



مجموعة صافولا
The Savola Group



THE SAVOLA GROUP

SUSTAINABILITY REPORT 2012-2013

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SUSTAINABILITY REPORT 2012-2013



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In the name of Allah the Most Gracious, the Most Merciful

It is my pleasure to present you the Group's second sustainability report for the years 2012 and 2013. We have accomplished several milestones in the sustainability journey since our first report in 2011. One of the achievements is strategizing our CSR initiatives under a bigger group-wide umbrella that will be fully integrated throughout by the Group in 2014-2015.

Dr. Abdulraouf M. Mannaa
CEO & Group Managing Director
The Savola Group

A Word from the CEO & Group Managing Director

Our responsibility is not only towards our customers. It is, of course, to all our stakeholders and that is the essence of our sustainability approach. Our employees, business partners and suppliers, shareholders, regulators and members of the local communities in which we operate, all deserve our best efforts to improve our impacts on people and the environment. We do our utmost to conserve resources, build a supportive and empowering organizational culture and engage our suppliers in true partnerships for shared beneficial outcomes. Amidst all of the challenges encountered by many corporations in the Saudi market, The Savola Group was able to overcome them by catering towards the top national priority-Saudization and local empowerment. By the end of 2013, The Savola Group had 40% Saudi employees from a total workforce of more than 17,000 employees within the Kingdom and more than 23,000 employees within the Kingdom and overseas.

At The Savola Group, we believe that our workforce is the most important asset and there are several programs available for our valued employees including the Employee Home Loan Scheme, Employee Co-operative / takaful program for death and permanent or partial disability, and employee takaful fund. All of these programs are made available for the sole purpose of financially supporting our valued workforce.

Another achievement which Savola takes pride in is the completion of all regulatory requirements in 2012 to create a Sukuk program to issue Sukuk through multiple tranches, in accordance with Islamic Shariah, not exceeding the Group's paid-up capital. The period 2012-2013 witnessed an expansion of The Savola Group's facilities by purchase of a new HQ building which is the east tower of the HQ Business Park. It is comprised of 16 floors and a total area of 13,404 square meters and a total cost of 134 million SR.

Giving back to the community is one of the values of the Group, hence to reinforce our commitment to strategic CSR initiatives, our CSR team were provided a budget of 1% of annual net profits from core sectors. Building a culture the 'Balanced Way' is important to continue achieving transparency with our stakeholders and to build bridges to reach out to the communities we serve. In the selection process of these bridges, however, we keep in mind three key selection criteria; whether they are comprehensive, innovative and sustainable.

In the period 2012-2013, Makeen Center trained and employed 261 individuals with special needs and helped employ them in companies across Saudi Arabia. A total of 80 participating Savolans attended the Mentor and Buddy (M&B) sessions which were conducted by M&B ambassadors for the objective of spreading awareness on dealing with individuals with special needs, providing an environment that makes them feel comfortable, and help them 'fit in' with the rest of the workforce. Saudi Injaz entrepreneurs project benefited 2,365 students within the reporting period providing them hands on experience by training them to develop their personal and practical skills through workshops conducted by private sector volunteers. In partnership with the business community, ministries, educators and volunteers, and Savola being one of the biggest supporters of the program, 250,000 students are targeted to be reached by the year 2018.

Despite the risks and threats faced, The Savola Group maintained a steady growth and improvement of its responsibility towards its stakeholders and shareholders. I hope you enjoy reading about the Group's performance on economic measures and its sustainability achievements.

**Sincerely,
Dr. Abdulraouf M. Mannaa
CEO & Group Managing Director
The Savola Group**



G4-3 & G4-7: About **The Savola Group**



The Savola Group is a Saudi public listed company managing a wide portfolio of businesses. The Company was established in 1979 with an initial capital of 40 million SR and has grown to become the largest conglomerate MENACA (Middle East, North Africa, and Central Asia) region. The Savola Group has operations under three sectors:

- Food sector (edible oils, sugar and pasta)
- Retail sector
- Plastics sector

The Group will gradually become a financial holding company earning the following benefits:

- Improve the Group's performance
- Grow its core businesses and give more autonomy
- Enhance shareholders' value

G4-4: The Savola Group Products and Businesses

The Savola Group's strategic direction is centered on its core businesses which include:

- Savola Foods: Operates edible oils, fats, sugar and pasta businesses
- Al-Azizia Panda United: Operates the Panda Retail business (supermarkets and hypermarkets)
- Savola Packaging: Operates plastics business and supplies plastic products to other businesses

G4-5: Location of Company HQ

The Savola Group HQ is based in Jeddah, Saudi Arabia

G4-6, G4-8, G4-17: List of The Savola Group Entities, Countries of Operation, Markets Served

Ser.	Company name	Country of Incorporation	Core activities	Country presence	Ownership % (Direct & indirect)	Capital -As per Nominal Share Value
First: Foods Sector:						
1	Savola Foods Company (SFC)	KSA	Foods (Edible oils, sugar & pasta)	Holding Company manages the Group investment in Foods Sector in KSA & overseas	100%	SR 2.2 billion
2	Afia International	KSA	Edible oils & fats	KSA, Gulf, Egypt, Iran, Turkey, Kazakhstan, Jordan	95.19%	SR 500 million
3	Savola Foods Emerging Markets	Virgin Island (Britain)	Edible oils	Algeria, Sudan, Morocco	95.4%	SR 130 million
4	United Sugar	KSA	Sugar cubes, beet sugar and sweeteners	KSA, Egypt	74.4%	SR 395 million
5	Al-Malika Foods Industry	Egypt	Manufacturing pasta	Egypt	100%	EGP 162 million
6	Al Farasha Foods Industry	Egypt	Manufacturing pasta	Egypt	100%	EGP 20 million
Second: Retail Sector:						
7	Al-Azizia Panda United	KSA	Retail (Hypermarkets & supermarkets)	KSA, UAE (Dubai)	92%	SR 652.8 million



Third : Plastic Sector:

8	Savola Packaging Systems	KSA	Plastics (flexible & rigid)	KSA, Egypt	100%	SR 342.4 million
9	New Marina Plastics	Egypt	Plastics	Egypt (Alexandria)	100%	EGP 30 million
10	Al-Sharq Plastic	KSA	Plastics	KSA	100%	SR 61.6 million

G4-9 & G4-10: Scale of The Savola Group

Total Number of Employees

The table below is a snapshot of The Savola Group's workforce in KSA comprising of 17,068 employees out of which less than 5% are females. Savola's workforce has been divided by operating companies including headquarters, management vs staff and finally by contract type (full time vs. part time). None of the workers are legally identified as self-employed.

Operating Companies	Total workforce for the reporting period	Employment Categories	Contract type
Retail Sector (Al-Azizia Panda United)	15,043	Management: 1,354 Staff: 13,689	Full time: 14,863 Part time: 180
Food Sector (USC & Afia)	1,134	Management: 206 Staff: 928	Full time: 1,134 Part time: 0
Plastics Sector (SPS & Al-Sharq plastic)	759	Management: 50 Staff: 709	Full time: 759 Part time: 0
The Savola Group Headquarters	132	Management: 70 Staff: 62	Full time: 115 Part time: 17

Dividend Payouts

Total amount of cash dividends distributed SR 700 million for 2012 versus SR 1.017 billion for 2013, representing 50% to 60% of the total net profits.

Retail Sector Scale

Panda owns 185 stores across Saudi Arabia and has 21.4% market share.

CSR Funding

The Group's Board of Directors allocated 1% of annual net operating profits from its core sectors in support of CSR programs. Hence, the budget for CSR activities is not affected by any indirect economic impacts or global crisis.

The Group also recorded its highest ever net income of 1.35 billion SR, for the year 2012, which was 12.5% higher than original forecast of 1.2 billion SR announced at beginning of 2012 versus 1.7 billion SR for 2013, which was 21.5% higher than last year.

G4-11: Collective Bargaining

None of the employees are covered by collective bargaining agreements because Saudi Arabia as a whole does not recognize ILO Conventions 87, 98, 135 and 154. We however, ensure that our employment contracts do not compel employees to stay with us against their will.



G4-12: Supply Chain

Our entire supply chain is designed to ensure that our customers receive the right products in the right quality of the right quantity and at the right time. Our supplies are mostly local purchases from within Saudi Arabia with some of the retail supplies imported from countries all over the world. The suppliers go through rigorous screening criteria before being qualified as a Savola supplier.

G4-13: Changes in Reporting Period

There were no significant changes within the reporting period 2012/2013.

G4-14: Precautionary Approach

The Savola Group as a whole and especially the manufacturing facilities adopt the precautionary approach in all decisions. We take a proactive approach to risk management with regard to climate change and environmental impacts and perform regular reviews of risks in our operations and supply chain.

G4-15: External Charters

External charters to which the organization endorses include:

- The Global Reporting Initiative (GRI) framework for CSR reporting
- Ministry of Labor: labor law charters and principles
- Saudi Arabian Standards Organization (SASO)
- Arab Center for Nutrition (ACNU)
- AOCS (American Oil Chemists Society)
- Panda was selected from the retail sector to work with the Advisory Council on the development of the Human Resources Development Fund

G4-16: Membership of Associations

- Ministry of Labor Employment Network
- Prince Sultan Foundation
- Saudi Arabian Standards Organization (SASO)
- Arab Center for Nutrition (ACNU)
- Chamber of Commerce Employment Office
- Plastics Chamber of Commerce
- Gulf Petrochemical & Chemical Association (GPCA)

Savola is also one of the founding members of Knowledge Economic City in Madinah and KAEC in Rabigh, Saudi Arabia.

G4-34: Governance Structure

Savola's strategic direction is to grant more autonomy to the Group's operating companies, in order to run and manage their own businesses. The CEOs and Boards of subsidiaries are given the independence to manage and take decisions for their company. Each operating company reports directly to its operating company chairman. Each company is, hence, able to define and execute its strategy within the financial budgets stipulated by the Group. On the other hand, this gives the Group the opportunity to focus more on the overall strategy for the Group and eventually meet stakeholders' needs and their expectations.

The Savola Group Board of Directors manages the operations of the Group. The Board is composed of 11 members. All Board members are non-executive except the Group's Managing Director Dr. Abdulraouf M. Manna. Board members have various specialties that maintain shareholders' rights, ensure transparency and bear responsibility. Specializations/qualifications include: industry related expertise, administrative, strategic planning, accounting, legal, marketing, corporate governance, human resources, risk management and finally experience in mergers and acquisitions.

Selection criteria for Board members:

- Taking sensible resolutions aligned with Savola's ethics and values.
- Have good reputation
- Have an appropriate relevant experience
- Willing to extend his membership office term if needed.



The Savola Group **Committees**



The Savola Group Board of Directors enhances the regulatory environment through its sub-committees including: **Audit & Risk Management Committee, Compensation, Nomination & Corporate Governance Committee, Investment Committee and Corporate Social Responsibility Committee.**

The roles and responsibilities of these committees are authenticated by charters and performed independently from management as these committees are composed from Independent and non-executive members. Membership is comprised of Board members, external specialists and Savola senior executives. Committees have a specific charter that defines their responsibilities and work scope. These committees provide for avoiding conflict of interest too.

1/ Audit & Risk Management Committee

The Group's Audit and Risk Management Committee (the Committee) consists of (5) non-executive members, most of them are specialized in financial, accounting affairs, auditing and risk management.

Main Roles & Responsibilities

The Committees main duties and responsibilities include oversight of : The integrity of the Group's financial statements, the appointment, remuneration, qualifications, independence and performance of the external auditors and the integrity of the audit process as a whole, the effectiveness of the systems of internal control and adequacy of risk management framework, the performance and leadership of the Internal Audit & Risk Management function, investigates grievance and claims raised by stakeholders to the Group's. In addition to those expressly set forth herein, the committee has such other duties and responsibilities as are required by the rules and regulations of the Capital Market Authority in the Kingdom of Saudi Arabia. In addition to identifying risks and managing them effectively by continuously formulating policies and plans and ensure their implementation as per best practices in this regard.

2/ Compensation, Nomination & Corporate Governance Committee

The committee consists of four non-executive Members with significant experience in the committee work field.

Main Roles & Responsibilities

To formulate policies regarding the indemnities, remunerations and succession plan of the Board members and top executives to ensure that such policies meet the Group's performance standards and follows up the implementation of these policies. In addition, it recommends to the Board of Directors the membership appointments for board, Subsidiaries board and committees in accordance with the Group required standards and to conduct review of the skills required for board membership, prepare a description of the capabilities and qualifications required for such membership and ensures board independence on annual basis. It also



supervises and monitors corporate governance and compliance matters thus ensuring that sound CG system is in place. Also, the committee is responsible for investigation and settlement of grievances of employees.

Board Assessment

The Group carried out an independent assessment of the Board of Directors' performance during 2012/2013. The assessment was commissioned with an independent consultant specialized in board assessments. The exercise aims to identify the strengths and weaknesses in accordance with CG requirements. As part of this assessment board members, senior executives and chairmen of sub-committees were interviewed. The consultant conducted the necessary analyses, and the evaluation of results was shared with the CNCG and the Board of Directors during the fourth quarter of 2013. Based on the results of the evaluation and the consultant's recommendations a full day workshop was held by the board during the month of January 2014 addressing the board functions and responsibilities and corporate governance principles. The workshop was facilitated by a consultant who specializes in this area.

3/ Investment Committee

The Investment Committee is comprised of 5 members. Except for the CEO & MD all are non-executive.

Main Roles & Responsibilities

Define, study, and evaluate investment opportunities within the Group and core sectors in Saudi Arabia and overseas in line with the Group's defined strategy and recommend findings to the Group's Board of Directors.

4/ Corporate Social Responsibility Committee

The CSR Committee consists of 5 members, each with relevant experience and most of them are non-executive.

Main Roles & Responsibilities

Activate the Group's role in CSR through adoption of CSR initiatives and programs, set criteria and develop strategy and plans to serve the community.



G4-28, G4-29, G4-30, G4-31, G4-33: About the Report

This is the second sustainability report for The Savola Group covering the period between January 1st 2012 up to and including December 31st 2013, with the understanding that the reporting cycle for future sustainability reports for Savola will be every 12 months. The previous report was launched on the first quarter of 2012 and covered a period of 12 months from January 1st up to and including December 31st 2011.

In developing this report, we have considered input from our stakeholders, gathered throughout the year in a wide range of interactions. This report has been prepared in accordance with the Global Reporting Initiative (GRI) G4 sustainability reporting guidelines, at core level, which we believe represents the most advanced sustainability reporting framework available today. The Global Reporting Initiative is a not-for-profit multi-stakeholder organization which acts to increase the level of business transparency through sustainability reporting among companies throughout the world.

This report has not been externally assured, as we feel we are still in the early stages of reporting. However, in developing information for this report, CSR consultants were involved to gain their professional insights. They reviewed our data, conducted two workshops and several face-to-face interviews.

This report was submitted to the Global Reporting Initiative (GRI) Report Services for the GRI Materiality Matters check. This check analyzes whether a sustainability report has adequately disclosed against all the materiality-related performance indicators in the report (G4-17 to G4- 27) The GRI Report Services team confirmed that The Savola Group CSR Report 2012-2013 meets the requirements for materiality disclosures as part of its overall report level (GRI G4 CORE).

At the time of publication, we believe we are the first food & retail Company in the world to publish a G4 Core level Sustainability Report that includes the GRI Materiality Matters icon after a check by GRI.

For questions or inquiries regarding this report please contact Tarik M. Ismail, Director – Corporate Affairs, Sustainability and Board Secretary via email tismail@savola.com or Hazim Al-Hazmi, Senior Department Manager, Corporate Communication & CSR via email halhazmi@savola.com.

Materiality Assessment & Stakeholder Engagement



G4-18: Process for Defining Material Aspects

Savola understands that every aspect of business has a social dimension. CSR means open and transparent business practices that are based on ethical values and respect for employees, communities and the environment. It aims to deliver sustainable value to society at large, as well as to shareholders. The overall aim for CSR is add maximum value to the communities where it functions and to fully cater to the needs of its different stakeholders.

We followed a five step approach to defining the material aspects relevant to The Savola Group. This approach was based on the GRI reporting principles of Materiality (the issues which have the greatest impact on our long-term business growth and which are of most importance to stakeholders), Stakeholder inclusiveness (responding to stakeholder expectations and interests), Sustainability Context (presenting our performance in the wider context of sustainability issues) and Completeness (inclusion of all the information which reflects significant economic impacts in order to enable stakeholders to assess our performance).

Step One: Understanding the material issues within the business through analysis of company documentation corporate strategy. Moreover, quantitative and qualitative researches were undertaken to understand the different expectations of Savola stakeholders, In-depth interviews and surveys with government representatives, thought leaders, employees, community members and consumers.

Step Two: Scan the external environment of Savola to understand the needs and issues that are material. This was achieved by conducting a Social SWOT analysis to identify the relevant strengths, weaknesses, opportunities & threats that impact Savola CSR. This was



done taking into account the Group's vision, mission and values. In addition, the Group's focus strategy and the Group's annual report were analyzed to ensure that the process is aligned with the business strategy. National development priorities were examined via the UNDP goals list and Ninth Development Plan. Regional social needs were understood through Nielsen Survey.

Step Three: GRI, UNGC and ISO 26000 were referenced as a way to identify material issues relevant to Savola.

Step Four: Scan of sector specific issues. We conducted a scan of possible CSR and sustainability issues relevant to companies in our sector. This was done by benchmarking against 5 regional, local and international companies within our sector.

Step Five: Prioritization of material Issues. The above steps yielded a list of over 20 issues, which reflect the scope of CSR impacts on Savola and its stakeholders. These issues were then examined in the light of CSR drivers, stakeholder interests and business strategy with the support of the CSR committee. This resulted in a list of 8 high priorities/ high impact issues that we consider most material to us. The material issues divided in 4 quadrants and mapped in the light of G4 guidelines are as below:

G4-19: Our Most Material Aspects

1/ **Employee** Responsibility

- Being the employer of choice
- Equal opportunity employer
- Maximize talent potential

GRI Material Aspect:

Employment, Training & Education, Diversity and Equal Opportunity

Disclosure of Material Issues

G4-LA2, G4-LA10, G4-LA11, G4-LA12 and G4-LA13 in the GRI Context Index

2/ **Community** Responsibility

- Local economic empowerment
- Give back to our community

GRI Material Aspect:

Market Presence, Procurement Practices, Local Communities, Compliance and Anti-corruption

Disclosure of Material Issues

G4-EC5, G4-EC6, G4-EC9, G4-S01, G4-S04 and G4-S08 in the GRI Context Index

3/ **Environmental** Responsibility

Direct Resource Management

GRI Material Aspect:

Materials, Energy, Water, Effluents & Waste

Disclosure of Material Issues

G4-EN1, G4-EN3, G4-EN8, G4-EN22, G4-EN23 and G4-EN24 in the GRI Context Index

4/ **Market** Responsibility

- Fair & ethical business policies
- Customer first

GRI Material Aspect:

Customer Health & Safety, Product & Service Labelling, Compliance

Disclosure of Material Issues

G4-PR2, G4-PR4, G4-PR5 and G4-PR9 in the GRI Context Index



G4-20 and G4-21: Aspect Boundaries- Internal and External

Savola Material Issue	G4 Category	G4 Material Aspect	Internally Material	Externally Material	Relevant Outside Savola
Being the Employer of Choice	Social/ labor practices and decent work	Employment	<input checked="" type="checkbox"/>		
Equal Opportunity Employer	Social/ labor practices and decent work	Diversity and equal opportunity	<input checked="" type="checkbox"/>		
Maximize Talent Potential	Social/ labor practices and decent work	Training & education	<input checked="" type="checkbox"/>		
Local Economic Empowerment	Economic social/ society	<ul style="list-style-type: none"> • Market presence • Procurement practices • Local communities 	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	This aspect impacts all Saudis, aiming to empower local communities through support and knowledge
Give Back to Our Community	Social/ society	<ul style="list-style-type: none"> • Local communities • Compliance 	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	This aspect impacts all Saudis, aiming to empower local communities through support and knowledge
Direct Resource Management	Environment	<ul style="list-style-type: none"> • Materials • Energy • Water • Effluents & waste 	<input checked="" type="checkbox"/>		
Fair & Ethical Business Policies	Social/ product responsibility	<ul style="list-style-type: none"> • Product & service labelling • Compliance 	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	This aspect impacts all our customers, so that they can understand their choices better and get good value for money
Customer First	Social/ product responsibility	<ul style="list-style-type: none"> • Customer health & safety 	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	This aspect impacts all our customers, so that they can understand their choices better and get good value for money

G4-22: Restatements

No information has been restated.

G4-23: Significant Changes

There were no significant changes from previous reporting periods in the Scope and Aspect Boundaries.

“The Savola Group has strengthened its approach to CSR and sustainability over the last year and made it more in line with the needs of the local community. We are moving towards a more systematic, process focusing on material issues with clearly measurable outcomes and a G4 report fits in perfectly with this direction. We are proud to be one of the early adopters of GRI G4 guidelines and since we are the first company in Saudi Arabia to have implemented these guidelines, we are hopeful that this will pave the way for other companies to adopt more robust reporting mechanisms and aim for higher levels of transparency and disclosure”

Tarik M. Ismail, CPM

Director – Corporate Affairs, Sustainability & Board Secretary



Stakeholder **Engagement**



G4-24 to G4-27: Stakeholder Groups, Basis for Selection of Stakeholders, Approaches to Engagement, and Key Topics Raised by Stakeholders.

Our approach to stakeholder engagement is ongoing – we survey our employees and customers frequently and at least annually and try to maintain a balance among all our stakeholder engagements. The basis for selection of stakeholders is the influence/ interest matrix but is also driven by management judgment based on the overall business strategy and any recurring issues that need to be addressed at priority.

Stakeholder Group	Frequency of Engagement	Engaged as part of Reporting Process?	Concerns Raised	Addressed in this report?
Employees	Annually	Yes	<ul style="list-style-type: none"> • Job security • Fair compensation and benefits • Opportunities to develop 	
Customers	Bi-Annually	Yes	<ul style="list-style-type: none"> • Fair Prices • Ethical business conduct 	Yes
Suppliers	Ongoing as part of operations	No	<ul style="list-style-type: none"> • Transparent bidding process • Smooth invoicing and payment process 	No
OpCo Management	Quarterly	Yes	<ul style="list-style-type: none"> • Clear CSR guidelines from the HQ • CSR Champions assigned across all functions 	No. Tackled through a robust internal reporting mechanism
Local Non Profits	2-3 times a year	No	<ul style="list-style-type: none"> • Support of local causes 	Yes
Regulators	Ongoing as part of operations	No	<ul style="list-style-type: none"> • Compliance • Local employment opportunities 	Yes
Shareholders	Annually	No	<ul style="list-style-type: none"> • Positive ROI • Reputation management • Risk management 	Yes
Board of Directors	Quarterly	Yes	<ul style="list-style-type: none"> • Positive ROI • Reputation management • Risk management 	Yes



Savola takes a structured approach in crafting its statement on ethics. Specifically, we recognize that as an organization and as individuals we engage in two types of interaction: One with external parties and one with our own selves. In all of these types of interaction lies a potential for differing value judgment and conflicting interests. A comprehensive statement on business ethics, therefore, needs to address these dimensions and set to prescribe the “proper” guide for action for each.

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

1/ **Honesty** (Amanah)

Amanah concerns itself with our responsibility towards those individuals or groups of individuals who have entrusted us with their investments. These are our shareholders, investors, joint venture partners, and “Murabaha” bankers. Amanah stipulates that we always honor the trust others have placed on us. To achieve this, we adopt four basic behaviors:

- Always tell the truth no matter what situation we might find ourselves in, or how beneficial, in the short-term, lying might seem to be. This way we will have nothing to hide, and transparency will become a natural byproduct of this behavior
- Always fulfill our promises and obligations
- Always honor our pledges to others
- Always commit to resolve conflicts with respect and objectivity

2/ **Conscientiousness** (Taqwa)

The second ethic is Taqwa (Conscientiousness) - our responsibility to external parties, such as customers, suppliers, and the community at large. Taqwa represents the idea of being a good citizen in society, behaving fairly and honestly and with respect. It provides a moral ‘constraint’ on our activities.

Taqwa addresses issues of more ambiguous nature by stipulating that when faced with a decision whose legality, morality, lawfulness, or correctness is not clear, an individual must submit any decision to the following criteria:

- Legality: Is the decision legal and have we in fact checked its legality with the proper reference? e.g., our legal department
- Public Opinion: Even if the decision is legal, will I be able to publicly admit to it and stand by it? In other words, if the decision is revealed, will I be proud of it in front of others?
- Personal Opinion: Do I feel comfortable with the decision? Do I feel that what I am doing is fair and not just legal?

3/ Caring Justice (Birr)

The third ethic is Birr (Caring Justice) - our responsibility toward our colleagues, the employees of the company. When considering our employees and colleagues, Birr means that everyone is entitled to treatment with basic human dignity and decency in a way that is sensitive to the individual's material needs, family needs and the need for self-fulfillment. It is about treating our colleagues in a manner that we ourselves would like to be treated by. Applying Birr is a responsibility of all employees whenever a decision is going to affect other employees in some way (which of course is almost always).

A clear demonstration of Birr would entail:

- Providing our managers, subordinates and colleagues with clear and accurate feedback
- Acknowledging the accomplishments and achievements of others both financially and non-financially
- Ensuring that those for whom we are responsible for are developed in accordance to their needs and the needs of the organization
- Helping the progress of others especially if they are deserving of this progress

4/ Personal Control (Mujahadah)

The fourth ethic is Mujahadah (Personal Control) - our aspiration is to realize our full potential and a life of balanced and satisfying achievements. Mujahadah is the drive within us towards self-improvement and towards progressively increasing self-discipline. It is our constant struggle within us to achieve our ideals and to achieve the highest moral balance between the previous three ethical values.

“Since its establishment, The Savola Group has taken social responsibility very seriously, as it decided to be a socially responsible citizen in the communities where it operates. Savola CSR is unique. That is because it is derived by the values and ethics of Savola, making social responsibility a genuine factor of the Group's culture, unlike other players in the market that had to start their efforts in CSR in response to the pressure of external factors in their surroundings.”

“In Savola, we believe that CSR is an integral part of our success. For us to be the best, we don't measure our success only by how much we make. Rather, we constantly strive to maintain the license to operate within our communities, and uphold the trust of our stakeholders. And that is mainly achieved through social responsibility.”

Abdul Kareem Abu Al Nasr
CSR Committee Member



Our People



Practices for local hiring and percentage of Saudization within the reporting period for The Savola Group:

Operating Companies (OpCos)	Total number of Saudis within the reporting period	Percentage of Saudis within the workforce for the reporting period
Retail Sector (Al-Azizia Panda United)	5,175	34.4 %
Food Sector (USC & Afia)	606	53.4 %
Plastics Sector (SPS & Al-Sharq plastic)	157	20.7 %
The Savola Group Headquarters	73	55.3 %

Below are benefits provided to The Savola Group's full time employees:

- Housing allowance
- Transportation allowance
- Medical insurance
- Yearly performance bonus
- Children school education allowance (for managerial positions only)
- Mobile allowance
- Overtime
- Additional transportation allowance
- Remote area allowance
- Temporary assignment allowance
- Nature of job allowance
- Ramadan gifts

In the Plastics sector, particularly in Egypt, full time employees receive the following additional benefits:

- Annual profit share
- Eid Bonus (Adha - Fitr) for Muslims
- Eid Bonus (Christmas) for Christians

Retention and loyalty of employees are two elements we aspire to build on the part of employees, hence offering them the above benefits and compensating their extra efforts and hard work is a definite element to realize employees' retention, motivation and loyalty for Savola.

As for the 'Yearly Performance Bonus' benefit provided to our Savolans, our management conducts a semi-annual performance and career development reviews for all our employees. During the reporting period 2012/2013, the improvement rate of the employees reached up to 99-100%, which qualified them to receive and career development review.

The ratio of basic salary of men to women in similar employment categories is equal (1:1) specifically true in facilities where females are employed, otherwise if the workforce in an Operating Company constitutes of only males, equal pay issue becomes irrelevant.

A joint management/worker H&S committee motivates employees to be involved especially with identifying work related hazards. Worker representatives are usually familiar with health and safety standards, and with work specific risks relevant to the business nature and activities. Employees who act as representatives, speak on behalf of the whole workforce.

The responsibilities of a joint H&S committee is first identifying work specific hazards, second evaluating potential hazards, third recommending corrective measures, and finally follow up on whether recommendations presented have been implemented or not.

Operating companies of The Savola Group have a joint management workers health and safety committee dedicated for the above mentioned duties. Workers constitute between 5 to 20% of the committee in each operating company except for Headquarters due to the low risk of H&S concerns as a result of their daily activities' nature.



Training and Development of Our Team

Savola's ongoing training and development department have designed several programs for skills management and lifelong learning that support their continued employability and assist them in managing career endings. The table below is a snapshot of some of the training programs offered by each operating company.

Operating Company	Program(s) and brief explanation
Al-Azizia Panda United	<ul style="list-style-type: none"> • Certificate in retail distribution operation: on the job training to equip associates with functional skills suitable for the distribution center/area. Training focuses on 3 topics: building basics skills and understanding the DC environment, cubic scanner receiver and ASN clerk, team leading and supervisory skills. • Certificate in retail management: this program is suitable for first time managers. Training topics include basic management skills and concepts. The program is a mix of classroom and work based assignments. • Diploma in Retail Management: a leadership development program designed for potential managers in operations who will be taking bigger role in managing retail operations and business. • Certificate in Workplace Skills (CWS) is the program designed for entry level employees. • Management Development Program (MDP) is a development program designed to prepare the potential employees to take a new role in management. • Middle Management Development Program: to develop potential employees and existing managers to be effective leaders and managers. • Executive and Leadership Development Program: a three days' workshop to support Panda VPs, directors and senior managers in identifying their strengths/improvement opportunities, based on the Panda senior and leadership competencies. • Development program for female employees: designed for female employees to adopt best practices in work efficiency, team work and managing people.
Afia International	<ul style="list-style-type: none"> • Management Trainee Program: a 12-18 months training program for fresh graduates focusing on managerial and functional competencies who will eventually join the organization's management. • Continuous development training: to ensure the continued employability and hence update of managerial skills and qualifications. Usually considered an OJT or on the job training course. • Succession planning development: a structured training and development program specifically for 'top performers' in management category based on individual development plan (IDP).

United Sugar	<ul style="list-style-type: none"> • Management Trainee Program • JAMAT for director level • JAMAT for Managerial level <p>These programs focus on building competencies for employees who have the potential to grow and be promoted.</p>
Savola Packaging Systems	<ul style="list-style-type: none"> • Management Trainee Program: designed for future managers in The Savola Group, this is an 18 months training program with a clear career & development plan based on assessment results. • English Language Training Course specifically for those who hold operators and labors positions aimed at improving their communication skills. Courses are provided in house by an experienced and certified trainer.
Savola Headquarters	<ul style="list-style-type: none"> • Management Trainee Program: for the employment and development of young graduates. • E-learning portal to select different courses for employees.



Anti-Corruption

The Group's management focuses on ensuring anti-corruption by having proper ethical framework and sound corporate culture in place, in addition the Group has an audit & risk management committee and internal audit and risk management departments across the Group and corporate governance & compliance function at the Group level, they all work hand in hand to limit risks from occurring by properly manage them and ensuring proper internal controls are taking place. On the other hand, financial statements for the Group in KSA and overseas operation are audited by one of the big four auditors firm, which is PWC. Moreover, the Group board and the AGM are reviewing and approving the financials, remuneration, related party transactions and the Group performance annually. For this report, the total and percentage of business units are not analyzed for risks related to corruption.

Additionally, a documented procedure is in place as per ISO9001:2008 guidelines which assist in discovering issues related to corruption. This practice is conducted twice a year.

Below is the total number and percentage of the Panda workforce who received training on anti-corruption policies and procedures:

2012	2013
4,344 employees	7,348 employees
32% of Total workforce	46% of Total workforce

The highest occurrence rate for shop lifters or theft by customers is in Panda retail stores. For the reporting period, theft by customers incidents amounted to 10,000+ cases while theft by employees amounted to 400+ incidents. An action plan as a response to incidents of corruption is available bearing in mind investigation and documentation based on Labor Law regulations.

Going 'the Extra Mile' for Our Valued Workforce

To reinforce the principles of corporate social responsibility, show our appreciation and motivate Savola employees through a healthy work environment that foster relationships between employees and the company, The Savola group organized a "family day" where employees of the Group and their families visited the "Fakeeh" Aquarium- in Jeddah on February 2013 which included many recreational and educational activities for employees' children who have been enriched with the knowledge of marine organisms while the event was attended by 198 people.

Programs for The Savola Group Employees

1/ **Employee** Home Loan Scheme

- Introduced in 1992
- Interest-free loan of 50 basic salaries, at a minimum of SR 500,000 and maximum of SR 2.5 million, is provided by the Group to be paid back within 120 months (10 years)

2/ **Employee Co-operative** / Takaful Program for Death and Permanent or Partial Disability

- In cooperation with a local bank
- Savola compensates an equivalent to 24 basic salaries. All cases submitted in 2012 and 2013 have been settled accordingly

3/ **Employee** Takaful Fund

- Fund for junior staff (non-managers) to deal with financial emergencies that they or their families might encounter and need financial assistance
- Voluntary monthly contributions by the different grades of staff. Funds supported all cases that fulfilled the criteria during 2012/2013 which amount to almost 1 million SR in both years



Marketplace **Responsibility**



Savola's management is keen on establishing a sustainable relationship with our customers. This is built through communicating with our customers/consumers, listening to their feedback on our products and services provided, tackling their concerns and responding back with actions to meet their needs. Eventually, we aim to create value for our customers by offering quality products and services and ensuring that all our OpCo's 'speak the same language' in terms of presenting Savola and also in terms of abiding by Savola's values, mission and vision specifically .

A 'Confidentiality Information Commitment Policy' is in place and management treats this as top priority ensuring that customer information is treated in a very confidential manner. Information ranges from operations information, accounting systems, research data, project execution data, production data, marketing data, current and future financial projections, customers' data, etc. During the reporting period, none of the OpCo's or its relevant sectors has witnessed non-compliance cases with relation to breach or loss of customer data.

We at The Savola Group, ensure that all of Savola's products adhere to highest quality standards specially the health and safety aspects stipulated for products/services provided. In addition to that, our Savola Packaging Company has set policies to ensure customer loyalty and retention through our customer relationship management-CRM- approach.

Below are some quality standards implemented by our OpCo's including:

- ISO 9001-2008, ISO 22000:2005, ISO 14001:2004
- BRC systems.

In addition to these international standards, the Saudi Arabia Standards Organization's standards and guidelines are also precisely implemented.

Savola's Packaging or Plastics Sector focuses on human capital development and training, innovative and development of products/their respective quality, building on reputation and brand image and best use of information and resources.

In this regard, Afia International Company has a customer focused training with the following objectives:

1. Understand and apply a customer focused approach
2. Improve internal customer services and processes
3. Resolve complaints from practical and emotional perspectives
4. Create additional buying opportunities that add value to the customer
5. Manage expectations and follow through to exceed them

Total number of trainees for the reporting period was 20 employees. Future plans are to train more and more employees on such a topic.

Having said that, in 2012/2013 none of our OpCos and their relevant sectors witnessed non-compliance cases or fines related to product and service information and labeling, regulations concerning marketing communications, provision and use of products and services.

For general laws and regulations, Panda has reported to have paid fines on this regards.

Below are the figures:

2013	2012
SR 2,411,775	SR 2,492,843

These fines have been paid against the following cases of non-compliance only by Panda:

Kind of violation
Expiration of Healthy Cards
Expiration of items, food products, products items without tags or source
Low level hygiene
Poor performance of the system, buildings and equipment
others

“Our CSR programs are continually monitored on a daily basis, in order to invest in the right CSR programs that tackle specific issues. Over the years CSR activities/programs have evolved from pure philanthropy to more strategic programs that tackle address a specific issues relevant to the community. Additionally, by continuous monitoring we strive to improve these initiatives to better cater to stakeholders needs . These programs are meant to add value, and to change the local community lifestyle and uplifting it.”

Mowafag Jamal
Chief Executive Officer- Panda



Our **Communities**



The community in which we operate constitutes an essential element of our CSR practices and activities. The Savola Group has undertaken several out-reach programs, associating with several parties and benefiting different categories of individuals from the local communities. The programs are in collaboration with either non-profit organizations, the government, and various medical and educational institutions.

Afia International Company, and Panda retail stores are some of our operating companies who followed Savola's principle of giving back to the community, hence our OpCos have made several donations including sugar, oil, and other consumable products.

On the other hand some examples of engaging with social organizations include, sponsoring students to continue their education, equipping classrooms and labs for students, and providing medical supplies for individuals with special needs. Moreover, sponsorship of conferences, exhibitions, etc. is another aspect to showcase Savola's general commitment towards giving back to its community and support of social impactful causes.

Below is a snapshot of donations by some OpCo's.

Donations for the reporting period in Saudi Riyals (SR)	
Afia International	911,000
Al-Azizia Panda United	1,215,576
The Savola Group Headquarters	17,387

The table on next page highlights all of Savola's engagements with several social organizations, the nature of the engagement, the beneficiaries, and the cost of engagement involved. These have occurred during the reporting period in 2012/2013.

Savola Support of Social Organizations in 2012

Name of Organization	Description of engagement	Achievements and monetary contributions
AlBirr Society	Equipping labs and classrooms to accommodate 60 students in addition to providing computers for staff members in Dar Al Zahraa and Dar Baghdadiah`	<ul style="list-style-type: none"> Financial funding: 215,000 SR Construction and equipping two class rooms
Childhood Ability Program (CAP)	Providing rehabilitation sessions for 9 children at an average of 12 sessions per child for 6 months	<ul style="list-style-type: none"> Financial funding: 150,000 SR Achievements: <ul style="list-style-type: none"> A treatment plan for 15 children was developed. Monthly progress report was prepared, and follow up visits were conducted to check success rate of rehab sessions.
Jeddah Autism Center	Educating 10 students for a complete scholastic year.	<ul style="list-style-type: none"> Financial funding: 300,000 SR Achievements: <ul style="list-style-type: none"> Treatment plan for 10 candidates was developed Quarterly progress reports were prepared Follow up visits were conducted
Zamzam for Healthcare Volunteering Services	Purchase of equipment and medical supplies for individuals with special needs.	<ul style="list-style-type: none"> Financial funding: 200,000 SR Achievements: <ul style="list-style-type: none"> Purchase of medical equipment for 80 individuals with special needs including: hearing aids, wheelchairs, artificial limbs, etc.
Jeddah Institute for Speech and Hearing (JISH)	Support of medical and clinical research programs with the aim of developing special speech diagnostic tools.	<ul style="list-style-type: none"> Financial funding: 200,000 SR, out of which 20,000 SR was utilized. Achievements: <ul style="list-style-type: none"> payment for research assistants, purchase of digital records and audio taping, photocopying, buying toys, payment for participants in the project, development tests, hearing screening tests, purchase of clerical and Stationary Items



'Girl Guides in Saudi Arabia'.	Savola participated and sponsored the 'Girl Guides' Day in Saudi Arabia which took place in Feb 2012 under the slogan of 'We all can contribute towards a better earth'.	<ul style="list-style-type: none"> Financial funding: 25,000 SR
Business & Ethics Forum	Sponsorship of the forum which was conducted in May 2012	<ul style="list-style-type: none"> Financial funding: 150,000 SR
Engineering Department at King Abdul-Aziz University	Contributing to the scientific research of the engineering department and held the annual ceremony to honor top of the class students. May 2012	<ul style="list-style-type: none"> Financial funding: 100,000 SR
Ebsar Foundation	Support of the Statistical Data Output Management Program: Aims to provide a database and research services and advanced statistical data. The website is available to researchers to take advantage of it in compiling studies and statistics about individuals with visual impairment. This will be the first specialized center in the Kingdom for the provision of information for statistical analysis specifically for visual disability.	<ul style="list-style-type: none"> Financial funding: 17,500 SR
Ministry of Education	Support the expenses of a 12- day business trip to Turkey to one Distinguished Teacher (Majid Ali Al Kthim). Mr. Majid was selected among other 20 teachers by the Ministry of Education. He was nominated for his excellence in providing services in special education and supporting students of special intellectual abilities.	<ul style="list-style-type: none"> Financial funding: 10,000 SR

Savola Support of Social Organizations in 2013

Name of Organization	Description of engagement	Achievements and monetary contributions
Jeddah Autism Center	Supporting Jeddah Autism Center by granting ten autistic students with educational sponsorship for the academic year 2013/2014	<ul style="list-style-type: none"> Financial funding: 300,000 SR.
Children's Ability Programs (CAP)	Supporting Children's Ability Programs (CAP), by sponsoring rehabilitation treatment sessions for an average of 10 children with disability through 11-12 sessions per child.	<ul style="list-style-type: none"> Financial funding: 150,000 SR.
Zamzam for Healthcare Volunteering Services	Providing medical equipment to 66 individuals with special needs.	<ul style="list-style-type: none"> Financial funding: 200,000 SR.
Sponsorship of Girl Guides in Saudi Arabia Feb-2013	The Savola Group was the main sponsor for 'Safe woman, safe community' campaign held in Feb 2013. The campaign is aimed at spreading awareness on the role and importance of involving women in all sectors, at the same time ensuring that any obstacles that will limit women's potential in giving are minimal. Domestic violence is one major obstacle that could hinder women involvement and negatively affect their capacity to show case their full potential.	<ul style="list-style-type: none"> Financial funding: 30,000 SR.
The Productive Families Forum & Exhibition	Sponsorship of the Second National Productive Families Forum and Exhibition' under the theme of "Responsible Cooperation towards Creating a 'Made in Saudi Arabia' Mindset." The forum was organized by Jeddah Chamber of Commerce & Industry at the Jeddah Hilton Hotel in May 2013. The forum discussed the strategic importance of productive families with the participation of HRH Prince Mishaal bin Majid Al Saud, Governor of Jeddah city and HE Dr. Yousef bin Ahmed Al Uthaymeen, Minister of Social Affairs and numerous businessmen and specialists representing public and private sectors.	<ul style="list-style-type: none"> Financial funding: 150,000 SR
Support of SANA Organization for Individuals with Special Needs	Sponsorship charges for the fundraising event which was held in Amman, Jordan in June 2013	<ul style="list-style-type: none"> Financial funding: 4,000 SR



Savola Products Distribution to Charity Organizations during the month of Ramadan in 2012 and 2013

Year	Oil cartons	Sugar Bags
2012	800	1400
2013	1000	2000

On the other hand, Savola dedicates a specific amount of pro bono or in kind products provided for local communities (specifically social organizations). The table below shows the Panda projects, year and amount of products provided along with beneficiaries.

Project	2012	2013	Parties
Leave The Change for them	6,710,272	10,194,707	<ul style="list-style-type: none"> • Disabled Children's Association • Association of compassion to support the families of prisoners
Panda caravan	800,000	1,187,550	<ul style="list-style-type: none"> • Al Birr (kingdom wise) • Wedding Charity • Care of Orphans Makkah • Al Faisaliah Society • Retirees Society
Al Eid Campaign	80,000	100,000	<ul style="list-style-type: none"> • Al Birr (Kingdom wise) • Wedding Charity • Care of Orphans Makkah • Al Faisaliah Society • Retirees Society

Currently, there are no programs that assess the impact of Savola's or any of its OpCo's activities or operations on communities. For some of our activities, the impact on communities is either very minimal or not applicable. Panda, however, has implemented several programs to assess the impact of its operations. The mystery shopper program is one of them. The programs have several advantages and gives the business the advantage of assessing several aspects from employee performance to understanding purchasing trends of customers, to understand how customer perceive Panda and what Panda can do in terms of building on its strengths and improving its weaknesses to provide better service, hence create value for the customer base.

In addition to all the above, evaluating the service level at an operational setting is key to identify areas of improvement, which will eventually feed into the business long terms plans and commitments or business strategy. All of these findings combined can assist Panda or any other organization to discover its positioning within the market, and explore its competitors. The end result ranges from improved brand image, growth of business, customer loyalty, employee retention, and alternatively better/enhanced brand performance.

1/ The Savola Center for Empowering People with Disability (Makeen)

Empowering local community and enabling them with skills, along with providing employment opportunities is key at The Savola Group. For this purpose, Makeen center was established within Savola premises. The focus of the center is training and employing individuals with disabilities which will eventually cater towards a workplace with equal opportunity. Makeen center is meant to empower people with disabilities to find jobs not only in Savola but also in other companies.

- The initiative started in 2010 with a target of 100 individuals. In 2011, 144 were trained and employed, which means 44 individuals more than that targeted number. In 2011, 47 candidates out of the total number were employed by cooperated companies (not Savola HQ or its OpCos).
- In 2012, the Makeen Center trained and employed 121 people with disabilities and 140 in 2013. Since inception of the initiative, a total of 446 were trained and employed.

The distribution of individuals employed by categories of disabilities is as follows:

- Physical: 27%
- Visual: 10%
- Mental: 33%
- Hearing: 30%

Employees are provided employment opportunities based on their special needs. The table above shows each disability and its matching most suitable job type provided.

Disability Type	Job type
Physical	Administrative /Telephone operator/ Data entry
Hearing	Produce/Assistant operator/packaging
Mental	Produce/Assistant operator



2/ Mentor and Buddy System

A training/orientation program for individuals who are working in The Savola Group or its operating companies. It is aimed at spreading awareness on dealing with individuals with special needs and providing an environment that makes them feel comfortable, help them 'fit in', and finally facilitate accessibility within the premises.

The table below highlights sessions conducted by M&B ambassadors for Savola Employees;

Session Date	Operating Company	B&M trainer	Number of Participants (employees)
June 2012	Savola-HQ	Ruba Anbari	16
Sep 2012	Savola Foods (United Sugar)	Majed Badghaish & Marwan Ghurab	13
Sep 2012	Panda- Eastern Province	Khalaf Matrafi	12
Sep 2012	Panda- Jeddah Office	Nouf Halwani	16
Oct 2012	Savola Foods (Afia International)	Khalid Ajlan	10
Oct 2012	Savola Packaging Systems	Liwa Tawfiq	6
Jan 2013	Savola-HQ	Khalid Kulaibi	7
Total			80

3/ Leave the Change for Them

This is a CSR program initiated by Panda under the slogan "Serving our Community is our Duty". The program was launched in 2006 in partnership with the Disabled Children Association. Funds raised from Panda's customers were used to build a center for children with special needs.

In addition to the above, Panda continues to provide support and efforts in several other community outreach programs. One of the remarkable programs is making necessary amendments to Panda facilities to create a comfortable and convenient workplace for people with special needs. Another program is the yearly Ramadan Caravan which supports unprivileged families and supplies them with food products and other consumables.

4/ Saudi Injaz Entrepreneurs Project

The program started in 1919 and has been benefiting students ever since. This outreach program has changed the lives of more than 10 million students in more than 100 countries around the world. Injaz is a non-profit organization dedicated to educating students and preparing them for the work place. It runs hands-on programs in the areas of: Entrepreneurship, Financial, and Workforce Readiness aiming to prepare elementary, middle school, high school and university students to deal with business demands through developing their personal and practical skills by training them in workshops led by private sector volunteers. A total of 2251 volunteer hours were contributed towards training 2365 students during 2012/2013.

Empowering our Communities

At the same time and in line with the national priority of promoting local goods, all of Savola's OpCos have policies in place aimed at spending a higher proportion for local suppliers vs non local ones in addition to screening criteria, 'responsibility in the supply chain', for selecting suppliers whose ethics and values are in line with those of The Savola Group as a whole.

Operating Company	Total spending on local suppliers for the reporting period (SR)	Average percentage of spending on local suppliers for the reporting period
Afia International	31,348,000-37,610,000	8 - 8.5%
Al-Azizia Panda United	14,400,639,194	84%
Savola Packaging Systems	714,000,000	86%
United Sugar	182,899,350	70%
The Savola Group Headquarters	52,293,000	62.5%



Our **Environment**



Our management is continuously looking for ways to improve the Group's performance with regards to environmental issues and aspects. We strive to produce our products by minimizing their environmental impacts and reduce their footprint. This is implemented in all of Savola's OpCos in each of the sectors which we operate in.

Energy Consumption in KWH for The Savola Group for the Reporting Period

Operating Company	Total energy consumption in KWH for the reporting period
Afia International	104,239,499
Al-Azizia Panda United	1,170,000,000
Savola Packaging Systems	44,252,749
United Sugar	16,300,000
The Savola Group Headquarters	1,781,793

Efforts to reduce GHG Emissions and Reductions Achieved

Operating Company	Implemented initiatives	Achievements
Afia International	<p>Itqan program: implemented 12 years ago in Afia. It is intended to apply cost saving and loss elimination on production process like:</p> <ul style="list-style-type: none"> • Oil buying loss Vs. how much was shipped from supplier • Oil loss control Vs. how much quantity was requested • Chemical waste control • Packaging material prices & usage • Freight rate optimization 	<p>2012 Savings: Planned: SR 7,700,000 Actual: SR 13,470,568</p> <p>2013 Savings: Planned: SR 9,000,000 Actual: SR 12,826,742</p>
Al-Azizia Panda United	<p>Several initiatives were implemented during the year 2013:</p> <ul style="list-style-type: none"> • Carton Recycling • Tires Recycling • Oil Recycling • Biodegradable Bags; (replacing the plastic shopping bags with biodegradable shopping bags) 	<ul style="list-style-type: none"> • 20,000 tons of carton recycled • 7,000 tires recycled • 200 tons of oil recycled <p>More than 7 million SR were invested for this change</p>
Savola Packaging Systems	<ul style="list-style-type: none"> • Power Factor Correction Capacitors were installed in all plants • Water Chillers for cooling is used to cool all Machines and recently new direction to use chillers to cool the plants too • Machines completely off when there is no production. • Keep all doors close inside and outside to reserve the cool to avoid waste. 	<p>Recorded achievements not available for the reporting period</p> <p>Note: (Starting from December 2013, new methodology of recording and measuring these factors has been implemented. Moreover, an environmental consultant was hired to conduct a complete study and define the standards and measures to implement and prioritize).</p>



United Sugar	Implement ISO14001 standards and obtained the certificate for compliance: all aspects have been evaluated and controlled, and comprehensive maintenance done to control fuel and water consumption.	<ul style="list-style-type: none"> • Reductions in noise hazard ,personal working press, measuring illumination & reduce working hours during summer time. • Working hours reduced to an average of 60% during the reporting period. • A third party obtained results for the following: CO = 3.67 ppm SO2 = 790ppm NOx= 109.67 ppm All emissions above are within PME limits. Further records will be provided. Data for year 2012 is not available.
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Initiatives to Minimize Environmental Impacts of Products and Services

Operating Company	Conducted initiatives	Methodology/Achievements
Afia International	Disposal of production waste outsourced to PME. Waste disposal includes industrial and non-industrial waste.	Outsourcing cost for waste disposal: Industrial waste: SR 3,000,000 Non-industrial: SR 120,000
Al-Azizia Panda United	<ul style="list-style-type: none"> • Reduced Leaflet printing • Biodegradable Bags; (replacing the plastic shopping bags with biodegradable shopping bags that are 100% decomposable & eco-friendly). • Providing a wide range of eco-friendly products to consumers at competitive prices compared to other products. Products range from housewares, kitchen, appliances, textiles, and organic Food. 	<ul style="list-style-type: none"> • Reduction in leaflet printing: 2.5 billion to 750 thousand printed pages. Target: by 2015 zero pages. • More than 7 million SR were invested for this change.

Savola Packaging Systems	<ul style="list-style-type: none"> • Reduction of waste, scrap, chemicals, and animal control. • Hazardous material storage. • An environmental consultant was assigned in all plants to evaluate possible risks and make recommendations. • Two environmental certificates were obtained within the reporting period and 1 is under process. 	<ul style="list-style-type: none"> • Scrap is gathered in a designated area in each facility, and collected by an assigned company on a daily basis for proper disposal which eventually minimizes negative environmental impacts • Waste and disposals collected by an assigned containers on a daily basis. • Chemicals such as solvent thinner, and used oil are collected by a specialized company appointed by the Authority of Industrial Cities for proper disposal methods. • On a monthly basis, a specialized animal control company visits our facilities to ensure stray animals did not enter facilities by mistake. Additionally, new high speed doors were installed to prevent this issue from occurring. • A designated storage area for hazardous material. All are equipped based on Safety standards.
United Sugar	Using the bulk tankers for bulk sugar instead of bags.	This eventually decreases number of sugar bags used and hence percentage of sugar dust decreases. On the other hands, the assigned transportation company was informed to ensure all trucks are in good conditions to eliminate emission and hence decrease environmental impacts.
The Savola Group Headquarters	Implementation of SSHR (self-service HR) in 2012.	eliminating paper forms and encouraging a paperless environment in offices.

During the reporting period, there were no cases of non-compliance with environmental laws and regulations nor were there any fines paid for that regard by any of the OpCo's including Savola's headquarters.



Total Volume of Water used in all Locations within the reporting period

Al-Azizia Panda United	560,000 m3
United Sugar	1,097,886 m3

Volume of total water discharged post production, the quality of discharge water and its destination; where it is discharged for sectors/OpCos:

Afia International	2,000 metric tons (MT) of water disposed of containing soap & gums, by tankers, at a cost of SR 80/MT.
Al-Azizia Panda United	Sanitation is withdrawn and is discharged at the stations devoted to recycling station.
United Sugar	17,922 m3 of water was discharged for the reporting period. The pH level of water discharge is within PME standards for water quality. It is re-pumped to the sea after treatment and to make sure that it is within PEM limits

Below is a snapshot on waste weight along with a brief description of each sector/company's disposal method.

United Sugar	2012: 22,621 MT, 2013: 19,529 MT both are mud disposal. Disposed in a landfill authorized by government agencies through a certified contractor.
Al-Azizia Panda United	Data for total waste weight is not available.
Afia International	300 MT of spent bleaching earth & filter aid, by skips, at a cost of SR 215/MT, 7,000 MT of washing & cleaning water to the industrial city sewage network, at a cost of SR 10/MT.

Our retail sector, Al-Azizia Panda United, uses the following two materials. The measurement unit for the below is in cubic meters (m3).

Year	2012	2013
Liquid	688,727	775,515
Solid	8,315,608	8,202,951
Grand Total	9,004,335	8,978,466

While United Sugar Company using the following as input material for their production:

Year	2012	2013
Raw Sugar	1,240,229 MT	972,874 MT



GRI Content Index

GENERAL STANDARD DISCLOSURES		
General Standard Disclosures	Page Number (or Link) Information related to Standard Disclosures required by the 'in accordance' options may already be included in other reports prepared by the organization. In these circumstances, the organization may elect to add a specific reference to where the relevant information can be found.	External Assurance
STRATEGY AND ANALYSIS		
G4-1	The Savola Group Sustainability Report 2012/2013 Page 01	Not assured
ORGANIZATIONAL PROFILE		
G4-3	Page 06	Not assured
G4-4	Page 06	Not assured
G4-5	Page 07	Not assured
G4-6	Page 07	Not assured
G4-7	Page 06	Not assured
G4-8	Page 07	Not assured
G4-9	Total number of employees: See G4-10 Total net income, dividend payout, CSR funding, Quantity of products or services provided: page 08	Not assured
G4-10	Page 08	Not assured
G4-11	Page 09	Not assured
G4-12	Page 10	Not assured
G4-13	Page 10	Not assured
G4-14	Page 10	Not assured
G4-15	Page 10	Not assured
G4-16	Page 10	Not assured
IDENTIFIED MATERIAL ASPECTS AND BOUNDARIES		
G4-17	List of The Savola Group Entities, Countries of Operation, Markets Served Page 07	Not assured
G4-18	Process for Defining Material Aspects Page 15	Not assured

G4-19	Our Most Material Aspects Page 16	Not assured
G4-20	All material Aspects selected in this report apply equally to our all of our operations and entities as listed in G4-17 Table showing aspect boundaries Page 18	Not assured
G4-21	All material Aspects selected in this report apply equally to our all of our operations and entities as listed in G4-17 Table showing aspect boundaries Page 18	Not assured
G4-22	Page 19	Not assured
G4-23	Page 19	Not assured

GENERAL STANDARD DISCLOSURES

General Standard Disclosures	Page Number (or Link) Information related to Standard Disclosures required by the 'in accordance' options may already be included in other reports prepared by the organization. In these circumstances, the organization may elect to add a specific reference to where the relevant information can be found.	External Assurance (We have chosen not to get this report externally assured)
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STAKEHOLDER ENGAGEMENT

G4-24	Stakeholder Groups, Basis for Selection of Stakeholders, Approaches to Engagement, and Key Topics raised by Stakeholders. Page 20	Not assured
G4-25	Stakeholder Groups, Basis for Selection of Stakeholders, Approaches to Engagement, and Key Topics raised by Stakeholders. Page 20	Not assured
G4-26	Stakeholder Groups, Basis for Selection of Stakeholders, Approaches to Engagement, and Key Topics raised by Stakeholders. Page 20	Not assured
G4-27	Stakeholder Groups, Basis for Selection of Stakeholders, Approaches to Engagement, and Key Topics raised by Stakeholders. Page 20	Not assured

REPORT PROFILE

G4-28	Page 14	Not assured
G4-29	Page 14	Not assured
G4-30	Page 14	Not assured
G4-31	Page 14	Not assured
G4-32	This report has been written in accordance with G4 CORE option and undergone GRI materiality matters check. The report has not been externally assured. The GRI content index is on pages.46-52	Not assured

G4-33	We do not seek external assurance for our report. Our report is prepared with the help of an independent external consultant, Elixir Business Consultancy. Together with our internal controls, this gives us confidence that our reporting is accurate and robust. More details on Page 14	Not assured
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GOVERNANCE

G4-34	Page 11	Not assured
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ETHICS AND INTEGRITY

G4-56	Page 22	Not assured
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SPECIFIC STANDARD DISCLOSURES

DMA and Indicators	Page Number (or Link)	Identified Omission(s)	Reason(s) for Omission(s)	Explanation for Omission(s)	External Assurance (We have chosen not to get this report externally assured)
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CATEGORY: ECONOMIC

MATERIAL ASPECT: MARKET PRESENCE

G4-DMA	Savola understands that being one of the largest Saudi Companies , it has a responsibility to uphold the principals of ethical conduct and fair practices at all times. The responsibility also entails empowering other members of the local community by providing them with opportunities that make them economically independent.				
G4-EC5	The Savola Group offers all its employees a minimum entry wage between 3000-3500 Saudi Riyals (SR) compared to local minimum wage in Saudi Arabia.				Not assured
G4-EC6	Page 16				Not assured

MATERIAL ASPECT: PROCUREMENT PRACTICES

G4-DMA	There is a clear policy direction to hire from local suppliers whenever possible and to use local distributors in case of imported products..				
G4-EC9	Page 16				Not assured

CATEGORY: ENVIRONMENTAL**MATERIAL ASPECT: MATERIALS**

G4-DMA	There is a stringent EHS policy in place at all factory locations.				
G4-EN1	Page 17				Not assured

MATERIAL ASPECT: ENERGY

G4-DMA	There is a stringent EHS policy in place at all factory locations.				
G4-EN3	Page 17				Not assured

MATERIAL ASPECT: WATER

G4-DMA	There is a stringent EHS policy in place at all factory locations.				
G4-EN8	Page 17				Not assured

MATERIAL ASPECT: EFFLUENTS AND WASTE

G4-DMA	All production facilities have firm policies in place to minimize waste and effluents as much as possible.. Stringent controls are in order to ensure that all waste leaving the factory floors is property disposed off.				
G4-EN22	Page 17				Not assured
G4-EN23	Page 17				Not assured
G4-EN24	Page 17				Not assured

SPECIFIC STANDARD DISCLOSURES

DMA and Indicators	Page Number (or Link)	Identified Omission(s)	Reason(s) for Omission(s)	Explanation for Omission(s)	External Assurance (We have chosen not to get this report externally assured)
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CATEGORY: SOCIAL

SUB-CATEGORY: LABOR PRACTICES AND DECENT WORK

MATERIAL ASPECT: EMPLOYMENT

G4-DMA	Focus on local hiring is relentless and Savoal prides itself on being one of the few companies who have a high percentage of Saudi working at all levels. Several policies are in place by the Group HR department to ensure Savola continues to position itself as the employer of choice through ethical employment policies and offerings.				
G4-LA2	Page 16				Not assured

MATERIAL ASPECT: TRAINING AND EDUCATION

G4-DMA	Maximizing youth potential is a CSR strategic direction for Savola and we believe that this can only be accomplished through relentless training and development programs in place. HR has a full calendar of trainings throughout the year that exposes all staff and management levels to various trainings.				
G4-LA10	Page 16				Not assured
G4-LA11	Page 16				Not assured

MATERIAL ASPECT: DIVERSITY AND EQUAL OPPORTUNITY

G4-DMA	Being a Saudi company, and with the national direction to enhance Saudization in the work force, it is not practically possible to have a diversified governance structure. Therefore all members of the governance bodies are Saudi males. We do have a direction to include more women in our governance structure and the CSR committee has one female member.				
G4-LA12	Page 16				Not assured

MATERIAL ASPECT: EQUAL REMUNERATION FOR WOMEN AND MEN

G4-DMA	When it comes to remuneration levels, there is absolutely no discrimination between males and females. The salaries are based on qualification and experience only.				
G4-LA13	Page 16				Not assured

SUB-CATEGORY: SOCIETY

MATERIAL ASPECT: LOCAL COMMUNITIES

G4-DMA	We have few programs at the Group level that assess the impact of Savola's or any of its OpCo's activities or operations on communities. For most of our activities, the impact on communities is either very minimal or not applicable. We aim to strengthen the impact measurement in the years to come.				
G4-S01	Page 16				Not assured

SPECIFIC STANDARD DISCLOSURES

DMA and Indicators	Page Number (or Link)	Identified Omission(s)	Reason(s) for Omission(s)	Explanation for Omission(s)	External Assurance
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MATERIAL ASPECT: ANTI-CORRUPTION

G4-DMA	The Group's management focuses on ensuring anti-corruption by having proper ethical framework and sound corporate culture in place, in addition the Group has an audit & risk management committee and internal audit & risk management departments across the Group and corporate governance & compliance function at the Group level, they all work hand in hand to limit risks from occurring by properly managing them and ensuring proper internal controls are taking place.				
G4-S04	Page 16				Not assured

SUB-CATEGORY: PRODUCT RESPONSIBILITY

MATERIAL ASPECT: CUSTOMER HEALTH AND SAFETY

G4-DMA	Our relationship with our customers is key. Savola management is keen on establishing a sustainable relationship. This is built through communicating with our customers/consumers, listening to their feedback on our products and services provided, tackling their concerns and responding back with actions to meet their needs. Eventually, we aim to create value for our customers by offering quality products and services and ensuring that all our OpCo's 'speak the same language' in terms of presenting Savola and also in terms of abiding by Savola's values, mission and vision specifically.				
G4-PR2	Page 17				Not assured

MATERIAL ASPECT: PRODUCT AND SERVICE LABELING

G4-DMA	Products labelling for local products is governed by the ,local laws and for the imported products we ensure that the labels are clearly readable and identifiable.				
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G4-PR4	Page 17				
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G4-PR5	Page 17				Not assured
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MATERIAL ASPECT: COMPLIANCE

G4-DMA	Compliance with local laws and ethical principals is part of our ethics and values and there is no flexibility on these matters.				
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G4-PR9	Page 17				Not assured
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MATERIAL ASPECT: COMPLIANCE

G4-DMA	Compliance with local laws and ethical principals is part of our ethics and values and there is no flexibility on these matters.				
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G4-S08	Page 16				Not assured
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MATERIAL ASPECT: COMPLIANCE

G4-DMA	Compliance with local laws and ethical principals is part of our ethics and values and there is no flexibility on these matters.				
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G4-S08	Page 16				Not assured
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Seed paper **that grows!**

Plantable paper is a biodegradable eco-paper that is made with post-consumer materials (no trees harmed for this paper!) and embedded with seeds. When the paper is planted in a pot of soil, the seed grow and the paper composts away. All that is left behind is flowers, herbs or vegetables and no waste. It's easy to plant and grow.

What you need

- a pot for planting
- some good potting soil
- plantable paper
- water
- a sunny corner

CUT
&
PLANT



MATERIALITY MATTERS



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Initiative™**

AT THE TIME OF PUBLICATION THE
G4-17 TO G4-27 DISCLOSURES WERE
CORRECTLY LOCATED IN THIS G4
CONTENT INDEX AND FINAL REPORT.

