

An important outcome of the materiality assessment is the development of our materiality matrix, which illustrates all the material issues and their prioritization. Materiality demonstrates our commitment to sustainability and is an invaluable tool for risk management and opportunity identification. The materiality process has revealed 30 material topics across our five strategic pillars: Employees, Community, Our sector, Environment and Business. At Savola, our sustainability strategy is deeply rooted in maximizing positive impact; the materiality matrix helps us focus our energy and activities on influencing global change and achieving the SDGs and the Saudi Vision 2030.



Material Topics

Business	<ol style="list-style-type: none"> 1. Effective Governance 2. Anti-Corruption & Bribery 3. Corporate Strategy & Investments 4. Ethics and Values 5. Risk Management and Business Continuity 6. Partnerships & Stakeholder Relations 7. Economic Performance & Market Presence 8. High Standards & Compliance
Employees	<ol style="list-style-type: none"> 9. Equal Opportunity & Fair Working Environment 10. Employee Development, Training & Education 11. Employee Wellness 12. Occupational Health & Safety 13. Local employment/Saudization 14. Diversity & Inclusion
Community	<ol style="list-style-type: none"> 15. Food waste reduction 16. Local Community Initiatives & Contributions 17. Volunteering 18 Social impact
Environment	<ol style="list-style-type: none"> 19. Water 20. Resource Management 21. Energy & Fuel Consumption 22 Emissions
Sector	<ol style="list-style-type: none"> 23. Consumer Health & Nutrition 24. Responsible Communication and Marketing 25. Product Quality & Innovation 26. Shop Accessibility 27. Customer Service Quality & Satisfaction 28. Product Packaging & Labelling 29. Responsible Sourcing & Procurement 30. Local Suppliers

Strategy for an Interconnected World

At Savola we see everyday the positive value that can be created when all stakeholders come together under a common goal. Our active collaboration with government, civil society, international and national expert bodies creates more opportunities and paves the way for an interconnected world. Pursuing our sustainable business strategy and achieving our targets drive impact for the benefit of the wellbeing of the community and the health of the environment.

Savola Group CSR Strategic Objectives

- Improve company social image and position Savola as the “CSR Game-Changer”.
- Gain an edge in scalable and sustainable CSR.
- Communicate Savola CSR practices to reinforce Savola ethical brand positioning.
- Aim for measurable social return on investments for its CSR activities.
- Boost external relationships with key stakeholders.



Our Focus Moving Forward

At Savola, we will continue to strengthen our relationships with stakeholders and will engage to identify topics that are important to them. We will also continue to meet our stakeholders' requirements and to be transparent about our impacts, risks and future actions.

Savola Group CSR Strategy



COMMUNITY

CAUSE: Excess Food Management

Food waste reduction
Local Community Initiatives & Contributions
Volunteering
Social impact

—
Ex. Awareness Product
Reuse & Shelf Policies



EMPLOYEES

CAUSE: Maximize Youth Talent Potential

Equal Opportunity & Fair Working Environment
Employee Development, Training & Education
Employee Wellness
Occupational Health & Safety
Local employment/ Saudization
Diversity & Inclusion

—
Ex. Young Leaders Development Program



ENVIRONMENT

CAUSE: Direct Resource Management

Water
Resource Management
Energy & Fuel Consumption
Emissions

—
Ex. ISO 14001 or 3R
(Reduce, Reuse, Recycle)



SECTOR

CAUSE: Empower People with Disabilities to Become Productive in their Sector

Consumer Health & Nutrition
Responsible Communication & Marketing
Product Quality & Innovation
Shop Accessibility
Customer Service
Quality & Satisfaction
Product Packaging & Labeling Responsible
Sourcing & Procurement
Local Suppliers

—
Ex. Reforming Makeen as a Learning & Development Hub

BUSINESS

- > Effective Governance
- > Anti-Corruption & Bribery
- > Corporate Strategy & Investments
- > Ethics and Values
- > Risk Management and Business
- > Continuity
- > Partnerships & Stakeholder
- > Relations
- > Economic Performance & Market Presence
- > High Standards & Compliance



07

BUSI NESS

Savola is a responsible corporate citizen and strives to make a positive impact.



Business



Savola is a responsible corporate citizen and strives to make a positive impact. It all starts with how we are governed and the values that dictate our decision-making processes. We observe the highest standards of safety, governance, environmental and ethical conduct across our value chain in order to create value for the business, the community and the Kingdom.

RESPONSIBLE GOVERNANCE AND MANAGEMENT

Our Approach

We believe that strong governance and ethical standards are the foundations of our sustainability and fundamental to supporting our organizational structure. Our strong reputation and exceptional performance rely on the implementation of our Corporate Governance Manual, our Committee Charters, bylaws and our Code of Conduct and Ethical Values, which direct our people to behave responsibly in all their engagements.

Strong Governance and Ethical Standards

Trust and integrity are essential for our success and therefore we continuously strive to ensure strong ethical conduct in all our engagements. As early as in 2004, we developed the Savola Corporate Governance Code, which sets out special rules, mechanisms and procedures that guide the company's relationships with the Board, Senior Executives, shareholders and stakeholders. Clear written policies and procedures regulate the relationship with stakeholders within Savola Group so that their rights are protected. We work to foster a culture of honesty and accountability in the Group and we strive for transparency. The Code facilitates decision-making, transparency and credibility and at the same time aims to protect shareholders' and stakeholders' rights, fairness, competitiveness and transparency in finance and the business environment. In order to ensure and monitor the implementation of Corporate Governance requirements, in July the Corporate Governance role was added to the Remuneration and Nomination Committee responsibilities and duties. The Corporate Governance requirements are overseen and monitored by the Board of Directors, the top executive management and a dedicated Corporate Governance and Compliance Department. The Code is available on our website (www.savola.com).

The Board of Directors, the highest governance body, plays a fundamental role in setting the group's strategic direction, priorities and objectives while overseeing their implementation. It sets the tone for shaping and monitoring the ethical culture in Savola while protecting stakeholders' rights, as dictated in the Board Charter. The Board fosters a culture of honesty and accountability, it adheres to the principles of transparency, disclosure and responsibility and leads by example.

Group Organizational Structure



Key Achievements

- Zero fines and penalties during 2019.
- Full compliance with Savola CG policies, rules and Companies' Law.
- Successful restructuring of Board's Committees, Operating Companies' Boards and induction program for new members, including one-to-one induction sessions for all new Board members and site visits.
- All financial disclosures, including the Annual Directors Report, CMA quarterly and annual financial disclosures, other reports and Tadawul announcements were carried out in compliance with the relevant guidelines, local and CG best practices.
- All our announcements and reports issued in both Arabic and English targeting both Arabic and non-Arabic speakers stakeholders.
- Initiated a Board Meetings Calendar for the whole Board' term office (2019-2022).
- Proper utilization of Board Portal for Savola Group Board and Committees and introduction of paperless meetings.

Group Committees

Board Committees are an important element of Corporate Governance and the governance process itself. The Group Committees have different mandates and support the Board in performing its duties and making sound decisions. All Committees operate according to their individual charters approved by the Board of Directors or the shareholder general assembly (whenever applicable). Savola Group has four Committees as follows: Audit Committee (AC), Remuneration and Nomination Committee (RNC), Investment Committee (IC) and Corporate Social Responsibility (CSR) Committee (currently Savola World Board of Trustees). The committees can include executive, non-executive, independent and external members. For more details about the role and the responsibilities of the Committees, please refer to the 2019 Annual Report and to Savola's website (www.savola.com).

2019

The Audit Committee
met 4 times

The Remuneration and
Nomination Committee
met 6 times

The Investment Committee
met 4 times

Excellence Award in Corporate Governance Index

In 2019, the Corporate Governance Center at Al-Faisal University - College of Business recognized Savola Group as one of the top performing companies in the Saudi Stock Exchange in the field of corporate governance.

The excellence award and the high scoring in the Saudi Corporate Governance Index confirm Savola's commitment to strengthening corporate governance in all its businesses and operations.



CSR Committee

Savola is keen to deepen the group's sense of social responsibility through the CSR Committee, which works mainly to oversee and follow-up projects and activities of CSR, along with a specialized team and management to implement these programs and initiatives. These activities and initiatives are revealed in the Board of Directors' annual report and the company's website. The CSR committee held four meetings during 2019 and the Committee has also been reconstituted since July 2019 and then replaced with the Savola World Board of Trustees.

Investment Committee

The investment committee consists of five non-executive members and independent board members. In 2019, the committee held four meetings to enhance the Council's role in following up and implementing strategic plans regarding investment opportunities. The committee was also reconstituted for the new period started from July 2019.

For a complete list of Investment Committee, responsibilities please refer to page 90 of the 2019 Annual Report.

Audit Committee

The Audit Committee consists of five members. The committee meets periodically at the invitation of the president. In 2019, the Committee held four meetings and the Committee has also been reconstituted since July 2019.

For a complete list of the Audit Committee's responsibilities and key activities, please refer to page 109 of the 2019 Annual Report.

RNC Committee

The RNC comprises five members who are independent and non-executive members with expertise in the committee's mandates. In 2019, the committee held six meetings to follow up on its responsibilities in remuneration, nominations, and corporate governance. The Committee has also been reconstituted since July 2019.

For a complete list of the responsibilities of the RNC and Major Activities, please refer to page 89 of the 2019 Annual Report.

The CSR Committee

Savola is keen to strengthen the Group's sense of social responsibility through the CSR Committee, which develops, implements and oversees sustainability projects and activities based on the Group direction. Along with a dedicated team, the CSR Committee works to integrate sustainability into the Group subsidiaries by aligning operating practices, initiatives and measures with approved strategies. The CSR Committee consists of four members and the Committee Secretary. During 2019 the Committee was reconstituted after the election of a new Board of Directors for the new office term which started on July 1st, 2019.

Role and duties of the CSR Committee:

1. Developing the Savola CSR strategy and achieving sustainable social impact.
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 Committee held four meetings in 2019 to review the Group's CSR programs and plans.

ATTENDANCE DATA FOR THE 2019 MEETINGS

NAME	NUMBER OF MEETINGS ATTENDED
1. Mr. Abdulrahman Mohammed Ramzi Addas (Chairman) (Independent Savola Board member)	2/2
2. Mr. Fahad Abdullah Al-Kassim (Independent Savola Board member)	2/2
3. Eng. Abdullah Mohammed Nour Rehaimi (External member - Non-executive)**	1/2
4. Eng. Anees Ahmad Moumina (Executive member - Group CEO)	4/4
Mr. Tarik Mohammed Ismail (Committee Secretary)	4/4

EX-COMMITTEE MEMBERS FROM 01/01/2019 TILL 30/06/2019

Mr. Mohammed Ibrahim Al Issa (Ex-Chairman) (Non-executive Savola Board member)*	2/2
Dr. Mervat Ahmed Tashkandi (Ex-Independent, External member)	2/2
Mr. Ahmed Saleh Al Rammah (Ex-Independent, External member)	2/2
Mr. Mahmoud Mansour Abdul Ghaffar (Ex-Independent, External member)	2/2

* was an independent Board member for the period between 01/01/2019 and 26/10/2019. As of 27/10/2019, he has been a non-executive member. ** was a non-executive Board member from 01/01/2019 until 30/06/2019.



Our Focus Moving Forward

Savola will continue to ensure that the governance structure and mechanisms in place meet international best practices and enable the growth of the Group. Moreover, it will continue to improve internal mechanisms and standards while complying fully with laws, rules and regulations. Savola will continue to share leading practices with peers, the public and partners including institutions, universities and media. We will continue to aim for improvements by benchmarking against other companies and through rating agencies at a local, regional and international level.

The Sustainability Team

In addition to the CSR Committee which is affiliated with the Board, oversees and follows up CSR projects and activities, a dedicated team and a dedicated department work to implement and monitor these initiatives.



Tarik Ismail

Executive Director
Savola World

Experience: Experience in communication, marketing, CSR, real estate, investment, Board and Committees affairs.



Tareq Khan

Corporate Communications and Sustainability
Director, The Savola Group

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

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

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

ORGANIZATIONAL CULTURE AND VALUES

Our Approach

Our business reflects our values which have a deep meaning for both internal and external stakeholders. We strongly believe that our values provide the foundations of Savola Group, thus contributing to our success and longevity. Our values are not ruled by decree. They are the cornerstone of Savola Group and give us a sense of purpose.

Living our Values

Our values underpin everything we do; they are a blueprint for decisions we make as individuals, as a team and as a group. Every day, our employees engage with our partners and other stakeholders and act according to our values, our principles and their personal judgment. Since the Group was founded in 1979, our values, our principles and our governance mechanisms protect us from potential conflicts of interest.

The three defining pillars of our organization's ethos are as follows: individual, team and organizational traits and values. These pillars with their corresponding values and our corporate culture are interlinked, interdependent and interwoven.



Our Focus Moving Forward

We will continue to bring our values to the forefront of our activities and incorporate them into our daily decisions and behaviors. Through our organizational culture and values, we will continue to have a responsibility to our stakeholders who have trusted us. With our values, we aim to become a role model for the generations to come.



For more details about our values and ethics, please refer to our 2018 Sustainability Report and our website (www.savola.com).

Self-Nourishment (Personal traits)

Individual values powerfully reflect the individual traits as well as the behavior expected by all employees in the Group:

- Modesty
- Following Example
- Resolution
- Mastery

Interactive Nourishment (Teamwork Dynamics)

Our teamwork values consist of values that emphasize the importance of working together as one, and promote empathy and teamwork:

- Trust
- Leniency
- Keenness
- Solidarity

Released Nourishment (Organizational Culture)

Through the Group's organizational values, which complement each other and are integrated into all its activities, Savola continues to provide value and serve all stakeholders in the best possible way:

- Righteousness
- Fulfillment
- Persistence
- Integrity

RESPONSIBLE MANAGEMENT AND ETHICS

Our Approach

All business operations face risks and we know that corruption remains one of the greatest global challenges. As the threat of corruption or bribery is visible, which could have devastating effects on our credibility, reputation and performance, we are equipped with a strong governance system, with policies and procedures and we encourage a culture of openness and accountability. At Savola, we have made a commitment to identify, address and combat cases of corruption and bribery that could question the legitimacy of our Group.

Code of Conduct

The Code of Conduct and Ethical Values is a key document which is applicable to the Group and its subsidiaries. It sets the legal and ethical standards of conduct and guides concerned people to recognize ethical risk and act according to the values of Savola. The Code is fundamental to performing duties and assuming responsibility, as honesty and integrity are not negotiable for Savola.

The Code discusses all key aspects of legal and ethical standards of conduct, including conflict of interest, gifts, harassment, nepotism, employee relations, sales, confidential information, the environment, corruption and bribery.

Panda "Speak UP" Program

Panda established the Speak Up Program to enable all employees to report misconduct and unethical acts. We need to ensure that we always act with honesty and integrity, in accordance with our core values. The platform enables us to improve and to do the right thing. It strengthens the trust with our stakeholders which plays a key role in Panda strategy and direction.

Savola Integrity Hotline

Integrity is one of our values and remains central to our business success. To protect our employees and all our stakeholders, in 2018 we initiated the Integrity Hotline, an independent and secure service that covers our entire operations in the region. The Integrity Hotline provides a confidential reporting framework. The process is overseen by the Audit Committee and the Board of Directors. In conjunction with the whistle-blowing policy, the Hotline creates a safe and reliable mechanism for reporting concerns about workplace practices. In 2019, the cases reported concerned mostly Human Resources issues.

During 2019, all new Group employees were informed and trained on the Savola Integrity Hotline during their orientation program. The Integrity Hotline can be accessed online at:

<https://hotline.savola.com>

Number of cases reported and investigated:



The Principles of our Business Ethics

All our relationships and interactions are governed by our ethics:

Honesty:

- Always tell the truth, no matter what situation we might find ourselves in or how beneficial lying might appear in the short term.
- Always fulfill our promises and obligations.
- Always honor our pledges to others.
- Always commit to resolving conflicts with respect and objectivity.

Conscientiousness:

- Is the decision legal and have we checked its legality with the appropriate parties or references?
- Even if the decision is legal, will I be able to publicly admit to it and stand by it?
- Do I feel comfortable with the decision?
- Do I feel that what I am doing is not only legal but fair?

Caring Justice:

- 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.

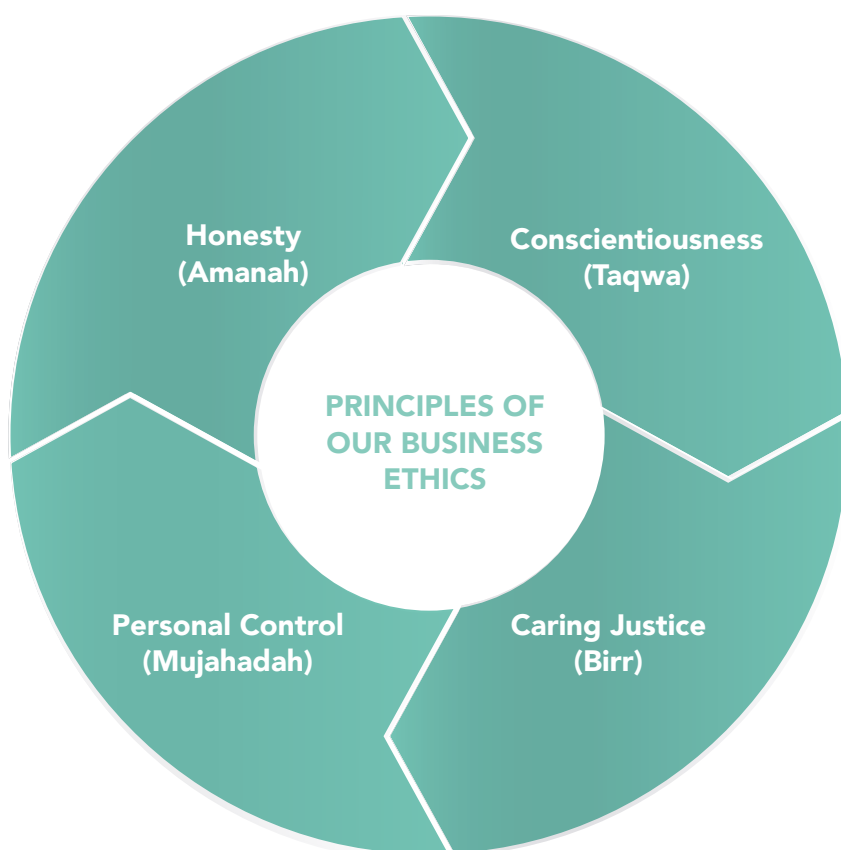
Personal Control:

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

Compliance with Laws, Rules and Regulations

The Savola Group adheres to strict corporate governance and regulatory standards and enforces a robust legal structure resulting in:

- zero incidents reported for legal action regarding competition, monopoly or related outcomes in 2019,
- zero penalties or precautionary attachments imposed on the Company by the Capital Market Authority or by any other supervisory, regulatory or judicial body,
- zero cases of non-compliance with regard to breach or loss of customer data.



Our Focus Moving Forward

At Savola, we will continue to empower our employees to exercise independent professional judgment and act according to our values and ethics. Our value system and our advanced business tools, including the Integrity Hotline, guide and support all employees to act in a manner that enhances our relationships with stakeholders and builds Savola reputation.

EFFECTIVE RISK MANAGEMENT

Our Approach

As an investment group focusing on food and retail with an extended portfolio of products, Savola is exposed to various risks and uncertainties. In order to ensure undisrupted sustainable value for its partners, investors, employees, consumers, communities and all stakeholders, Savola develops and applies a strong risk management mechanism based on prevention measures and training.

The Group's activities expose it to a variety of risks. To achieve operational excellence, we ensure that our governance structure is based on ethical framework, recognized standards and optimal organizational policies and procedures. Savola's Audit Committee, internal audit departments and corporate governance and compliance bodies work to limit risk by ensuring the proper functioning of internal controls. The

external auditor audits the financial statements for the Group's operations and the Shareholder's General Assembly (AGM) reviews and approves finances, remuneration, related party transactions and Group performance on an annual basis. All employees are bound to the highest ethical standards in accordance with our values and have made a commitment to act for the benefit of the group and society at large.

Strengthening our risk management

Savola aims to protect its stakeholders, reputation and the value of its assets, and has made a commitment to continually develop its risk management culture. Savola's risk governance framework and its continual team development support this aim. Savola operates a "Three Lines of Defense" model to ensure accountability across the Group for governance, monitoring, reporting and management of risks, and the control environment.

3 LINES OF DEFENSE

1st Line

Management Controls
Internal Control Measures

2nd Line

Financial Control
Risk Management
Quality
CG and Compliance

3rd Line

Internal Audit



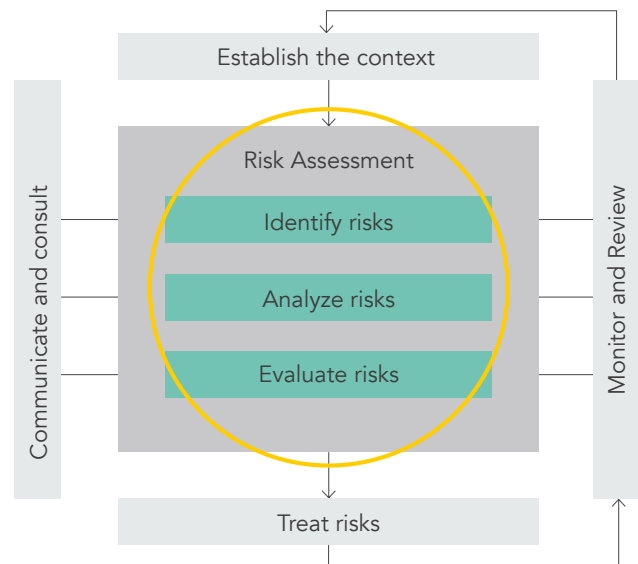
Enterprise Risk Management Framework

In line with the market best practices, Savola has developed an integrated Enterprise Risk Management (ERM) framework to support the success of the Group and the achievement of its strategic goals. This framework involves a collaborative risk management environment that proactively identifies, monitors and mitigates risks.

It is designed to deliver quality, relevant and usable 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.

ERM outlines the series of activities that Savola needs to use to identify, assess and manage risks. It is designed to address Savola's business needs while remaining simple, pragmatic and in accordance with Savola's strategies and risk appetite. Savola has aligned the ERM framework with best standards (ISO 31000) and leading risk management practices. The risk management function is comprised of a dedicated team leading the risk management activities across the Group and assigned risk champions who implement risk management activities within respective business units/functions.



Promoting Risk Management Culture: WAEI

Savola continues its efforts to promote a risk management culture, enhance corporate excellence and bolster internal controls. As part of its efforts, it launched WAEI in 2018. WAEI provides a new framework for sharing knowledge around known business-related risks and for reflecting, exploring and identifying future risk which is currently not fully understood. The framework offers guidance to Savola on how to raise, share, inform and report risks to appropriate levels.



Our Focus Moving Forward

We will continue our efforts to manage and monitor all of our risks by implementing our Enterprise Risk Management program. Through the WAEI initiative, we will continue to promote a culture of risk awareness, to achieve institutional improvement and to strengthen our internal control.



08

COMMUNITY

Through our initiatives we are transforming the world for the better and inspire the principles of sustainability in all our activities.



Community Initiatives and Investments

Through our initiatives we are transforming the world for the better and inspire the principles of sustainability in all our activities. Our commitment to the betterment of our communities has led to landmark projects, including the food waste management program Negaderha, as well as to the implementation of equally successful programs on a smaller, local scale.

COMMUNITY INITIATIVES AND INVESTMENTS

Our Approach

Being a responsible member of our community means continuously posing the question "what can we do more to increase our positive impact and improve the livelihoods of our stakeholders?". It means having a responsibility to push the boundaries of what is feasible and possible and implementing large scale programs that enable sustainable transformations.

Corporate Volunteering

Corporate volunteering took center-stage in 2019. During the year, we proudly celebrated a number of achievements including the launch of Savola Group's volunteering program, the establishment of valuable partnerships and the increased engagement of our employees. A total of 787 corporate volunteering hours were completed three months after introducing the volunteering activities. As we work to integrate volunteering into our corporate culture, we incorporated volunteering in the annual employee performance indicators. We also designed the activities that will contribute to the personal and professional growth of our employees and aligned the volunteering program with the Saudi Arabia Vision 2030 goal of expanding the impact of the non-profit sector.

787

Corporate volunteering hours were completed three months after introducing the volunteering activities.



EMPLOYEE VOLUNTEERING ACTIVITIES

VOLUNTEERING ACTIVITIES	NUMBER OF VOLUNTEERS	PARTNERS	IMPACT AND BENEFICIARIES
Distributing Ramadan Food Baskets to Beneficiaries	10	Namaa Association	Families in need-250 Family members benefited
Packing & Distribution of Meals	37	Itaam Association (Saudi Food Bank)	Families in need-150 Family members benefited
Distributing Ramadan Charity Company Products (Sugar & Oil) to Beneficiaries on a Yearly Basis	12	29 Charitable Societies in various regions in KSA	Families in need-1.500 Family members benefited
Visiting King Fahad Hospital	23	Namaa Association	100 Patients benefited
Visiting Hisham Attar Center for Dialysis Visiting Neda Al-Amal Rehabilitation Center	15	Hisham Attar Center	50 Kidney Failure Patients benefited
Visiting Neda Al-Amal Rehabilitation Center	39	Neda Al-Amal Rehab Center	100 Intellectual Disabilities Patients benefited
Delivering Educational Workshops	7	Dallah Academy	200 People benefited (students, specialists, interested)

Social Return on Investment (SROI)

In 2019, Savola commissioned a Social Return on Investment (SROI) study for its leading programs Negaderha and Makeen. SROI is a relatively new methodology that can measure broader socio-economic outcomes in a singular monetary ratio. The purpose of the analysis was to evaluate the value creation of Makeen Employment Program and Negaderha Program which we implemented in 2017 and 2018. Moreover, the analysis aimed to measure the social impact on the participants of the programs and on the local community.

The SROI analysis confirmed that both projects are highly effective and made substantial positive impact on the participants and the local community. It also demonstrated how Negaderha and Makeen create measurable value for their stakeholders (general public and HORECA in the case of Negaderha, people with disabilities in the case of Makeen) and the society. It also proved that they generate a positive return on investment and high financial value.

Key Community Initiatives and Contributions

Savola Group Ramadan Charity 2019



26

6,000

64,000

Donation of 2,000 bags of sugar & 1,000 cartons of oil

Beneficiaries: 26 Organizations

No of Beneficiaries: 6,000 people

Investment: SAR 64,000

Leave the Change for Them

This charitable initiative encourages Panda's customers to donate the small change from their purchases at retail outlets. The amount collected is allocated to a number of charities across the Kingdom.



Our Focus Moving Forward

In 2020 and beyond the end of the year, we are seeking to evolve a more structured volunteering program with its own brand name and a dedicated portal featuring available volunteering opportunities.

FOOD WASTE MANAGEMENT

Our Approach

Conserving resources and reducing food waste are part of the most critical sustainability strategies of Savola. This responsibility stems from the SDGs, and from SDG 2 (zero hunger) and SDG 12 (responsible consumption and production) specifically.

Reducing food waste is of national importance, in order for the country to confront the urgent problem of food waste, and taking responsibility for this issue is part of achieving the Saudi Vision 2030. Therefore, we launched the Negaderha program in order to manage and reduce food waste, and enable behavioral change in the home and the HORECA sector (Hotels, Restaurants and Cafés).

Part of the World Resources Institute Initiative

Savola joined forces with the world's largest food retailers to implement the global initiative "10x20x30". This initiative was launched by the World Resources Institute (WRI). World's 10 biggest food retailers convened to work with 20 of their top suppliers in order to halve their rates of food loss and waste by 2030. This private sector commitment is a significant advancement with regard to the United Nations' Sustainable Development Goal (SDG) Target 12.3, which calls for a 50% reduction in food loss and waste by 2030 worldwide.

"Can't miss Initiative" by Panda

In 2019 Panda launched the "Can't miss Initiative" to put an end to unnecessary waste and reduce environmental pollution. The initiative was launched in October in 13 pilot stores and has led to improvements in stock management and waste management. The strategy includes the fast selling of sellable items that are near expiry at a reduced price of up to 50%. The results have been impressive and in certain stores improvements in wastage control reached up to 30% in four months compared to previous years.



Our Focus Moving Forward

In 2020 and beyond the end of the year, we are seeking to shortlist the top suppliers of the Group as part of the "10x20x30" initiative. The first supplier training is planned for 2020.

NEGADERHA PROGRAM

Our Approach

The Savola Negaderha program is a food waste management and reduction scheme, which was developed to address food waste as an issue of national importance. By launching the Negaderha program, we tackle the food waste issue at different levels. We are currently targeting two main segments of the society: the households and the HORECA (the sector of food industry referring to Hotels, Restaurants and Cafés) sector. We are working to raise awareness of the dangers of food waste. At the same time we encourage globally tried and tested practices to drive sustainable behavioral change for optimal use of food resources.

Guiding Manual for the HORECA Sector

Negaderha produced a Guiding Manual on "The Food Waste Management in the Sector of Restaurants, Hotels and Cafés." In the manual, international nutrition experts, cooks and business owners provide advice, tools and tips. Negaderha aims to enable behavior change, raise awareness and enable the HORECA owners and workers to reduce food waste at any stage of the food consumption cycle.

In Partnership with the Saudi Grains Organization

One-third of all food produced in the world is lost or wasted from farm to fork, according to official estimates by the Food and Agriculture Organization (FAO) (2011). Resource preservation and food waste are particularly important for Gulf countries and Saudi Arabia. To support the establishment of a culture of managing food waste and to influence future generations, we signed an MoU with the Saudi Grains Organization (SAGO) in February 2019. SAGO is a national institution safeguarding the supply of the nation's most important food commodities. The partnership between SAGO and Savola, a unique partnership between public and private sector, calls for joint sustainability programs bringing together multi-sectoral stakeholders and strategic partners to address food security and wastage. The MoU was signed during the launch of Saudi Arabia's Index of Food Waste and Loss in the Kingdom.

Negaderha Mobile App

In 2019, we launched the Negaderha mobile app, now available on both Android and iOS platforms. Extending Negaderha's reach and offering users a suite of tools, interactive media and tips are the purposes of this initiative. Driving sustainable behavioral change for an optimal use of food resources within their households remains the ultimate goal. The app encourages conscious grocery shopping, provides advice on food storage and meal planning. The app suggests recipes so that users can turn leftovers into delicious new dishes, it offers a portion planner calculator so that users can calculate portions and the quantities for each meal and many other tools and resources.



Negaderha Tips on Video

Throughout 2019, Negaderha produced three short informative videos with tips on a wide range of food waste issues, including storage, portion planning and grocery shopping. The purpose of the specific initiative was to convey scientific food preserving information in a simple and interactive way and inform about the tools available concerning food preparation and effective food management.



Our Focus Moving Forward

We will work to complete the on-ground realization of the Negaderha School Campaign before the end of 2020. We will continue to invest in food waste and loss reduction in our own operational companies, by building a more responsible supply chain, by launching more internal initiatives and by joining the Sustainable Supply Chain Initiative by the World Resources Institute.



Negaderha Social Media Campaign



3

Videos



216,917

Total videos views



3,349

Total number of likes



09

EMPLOYEES

At Savola, we work to create an inclusive business culture for our talented and diverse employees so that they thrive.



Employees



At Savola, we work to create an inclusive business culture for our talented and diverse employees so that they thrive. We value and appreciate the commitment of our employees to the vision of Savola; we recognize that our success would not have been possible without their contribution.

A UNIQUE CULTURE

Our Approach

We employ over 26,000 people of over 40 nationalities. Our business success, our customer experience and the materialization of our vision depend on our talented employees. We value and appreciate their commitment to the vision of Savola; we recognize that our success would not have been possible without their contribution and commitment. Therefore, it is our duty to ensure and maintain a positive, balanced and fair work environment which encourages professional development, creativity and innovation and is based on respect, empowerment and sound governance frameworks.

At Savola, we work to create an inclusive business culture for our talented and diverse employees so that they thrive. We owe our success to the contribution of our employees. Thus, we continue to focus on fostering a culture where every voice is heard, equal opportunities are the norm and everyone receives the same benefits and compensations for the same type of work. All operating companies across the Group operate according to the same values, strive to provide development opportunities for their employees through tailor-made initiatives based on global best practices and sound management systems.

26,000

We employ over 26,000 people of over 40 nationalities.

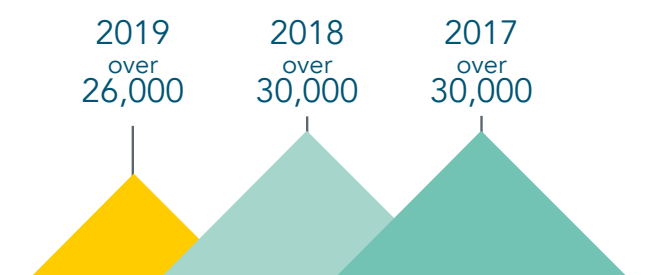
Panda Internal Communication and Collaboration Platforms



Savola is a "Great Place to Work"

Having remained true to our vision of being the region's employer of choice in the food and retail industry, we were awarded the "Great Place to Work" certificate for 2019. This recognition is a huge accomplishment since companies with exceptional organizational culture, employee engagement and teamwork, and trust in management receive it. We will continue to invest in our employees, support them to reach their full potential and enhance their confidence in our corporate structures. We commit ourselves to maintaining our global certification and making our employees proud of Savola.

Number of Employees



We were awarded the "Great Place to Work" certificate for 2019.

EMPLOYEE BREAKDOWN	2019		2018		2017		2016	
	FULL-TIME EQUIVALENT (FTE)	CONTRACTOR	FULL-TIME EQUIVALENT (FTE)	CONTRACTOR	FULL-TIME EQUIVALENT (FTE)	CONTRACTOR	FULL-TIME EQUIVALENT (FTE)	CONTRACTOR
HQ	52	2	53	1	46	-	48	-
AFIA	477	300	510	35	491	387	474	455
Panda	18,246	866	19,888	1,138	22,628	1,354	24,591	1,438
USC	427	547	427	534	410	550	380	56
IFI	58	21	55	52	-	-	-	-
Total	19,260	1,736	20,933	1,760	23,575	2,291	25,493	1,949

EMPLOYEES BY GENDER	MEN (FULL-TIME EQUIVALENT - FTE)				WOMEN (FULL-TIME EQUIVALENT - FTE)			
	<30	30-50	>50	TOTAL	<30	30-50	>50	TOTAL
HQ	4	29	11	44	3	5	0	8
Panda	5,466	10,795	778	17,039	446	714	47	1,207
USC	80	283	60	423	2	0	0	4
AFIA	87	299	78	464	6	0	0	130
IFI	3	45	10	58	0	0	0	0
Total	5,640	11,451	937	18,028	457	728	47	1,232

Tower Program

As early as in 2016, we developed "Tower", an engagement survey used to measure and improve employee engagement within the Group. This inclusive program allows company employees to air their views to both HR and senior management and raise concerns, share opinions and ideas. Throughout 2019, thanks

to the program we reached out to all our employees, we achieved a participation rate of 98%, compared to 84% in 2018. The enhanced engagement was a result of several new programs and initiatives that were introduced to improve communication, both vertically and horizontally, and enhance our culture.

Participation Rate



2019
98%

2018
84%



Engagement Rate



2019
78%

2018
71%



Employee Benefits

We want all our employees to be engaged at work. We also want them to feel appreciated and rewarded for their hard work; hence, we develop a comprehensive package of benefits and incentives which we offer to all our full-time employees. This package includes:

- Basic salary
- Housing allowance
- Transportation allowance
- Medical insurance
- Annual performance bonus
- Children's education allowance
- Annual air tickets for Saudi employees
- Thirty days paid leave
- Free-of-charge in house childcare
- Free-of-charge car parking
- Annual Salary increase cycle
- Biannual performance and career development reviews of our entire workforce

In addition, each operating company has developed its own benefit scheme and program. For instance, Panda benefit program includes incentives based on store sales on a quarterly basis, benefits for overtime and additional benefits depending on the nature of work which may include mobile allowances, transportation facilities/support, employees' discounts at Panda Stores. IFI additionally offers fuel allowance, free lunch at the canteen, and provides a reward incentive system for its employees. Savola Foods has a dedicated Employee Benefits Program to support its employees.

Access to Savola Canteen

As part of our benefits scheme, we offer access to the Savola canteen, where we ensure that healthy, high-quality food is served to more than 1,000 employees.

Financial Support for Employees

At Savola, we want to support our employees through difficult times and have therefore initiated schemes like Takaful and Tawoon Contribution Fund. Savola provides its Saudi employees with an employee home loan scheme. Also, it provides Takaful insurance to support families in cases of death or disability of employees, and a fund (Tawoon) to assist junior staff in dealing with financial emergencies. In addition, the Group has also obtained discounted corporate employee rates from leading brands and corporates in many sectors, which employees access via a dedicated mobile application.

Leading by example, Mr. Sulaiman Abdulkadir Al Muhaidib, the Chairman of the Board of Directors, donated his annual Board remuneration, attendance allowance, expenses allowance for the fiscal year 2019 a total of SAR 260,175 to support the Group's Takaful program.

The SELA Program and "Back to School"



In 2019, we carried out several family activities at Group level. The importance of family is emphasized through the Sela program which brought employees and their families together offsite at informal gatherings several times throughout the year. Additionally, children were invited to the Group offices. This was a memorable experience for both children and their parents, while special "Back to School" events celebrated education.

Savola HQ Employee Events

- Twina park trip
- Mangrove trip
- Oil and sugar factories trip
- Desert trip
- SPA day for female employees

The Happiness Campaign

In 2019 Savola undertook a number of ecosystem-wide activities that focus on a balance between work and life. Savola also invested in maintaining an approachable culture of communication, camaraderie and performance. "The Happiness Campaign" with the "Happy Mailbox" was deployed to boost positivity and create a friendly working environment.

200+

Letters exchanged during the first 3 days



Messages were conveyed across the Group, thus fostering synergy

1,671

Happiness Campaign Snapchat filter uses

Wellbeing and Work-life Balance

We value and respect our employees. We acknowledge that it is our responsibility to ensure they enjoy work-life balance and maintain their wellbeing. Our operating companies implement a wealth of initiatives to suit our diverse employee base.

Selected activities concerning employee wellbeing and balance between work and life:

IFI activities

- Monthly gift bag with Afia products
- Ramadan gift baskets
- Eid Alfitr breakfast box and chocolate gift
- Daily canteen lunch
- Transportation to AlBalad
- Improved accommodation facilities

USC activities

- Monthly weight loss championship
- Flu Vaccination campaign
- In house health services (hearing test, diabetes and blood pressure, dental checkup)
- Fitness center
- AlBaik meal
- Annual Ramadan Iftar
- Eid lunch
- FIFA tournaments

AFIA activities

- Recreation hall
- Fitness center
- Reward scheme
- Social activities, family fun and kids day



Our Focus Moving Forward

As a leading group in Saudi Arabia, we commit ourselves to ensuring the wellbeing of all of our employees. We will continue to provide a unique work culture, employee programs to foster a positive corporate culture, benefits to reward commitment and outstanding performance and a fair working environment that promotes collaboration, innovation and sustainability.



PANDA ENGAGEMENT ACTIVITIES

Panda gave employees many opportunities to share authentic moments and experience Panda's culture. Through a wealth of engagement activities, Panda aimed to create value for its employees, promote its brand and culture, maintain a healthy and positive work environment, increase employee productivity, engagement and motivation. First and foremost, Panda aims to show that it cares about its current employees. Key employee activities and initiatives focusing on wellbeing, employee motivation and engagement, employer branding, greeting and celebrations include:

- World Health Day
- Panda Champions (CEO Cup)
- Back to School
- Health Lounge Event
- Breast Cancer Event
- Fitness Day
- Sport championships
- Hajj Sponsorship Program
- Best Bakers Challenge Award
- Ramadan Gathering
- Eid Al-fitr Event
- Eid Al-Adha
- New Hejri year
- National Days

TRAINING AND DEVELOPMENT

Our Approach

Over a span of 40 years, we have invested in human capital development and have launched numerous schemes to enable our employees to reach their full potential. Attracting and retaining talent is essential for supporting sustainable growth. At Savola, our employees engage in a wealth of learning and development schemes tailored to their profile and job role.

Highlights of Developing Exceptional People

The exceptional people working across all levels of the Group and its subsidiaries, are a crucial factor in Savola Group's long-term success and ethos of sustainable growth. At Savola, our business grows with our employees and together we achieve customer satisfaction. We have made a public commitment to attract, sustain and develop the best talent available, thus we formulate policies as per the nationalization directives within our home market and promote an engaging environment which supports productivity and welcomes change.

At AFIA, the policy on performance and career development reviews dictates that employee performance and career development reviews take place twice a year.

According to the USC policy on employee learning and development, the HR performs a training need analysis which is linked to SAVOLA competency model and then builds a training plan based on the individual employee needs and gaps. In 2019, Panda conducted a technical and behavioral assessment for butchers and established a collaboration with CorpU USA for an interactive online development program for Isham Management Trainees.

Total Training Hours 2019	
AFIA	9,500
Panda	125,023
USC	4,234
IFI	527
HQ	552
Total	139,836

Panda

23,840 training participants
Men: 20,561
Women: 3,279
Management: 9.53%
Non-Management: 90.47%



USC

446 training participants
Men: 442
Women: 4
Management: 9.2%
Non-Management: 90.8%



AFIA

280 training participants
Men: 273
Women: 7



IFI

150 training participants
Men: 150
Women: 0



HQ

31 training participants
Men: 23
Women: 8
Management: 6.45%
Non-Management: 93.55%



KEY TRAINING PROGRAMS ACROSS THE GROUP

USC	IFI
Risk assessment	Personal hygiene and GMP
Focus improvement	First aid training program
Packing and mechanical seals	Pest control management training
Autonomous maintenance	CCP (Metal Detector Verification)
Food safety principles	Food allergen management
Introduction to centrifugal pumps	Labeling and pack control
ISO 45001	Food safety culture
KAIZEN	Site security procedures and food defence
Packing technology	Procedure for handling glass breakages
Condition monitoring and reliability	Cleaning tools color codes
Advanced sugar refining	HACCP food safety team training
QMS lead auditor	British Retail Consortium (BRC) global standard for food safety
Advanced training for sealing devices	ISO 14001, ISO 22000 and internal auditing
Basic motor and industrial control	

Performance Management System at Panda

Performance Management System is based on tools that measure technical and behavioral competencies and on performance indicators dictated by functional/departmental objectives according to the overall company objectives and strategy. The performance indicators and objectives are set at the beginning of the year. At the end of the year employees and their line manager operate an indicators and objectives appraisal. The output of the appraisal informs the individual development plans and career progression decisions.

PERFORMANCE AND CAREER DEVELOPMENT

Panda

Employees completed performance and career development review: 16,262
 Men: 15,511 (97%)
 Women: 751 (88%)
 Management: 1,466
 Non-Management: 14,796

AFIA

All 477 employees completed performance and career development review: 100%

HQ

All 54 employees completed performance and career development review, including the Group CEO: 100%



Our Focus Moving Forward

At Savola, we honor our commitment to our employees. We provide comprehensive training opportunities for all employees at all levels of the Group. We maximize their skills and build a highly knowledgeable workforce that is best equipped to meet 21st century challenges. Bearing this in mind, we are developing tailor-made training programs and investing in modern delivery approaches.

HEALTH AND SAFETY

Our Approach

At Savola, we seek to build a better work culture by ensuring that our employees are in good health and safe. This comes out of our major commitment to protecting our employees by applying global best practices and standards in occupational health and safety and by instilling a culture of safety. Helping our employees to stay safe, fit and healthy is a non-negotiable top priority for us.

Safeguarding Health and Safety

Health and safety is one of the fundamental pillars of our organizational systems and business approach. In the operational companies, the Health and Safety (H&S) Committees are entrusted with keeping injury, disease and absenteeism incidents to a minimum and with ensuring that the environment is safe and free of hazards. The role of the H&S Committees involves the identification, evaluation and monitoring of work-specific risks and issuing of recommendations or measures to eliminate them. It also entails ensuring that we cultivate and practise a behavior-oriented occupational safety culture. Employees from each operational company actively participate in the committees and comprise 2-5% of their members. Due to the nature of the activities at the HQ and the low H&S risk, no committee operates in the HQ.

Our H&S Performance Highlights

Protecting the health and safety of the employees is among our fundamental responsibilities. This is the basis of our system which applies to the Group and its operational companies. In 2019, Savola Group launched awareness campaigns and organized health conferences for employees to increase their awareness of specific wellness themes such as breast cancer. We also continued offering an extensive health program with medical benefits, such as diabetes checkups and awareness sessions, seasonal vaccines and healthcare reports based on blood tests at the Group tower. We also offer gym membership to ensure that the employees are fit.

IFI abides by formal written policies and procedures and operates according to an official HSE roadmap which takes into consideration legal compliance, hazard Identification and risk assessment, emergency preparedness and response, accident/incident investigations, and hazard report.

Clinics

Savola

The clinic is located at the HQ. Employees can ask a trained health practitioner for medical advice and can find over-the-counter medicines.

USC

The clinic is available 24/7 and provides medicine for common diseases, a quarterly healthcare program as well as weekly random checkups so that the company monitors employees' health and takes any necessary action.

Panda H&S System

Panda is in the process of establishing an H&S management system to improve organizational safety culture, increase awareness and safety performance and comply with government regulations. For 2020, Panda has already put a vision, a high-level strategy and a road map in place.

Next steps involve:

- hiring a nationwide H&S manager,
- appointing 500 champions to cover all stores and distribution centers facilities,
- building the function and starting conducting H&S audits.

AFIA 2024 H&S Vision

AFIA is embarking on an inspirational journey to reach HSE World Class in 2024. Current system strengths include:

- strong HSE Standard System aimed to achieve ZERO Harm & Ill-Health,
- ISO 45001 and OHSAS 18001 certifications,
- tool box talks,
- coverage of 100% of employees,
- safety leaders and coordinators structure,
- risk assessment and accident /incident investigations,
- zero injuries,
- regular training and system updates.

OVERALL TRAINING ON HEALTH AND SAFETY ISSUES	PARTICIPANTS	TOTAL TRAINING HOURS	TOPIC
PANDA	16	80	Workplace, Food Safety & Hygiene
AFIA	635	259.74	Safety induction Forklift safely drive Risk assessment Lock Out Tag Out Safety training warehouse
USC	568	284	How to use fire extinguisher Working in height Lock Out Tag Out Hot work
IFI	20	93	
HQ	12	40	
Total	1,251	756.74	



Our Focus Moving Forward

We will continue to build a better work safety culture by increasing awareness, providing training and aligning our HSE management systems with international standards and best-practice frameworks and guidelines. We will continue to further develop the capabilities of our risk reporting system to meet the needs of our diversified operations.



DIVERSITY AND INCLUSION

Our Approach

As one of the largest groups in Saudi Arabia and MENAT region, it's our duty to set high standards of operation and be a benchmark for sustainable performance. We recognize that it's our responsibility to advocate for equality and inclusion and to safeguard diversity in all its forms. Inclusion demands a structural solution and our fair culture, solid human resources and governance frameworks assure current and future employees that Savola is a safe and welcoming environment. We want all our stakeholders to be proud to be associated with Savola.

Promoting equality has been central to our culture since the early days. We welcome international schemes and national initiatives like the Saudi Vision 2030 and the SDGs as they allow us to further improve our performance and demonstrate our forward-thinking approach in developing our human capital. At the Group, we welcome all dimensions of diversity: race, ethnic origin and color, religion and creed, gender, age and ability, to name but a few. Equality at workplace is considered to be an essential factor in competitiveness and growth. We continuously strive to create equal opportunities for all employees of the Group, thus achieving a diversified, inclusive, and sustainable work environment.

Panda Efforts to Enhance Equality, Diversity and Inclusion

Panda has been working on maintaining a solid base of equality at the workplace through:

- increasing equal hiring opportunities, with emphasis on women (851) and people with disabilities (329),
- increasing the number of women in senior positions,
- investing in recruitment process to encourage applications from candidates with diverse characteristics, gender, educational and cultural background. Our employees come from more than 42 nationalities and work harmoniously as a team to realize Panda objectives and goals,
- promoting culture of diversity by undertaking activities that encourage greater understanding of differences (e.g. celebrating different national holidays),
- increasing Saudi nationals at the workforce and maintaining its Green Zone.

Saudization

At Savola, we work to achieve the Kingdom's 2030 vision goals and commit ourselves to enhancing the capabilities of Saudi nationals. In 2019, both Savola Group and Savola Food maintained the Platinum Zone in Nitaqat rating while Panda maintained its Green Zone.

EMPLOYMENT AND SAUDIZATION						
NUMBER OF EMPLOYEES	2019		2018		2017	
	TOTAL WORKFORCE	SAUDIZATION	TOTAL WORKFORCE	SAUDIZATION	TOTAL WORKFORCE	SAUDIZATION
HQ	54	72.2%	53	67.3%	46	71%
AFIA	477	51%	510	52%	491	47%
Panda	18,246	36%	19,888	44.8%	22,628	39%
USC	974	51.34	427	50%	410	44%
IFI	58	26%	55	25%	-	-



Our Focus Moving Forward

We continue to strive for gender equality as per SDG 5. Through supporting and empowering women -and especially Saudi women-, we contribute to the betterment of our society. We also work hard to increase the number of Saudi citizens we employee and to further develop local capital in accordance with the national priorities and the Saudi Vision 2030.



1,207
females in 2019

+47%
in KSA's female
workforce since 2018

Women Inclusion

Diversity in employment is a crucial factor in the Group's strong corporate performance, its uniqueness and ethos of sustainability. Savola Group is widely recognized in the Kingdom as a pioneer in female inclusion and empowerment.

Panda Female Employees

1,207
2019

768
2018

774
2017



10

ENVIRONMENT

At Savola, we realize that our daily activities affect the environment. It is our responsibility to protect the environment for future generations.



Environment

At Savola, we realize that our daily activities affect the environment. It is our responsibility to protect the environment for future generations. Thus, we commit ourselves to protecting it and we take action to reduce our impacts and embed a culture of environmental stewardship.

Energy Consumption

Our Approach

We are working to identify our environmental impacts and address environmental concerns of our stakeholders. Energy awareness is an important component of our sustainability strategy. We measure our performance and report it by using international principles, standards and methodologies with a view to improving energy efficiency across our operations.

To see results with regard to our global commitment to reducing energy consumption, we measure and monitor our energy consumption. Energy is a significant cost to our business. By increasing energy efficiency and using cleaner energy sources, we are not only reducing our negative impact on the environment, but we are also supporting our long-term business success. We work to reduce our consumption and our product footprint by undertaking several initiatives across our operating companies. The table below shows the energy consumption at our operating companies.

COMPANY	TYPE OF ENERGY REDUCED	REDUCTION ACHIEVED	2019	2018	INITIATIVES THAT ENABLED REDUCTION
USC	Fuel (Kg/TRSO)	8.3	64.3	72.6	Installation of 5,000m ² new evaporator and adjustment of operation mode
	Electricity (Kwh/TRSO)	2.9	73.6	76.5	Replacement of 250 TR electrically driven compression chiller to steam driven absorption chiller
	Steam (T/TRSO) TRSO: Tons of Refined Sugar Output	0.1	0.89	0.99	
AFIA	Fuel (Liters)	1,012,586			Replacement of diesel forklifts with electric forklifts



OUR CONSUMPTION

FUEL CONSUMPTION

COMPANY	FUEL TYPE (LITRES)	2019	2018
AFIA	Diesel	10,607,048	11,619,634
USC	Diesel	2,690,585	2,383,215
	Light Arabian Crude	96,006,990	96,930,743
IFI	Diesel	3,152,000	2,696,000

ENERGY CONSUMPTION

COMPANY	MEASUREMENT	2019	2018	2017
HQ	kWh	2,204,435*	2,331,926 *	567,559
AFIA	Electricity (kWh)	55,048,260	50,328,480	56,276,077
	Steam (MT)	100,243	99,715	
USC**	kWh	93,178,000.0	86,249,669.4	87,555,814.9
IFI	Electricity (kWh)	13,713,572	8,661,375	-
	Steam (MT)	34,434	18,500	

*Inclusive of the entire Savola tower which consists of 15 floors as well Panda HQ. **Restatement of quantities for 2018 and 2017

Reducing Consumption

As directed by the supply chain department, USC completed the installation and commissioning of a new 5,000 m² evaporator and started operating the evaporation station in triple effect mode rather than double effect mode. This initiative aims to reduce fuel consumption from 3,500 MJ/TRSO to 2,800 MJ/TRSO. So far, we have achieved energy consumption to 2,961 MJ/TRSO while our goal is to reduce our energy consumption to 2,523 MJ/TRSO.

In 2019, Afia installed energy efficient air conditioners and replaced 80% of the old ACs by split ACs. All new split ACs have timers installed to prevent idle operation, increase AC life and reduce energy consumption. In addition, Afia has also replaced 50% of lights in the field and offices with high efficiency LEDs and it is working on replacing all bulbs with LED lights. Energy consumption is closely monitored in all areas on a weekly basis and actions are taken whenever needed.

PANDA FLEET 2019

EMPLOYEES BUSES:

Owned > 125
Leased > 141

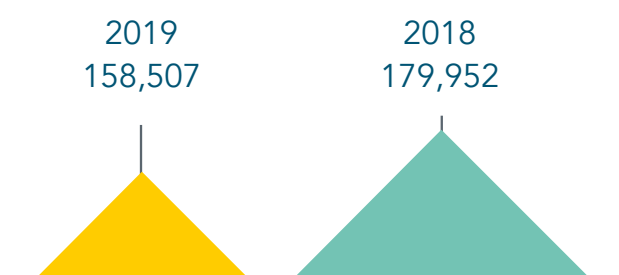
TRADE MOVEMENT TRUCKS:

Owned > 576

DISTANCE TRAVELED:

56 million kilometers

USC GHG Emissions Scope 1 reduction: 21,445 tons CO₂eq



IFI GHG EMISSIONS	MEAN VALUES FOR JEDDAH FACILITY (mg/Nm ³)	GAMEP LIMITS (mg/Nm ³)
NO	39	-
NO ₂	0	-
NO _x	59	500
SO ₂	3	600
CO	0	-
CO ₂	5.9	-
O ₂	12.9	-



Our Focus Moving Forward

Out of concern for the environment, we will continue to measure and monitor the impacts of our activities on the environment. Through our environmental initiatives and projects we aim to ensure the optimum consumption of energy sources and reduce the impacts of GHG emissions across our operations.

WASTE MANAGEMENT

Our Approach

As a responsible corporate citizen, we commit ourselves to using resources in the best possible way. Waste management across the value chain is in accordance with the Kingdom's Vision 2030 for preserving the environment. Achieving this vision will require reducing food and waste and maximizing resource efficiency.

At Savola, we are continually working on waste reduction and effective resource management through our resource reduction, reuse and recycling measures. As our responsibility extends to our customers and general public, we launched "Negaderha" program with the aim of educating and encouraging our stakeholders to adopt a more mindful lifestyle.

Ongoing initiatives at Panda Distribution Centers:

- reverse osmosis plant introduction at Riyadh Distribution Center,
- introduction of LED lighting at both King Abdullah Economic City (KAEC) and Riyadh to reduce power consumption,
- recycling of old engine oil and tires,
- reuse of pallets,
- optimization of MHE to reduce battery charging times,
- inclusion of Alfaqy system that manages and monitors driver habits to reduce fuel usage and improve efficiency.

New initiatives from IFI:

- increasing green spaces (investment of SAR 9,000),
- reuse of wooden pallets,
- use of treated wastewater for irrigation,
- recovery of steam condensate for reuse.

WASTE (MT)			
	2019	2018	2017
HQ	140	135	25,662
Afia		139,158	126,413
USC*	21,614	21,006	20,300
IFI	36,307	24,242	7,627

*Restatement of quantities for 2018 and 2017

USC Waste (MT) 2019



Our Focus Moving Forward

At Savola, we encourage practices that reduce waste and raise awareness of resource conservation. We launched the "Negaderha" program to reduce food waste in Saudi Arabia. Through this program and our waste management practices, we strive to reduce the environmental footprint of our products.

WATER CONSUMPTION

Our Approach

Climate change has a direct impact on environmental sustainability. Vision 2030 clearly recognizes the need to ensure sustainable use of water resources. Water stress can be a threat to our business operations and supply chain and we commit ourselves to consuming water resources responsibly and reasonably.

As water is a vital natural resource, monitoring the impact of our activities on water sources is our priority. Water is consumed throughout the food production process. This means that

Savola adds to the water stress. When operating in areas where water sources are scarce, we carefully monitor and manage water consumption within the organization and work hard to reduce consumption from retail operations. In 2019, in AFIA specifically, mass flowmeters were installed in each water supply line to monitor consumption of water for each area. The corresponding consumption reports are monitored regularly to control high water consumption, so that adjustments and improvements can be made.

The figure below shows the water usage data for each of our operating companies:

WATER CONSUMPTION (m ³)			
	2019	2018	2017
HQ	6,576*	6,735*	323,187
Afia	294,058	283,272	323,187
USC	563,500	499,000	565,000
IFI	61,061.26	43,567	-

*Inclusive of the entire Savola tower which consists of 15 floors and Panda's corporate HQ.

TOTAL VOLUME OF WATER DISCHARGED	2019 (m ³)	2018 (m ³)
AFIA	20,301	24,325
USC	171,696	184,296
IFI	36,054.27	20,662.68



Our Focus Moving Forward

Environmental performance and doing business the right way are important to our long-term sustainability. Therefore, at Savola we will continue work diligently to improve the environmental footprint of our operations and our portfolio of products. We will also do our best to ensure that our resources are managed efficiently and effectively, by promoting waste minimization, recycling and reuse practices.



Liquid Sugar
Loading Area

MAERSK



11

SECTOR

As a leading group in the food and retail sectors, we bear responsibility to bring about positive change in our communities through our responsible business initiatives, sustainability commitments and performance.



Our Sector

As a leading group in the food and retail sectors, we bear responsibility to bring about positive change in our communities through our responsible business initiatives, sustainability commitments and performance. We are proud of our business outcomes, and we continuously work to adhere to sustainability practices.

CERTIFICATIONS, MEMBERSHIPS AND ASSOCIATIONS

Our Approach

We recognize our great responsibility to bring about positive change in our communities through our sustainability commitments and long-term initiatives. We are proud to share our business practices which is the result of the unswerving commitment to our customers, the dedication of our employees and the collaboration with our partners.

Savola Group systems ensure that all of our products and services conform to the highest international quality standards and meet customer expectations. Customer satisfaction is extremely important to us and we strive to offer quality products at the right price to meet customer needs. Our operating companies have attained a number of national and international certifications and fully adhere to the Saudi Arabia Standards Organization's standards and guidelines.



Customer satisfaction is extremely important to us and we strive to offer quality products



Our Focus Moving Forward

We will continue to improve our performance according to the best practices and the latest international standards. At Savola, we will continue to work with national and international bodies to achieve the Sustainable Development Goals and Saudi Arabia's Vision 2030. We will continue to consolidate the concept of sustainability so that we attain our goal of being a leading group that drives sustainability.

STANDARDS AND SCOPE	COMPANY
OHSAS 18001 / ISO 45001 Occupational Health and Safety	<ul style="list-style-type: none"> • USC • AFIA
ISO 17025 Testing Laboratories - Lab Accreditation	<ul style="list-style-type: none"> • USC
ISO 9001 Quality Management	<ul style="list-style-type: none"> • USC • AFIA
ISO 22000 Food Safety Management	<ul style="list-style-type: none"> • USC • AFIA • PANDA • IFI
ISO 22301 Societal Security - Business Continuity Management	<ul style="list-style-type: none"> • USC
ISO 14001 Environmental Management	<ul style="list-style-type: none"> • USC • AFIA
ISO 55000 Asset Management	<ul style="list-style-type: none"> • AFIA
British Retail Consortium (BRC) Global Standard for Food Safety	<ul style="list-style-type: none"> • USC • IFI • PANDA
Hazard Analysis and Critical Control Points (HACCP)	<ul style="list-style-type: none"> • AFIA
Saudi Standards, Metrology and Quality Organization (SASO)	<ul style="list-style-type: none"> • AFIA • IFI
Halal	<ul style="list-style-type: none"> • PANDA • IFI • AFIA
AIB International Consolidated Standards for Prerequisite and Food Safety Programs	<ul style="list-style-type: none"> • IFI
Roundtable Sustainable Palm Oil (RSPO)	<ul style="list-style-type: none"> • IFI
Mowaamah	<ul style="list-style-type: none"> • Savola Group

We work closely with associations, societies, national and international bodies to improve our strategy, share our insights and contribute to sustainable development. Abiding by recognized standards establishes our stakeholders' trust in us and enables us to fulfill our obligations as a responsible corporate citizen. Our memberships and associations are summarized in the table below:

SAVOLA GROUP		
<ul style="list-style-type: none"> > Ministry of Labor: labor law charters and principles > Jeddah Chamber of Commerce & Industry 		
AFIA <ul style="list-style-type: none"> > Business Disability Network (Qaderoon) > Arab Center for Nutrition (ACNU) > American Oil Chemists Society (AOCS) > Chamber of Commerce > Gulf Petrochemical and Chemical Association (GPCA) 	Panda <ul style="list-style-type: none"> > 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 	IFI <ul style="list-style-type: none"> > 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 & Technology Zones)

CUSTOMER SATISFACTION

Our Approach

Our commitment to our customers extends beyond making a purchase. Being a customer-centric company, we focus on how to deliver value through our products and services and on providing amazing experiences.

Customer-Centric Strategy

As one of the leading players in the Kingdom's grocery retail sector, Panda works to provide the best shopping experience for its customers. In 2019, Panda successfully adopted a number of tactical initiatives to boost customer satisfaction

Towards Freshness: A strategy for serving local markets with local produce and clear product specifications led to shorter transition times, increased shelf freshness and better control.

Improving Availability: Emphasized greater product availability coupled with optimizing distribution and supply chains, thus making a difference.

Customer-Centricity: The company puts customers at the heart of its operations, focusing on understanding and satisfying customer needs. Panda's over 18,000 employees were a core focus of the transformation.

Footprint Optimization: In 2019, Panda focused on optimizing its supermarkets and hypermarkets, divesting itself from smaller shops. Panda aspires to offer an outstanding shopping experience focusing on footprint, product availability, freshness and people. It also aspires to increased customer satisfaction, retention and loyalty. Panda is investing in supplier relationships, digital solutions and employee development to create a compelling offering that caters to evolving customer preferences.

Panda enhanced further the role of customer care. In 2019, it ran a customer care awareness campaign in order to promote good company representation, achieve smart resource allocation, provide support to customers and achieve customer retention. For this purpose it mobilized social media in-store communication (roll up and QR codes), internal communication and leaflets.

Customer Satisfaction

PANDA mystery shopper customer satisfaction.
Service quality of customer care agents: 95% avg.
Panda offers: 80% avg.

COMPLAINTS MANAGEMENT - 2019

IFI

Source: Email

Complaints received (number): 14

Complaints responded (%): 100%

Panda

Source: Call center, website and social media

Complaints received (number): 7,236

Complaints responded (%): 99,9%

"Excellence in Customer Experience" Award

Recognition of Panda's efforts and its role in providing superior customer service came when Panda received the "Excellence in Customer Experience" Award in the 2019 RetailME Awards KSA.



Our Focus Moving Forward

We commit ourselves to fulfilling our customers' needs and expectations. We will continue to focus on innovation, on overhauling marketing and packaging and on research into new products. As customer preferences change, we work to build customer confidence with emphasis on customer satisfaction, retention and loyalty.



Panda

Product availability: increase of 12%
(from 79% in 2018 to 91% in 2019)
Sales: increase of 9%.



PANDA ACHIEVEMENTS 2019

- Revisited and approved 7 relevant processes
- 450+ receivers in all stores trained on handheld receiving process.
- Trained more than 6,000 employees in the Kingdom as part of the Lift 2.00 Project.
- Auto-replenishment activated in all stores.
- Improved stock accuracy due to Lift 2.00 Project.
- Approx. 1 million saved annually thanks to label printing new configuration.
- Refund process updated and sign-off completed.
- Trained 200+ supermarket general managers Kingdom-wide on refund procedures.
- Developed operation dashboard to manage day-to-day activities.
- 53 central PR points are created to meet business needs.

MAKEEN PROGRAM

Our Approach

We respect people with disabilities and support their rights. We consider them an essential group in our community. We are continually working in the community to raise awareness of the rights of people with disabilities. We commit ourselves to integrating them into our Group and we believe that empowering people with disabilities benefits themselves, our Group and our community as a whole.

Savola is a founding member of the Qaderoon Business Disability Network and the first

Saudi company to become a member of the International Labour Organization (ILO) Global Business and Disability Network. We hold a gold category Mowaamah certificate for the advancement of people with disabilities.

We founded Makeen as we have committed ourselves to empowering people with disabilities and creating appropriate training and career opportunities for this group which plays a vital role in society. The Makeen program provides a wealth of activities, policies and practices to raise societal awareness of people with disabilities and eliminate discrimination against them.



Makeen Program

In 2019, the program undertook a number of activities including sign language workshop, awareness campaign on the inclusion of people with epilepsy, sign language interpreter arrangement for the Disability Day Celebration. It was also involved in a range of other initiatives such as gathering feedback on Makeen videos, developing newsletters and obtaining the Mowaamah certification.

In 2019, we continued to work in partnership with the International Labour Organization (ILO). To honor our agreement, we implemented a number of initiatives in accordance with the ten principles of the ILO Global Business and Disability Network Charter. These initiatives are presented in detail in this section.

MAKEEN ACTIVITIES IN 2019	NO. OF ATTENDEES
Makeen external activities	595
Makeen Internal activities	225
Total attendees	820

Mentor & Buddy Program

Mentor & Buddy Program Upgrade: Makeen signed an agreement with Safea -a leading organization in developing learning and training-, in order to upgrade the training content of the Mentor & Buddy program and achieve accreditation from the Technical and Vocational Training Corporation (TVTC). The training materials have been prepared and a full training calendar was outlined for 2020.

Throughout the year, a number of training courses were organized and a total of 115 people were trained on the Mentor & Buddy Program which deals with inclusion of people with disabilities in the workplace. In 2019, the Makeen's Mentor & Buddy program benefited 420 people.

Makeen's Achievements in 2019

In 2019, Makeen launched several initiatives, training workshops and it implemented programs to support people with disabilities. All its achievements are listed below:

- Savola Group website was enhanced in compliance with the W3C-Visual Accessibility standards.
- Makeen recruited 80 people with disabilities across the Savola Group.
- It conducted 3 Mentor & Buddy program workshops for inclusion of people with disabilities in the workplace and trained 115 people.
- It signed a partnership agreement with the Saudi Alliance for Educational Advancement

(SAFEA) to upgrade the "Mentor & Buddy" training program content and delivery.

- It conducted "Autism Spectrum Disorders Workshop" and "Basic of sign language workshop" with 45 attendees.
- It participated in international forums, including the ILO - GBDN forum in Geneva. It also participated in the Hope Smile Forum for people with disabilities and a remote working workshop which was organized by the Ministry of Labour and Social Development. It produced infographic videos to raise awareness of disabilities.
- It gained accreditation -for the improved training content of the Mentor & Buddy Program- from the Technical and Vocational Training Corporation (TVTC).
- It organized the Disability Day Celebration to honor the national football team of intellectual disability for winning the world cup 4 consecutive times.
- It published the first edition of Makeen newsletter to engage with the issues of beneficiaries.
- It organized internal feedback sessions to improve the work environment for people with disabilities.
- It celebrated many international events related to people with disabilities, such as Awareness about Accessibility Day, Autism Spectrum Disorder Day and International Day of People with Disabilities.
- It organized 4 visits to people with disabilities and patients in hospitals and rehabilitation centers.
- It created a free recruitment portal to bring together employers and job seekers with disabilities.
- It achieved total accessibility for three companies of Savola Group.
- It was awarded certification by Global Alliance on Accessible Technologies and Environments (GAATES) for 2 facilities.
- It implemented inclusive communications standards in all media and video content (sign language, full text along with voice-over etc.).

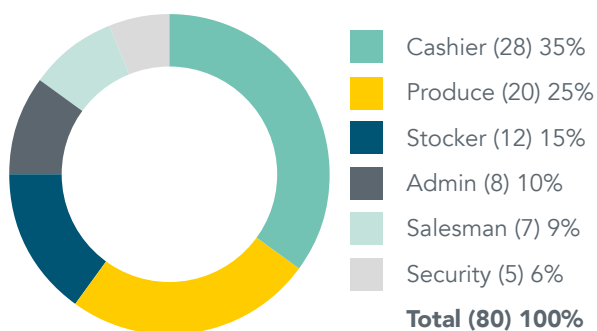
2019

Savola was awarded the Gold level Mowaamah Certificate by the Ministry of Labor and Social Development

Employing People with Disabilities

At Savola, we are continually working to empower and employ people with disabilities through the Makeen program. Since the launch of the program, we have employed more than 300 people with disabilities across the Kingdom of Saudi Arabia.

SAVOLA HIRES CLASSIFIED BY JOB TYPE FOR PEOPLE WITH DISABILITIES IN 2019



Achieving Mowaamah Certification - Gold

In 2019, Savola was awarded the Gold level Mowaamah Certificate by the Ministry of Labor and Social Development in recognition of its efforts to empower people with disabilities.

Mowaamah is a program launched by the Ministry of Human Resources and Social Development to support the implementation of the Kingdom's strategy for the rights of people with disabilities. Its aim is to provide a suitable working environment for people with disabilities based on specific criteria and satisfying the necessary requirements which will enable organizations to employ them.

Our initiatives include:

- improving knowledge about disability through specialized workshops,
- visiting people with disabilities and patients in hospitals and rehabilitation centers,
- enhancing Savola website accessibility,
- using online social media platforms to raise awareness and motivate, post job vacancies and success stories of employing people with disabilities and

- upgrading the premises by replacing the entire elevator distributed control system to meet the needs of people with disabilities.

Universal Accessibility

In 2019, we successfully implemented the Standards of Total Accessibility in two additional companies of Savola Group. AFIA and USC were awarded a certification by the Global Alliance on Accessible Technologies and Environments (GAATES). Together with the Savola HQ, which was certified in 2010, we are proud to have 3 premises certified.



Our Focus Moving Forward

Savola believes in equal opportunities, and within the next years we aim to increase the percentage of people with disabilities we recruit and the number of trainers of the Mentor & Buddy Program. We aim to increase our active participation in local and global forums. Achieving this aim will enable us to share our experience in recruiting people with disabilities with other organizations, and increase awareness of their rights. Internally we will continue to apply new best practices for the employment and inclusion of people with disabilities and to aim for Mowaamah recertification.



PEOPLE WITH DISABILITIES

NUMBER OF DISABLED EMPLOYEES (FTE) 2019	PANDA		HQ		USC	
	MEN	WOMEN	MEN	WOMEN	MEN	WOMEN
Managers	4	-	1	0	1	0
Team leaders	23	7	0	0	1	0
Blue-collar employees	202	26	0	0	2	0
Total	229	33	1	0	4	0

NUMBER OF DISABLED EMPLOYEES (FTE) 2018	PANDA		HQ		USC	
	MEN	WOMEN	MEN	WOMEN	MEN	WOMEN
Managers	8	-	1	0	1	0
Team leaders	22	8	0	0	1	0
Blue-collar employees	213	20	0	0	2	0
Total	243	28	1	0	4	0

HEALTH, NUTRITION AND PACKAGING

Our Approach

We pay close attention to our employees', customers' and consumers' health and nutrition. We strive to provide quality and nutritious products to enrich the lives of consumers on a daily basis. At Savola, we continue to invest in improving the quality of product packaging and food labels to achieve transparency and credibility and to assist consumers in their purchasing decisions according to clear nutritional instructions, ingredient lists, allergy warnings and health guidelines.

Health and Nutrition

At Savola, we strive to provide quality and nutritious products to enrich the lives of consumers on a daily basis. As there is a current sector trend towards more healthy options, in 2019 Savola Foods refocused its business on edible oil, sugar and pasta and a new food service offering that targets the HORECA sector. There was a focus on innovation and research into new product formulations which led to new products being introduced in both B2C and B2B categories, for example fine sugar, wider range of spray oils, and new speciality fat products. In addition, we have commissioned market research into changing preferences so that they are better understood.

IFI, the speciality oils and fats facility in Jeddah, reached 31,000 metric tons of production in 2019 (20,000 in 2018). The business line is gearing up to supply partners in -highly competitive segments of the industry- the baking, biscuits, confectionery, dairy and culinary industries with what demanding customers require.

IFI Efforts for Health and Safety Impacts of Products

In 2019, IFI focused on developing and producing healthy food by reducing the usage of partially hydrogenated oil and fats for the fat products. Its current products comply with the Saudi Food & Drug Authority new regulations of non-hydrogenated fats and zero trans fat. Sustainable palm oil is popular among its customer base. As per the RSPO certification, IFI can confidently offer palm oil sourced responsibly and can ensure the credibility of its palm oil sustainability claims. The RSPO certification is renewed on an annual basis. IFI succeeded to develop 80 new different SKU's for B2B customers in KSA and the region.

Transparent Packaging and Labeling

The nutrition labeling information of foods has received considerable attention in recent years. Information on the nutritional properties of foods is important as it enables our clients to lead healthy lifestyles and make informed choices about their diets, especially in light of the rising trend of obesity. Our labeling is transparent and provides useful "guideline daily amounts" for all food products.

To ensure the integrity and safety of consumers, we abide by the Saudi Food & Drug Authority guidelines and standard specification for all packaging material being used in our companies.

For USC, sustainability in packaging is a vital component of competitiveness, customer satisfaction and best practice. Afia and Panda monitor international development and benchmark against international companies to identify opportunities to improve the quality of their service.

Saudi Arabia is gradually introducing certification for plastic products in order to reinforce its efforts in the field of the protection of the environment. The products concerned are articles such as plastic bags, cutlery and packaging films made from polyethylene and polypropylene; thus, we are converting to biodegradable consumer product materials in alignment with the latest SASO standards.

IFI Product and Service Information Required

- The sourcing of components of the product
- Safe use of the product or service
- Use by date
- Nutritional information



Our Focus Moving Forward

We pay great attention to food quality and packaging materials. We also ensure that all important information is communicated to consumers via appropriate labeling. As consumer trends change, we commit ourselves to supporting our customers in making healthier options. This also entails supporting them in adopting a more sustainable lifestyle by reducing food waste.

SUPPLY CHAIN AND PROCUREMENT

Our Approach

At Savola, we believe that a product requires a responsible approach throughout its life cycle and across its value chain in order for the product to be sustainable. As part of our supply chain management we put in place mechanisms that enable us to select carefully our suppliers and partners. Thus, we honor our commitment to delivering the right products and services to our customers. We aim to create value for our customers and enable positive experiences through delivering the right product, of the right quality and quantity, at the right time with a positive attitude.

Each operating company is devoted to making a positive impact not only on customers but also on the entire supply network. Our commitment to sustainability penetrates all levels of our supply networks. Through our diligent processes, rigorous selection and audit systems we reinforce responsible supply chains. We build a robust system that is transparent, reliable and in alignment with our values.

Supply Chain Responsibility

Our supply chain process enables us to include the right suppliers in our approved supplier list and to select every time the right supplier for the right job.

Every operational company handles the relationships with its suppliers and each engagement has a different strategy based on the criticality of the contract.

Formal processes followed by our operating companies entail:

- pre-qualification and initial screening process according to set evaluation list requirements,
- evaluation and formal screening based on requirements and specifications, which include specifications, experience, previous qualifications, financial dealings and supplier reputation,
- inspection visits and product sample testing if considered necessary.

Evaluation of suppliers is important in order to ensure consistency in the quality of products, excellent communication and understanding of our requirements and needs.

The Panda Supply Chain Policy applies to all activities of Panda, including Integrated Planning, Replenishment, Logistics, Quality Assurance, Quality Control, New Products Introduction and Process Governance and Compliance which are managed in accordance with the standards and authority delegations of the Supply Chain Management System.

Panda commits itself to

- ensuring our suppliers and partners are treated in accordance with Panda Code of Business Ethics and Conduct,
- sustaining and embedding standards of the highest quality to ensure product, employees and customer safety across the supply chain,
- utilizing all our resources to serve and deliver products and ensure the right availability to our customers across the Kingdom,
- working on continuous improvements and efficiencies to ensure an agile and low-cost operation,
- sustaining a clear forecasting and ordering process that is in alignment with our partners both locally and internationally.

In an effort to consolidate demand and improve service level of the suppliers and availability at stores, Panda implemented centralized replenishment in 2019. The centralized replenishment relies on statistical forecasts and was achieved by converting direct store delivery suppliers to distribution centers.

In November 2019, the company successfully activated the Direct Store Delivery (DSD) centralized ordering in six pilot stores with sixteen supplier accounts. The initiative aims to secure reduced inventory and improved shelf availability by ordering items that are directly delivered -the right quantity at the right time- to the store by the suppliers. In 2019, 14 out of the 25 local factories were audited.

For supplier selection and Requests For Proposals (RFPs), AFIA requests that departments requesting suppliers service establish detailed specifications and requirements as the success of the RFPs depends on the excellent preparation of the proposal and will influence the initial screening, the formal screening and the bidders' list. The suppliers are evaluated according to technical and commercial requirements as well as requirements which may vary depending on the purchase process, the duration of the relationship (new or existing supplier) and on whether the purchase is direct or indirect.

USC defines strict criteria for supplier screening. According to the process, samples are taken and tested and, if they pass testing, they are registered in the quality system and a stock number is assigned. Registering suppliers may differ according to the category of the supplier. USC supplier requirements include high-level customer service, acceptable payment terms, existing and qualified quality system in place, products and services that meet our requirements, on time full and undamaged delivery of material. USC applies an annual process of evaluation/assessment of suppliers.

IFI has in place a supply chain strategy which is based on a priority matrix recording financial value, on consumed items/services and on availability of suppliers and supply. The strategy may differ depending on whether a product is a commodity or an off-the-shelf item. Supplier audits entail product safety, traceability, HACCP review and good manufacturing practices criteria. In its agreements and contracts, IFI takes into consideration a number of factors which affect price volatility.

Empowering Local Suppliers

As part of our national responsibility, we encourage and support national manufacturing and production. We prioritize procurement from local suppliers and we consciously work closely with them provided that they meet all quality standards and requirements, and comply with our ethical values and standards.

SUPPLIERS	TOTAL NUMBER OF SUPPLIERS	TOTAL EXPENDITURES TO SUPPLIERS (K SAR)	TOTAL NUMBER OF NATIONAL SUPPLIERS	TOTAL EXPENDITURES TO NATIONAL SUPPLIERS (K SAR)
Panda	865	11,500,384,350	779	11,178,795,062
USC	418	183,551,942	305	132,853,314



Our Focus Moving Forward

We will continue to abide by our formal processes for supplier evaluation and organizational strategies, and carefully assess our suppliers while ensuring they adhere to our Code of Conduct and Ethical Values. Panda will finalize and apply its medium and long term logistics strategies to establish a stronger supply chain network. We will continue to align our approach with the Vision 2030 and to ensure that we support the Kingdom's objectives with regard to food resources and availability. In addition, we commit ourselves to encouraging local suppliers and we support both the national economy and the local communities.



USC SUPPLY CHAIN



About this Report

The Savola Group Sustainability Report for 2019 is the sixth Sustainability Report issued by Savola. It covers the period from January 1, 2019 to December 31, 2019. The previous Sustainability Report covered the period from January 1, 2018 to December 31, 2018. The company is committed to communicate its activities through a Sustainability Report on an annual basis.

Scope and Boundaries

The Report covers the sustainability approach, priorities, activities, performance and achievements of its operating companies within the Kingdom of Saudi Arabia, including Panda, Retail Company, Afia International Company, United Sugar Company, International Food Industries (IFI) and the Group's Headquarters (HQ). It does not include the activities or performance of our suppliers, contractors or partners, unless stated.

Report Structure

The content of the Sustainability Report is based on the strategic priorities identified and covers the following pillars of sustainability on which Savola Group is focusing:

- Business
- Employees
- Community
- Environment
- Sector

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.

International Standards

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

The Sustainability Report is also aligned with the newly published Saudi National Standards for Sustainability Reporting.

External Assurance

We do not commission independent assurance of our Sustainability Report.

Support

The 2019 Sustainability Report was developed with the guidance and scientific support of Sustainability Knowledge Group (www.sustainabilityknowledgegroup.com).

Previous Sustainability Reports

You can view our previous Sustainability Reports and the Group Annual Report at: www.savola.com.

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GRI Content Index

GRI Standard	Disclosure	Page number(s) and/or URL(s)	Omission	Alignment with Saudi National Standards for Sustainability Reporting*
GRI 101: Foundation 2016				
General Disclosures				
GRI 102: General Disclosures 2016	ORGANIZATIONAL PROFILE			
	102-1 Name of the organization	10		GNS, Disclosure: 1.1
	102-2 Activities, brands, products, and services	10, 11		GNS, Disclosure: 1.1
	102-3 Location of headquarters	92		GNS, Disclosure: 1.4
	102-4 Location of operations	10, 11		GNS, Disclosure: 1.4
	102-5 Ownership and legal form	2019 Annual Report		GNS, Disclosure: 1.4 GNS, Disclosure: 1.4
	102-6 Markets served	6, 7, 9-11		GNS, Disclosure: 1.4
	102-7 Scale of the organization	6, 7, 9-11, 58		GNS, Disclosure: 1.5
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	102-9 Supply chain	6, 7, 53, 54, 89-91		EGD, Disclosure: 5.2
	102-10 Significant changes to the organization and its supply chain	6-11, 2019 Annual Report		EGD, Disclosure: 5.2
	102-11 Precautionary Principle or approach	45-47, 92		
	102-12 External initiatives	19-23, 92		GNS, Disclosure: 8.3
	102-13 Membership of associations	80-81		GNS, Disclosure: 8.3
	STRATEGY			
	102-14 Statement from senior decision-maker	12-13		EGD, Disclosure: 2.4
	102-15 key impacts, risks, and opportunities	6-9, 19, 20, 26, 27, 31, 45-47		GNS, Disclosure: 2.3
	ETHICS AND INTEGRITY			
	102-16 Values, principles, standards, and norms of behaviour	6, 36, 42-44		GNS, Disclosure: 4.1
	102-17 Mechanisms for advice and concerns about ethics	39, 43-45		GNS, Disclosure: 4.2
	GOVERNANCE			
	102-18 Governance structure	37-41		GNS, Disclosure: 3.1 EGD, Disclosure: 2.1
	102-19 Delegating authority	2019 Annual Report		GNS, Disclosure: 3.3
	102-20 Executive-level responsibility for economic, environmental, and social topics	40, 2019 Annual Report		GNS, Disclosure: 3.2
	102-21 Consulting stakeholders on economic, environmental, and social topics	24-29		
	102-22 Composition of the highest governance body and its committees	37-41, 2019 Annual Report		EGD, Disclosures: 2.2, 2.5
	102-23 Chair of the highest governance body	2019 Annual Report		EGD, Disclosure: 2.5
	102-24 Nominating and selecting the highest governance body	2019 Annual Report		EGD, Disclosure: 2.6
	102-25 Conflicts of interest	42, 43, 45-47		EGD, Disclosures: 1.2, 3.5
	102-26 Role of highest governance body in setting purpose, values, and strategy	36, 37, 2019 Annual Report		GNS, Disclosure: 3.6 EGD, Disclosure: 3.1
	102-27 Collective knowledge of highest governance body	38, 39, 2019 Annual Report		GNS, Disclosure: 3.5
	102-28 Evaluating the highest governance body's performance	2019 Annual Report		GNS, Disclosure: 3.6
	102-29 Identifying and managing economic, environmental, and social impacts	24-29		GNS, Disclosure: 6.1
	102-30 Effectiveness of risk management processes	27, 45-47, 2019 Annual Report		EGD, Disclosure: 3.3
	102-31 Review of economic, environmental, and social topics	2019 Annual Report		GNS, Disclosure: 6.4
	102-32 Highest governance body's role in sustainability reporting	38, 39, 2019 Annual Report		GNS, Disclosures: 6.1, 6.4, 7.1
	102-33 Communicating critical concerns	38, 39, 2019 Annual Report		GNS, Disclosure: 5.4
	102-34 Nature and total number of critical concerns	43, 2019 Annual Report		GNS, Disclosure: 5.4
	102-35 Remuneration policies	2019 Annual Report		
	102-36 Process for determining remuneration	2019 Annual Report		
	102-37 Stakeholders' involvement in remuneration	2019 Annual Report		
	102-38 Annual total compensation ratio	2019 Annual Report		
	102-39 Percentage increase in annual total compensation ratio	2019 Annual Report		

*Saudi National Standards for Sustainability Reporting

GNS = General National Standards, EGD = Economic and Governance Dimension, SD = Social Dimension, ED = Environmental Dimension

GRI Standard	Disclosure	Page number(s) and/or URL(s)	Omission	Alignment with Saudi National Standards for Sustainability Reporting*
GRI 102: General Disclosures 2016	STAKEHOLDER ENGAGEMENT			
	102-40 List of stakeholder groups	25		GNS, Disclosure: 5.3
	102-41 Collective bargaining agreements	Not applicable in Saudi Arabia		GNS, Disclosure: 5.2
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