

# Value Built on Values

SAVOLA  
WORLD

Sustainability Report 2016/2017

Sustainable  
Development through  
Continued Growth



# Welcome to Savola Group's 2016/2017 Sustainability Report

This represents the fourth Sustainability Report for Savola covering the sustainability achievements, performance and activities of its operating companies within the Kingdom of Saudi Arabia, including Panda Retail Company, Afia International Company, United Sugar Company and the Group's Headquarters (HQ).

This Report covers the period between January 1, 2016 and December 31, 2017, while the previous Report covered the period between January 1, 2014 and December 31, 2015. A more detailed overview of the scope of this report and coverage can be found on page 60.

## Key Highlights:

### Business

#### Savola World

Savola's new sustainability brand and CSR platform launched.

### Business

#### Top 10

score in S&P Dow Jones Indices for the MENAT region.

### Community

#### 1%

of annual net profits allocated to CSR activities.

### Environment

#### +3 million

reached through our Negaderha food waste management program social media campaign.

### Employees

#### 20,000+ hours

of training offered to employees in 2017.

### Sector

#### 1,000+

employees with disabilities hired through our Makeen program.

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# About Savola

## Who Are We?

We are the leading strategic investment holding group focused on the food and retail sectors in the Middle East, North Africa and Turkey (MENAT) region. We have built and expanded a diverse portfolio of managed and non-managed assets. Across our core verticals in food and retail, we operate the largest grocery store chain in Saudi Arabia and produce much-loved everyday household products including oil, sugar and pasta in more than 30 countries. We are a company that believes in creating “Value Built on Values.” We are Savola.

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

## Food Investments

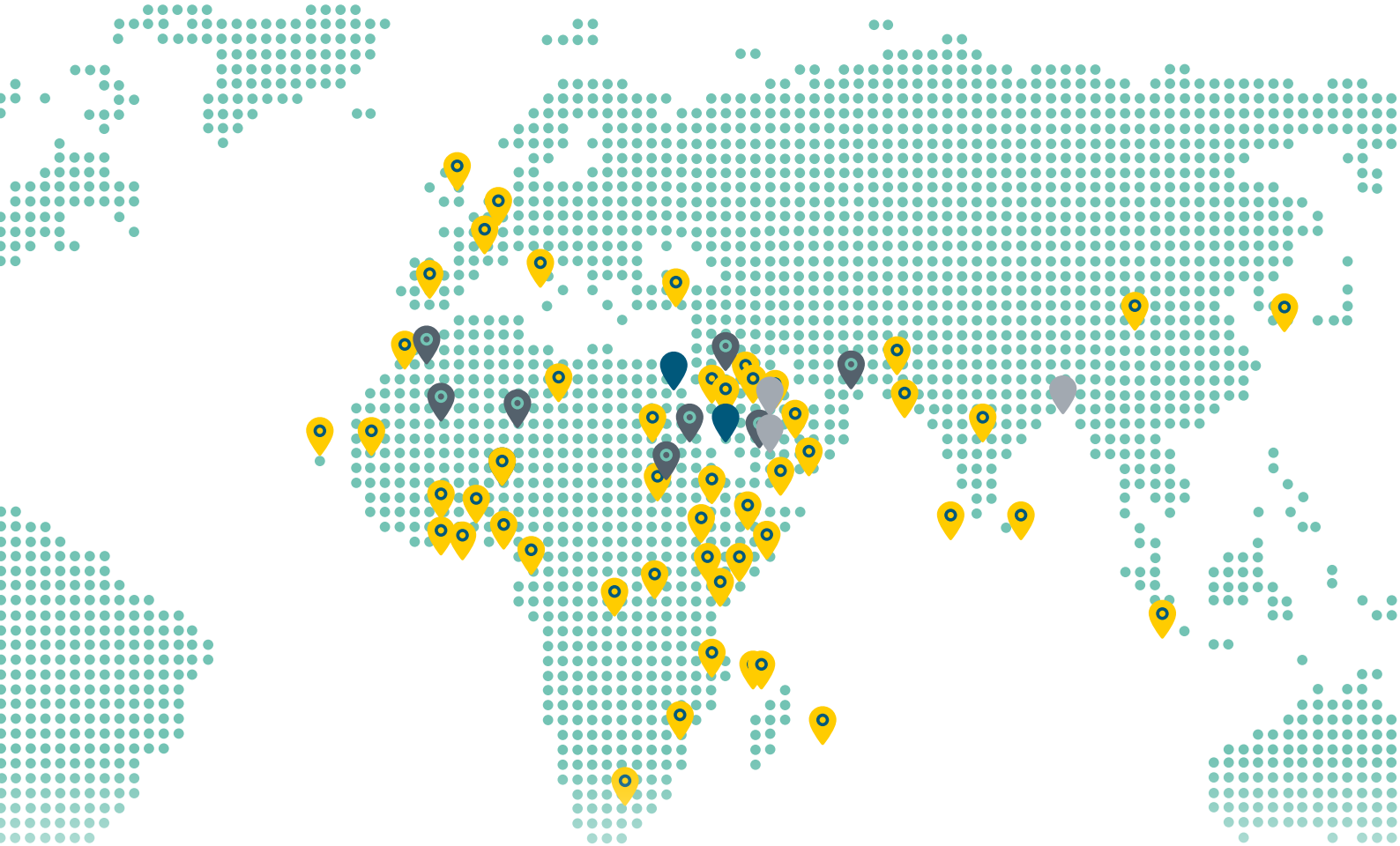
Our food vertical entails investments in large branded categories across the region. Savola Foods is a leader in basic branded consumer packaged goods, with brands marketed in more than 55 countries, and we are proud to say that many of them are market leaders in their respective categories. We continue to build on our established products by expanding into higher-value items and diversifying our portfolio. We also generate profits through our long-term strategic investments and are the largest shareholder in the Middle East’s leading food manufacturer and distributor, Almarai, with a 34.52% stake in the business.

## Retail Investments

Panda Retail is the largest modern grocery chain in Saudi Arabia with 362 stores serving 134 million customers annually. Panda boasts a proud history, a leading market share and formidable geographic reach. We also generate profits through our long-term strategic investments and are the largest shareholder in Herfy Food Services Company, one of the leading restaurant, industrial bakery and meat processing businesses in Saudi Arabia, with a 49% stake in the business. Following the adoption of IFRS, Herfy has become a subsidiary of Savola Group.







Global leader present in eight countries

Headquarters located in Jeddah, Saudi Arabia

**367**

Panda stores in 48 cities

**359**

Herfy stores in three countries

**Major/manufacturing markets**

Saudi Arabia	Egypt	Sudan	Morocco
Iran	Turkey	Algeria	Iraq

**Export markets**

Afghanistan	Ethiopia	Libya	Palestine	Sudan
Angola	France	Maldives	Qatar	Syria
Bahrain	Gambia	Mali	Rwanda	Tanzania
Benin	Ghana	Mauritius	Sierra Leone	Tunisia
Cameroon	Guinea	Mayotte	Singapore	Turkey
Canada	Iraq	Morocco	Somalia	UAE
Cape Verde	Italy	Mozambique	Somaliland	Uganda
China	Jordan	Nepal	South Africa	United Kingdom
Comoros	Kenya	Netherlands	South Korea	Yemen
Congo	Kuwait	New Zealand	South Sudan	
Djibouti	Lebanon	Oman	Spain	
Eritrea	Liberia	Pakistan	Sri Lanka	

**Number of Panda stores**

Saudi Arabia 362
Egypt 5

**Number of Herfy stores**

Saudi Arabia 348
Kuwait 9
Bangladesh 2

# Group CEO Statement

## A Changing World, a Thriving Business



We live in a deeply interconnected world. Our actions not only affect our commercial performance, but also the wellbeing of each individual member of our community and the health of the environment we all depend on.

In short, they will determine our future and those of generations to come. Hence, we believe in a way forward that safeguards both our success as a company and the wellbeing of our stakeholders.

To embody this approach, we must act in a way that champions our environment and our community of customers and employees, embedding their interests in our own. Yet this is not to say we should undermine our goals of securing growth and profit for our shareholders and investors. On the contrary, we believe that sustainable business practices are a means to long-term, profitable success. It is this key philosophy that drives Savola's relentless commitment to deliver value built on values.

### A History of Generosity

We continue to allocate 1% of the Group's annual net profits from core sectors to CSR activities and initiatives in 2016/2017. This allows us to remain true to our commitments and responsibilities whilst maintaining the highest ethical standards and values.

We also continue to embed sustainability in every aspect of our business, including as an integral element of our common business practice. To achieve this, we have developed a strategy that incorporates sustainability goals in four key domains: the community, our employees, the natural environment and the broader sector in which we operate.

### A Pioneering Approach

The overarching goal of our sustainability program is to leverage Savola's scale and outreach to address crucial issues in these four domains, and our responses to these challenges have been individually developed for each of these beneficiaries. They are designed and implemented by our new sustainability brand and CSR platform: "Savola World."

The mission of Savola World is to be a game-changer in the sustainability industry of the Middle East, North Africa and Turkey (MENAT) region. It seeks to become an influential force throughout the MENAT, encouraging socially responsible behavior among consumers and stakeholders, creating value for our community and our planet, whilst also delivering excellent returns for our shareholders and investors.

Engagement with Savola World following its launch in March 2017 was very encouraging, and the program quickly amassed nearly 10,000 followers and over 110,000 comments or likes on social media.

Savola World positions us at the forefront of the sustainability movement in the Kingdom and enables us to achieve lasting impacts across our international footprint.

### A Responsible Legacy

Aside from the success achieved by Savola World, we continue to pursue a variety of other sustainability efforts that are fully integrated into our business strategy and linked to the Group's core objectives. For example, in support of the goal stated in Saudi Arabia's 2030 Vision to optimize the Kingdom's resources and ensure its long-term food security; given that a staggering 1.3 billion tons of food is wasted around the world each year (according to the FAO, 2016), we introduced Negaderha, the food waste management program.

Negaderha was developed to address food wastage on a national scale. The project seeks to cultivate an in-depth understanding of the drivers and volumes of food waste in Saudi Arabia. This will be used to develop a corresponding action plan to achieve sustainable behavioral change based on international best practices, contributing to the National Strategy for Food Security. Negaderha collaborates with the United Nations Environment Program (UNEP), the Waste Resources Action Program (WRAP) and local NGOs specializing in food waste management. It also continues to seek additional partners.

Meanwhile, our Makeen program provides a leading national portal for the recruitment of people with disabilities. The portal is run by an experienced team from Savola who dedicate their time to facilitate employment opportunities for people with disabilities.

### A Focus on the Future

Despite highly challenging circumstances across all our markets, Savola continued to make notable achievements in 2016 and 2017. We have also continued to make positive contributions to the lives of the people we serve, and remain focused on creating value for our shareholders, employees and communities as we look to the future.

Through active portfolio management and strategic capital allocation, we will reinforce our position as the leading strategic investment group for food and retail in the MENAT region. Savola World positions us at the forefront of the sustainability movement in the Kingdom and enables us to achieve lasting impacts across our international footprint.



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



# Savola World

## Our Sustainability Strategy

What is Savola World?

Savola World was launched in March 2017. Its aim is to create value by promoting socially and environmentally responsible practices.



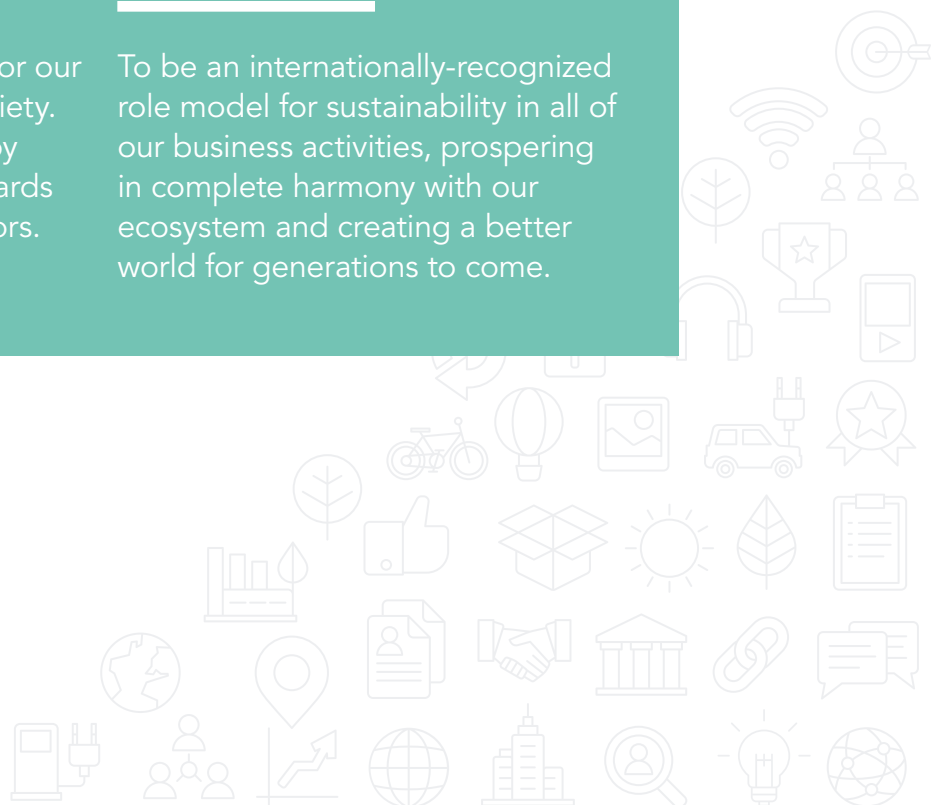
Savola World represents a game-changer in the sustainability industry across the Middle East, North Africa and Turkey (MENAT) region. Sustainable development will be embedded in our business as we take the lead in leveraging our outreach to achieve economically and socially responsible behavioral changes among our customers and stakeholders.

### Our Mission

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

### Our Vision

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





# Our Sustainability Quadrants:



## Community

Read more on page 26



## Employees

Read more on page 34



## Environment

Read more on page 44



## Sector

Read more on page 48

Focus	What does this mean?	Our priority	Our programs to date
<b>1. Community</b> 	We are an active member of the communities in which we operate. As a responsible business, we seek to enhance the lives of those around us that promote sustainable practices and affect large-scale behavioral changes among consumers and stakeholders we interact with.	Excess food management (see page 32).	> Negaderha project.
<b>2. Employees</b> 	As a regional employer of more than 30,000 employees, we have a clear responsibility to keep our people safe, happy and secure, and to help them thrive.	Maximizing youth potential (see page 41).	> Management Trainee Program.
<b>3. Environment</b> 	Our focus on sustainability starts with an emphasis on operating as a responsible organization. For us that means upholding the highest standards of ethical conduct, safety and environmental responsibility.	Direct resource management (see page 46).	> Adhering to ISO 14001 standards. > Alignment to the "three Rs" (reduce, reuse, recycle).
<b>4. Sector</b> 	As a multi-national strategic investment holding group, we strive to lead the MENAT food and retail sectors. This means we put our customers first, enhancing our market presence and acting as a responsible leader.	Empowering persons with disabilities in our sector (see page 54).	> Refocusing Makeen as a learning and development hub.
<p>For the purposes of this report, in addition to the four pillars of our Savola World strategy, we also cover the measures we have taken to ensure we operate as a responsible business from the perspective of ethics and compliance:</p>			
<b>5. Business</b> 	Our focus on sustainability starts with an emphasis on operating as a responsible organization that upholds the highest standards of ethical conduct.	Compliance and ethical conduct (see page 23).	> Establishing our CSR Committee. > Promoting our values.

# Savola World

## Our Sustainability Strategy

### How we Developed Savola World

To develop the Savola World identity, we collaborated with key stakeholders within the business in the following phases:

- > We conducted preliminary meetings to discuss the details of the project and to identify the brand vision and archetype. We developed the sustainability brand name and the visual identity for both the platform and the programs by utilizing the expertise of seasoned marketing professionals to develop a name that reflects the strategy of the brand.
- > We created the Savola Sustainability Brand Book and Guidelines to illustrate what Savola World stands for and provide guidance on how elements such as logos, fonts and applications should be used to ensure consistency.

### Objectives

In order to secure positive impacts through our initiatives, we seek to ensure that they are:

- > Aligned with the Savola Group's core competencies.
- > Aligned to sustainability best practices and offer sufficient impact potential.
- > Address genuine social issues within Saudi society.

Beyond this, we want our sustainability approach to have a positive impact on our stakeholders and the world around us. Savola World strategic objectives therefore include:

- > Positioning Savola as a "sustainability game-changer" in the MENAT region.
- > Establishing Savola's competitive edge in scalable and sustainable corporate responsibility.
- > Communicating Savola sustainability practices to reinforce Savola as an ethical brand.
- > Seeking measurable social returns on investments in sustainability activities.
- > Enhancing external relationships with key stakeholders.

As we implement our strategy, we will develop more specific and measurable targets across our core focus areas.






### Savola Group CSR Strategic Objectives



## Our Materiality Process

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

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

Material issue	Link to Savola World	Coverage in this report	
Community Initiatives	Community	Pages 28-30	
Corporate Donations and Contributions		Page 28	
Sponsorships and Volunteering		Pages 29-30	
Food Waste Reduction		Pages 32-33	
Health and Safety		Employees	Pages 24-25
Being an Employer of Choice		Pages 36-41	
Diversity and Equal Opportunity		Pages 42-43	
Training and Education		Page 39	
Environmental Responsibility	Environment	Pages 44-47	
Customers First		Pages 50-51	
Health and Nutrition		Sector	Pages 52-53
Packaging and Labeling			Pages 52-53
Customer Campaigns			Pages 32-33
Sustainability Governance		Pages 14-16	
Supply Chain and Procurement		Business	Page 22
Anti-corruption and Bribery		Page 23	
Living our Ethics and Values		Pages 20-21	

# Savola World

## Our Sustainability Strategy

### Engaging with Stakeholders

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

Working alongside highly-qualified, internationally-acclaimed experts, the Savola World team have identified the key stakeholders of its sustainability mission and vision. These have been prioritized based on the impact and influence Savola will create, as well as the extent to which they can be served by its sustainability activities. By correctly identifying these stakeholders, Savola World has been able to focus its activities on five essential pillars from which all of its programs are derived.

Key stakeholders	How often do we engage with them?	Are they engaged as part of the reporting process?	What are their key concerns?
Partners	Ongoing as part of operations	✓	<ul style="list-style-type: none"> <li>&gt; Fair dealings;</li> <li>&gt; Openness and transparency;</li> <li>&gt; Creating value through mutually beneficial dealings.</li> </ul>
Shareholders/ Investors	Annually	✗	<ul style="list-style-type: none"> <li>&gt; Positive return on investment;</li> <li>&gt; Reputation management;</li> <li>&gt; Risk management.</li> </ul>
Employees	Annually	✓	<ul style="list-style-type: none"> <li>&gt; Job security;</li> <li>&gt; Fair compensation and benefits;</li> <li>&gt; Opportunities to develop.</li> </ul>
Customers	Bi-annually	✓	<ul style="list-style-type: none"> <li>&gt; Fair prices;</li> <li>&gt; Ethical business conduct;</li> <li>&gt; Creating value for society's different economic segments by providing value-for-money products and services, and world-class quality experiences.</li> </ul>
Community	Ongoing as part of operations	✓	<ul style="list-style-type: none"> <li>&gt; Engagement and involvement in decision making;</li> <li>&gt; Investment in local communities;</li> <li>&gt; Supporting of local enterprise.</li> </ul>
Board of Directors	Quarterly	✓	<ul style="list-style-type: none"> <li>&gt; Positive return on investment;</li> <li>&gt; Reputation management;</li> <li>&gt; Risk management.</li> </ul>
Regulators	Ongoing as part of operations	✗	<ul style="list-style-type: none"> <li>&gt; Compliance;</li> <li>&gt; Local employment opportunities.</li> </ul>
Suppliers	Ongoing as part of operations	✗	<ul style="list-style-type: none"> <li>&gt; Transparent bidding process;</li> <li>&gt; Smooth invoicing and payment processes.</li> </ul>
Operating company management	Quarterly	✓	<ul style="list-style-type: none"> <li>&gt; Clear CSR guidelines from HQ CSR champions assigned across all functions.</li> </ul>
Local NGOs	2–3 times per year	✗	<ul style="list-style-type: none"> <li>&gt; Support of local causes.</li> </ul>

## Alignment to Global Standards and Charters

In conjunction with our strategy, Savola Group endorses several external charters to ensure alignment with best practices. Among others, these include:

- > The Global Reporting Initiative (GRI) framework for Sustainability Reporting.
- > Ministry of Labor: labor law charters and principles.
- > The Saudi Standards, Metrology and Quality Organization (SASO).
- > In 2015/2016, the Savola Group worked intensively to comply with the regulatory requirements relating to IFRS convergence (i.e. from the Generally Accepted Accounting Principles in Saudi Arabia (Saudi GAAP) to International Financial Reporting Standards (IFRS)). As a result, the Group was able to publish its IFRS compliant financial statements during 2017.
- > Saudi Food & Drug Authority (SFDA).
- > The General Authority of Meteorology and Environmental Protection (PME).
- > Modon (The Saudi Authority for Industrial Cities and Technology Zones).

## Memberships and Associations

Beyond some of the global standards and charters we adhere to, our subsidiaries are also members of several associations that relate to our sustainability program.

## Afia International Company 'Afia' (a subsidiary of Savola Foods Company)

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

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

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

## Panda Retail Company (Panda)

- > Business Disability Network (Qaderoon).
- > Disabled Children's Association.
- > Membership in Jeddah Chamber of Commerce & Industry.
- > Advisory Council on the Development of the Human Resources Development Fund.
- > BRC Global Standards.
- > Halal Certification.
- > PME Certification.





# 02

## Business

### Responsible Business Operations



#### What does this mean?

Our sustainability focus begins with a commitment to operating as a responsible organization. This means upholding the highest standards of ethical conduct, safety and environmental responsibility. It also means living our values on a daily basis to ensure we have a consistently positive impact on our society and the natural world.

#### What do we focus on?

**Sustainability Governance:** page 14  
**Living our Ethics and Values:** page 20  
**Supply Chain and Procurement:** page 22  
**Anti-Corruption and Bribery:** page 23  
**Health and Safety:** page 24



# Responsible Business Operations

## Sustainability Governance

### Our Approach

A strong governance structure is vital in ensuring we operate as an ethical and responsible business. Our approach to corporate governance is guided by our Corporate Governance Manual, Committee Charters and our Code of Conduct and Ethical Values which outline the legal, administrative and ethical standards of conduct expected of all our people.

This begins with the conduct of our Board, which is crucial in shaping and monitoring the ethical culture of Savola. Board members shall lead by example to achieve the best interests of Savola and its shareholders, and to protect the rights of its stakeholders.

The Code of Conduct is designed to help our people perform their duties of loyalty and care, thereby protecting Savola's interests, development and growing value. Equally important is our aim to build their awareness of ethical risk by providing guidance to help them recognize and deal with ethical issues. For this purpose, we provide mechanisms through a whistle-blowing system to report unethical conduct and to help foster a culture of honesty and accountability. This system is available online for Savola employees and the public.

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

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

# 4

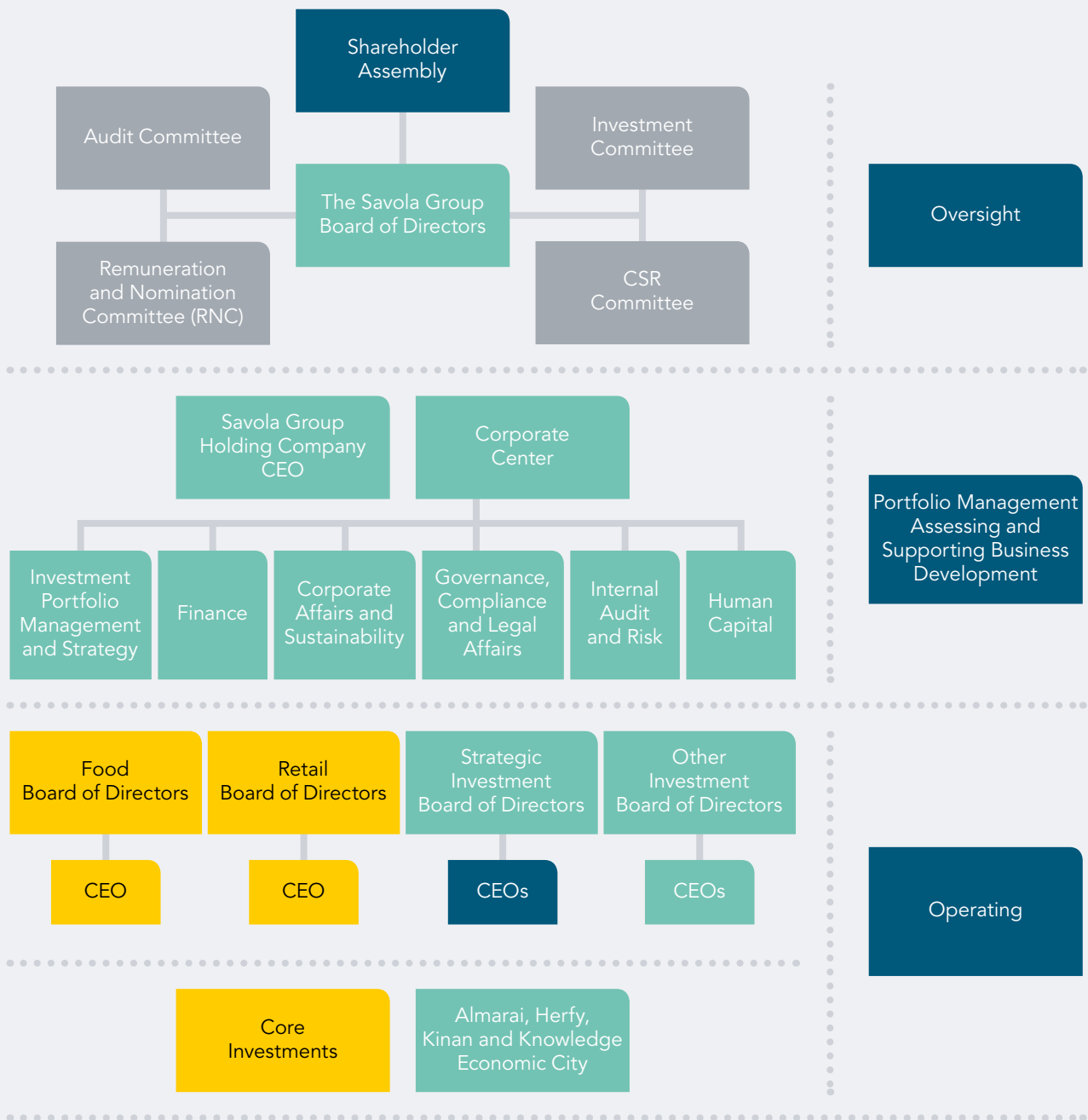
The Code is applied by means of a four-tiered governance approach to ensure it is managed and rolled out at all levels of the organization.

# 11

Savola's Articles of Association state that the Board of Directors should consist of 11 members.



## A Clear Governance Structure





# Responsible Business Operations

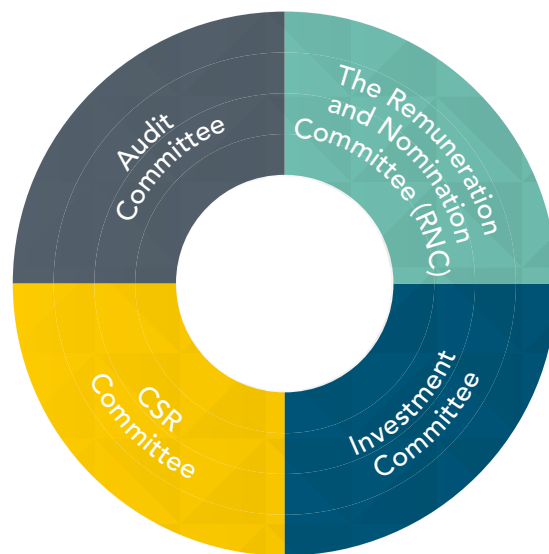
## Sustainability Governance

### Corporate Social Responsibility (CSR) Committee

The Corporate Social Responsibility (CSR) Committee consists of five members (one executive and four independent), all of whom have relevant experience. The Committee's responsibilities include promoting sustainability initiatives whilst also developing programs that contribute to deepening the sense of social responsibility within Savola and its subsidiaries. The Committee also establishes criteria and standards for monitoring the implementation of these initiatives. Its duties and responsibilities include:

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

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



The Committee held six meetings in 2017 to review Savola's sustainability programs and plans. The attendance data from these meetings are presented below:

#### Meetings during 2017

Name	Number of meetings attended
Mr. Abdulaziz Ibrahim Al Issa (Chairman) (Independent Savola Board Member)	5
Eng. Rayan Mohammed Fayez* (Executive – Former CEO of the Group)	4
Mr. Mahmoud M. Abdulghaffar (Non-Executive Member)	4
Dr. Mervat A. Tashkandi (External Member)	4
Mr. Saleh A. Alammah (External Member)	4
Mr. Tarik M. Ismail (Committee Secretary)	4

\* Statement of member attendance for Committee meetings held during 2017.

The CSR Committee charter is available on our corporate website – <https://www.savola.com/en/investors/corporate-governance/audit-committee>



## Case Study: S&P Dow Jones Indices Ranks Savola Group Among Top Ten MENAT Companies

In recognition of its successful corporate governance and sustainability efforts, continued commitment to implementing the Corporate Governance Code, and strong international practices in the field of governance, transparency and sustainability, Savola has been identified as being among the top ten highest-scoring MENAT companies in the field of Corporate Governance, Environment and Social practices by S&P Dow Jones Indices and the Hawkamah Institute, Dubai.

Savola was chosen by means of an independent assessment, undertaken as part of the Environment, Social and Governance Index, that reviewed 150 of the largest and most liquid companies listed on the stock exchanges of the MENAT countries. The results of the evaluation were announced during a forum held in mid-December 2017 at the Dubai International Financial Centre (DIFC).

# Responsible Business Operations

## Sustainability Governance

### Audit Committee

The Audit Committee met seven times during 2017. Savola's current operational model as a strategic investment holding company reflects the operational independence of its subsidiaries. Therefore, all interactions between the Committee and Savola's subsidiaries occur via Savola's representation on the audit committees of the subsidiaries themselves.

The role of the Audit Committee is to control Savola Group's internal and external auditing processes and internal control process, as well as the development of systems and plans related to these activities and the following up of their implementation. The Committee also ensures company compliance with accepted rules and standards.

Its main objectives are to:

1. Review the internal audit to ensure that its scope and activities are sufficiently comprehensive.
2. Ensure that Savola's management is responsive to matters identified and reported through the Audit Committee, specifically when relating to internal and external audits and their independence.
3. Ensure that Savola accepts and understands the role and value of the Internal Audit Department and its mechanisms (i.e. the internal audit annual report).
4. Ensure the effectiveness of Savola's internal control and internal audit function.
5. Monitor compliance with relevant laws, regulations, internal standards, policies and processes within its scope of work, duties and responsibilities.

### Remuneration and Nomination Committee (RNC)

The RNC consists of five independent non-executive Board members, all of whom have experience that is relevant to its mandate. The RNC met five times in 2017.

The duties of the RNC include preparing a clear remuneration policy for executive management, as well as Board and Committee members. The RNC is responsible for ensuring transparency in the relationship between paid remuneration and remuneration policies, and for identifying any related discrepancies. It also reviews these policies based on periodic assessments.

The Committee makes recommendations based on established policies and standards regarding membership of the Board and the executive management, and Savola's representation in its subsidiaries and associates.

Each year the RNC reviews the membership requirements of the Board and executive management and assesses their performance, issuing corresponding recommendations to safeguard the interests of the company. The Committee also reviews the independence of its directors on an annual basis and identifies any conflicts of interest among members of the Board.

7

The Audit Committee met seven times during 2017.

5

The Remuneration and Nomination Committee met five times during 2017.



## Investment Committee

The role of the Investment Committee is to assist the Board in its implementation and monitoring of strategic investment plans and opportunities. The Committee, which met six times during 2017, consists of five members, most of whom are independent non-executives.

The duties and responsibilities of the Committee include the following:

- > Review and recommend to the Board for its approval an overall capital allocation framework and implementation model for Savola's investment activities. This must take into account relevant factors such as risk, established allocation guidelines, strategic objectives, and targets and benchmarks for returns on invested capital.
- > Review and recommend to the Board for its approval investment opportunities, acquisitions, joint ventures and divestitures in accordance with Savola's existing matrices for the delegation of authority.
- > Review the balance sheet impact of specific, proposed transactions and make resultant recommendations to the Board. These impacts may include funding requirements and the potential impact on Savola's liquidity and debt ratios.



## 6

The Investment Committee met six times during 2017.

## Our Focus Moving Forward

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



# Responsible Business Operations

## Living our Ethics and Values

### Our Approach

We interact closely with our people and partners, as well as with a broad range of external parties. Given that we are an organization of individuals, we also interact at a personal level with others outside our Group, as well as with our colleagues within. In all of these instances lies the potential for conflicts of interest and differing value judgments which is why we employ a clear, structured approach to defining our statement of ethics.

### Living our Values

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

The three defining pillars of our organization's ethos are: individual values, team values and Savola values. These pillars are strongly interlinked and interdependent.

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

**Modesty** – however knowledgeable we may be we can always learn more.

**Following examples** – everyone around us has something we can learn.

**Resolution** – our resolve and determination gives us the confidence to always seek the best possible outcome.

**Mastery** – we strive for perfection in our business and our sector.

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

**Trust** – knowing that we are all committed to the same values builds our confidence in those working alongside us.

**Leniency** – listening to our colleagues and accepting their opinions.

**Keeness** – confidence and openness breeds a commitment to develop ourselves and our company through collaboration.

**Solidarity** – by working together to achieve our aims and to support each other.

**Trust** – we trust our people to deliver together.

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

**Righteousness** – taking responsibility for maintaining the trust of those who have contributed to Savola's success.

**Fulfillment** – refers to our obligations toward those who depend on us.

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

**Integrity** – employing every asset and resource, be it human or material, that can generate benefits for all.

Driven by our commitment to provide value built on values, we aim to deliver this for all stakeholders, including our investors and partners as well as our employees, who we are dedicated to supporting through the provision of a positive and caring work environment. For our customers we provide value through our products, the quality of our service and exceptional customer experience. Finally, we add value to the communities we are a part of through our sustainability focus (see page 26).



## The Principles of our Business Ethics

All our relationships and interactions are governed by four ethics: honesty (Amanah), conscientiousness (Taqwa), caring justice (Birr) and personal control (Mujahadah).

### Honesty (Amanah):

Amanah is concerned with our responsibility towards those individuals or groups 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 in us. To achieve this, we apply four basic rules:

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

### Conscientiousness (Taqwa):

Taqwa describes our responsibility to external parties such as customers, suppliers and the community at large. It is being a good citizen and member of society, behaving fairly and honestly and treating others with respect. It provides a moral "check" on our activities.

Taqwa also addresses issues of a more ambiguous nature by stipulating that when the legality, morality, lawfulness or correctness of a decision is unclear, an individual must respond by assessing the following criteria:

- > **Legality:** is the decision legal and have we checked its legality with the appropriate parties or references – 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 to others, will I be proud of it?
- > **Personal opinion:** do I feel comfortable with the decision? Do I feel that what I am doing is not only legal but fair?

### Caring Justice (Birr):

The third ethic is Birr. This refers to our responsibility toward our colleagues, the employees of the company. Birr requires that everyone is entitled to basic human dignity and decency in a way that is sensitive to an individuals' material and family needs and to their self-fulfillment. It is about treating our colleagues in the manner in which we wish to be treated. Applying Birr is a responsibility of all employees whenever a decision will 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 we are responsible for develop in accordance with their needs and the needs of the organization.
- > Promoting the progress of others, especially if they are deserving of this progress.

### Personal Control (Mujahadah):

Mujahadah is an aspiration to realize our full potential and achieve a life of balance and satisfaction. Mujahadah is the drive within us towards self-improvement and increasing self-discipline. It is our constant internal struggle to implement our ideals and to achieve the best moral balance between the previous three ethical values.

## Our Focus Moving Forward

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





# Responsible Business Operations

## Supply Chain and Procurement

### Our Approach

We are dedicated to running our business in an appropriate and sustainable way. We protect our business and our consumers by applying a diligent supplier selection process to identify and engage fully capable partners who share our goal of proving complete value.

Our entire supply chain is designed to ensure that our customers receive the right products, of the right quality and quantity, at the right time. Our supplies are mostly purchased locally within Saudi Arabia, with a minority of retail supplies being sourced from abroad.

To ensure our suppliers adhere to the rigorous standards expected of them, they must abide by the principles set out in the purchasing clause within our Code of Conduct and Ethical Values. The emphasis of this clause is on guaranteeing that all persons involved in the purchasing and procurement process follow a set series of principles relating to their conduct and behavior.

### Supplier Screening

Suppliers must meet rigorous screening criteria before achieving Savola supplier status. The process involves visits by our technical and commercial teams to supplier sites to ensure their capabilities meet our requirements.

If our teams are satisfied, each supplier must proceed to meet strict selection criteria in the following areas:

1. Financial standing (evaluating balance sheets/P&L statements).
2. Quality (testing of product samples).
3. Company background (how many years in business, trade references, size of business, assets, number of employees, etc.).
4. Lead time (how efficiently the supplier can fulfill requirements).
5. Price.
6. Commercial terms (including payment terms).

To ensure our suppliers adhere to our standards, we engage with them on a monthly and/or quarterly basis, and implement an annual supplier evaluation assessment.

### Empowering Local Suppliers

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

In addition, where possible, we look to purchase from local suppliers to support local communities and economies. For example, 70% of the United Sugar Company's (USC) spending was with local suppliers in 2017.

# 70%

of the United Sugar Company's (USC) spending was with local suppliers in 2017.

### Our Focus Moving Forward

We will continue to thoroughly evaluate suppliers to ensure that they meet Savola's needs (through our Supplier Evaluation Process) and work with our technical teams to guarantee that 100% of new supplies are fully and rigorously assessed.



# Responsible Business Operations

## Anti-Corruption and Bribery

### Our Approach

We acknowledge that all organizations face the inherent risk that their activities will have unintended consequences. Similarly, we appreciate that they may also unknowingly harbor malpractice. Therefore, we are wholeheartedly committed to identifying and remedying such situations.

By encouraging a culture of openness and accountability within the organization, we believe that we can help prevent the situations from developing – particularly when it comes to instances of corruption and bribery.

### Reducing Risk through Internal Controls

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

Moreover, the Savola board and AGM review and approve finances, remuneration, related party transactions and Group performance on an annual basis. In this report, individual business units are not analyzed for risks related to corruption.

To complement these processes, the Group's Whistle-Blowing Policy outlines the procedure by which employees and concerned persons can report their concerns about workplace practices. This is overseen by the Board, with day-to-day responsibility for oversight and implementation designated to a Whistle-Blowing Officer (DWO).

Responsibility for monitoring and reviewing the operation of the Policy, and any recommendations for changes within the organization resulting from investigations into complaints under the Policy, lies with the Audit Committee.

### Integrity Hotline

The Savola Group's Integrity Hotline enables all stakeholders to anonymously raise concerns of malpractice. The Hotline is a confidential reporting framework, managed at the Group-level and covering Savola's entire operations in the region, which allows all stakeholders to anonymously report incidents and instances including suspected illegal activities, theft, fraud, corruption, waste or misconduct.

This entirely independent and secure service is available to all members of the executive management, senior managers, employees (including permanent, temporary and part-time employees), shareholders, trainers, clients, individuals, agency staff, consultants, suppliers, vendors and members of the public. Reported cases are analyzed by experienced independent professionals under the supervision of the Audit Committee and the Board of Directors.

The Integrity Hotline is accessed online at [hotline.savola.com](http://hotline.savola.com) by clicking on the Integrity Hotline tab and following the simple instructions.

### Fines and Non-Compliance

As Savola strictly abides to governance and regulations and has strong legal structure in place, there were no incidents reported for legal action regarding competition, monopoly or related outcomes in 2016/2017.

### Our Focus Moving Forward

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



# Responsible Business Operations

## Health and Safety

### Our Approach

At the Savola Group, we aim to keep any incidents relating to injuries, disease and absenteeism to a minimum by carefully monitoring our suite of safety measures. Our Health and Safety Committee is continuously looking for ways to improve these measures to guarantee our employees a safe, hazard-free working environment.

### Strong Health and Safety Governance

Our Health and Safety (H&S) Committee is responsible for encouraging and motivating employees to identify work-related hazards. The worker representatives who sit on this Committee are familiar with health and safety standards, as well as the specific risks of the activities of each business. They speak on behalf of the entire workforce of each operating company and act to resolve or review relevant issues.

It is the responsibility of the Committee to identify and evaluate work-specific hazards and issue appropriate recommendations or corrective measures to eliminate them and improve health and safety in the workplace.

Each of Savola's operating companies also has an H&S Committee of its own dedicated to these responsibilities and duties. Employees constitute 2-5% of the memberships of each Committee and represent the respective workforce of each operating company. Due to the low H&S risk of the activities of the HQ, it does not operate such a committee. In 2017, a total of 24 members constituted the H&S Committee in Afia.

Due to the proper and effective governance controls and structure that adopted by Savola, there were zero incidents reported for legal action regarding competition, monopoly or related outcomes in 2016/2017.

### Our H&S Performance

The Savola Group continued to roll out initiatives and activities across our operations to ensure

the highest levels of compliance with our own H&S standards and to keep our people safe and secure. Performance highlights from across our business include the following:

At Afia, staff received 621 hours of dedicated H&S training. Efforts rolled out across the business also included improving the lifting operators, contractor's controls, general plant improvements relating to H&S and the implementation of a lock-out/tag-out program. A detailed Health and Safety Plan was also developed (see case study on page 25). These efforts culminated in the achievement of zero reported injuries, diseases, accidents or lost days in 2017.

Panda also saw overall improvement in the number of incidents year-on-year. Through internal efforts, we reduced the total number of recorded injuries from 605 in 2016 down to 476 in 2017 (a 21% improvement).

In our USC division, we had a significant improvement in our H&S performance. The number of accidents reduced from seven recorded incidents in 2016 to three in 2017. Additionally, the number of lost days due to injury reduced from 133 to 11, and our rate of injury went down substantially from 4,221 per 200,000 man hours to 1,557. This success is due to several initiatives adopted throughout the year, which include improvements to the Safety Culture Assessment Framework Roadmap and enhanced training.

# 621

Afia staff received 621 hours of dedicated H&S training.

# 21%

reduction in total number of recorded injuries at Panda.

# 3

The number of accidents at USC reduced from seven recorded incidents in 2016 to three in 2017.

### Our Focus Moving Forward

Savola will continue to assess our suppliers to ensure that they meet the requisite needs and standards through our supplier evaluation process, while guaranteeing that 100% of new suppliers pass through the supplier assessment program and related inspections by our technical teams. We will also carry on working to align our HSE management systems to OHSAS 18001 and ISO 140001 and other best-practice frameworks/guidelines.





A photograph of two industrial workers in a factory. One worker, wearing a white hard hat and a blue shirt, is using a flashlight to inspect a circular opening on a large, cylindrical metal tank. The other worker, wearing a black cap and a light blue shirt, stands next to him, looking on. The tank is surrounded by various pipes, valves, and electrical conduits. The floor is made of metal grating.

## Case Study: Afia Health & Safety Plan

In 2016, Afia contracted ELKAT S.A. to conduct a Health & Safety Plan and Occupational Risk Assessment Study on behalf of the business.

The study formed part of the development and maintenance of an integrated Health & Safety Management System (OHSAS 18001).

To deliver the Plan, interviews were conducted with key staff and site visits were conducted. In addition, an in-depth hazard assessment took place to identify any potential risks relating to health and safety in the workplace.

Through the process, key risks were identified and appropriate measures were put in place to mitigate them over the course of the year. As a result, Afia achieved zero injuries, diseases, accidents or incidents of lost days in 2017.



# 03

## Community

### Responsible Members of our Community



#### What does this mean?

As a conglomerate with a presence that spans the entire MENAT region, we choose to leverage our influence to affect large-scale positive behavioral changes among the consumers and stakeholders we interact with across the region.

Savola has promoted healthy living through multiple campaigns and increased its support for humanitarian causes through various donation programs.

However, the issue that is closest to our hearts is the need to cultivate a culture of sustainable consumption and storage of food, and to fight the scourge of food wastage.

#### What do we focus on?

**Community Initiatives and Contributions:** page 28  
**Sponsorships and Volunteering:** page 29  
**Food Waste Reduction:** page 32





# Responsible Members of our Community

## Community Initiatives and Contributions

### Our Approach

Through our community initiatives and charitable contributions, we aim to empower local communities while investing them with skills and providing employment opportunities. We allocate 1% of the Group's annual net profits from core sectors to CSR activities and initiatives, including community initiatives and contributions. This allows us to remain true to our commitments and responsibilities whilst maintaining the highest ethical standards and values.

### Volunteering

More than 2,200 volunteers from Savola have contributed upwards of 670,000 hours to Injaz – the world's largest non-profit organization dedicated to educating students and preparing them for the workplace. The program is based on the US Junior Achievement initiative, which was launched in 1919 and was adopted in the Arab world in 2004.

In addition, employees voluntarily support the Safer initiative, which helps students to enter the job market after graduation. Savola volunteers are trained to deliver the Success Skills program for the visually impaired, of which Savola is the sole sponsor.

# 670,000

hours volunteered from Savola staff to Injaz.

# 2,200

volunteers from Savola have contributed to Injaz.

### Our Corporate Contributions

#### Savola contributions

Details	Year 2016 Amount (SR)	Year 2017 Amount (SR)
Injaz Saudi Arabia	1,500,000.00	750,000.00
United Nations	746,625.00	37,500.00
Souk Okaz	300,000.00	200,000.00
Madinah Governate	200,000.00	–
National Home Health Care Foundation	150,000.00	150,000.00
Qaderoon	200,000.00	200,000.00
KAAU (International Day for People with Disability)	–	5,000.00
Ita'am (The Saudi Food Bank) Prepared a Technical Guide for Food Waste Management in the HORECA Sector	–	575,000.00
Ita'am (The Saudi Food Bank) Distributed one million food containers to beneficiaries	–	375,000.00
Saudi Organization For Certified Public Accountant	150,000.00	–
Foodex Saudi Exhibition	200,000.00	–
<b>Total (SR)</b>	<b>3,446,625.00</b>	<b>2,292,500.00</b>





# Responsible Members of our Community

## Sponsorships and Volunteering

### Key Community Initiatives

Initiative	Activity
<b>Afia</b>	
Supporting Working Families	We supported working families by making an online market for them on #خلي_البسمة_بصمة #the_smile_is_mark then participated in a number of events to increase their exposure.
Campaign to Recycle Food	We launched a campaign to recycle food instead of throwing it to reduce food wastage under the name #Afia_Ramadan_Dish #طبق_عائيه_الرمضاني where we urged consumers to create new dishes creative dishes using leftover foods.
<b>Al Arabi</b>	
Giving Orphans a Day to Remember	In cooperation with "Kafil" "كافل" Al Arabi launched an initiative to make the days of 450 orphans in Eid by taking them to theme parks for a full day. The campaign was rolled out in different touchpoints that covered digital and social media, in-store and radio. The campaign reached an estimated two million people.



# Responsible Members of our Community

## Sponsorships and Volunteering

### Key Community Initiatives

#### Panda

Leave the Change for Them	Leave the Change for Them is an initiative launched by Panda Retail Company in 2006. Panda customers donate the excess change from their purchases, which are then donated to the Disabled Children's Association. The amount donated throughout 2017 totaled SR 7,381,158.
Sponsoring the Saudi National Football Team	Panda signed a sponsorship agreement in February 2017 with the Saudi Arabian Football Federation (SAFF) to become the official sponsor of Saudi national football team. Panda is the first retailer in the region to sign a partnership agreement with SAFF to be an official sponsor of the team and of all the three major football events held in the Kingdom each year – the King's Cup, the Crown Prince's Cup and the Super Cup.
Panda Caravan	The Panda Charity Caravan was held for the 17th year running in 2017. The charity initiative, which aims to promote the spirit of sharing across the company, encourages employees to donate generously during the holy month of Ramadan. The donations are used to provide low-income families across the Kingdom with shopping cards to purchase their essential items for Ramadan and Eid Al-Fitr.
Be Healthy (Sahsoh)	Sahsoh is a healthy eating recipe and awareness program delivered by email to employees and via social media to the general public.

### Additional Sponsorships

#### Panda

2016	2017
Flu Vaccinations	Saudi 87th National Day
International Cancer Day	Guinness World Record – biggest marble cake in Andalus Mall
Ministry of Interior campaign	Odhia in collaboration with the Ministry of the Environment
Fighting Diabetes	Dream Book with JAW Cheese
Special Needs Graduation	Polio Vaccinations
Health & Food Exhibition	Dar Jana Community Service
Nafisa Shams Academy	Ministry of Commerce Awareness campaign
Saudi Food and Drug Authority	Ministry of Health Awareness campaign
Saudi Customer Protection Association	Traffic: Safe Driving Awareness Week
International Anti-Drug Day	Cancer Kids Open Day in Takasosi
Eid campaign	Kiswat ALSaida Aisha

**Our Focus Moving Forward**  
 Savola will continue to support the community by undertaking more strategic CSR initiatives into the future. The Group will also continue to aspire to donate at least 1% of the Group's annual net profits from core sectors to CSR activities and initiatives.







## Case Study: A Year of Awards for Panda Retail Company

The long-standing commitment of Panda to corporate social responsibility is well known in our industry and has been repeatedly recognized in recent years through the various prestigious awards Panda has received.

Panda was selected as the first ever Brand Impact Leader in Saudi Arabia in 2017 and recognized as the tenth most valuable brand in Saudi Arabia. Both accolades came as part of the Kingdom's first brand valuation report released by Prince Mohammad Bin Salman College in collaboration with brands by WPP (BrandZ) and global research specialists Kantar Millward Brown.

In addition, Panda received the Best Companies Award for Employees with Disabilities and became one of only two foreign companies to win the Disability Inclusion Award delivered by the Government of Brazil in association with the United Nations.



# Responsible Members of our Community

## Food Waste Reduction

### Our Approach

According to the UN Food and Agriculture Organization (FAO), around 1.3 billion tons of edible food is wasted globally each year, and Saudi Arabia wastes the most food per capita of any nation. Savola is passionately committed to reversing this highly negative and wasteful trend by raising awareness and driving behavioral change among our customers and stakeholders towards rational food consumption.

### Negaderha

Negaderha is Savola's food waste prevention and reduction program. It was developed in cooperation with the United Nations Environment Program (UNEP), the Waste & Resources Action Program (WRAP) and local NGOs. The program specifically targets food waste in households and in the hotels, restaurants and cafés (HORECA) sector, and seeks to implement campaigns to achieve tangible, quantifiable reductions in food waste. Negaderha provides practical tools and tips about food waste management, focusing on four solutions that cover the consumption cycle: grocery shopping, food storage, portion planning and leftover recipes.

In 2017, Negaderha launched household awareness campaigns in Jeddah, Riyadh and Dhahran, spreading its message through key social media influencers, viral videos, flash mobs and traditional media messaging, as well as through its stands and direct interactions in public food courts. Through its dedicated online portal, Negaderha also issued multiple shopping and storage tips, over 60 innovative leftover recipes and portion advice for party planning.

The program launched a campaign during the holy month of Ramadan, backed by a competition to prevent food waste by encouraging people to use leftovers from Iftar to create new dishes for Suhoor. More than 2,300 innovative recipes were received and the campaign reached three million people.

Beyond this, Negaderha has established a project to instill behavioral change in the HORECA sector to combat food waste, in conjunction with Ita'am and the Jeddah Chamber of Commerce and Industry. This collaboration aims to create a comprehensive National Guide for Food Waste Management in the sector, and received an Institutional Initiatives Award from the Prince Khalid Al-Faisal Center for Moderation in December 2017.

In total, Negaderha distributed more than one million containers of saved food to 143,000 beneficiaries Kingdom-wide, in partnership with Ita'am, illustrating the level of food wastage in the country. Negaderha presented this, and its other initiatives, at the Fifth Arab Roundtable Meeting on Sustainable Production and Consumption, organized by the League of Arab States in Cairo in partnership with the UNEP.



+3m

reached through our social media and digital campaigns.

54%

of people believe that Negaderha is the most effective national social program to reduce food waste. (Negaderha Social Survey)

95%

of participants are willing to initiate and maintain behavioral and purchasing habits to reduce food waste. (Negaderha Social Survey)





# Negaderha

## Negaderha Milestones

### 1 Program Development

- > Signed agreement with UNEP and conducted in-country workshop.
- > Signed agreement with WRAP.
- > Signed agreement with Ita'am.

### 2 Preparation for Program Launch

- > Conducted food waste quantification field research. This phase of the program involved mapping and measuring food waste in the household segment across major Saudi cities. It included a compositional analysis and kitchen diary for a sample of households. The outcomes were detailed data representing the weight and quantity of different food categories, most wasted categories and the possible reasons behind food waste.
- > Prepared program brand identity and guidelines.
- > Launched portal and social media platforms.

### 3 Negaderha Execution

- > Launch event.
- > In-mall activation.

### 4 Launch of HORECA Engagement

- > HORECA manual produced and won the Award of Prince Khalid Al-Faisal Center for Moderation in the community partnerships category for Institutional Initiatives in December 2017.
- > Food container scheme.
- > Negaderha Communication Campaigns and Media Materials.
- > Ramadan community campaigns as well as associated reports and numbers.
- > Leftover recipe videos.



## Our Focus Moving Forward

Negaderha aims to build a better digital experience to achieve its targets and will conduct a number of projects in the upcoming year, including:

- > Negaderha portal uplift: to improve the portal's look and feel as well as some of its existing functions and tools. The portal uplift will tackle three areas: content, aesthetics and usability. This will create a more user-friendly, interactive and attractive interface for users and ease page navigation and search.
- > The development of a Negaderha Mobile Application.
- > The development of a Portion Planner Tool.
- > The production of a digital leftover recipe book.
- > A Ramadan Communication Campaign.
- > The launch of an alliance based on MOUs with major national food NGOs.



# 04

## Employees

### Helping our People Thrive



#### What does this mean?

Our employees make Savola what it is, and it is only as a result of their perseverance and dedication that Savola is able to realize its goals and vision. We are committed to investing in them through our world-class employee benefits program, whilst also nurturing the development of a new generation through our Management Trainee Program.

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

#### What do we focus on?

**An Employer of Choice:** page 36

**Diversity and Equal Opportunities:** page 42





# Helping our People Thrive

## An Employer of Choice

### Our Approach

Our success as an organization is a product of the hard work and dedication of our people. Through Savola Human Resources (HR), we aim to maximize the creativity and productivity of our workforce at a holistic level, while the HR departments of Savola Foods and Panda Retail fulfill the HR functions of their respective companies. The Group's HR departments share the same values and commitment to fostering a positive corporate culture based on clear ethical principles and equitable governance.

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

### A Clear HR Vision

Savola Group's HR vision is to be the region's employer of choice in the food and retail industry. Our corresponding HR mission is to:

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

### Listening to our People

We value the trust and loyalty of our people, and which we aim to sustain with continuous employee engagement through Tower Program, our Group-wide employee survey introduced in 2016. Through the constructive feedback we receive from our employees, we are able to focus our efforts to increase employee performance and happiness by creating a working environment that balances professional challenges with individual employee abilities.

In 2016, we conducted an employee engagement survey, in which over 30,000 employees from the Savola Group were invited to participate. The key objectives of the study were to:

- > Assess employees' attitudes and opinions regarding their work activities, opportunities, quality of work-life balance, company procedures and policies, rewards and people in the organization.
- > Assess employees' understanding and support of Savola Group business goals and strategies and identify key drivers of employee engagement.
- > Identify the extent to which employees are observing, and managers are supporting, desired behavior throughout the organization.
- > Reinforce the idea of shared responsibility for improving business results.
- > Learn whether different groups of employees have different needs or issues.

The response rate was 82%, with 25,666 invitees participating in the email survey. Savola Group's Engagement score was 53%. The score was determined by responses to six questions. Highlights included 63% of employees either agreeing or strongly agreeing with the statement: "Given the opportunity, I tell others great things about working here" and 60% of employees agreeing or strongly agreeing that Savola "inspires and motivates me to do my best work every day."



## Enhancing Employee Benefits

We offer all our full-time employees a comprehensive package of benefits and incentives, including:

- > Basic salary.
- > Housing allowance.
- > Transportation allowance.
- > Medical insurance.
- > Annual performance bonus.
- > Children's education allowance.
- > Annual leave airfares.
- > 30 days paid leave.
- > Free-of-charge child care facility.
- > Free-of-charge car parking.

Employee retention and loyalty are vital to our business and shared success. We therefore express our appreciation and respect for our people by offering them additional compensation for their hard work through overtime pay and other work-life balance benefits. We provide our people with annual performance bonuses, and conduct bi-annual performance and career development reviews of our entire workforce. We also guarantee a minimum entry wage of between SR 3,000 and SR 3,500, which exceeds the national minimum wage benchmark.

Panda employees receive additional benefits for overtime, work location, irregular working hours and temporary assignments, as well as for special considerations including the nature of certain jobs and employees with disabilities. Panda also provides the employee discount program to its employees.

## Work-Life Balance

Work-life balance is an incredibly important aspect of our efforts to maintain a happy, healthy workforce that operates in an environment that is both inspirational and supportive.

We therefore provide the following benefits and facilities to our employees:

- > A health program that provides a variety of medical benefits, such as diabetes check-ups and awareness sessions, seasonal vaccines and healthcare reports based on blood tests at the Group tower.
- > Gym membership.
- > Ramadan breakfast for all Group employees, complete with gifts.
- > Ramadan gifts include a pre-paid Panda card worth SR 500.
- > Eid gifts.
- > Employee charity programs.



## Case Study: Takaful Insurance

In the event of a death or permanent disability, we provide Takaful insurance to support employees' families through the Takaful cooperative employee program. Employees (or their families) receive the equivalent of 36 months' basic salary in these circumstances. Savola also operates an Employee Takaful Fund to assist junior staff (below manager level) to deal with financial emergencies, financed through voluntary monthly contributions from employees and the Chairman. 50 employees benefited from the fund in 2017.

# Helping our People Thrive

## An Employer of Choice

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### Case Study: Employee Home Loan

Introduced in 1992, our Employee home loan scheme, as part of Savola long-term incentive plans, which aims to retain out performer employees, provides our Saudi staff with interest-free loans for sums up to 50 times their basic salary, with a maximum value of SR 2.5 million. These loans enable our employees buy their own homes in the Kingdom.

## Training and Development Programs Across our Business

Career development at Savola is designed to fill organizational and individual skills gaps through personalized learning and development, while our rewards and recognition initiatives link business objectives with individual performance and recognize positive contributions at every level across the Group.

### Total Training Hours

	2016	2017
Afia	1,536	3,797
Panda	10,886	8,486
USC	4,400	7,744
<b>Total</b>	<b>16,822</b>	<b>20,027</b>

#### Training programs

Afia	<ul style="list-style-type: none"> <li>&gt; Management Trainee Program;</li> <li>&gt; Continuous Development Program;</li> <li>&gt; Succession Planning Development.</li> </ul>
Panda	<ul style="list-style-type: none"> <li>&gt; Basic Retail Skills;</li> <li>&gt; Supervisor Development Program;</li> <li>&gt; Certificate in Workplace Skills (CWS);</li> <li>&gt; Managers Development Program (MDP);</li> <li>&gt; Middle Management Development Program (MMDP);</li> <li>&gt; Institute of Leadership and Management Level 4 (ILM4).</li> </ul>
USC	<ul style="list-style-type: none"> <li>&gt; Technical training for all employees;</li> <li>&gt; Functional training for all employees;</li> <li>&gt; English language training;</li> <li>&gt; TPM;</li> <li>&gt; ISO Standards alignment;</li> <li>&gt; Accelerate program for managerial level;</li> <li>&gt; IQTIDA'A program for Director level.</li> </ul>
HQ	<ul style="list-style-type: none"> <li>&gt; Management Trainee Program;</li> <li>&gt; E-learning Portal.</li> </ul>

## Case Study: Savola Knowledge Bridge (Online Training)

The Savola Knowledge Bridge platform will give our employees access to a vast library of training materials and resources such as Savola Foods' core and strategic courses, as well as those offering training in the development of business, computing and safety skills. These courses are presented as online video tutorials authored by international subject matter experts with Arabic and English subtitles.





# Helping our People Thrive

## An Employer of Choice

### Case Study:

## The Savola Foods IQTIDA'A Program

Savola Foods Company has launched an Executive Leadership Development Program named "IQTIDA'A" in partnership with INSEAD Business School. The first of its kind to be launched by the company, the 18-month program aims to develop the leadership skills and management capabilities

of the executive management team, optimizing their ability to carry out their strategic roles. INSEAD is one of the world's leading business schools, ranked number one worldwide for its Executive MBA programs by the Financial Times for 2016 and 2017.





## Case Study: Savola Foods' Talent Management Program (Accelerate)

The objective behind Accelerate, Savola Foods' Talent Management Program is to identify, develop and retain those with the outstanding skills and abilities required to fulfill Savola Foods' 2020 strategy, whilst building an inventory of skills to replenish the company's future management.

### Our Focus Moving Forward

- > In terms of employee benefits, we aim to revisit our pay scheme and review our benefit policies, including our promotion policy and merit increase policy. We will also strengthen our home ownership and personal loan programs. In terms of improving the working environment for our employees, we aim to: enhance our internal communications through a new portal; involve our employees in charity programs; provide discount programs with a variety of merchants; hold driving awareness sessions; and examine office branding and the Savola Tower canteen.
- > As the Tower initiative is applied every two years, we will have conducted an engagement survey in 2018 using the same methodology to maintain a consistent benchmark.
- > Over the coming three years, the National Capability Development program at Panda aims to produce: 500 management trainees; 100 Saudi bakers; 200 Saudi salesmen and saleswomen; and 100 Saudi butchers. The program also aims to ensure that 90% of store managers are Saudi nationals. Currently, 90% of section managers and heads of department are Saudi.



# Helping our People Thrive

## Diversity and Equal Opportunities

### Our Approach

Our diversity strategy is aligned with the goals of Saudi Arabia's Vision 2030, delivering initiatives and activities across the Group to promote diversification, support people with disabilities and empower female employees. Our HR programs focus on talent acquisition, workforce optimization, employee engagement and retention, and fostering a fair and transparent values-driven culture.

### Powering Saudization

As outlined in the National Development Plan of the Kingdom of Saudi Arabia, we have a duty to support local talent by absorbing more Saudi citizens into our business. This is an essential national priority and we are committed to meeting related requirements for each field of operation or sector, as stipulated by the state.

The following table presents hiring and Saudization data in each operating company within the Savola Group during the reporting period:

Operating company	2016		2017		% change (year-on-year)
	Total workforce	Saudization	Total workforce	Saudization	
Afia	474	43%	491	47%	+4%
Panda	24,591	32%	22,628	39%	+7%
USC	380	41%	410	44%	+3%
HQ	48	73%	46	71%	-2%

## Case Study: A Commitment to Diversity at Panda

Over the course of 2016 and 2017, Panda continued to improve diversity in the workplace through several initiatives. Highlights included the following:

- > Panda received a gold-level Mowaamah Certificate from the Ministry of Labor and Social Development and received another prestigious international disability award from the Government of Brazil in association with the United Nations. In 2017, the number of Panda employees with disabilities increased from 274 to 317. Panda has also established a Disability Committee is dedicated to administering the Company's Policy on the Employment of Persons with Disabilities.
- > In early 2017 Panda hired a female staff member in the Company's management team; she holds the position of Chief Human Capital Officer.
- > Panda has also extended its applicant pool to include more women in many positions in its office and stores, increasing the number of female employees to 774.
- > In 2017, Panda hired a female Store Manager for the first time since it began operations in 1978, and another woman was recently hired as a District Manager.

Panda Retail maintains a platinum band Saudization rating – with nationals accounting for 39% of our employees in the Kingdom in 2017 – and an agreement with the Saudi Human Resource Development Fund (HRDF) to recruit and train young, dynamic Saudis.

The Panda Saudization Program, initiated in 2017, is designed to complement the initiatives of the Ministry of Labor and Social Development in support of the 2030 Vision and offers customized training focused on the technical skills required to nationalize jobs within stores. Saudization within the Panda workforce in the Al-Qassim region, where the program was launched, rose from 35% to 60% in 2017.

### Enhancing Diversity

As a Saudi company seeking to enhance Saudization in the workforce, as per national directives, it is not practically possible to adopt

a truly diversified governance structure. Our governance bodies exclusively comprise male Saudi citizens. However, the CSR Committee has one female member and we aim to include more women within our governance structure in the future.

For those operating companies that employ female workers, the basic salary in each employment category is identical for men and women.

We are committed to enhancing equality within the workplace and to promoting and supporting equal rights for all people regardless of their gender, religion, age, ethnicity, citizenship status or disability. In 2017, Savola Group achieved the Mowaamah Certificate (Golden Level) for its sustainable commitment to the training and employment of persons with disabilities.

### Employee Breakdown

	2016		2017	
	Full-time equivalent (FTE)	Contractor	Full-time equivalent (FTE)	Contractor
Aifa	474	455	491	387
Panda	24,591	1,438	22,628	1,354
USC	380	56	410	550
HQ	48	N/A	46	N/A
Total	25,493	1,949	23,575	2,291



### Our Focus Moving Forward

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





# 05

## Environment

### Our Duty to the Natural World



#### What does this mean?

Businesses have an impact on virtually all aspects of the natural world around us; we therefore have a duty to bring about positive change in terms of the effect we have on the environment.

At Savola, we are determined to play our part in safeguarding our natural assets by efficiently managing resources across all our subsidiaries through our commitment to “reduce, reuse and recycle.”

We also strive to improve the environmental profile of our products to ensure they meet all relevant legislation and have minimal impacts on the natural world.

#### What do we focus on?

**Responsible Energy Consumption:** page 46

**Mindful of Waste:** page 46

**Conserving Water:** page 46

**Reducing our Product Footprint:** page 47



# Our Duty to the Natural World

## Environmental Responsibility

### Our Approach

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

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

### Responsible Energy Consumption

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

Energy consumption (kWh)	2016	2017
Afia	51,075,803	56,276,077
USC	127,319	124,838
HQ	514,096	567,559

\* Due to changes in operational profile which include the relocation of Panda's central office, environmental and water-related data for Panda could not be calculated for the 2016 and 2017 financial period.

### Mindful of Waste

Waste reduction represents an important aspect of environmental stewardship. This includes reducing waste at all stages of the value chain, from product development through to sales and managing waste within our corporate HQ and regional offices. As a retailer, we place significant emphasis on helping our customers to be mindful of waste in the home – this is the focus of our Negaderha program (see page 32). The table below details the waste produced by each operating company in metric tons for the reporting period.

Waste (MT)	2016	2017
Afia	88,440	126,413
USC	17,000	15,000
HQ	27,578	25,662

### Conserving Water

It is also vital that we manage our water usage in a safe and responsible manner, particularly given our operations in water-scarce regions. Our most significant water-related environmental impacts stem from our food investments – specifically our direct food production through Savola Foods Company. Our retail operations also consume water, and therefore we strive to implement measures to reduce usage across our operations wherever possible. The table below presents water consumption data for each operating company in cubic meters for the reporting period:

Water (m³)	2016	2017
Afia	233,945	323,187
USC	578,000	565,000
HQ	233,945	323,187



## Reducing our Product Footprint

Over the reporting period we have conducted several initiatives across our operations to reduce our greenhouse gas (GHG) emissions, with the aim of reducing the environmental impact of our energy and water usage, and waste production.

For instance, in our Afia operations we implemented and aligned our HSE management systems to OHSAS 18001 and ISO 14001 across our operations. Work in this area also included improving the footprint of our products. For instance, a recent World Health Organization (WHO) report showed that the world uses about 500 billion plastic bags each year, equivalent to around a million bags every minute. To do its part in combating this, Panda initiated a project in 2012 that replaced regular plastic shopping bags with bio bags that are 100% decomposable and eco-friendly.



## Our Focus Moving Forward

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



# 06

## Our Sector

### A Responsible Actor in our Industry



#### What does this mean?

We believe that sustainable practices within the sector can drive competitiveness, increase efficiency and maximize industry potential. We also recognize that companies form an integral part of a society's fabric and possess considerable leverage in terms of the social impact they can achieve.

As an influential player in the food and retail space, we aim to effect positive change through a range of commitments and initiatives.

#### What do we focus on?

**Customer First:** page 50

**Health, Nutrition and Packaging:** page 52

**Makeen Program:** page 54





# A Responsible Actor in our Industry

## Customer First

### Our Approach

We are a customer-focused business that strives to fulfill the needs of our clients on a daily basis. Our customers use our products in every aspect of their lives – in the morning, throughout the day, in the evening, on their way to work and school. We see ourselves less as a provider and more as a partner to our community when it comes to fulfilling customers' day-to-day needs.

By understanding our communities and our customers we can truly appreciate the diversity of their needs and provide different products and assortments across different regions accordingly. This regional focus encourages our local operation teams to understand the needs of their immediate customers – even on a neighborhood level.

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

### Customer Satisfaction

Measures across our Divisions

#### Panda

- > Operations: dealing with customer inquiries/complaints on the spot through store-level operations teams to guarantee the highest possible level of service and satisfaction (responding to inquiries, solving issues, issuing compensation where needed).
- > Call center: acquiring customer feedback on all Panda departments and gauging the market in terms of service/product satisfaction.
- > Dealing with all types of customer inquiries, suggestions and complaints as well as conducting out-bound and follow-up calls to make sure customers are satisfied.
- > Website: Panda treats inquiries and complaints received through the Panda website in the same way as those received by the call center, using the same process and ticket\* classifications. (\*Customer complaints or requests).
- > Social media: Panda also treats inquiries and complaints received through social media using the same process and ticket classifications.



### Afia and USC

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

In 2016/2017 USC's customer satisfaction rate was 78%. Overall, clients have an above-average satisfaction with USC based on industry standards. As for Afia, the below table outlines individual brand satisfaction rates across the subsidiaries' brands:

	2016	2017
Afia	36%	47%
Olite Canola	3%	3%
Al Arabi	20%	26%
Shams	6%	8%

### International Standards

Savola Group ensures that all of our products adhere to the highest international quality standards, and specifically the health and safety stipulations of individual products and services provided. Our operating companies have also attained a variety of national and international quality certifications (ISO 2008-9001; ISO 22000:2005; ISO 14001:2004; BRC systems) and fully adhere to the Saudi Arabia Standards Organization's standards and guidelines.

Savola's strategic goal is to achieve business sustainability through portfolio diversification based on customer feedback. By evolving our products and offering to match customer needs, we continue to improve quality and safety.

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

### Our Focus Moving Forward

- > We aim to become a more customer-centric organization, to reinvent the shopping experience and provide new services and products that more closely match our customers' needs on a regional level, positioning Panda as the best local shopping destination for our customers across the country. We seek to understand our customers better and to provide them with more personalized solutions.
- > We will also improve our customer service delivery by training our store personnel to become better Panda ambassadors and improving systems and processes in the company that guarantee the highest level of service availability.
- > We remain committed to refreshing our business by offering our customers the best products in the best places at the best prices.



# A Responsible Actor in our Industry

## Health, Nutrition and Packaging

### Our Approach

As part of our efforts to promote health and nutrition among our people and customers, our divisions run several programs designed to boost and promote healthier lives. These efforts also include improving the packaging and labeling of products we serve to ensure that there is clear labeling of nutritional profiles, ingredients, allergy warnings and health tips.

### Promoting Health and Nutrition

Panda partnered with the Ministry of Health to organize a series of vaccination campaigns for its employees through 2016 and 2017 as part of the company's various staff health awareness initiatives.

The company also collaborated with medical and health service providers to organize a series of three to five day visits by clinics to its offices, during which employees consulted practitioners and were provided routine check-ups to reveal information on their general health. Panda was also recognized by the Ministry of Health for its contribution to public health by halting the sales of cigarettes in Panda stores.

Meanwhile, to assist its people in maintaining a healthy diet, USC partnered with Saudi Airlines Catering to provide specially selected diet meals for employees' lunches. The company also established a new program to ensure fresh fruit is provided throughout the working day.

### Transparent Packaging and Labeling

Panda continues to improve the sustainability of the food packaging solutions in use across its business. We constantly monitor developments and review the latest industry insights and environmentally-friendly initiatives through our connections with national and international health bodies. This allows us to regularly update our plastic molds and packaging solutions to reflect the interests of the market and consumers. We also leverage our strategic partnerships with suppliers to encourage their adoption of the latest technologies in efficient and sustainable manufacturing.

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

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

### Our Focus Moving Forward

We will continue to promote health, wellbeing and improved packaging across our operations. Beyond these efforts, we also paid particular attention to helping raise awareness of food waste among our customers through our Negaderha project (see page 32).







# A Responsible Actor in our Industry

## Makeen: Integrating People with Disabilities into the Workplace

### Our Approach

Savola Group is committed to integrating people with disabilities into our workforce and encouraging their participation in the national economy. We joined the International Labor Organization (ILO) Global Business and Disability Network in October 2017, and were the first private company in Saudi Arabia to do so.

Our commitment goes beyond employment policies to include the general promotion and respect of the rights of persons with disabilities, raising awareness throughout society, and the development of policies and practices that protect disabled people from all forms of discrimination.

### Makeen Program Goals

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

### Our Focus

Savola is one of the founders of the Qaderoon Business Disability Network of employers and holds a gold category Mowaamah certificate for the advancement of people with disabilities. Our commitment is embodied by our Makeen program, which is dedicated to empowering people with disabilities and increasing the number of disabled people in private sector employment.

Since its introduction in 2010, Makeen has recruited over 1,021 employees with disabilities. It has offered free training programs to government organizations, NGOs and private sector companies on good conduct in their interactions with disabled persons, and shared its experience and best practices with other like-minded organizations.

Makeen's online portal brings together disabled job seekers and private sector employers. In 2017 alone, we facilitated the employment of 110 people with disabilities and we plan to increase this number in the coming years.

### Our Focus Moving Forward

Savola seeks to invigorate the Makeen Recruitment Portal by issuing a regular newsletter and publishing success stories concerning the employment of PwDs, and to produce Makeen videos to spread awareness concerning its programs. We will also conduct workshops for our buddy and mentor system, which is employed to integrate PwDs in the workplace, and will mark the International Day for Persons with Disabilities.





**SAVOLA**  
WORLD

**Makeen**





# A Responsible Actor in our Industry

## Makeen: Integrating People with Disabilities into the Workplace

### Key activities in 2016

- > Makeen arranged a workshop on interaction skills with people with disability at work. It focused on the general principles that should be considered when interacting with persons with disabilities, as well as explaining different guidelines for positive interaction according to disability type – visual, hearing or mobility.
- > Makeen organized a Mowaamah induction workshop at Savola Group. The Mowaamah certification system is owned by the Ministry of Labor in the Kingdom of Saudi Arabia, and is a voluntary system for entities that seek to develop their work environments to become more inclusive and supportive of Persons with Disabilities (PwDs).

The experience of the workshop attendees was positive, and will contribute to the achievement of the desired results of the Mowaamah program.

- > Makeen organized a visit by members of the Qaderoon Business Disability Network to Savola Group, where they learned about the Makeen program and how the Group has sought to employ PwDs.



شبكة أصحاب الأعمال والإعاقة  
Business Disability Network



## Key activities in 2017

- > Savola signed an agreement with the International Labor Organization (ILO) on the Business and Disability Charter. The agreement bound Savola to the ten principles of the Global Compact for Business and Disability that aim to provide more training and employment opportunities for people with disabilities.

The agreement entails the respect and promotion of the rights of persons with disabilities, raising awareness within society, the development of policies and practices that protect persons with disabilities from all forms of discrimination and the promotion of equal treatment and equal opportunities. This is achieved by facilitating recruitment, on-the-job training and career development, and eliminating challenges facing persons with disabilities in the workplace. The principles also include gradually adapting corporate premises to accommodate the physical needs of employees with disabilities and facilitate their travel to and from work.

- > The new Makeen portal launched for recruiting PwDs, as part of Savola's sustainability portal, Savola World ([www.makeen.savolaworld.com](http://www.makeen.savolaworld.com)). A team from Savola dedicate their time to assist the recruitment of people with disabilities, supporting them in their goal of becoming productive and influential members in their communities.

The Makeen portal offers a range of jobs that match the abilities and qualifications of disabled job-seekers, and brings them together with employers from the private sector.

- > Makeen participated in the celebrations of the International Day for Persons with Disabilities. The event was organized by King Abdulaziz University in late 2017 at the King Faisal Conference Center. The theme was "Transformation towards a sustainable and adaptable society for all."

Makeen presented a workshop entitled: "Best Practices for Inclusion of Persons with Disabilities adopted at Savola Group." This explained the Group's vision for the inclusion of people with disabilities and provided an overview of the Makeen program and its achievements in developing an inclusive work environment.

- > Savola Group's Makeen program accompanied a Qaderoon network delegation to Jordan. The meeting was sponsored and attended by the President of the Higher Council for Persons with Disabilities in Jordan, Prince Marad bin Raad, as well as the Jordanian Minister of Labor, the Minister of Industry, Trade and Supply, the Chairman of the Amman Chamber of Industry and a number of Jordanian companies, persons with disabilities and related associations.



# 07

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## About this Report



This is the fourth Sustainability Report issued by the Savola Group, covering the period between January 1, 2016 and December 31, 2017. The previous Report was launched in the first quarter of 2016 and covered the 24-month period between January 1, 2014 and December 31, 2015.

### What do we focus on?

**About this Report:** page 60  
**GRI Index:** page 61  
**Glossary:** page 64





# About this Report

This is the fourth Sustainability Report issued by the Savola Group, covering the period between January 1, 2016 and December 31, 2017. The previous Report was launched in the first quarter of 2016 and covered the 24-month period between January 1, 2014 and December 31, 2015.

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

This Report covers Savola Group-owned or operated businesses. It does not include the activities or performance of our suppliers, contractors or partners, unless stated. The sale of Savola's plastics sector business was due to the Group management's strategic decision to focus on the food and retail sector. This also accounts for the inclusion only of operating companies based within Saudi Arabia within the Group's GRI reports.

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

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

## Significant Changes over the Reporting Period:

The following major organizational changes have taken place in Savola during the reporting period (2016/2017):

1. In March 2016, Eng. Rayan Mohammed Fayez joined as the new Chief Executive Officer.
2. A new Savola Group Board of Directors was elected and Group Audit Committee appointed by the shareholders in July 2016 in line with the new Companies Law.
3. On November 24, 2016, Savola Group announced the resignation of Mr. Muwaffaq Mansour Jamal, CEO of Panda Retail Co., and the appointment of Eng. Rayan Mohammed Fayez as acting CEO of Panda.
4. A full governance, risk and compliance (GRC) system was initiated in 2017.
5. During 2016, Panda changed its organizational structure to become more customer-centric and streamline logistics.
6. Savola's transition to a strategic investment holding company gathered pace during 2017, propelled by the success achieved to date in consolidating its market-leading position in the food and retail sectors across the region.
7. During 2017, the corporate governance manual and committee's charters, were fully amended to comply with both international and national practices and duly approved by the Board and published in the Savola website ([www.savola.com](http://www.savola.com)).
8. On November 14, 2017 Savola Group announced the resignation of its CEO, Eng. Rayan Mohammed Fayez.
9. In April 1, 2018 Eng. Anees Ahmed Moumina joined as the new Group CEO.

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.

# GRI Index

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

GRI Standard	Disclosure	Location
<b>General Standard Disclosures</b>		
<b>Organizational Profile</b>		
GRI 102:1	Name of the organization	Front cover SR
GRI 102:2	Activities, brands, products and services	Pages 2-3 SR
GRI 102:3	Location of headquarters	Page 112 AR
GRI 102:4	Location of operations	Pages 112-113 AR
GRI 102:5	Ownership and legal form	Page 60 SR
GRI 102:6	Markets served	Pages 2-3 SR
GRI 102:7	Scale of the organization	Pages 2-3 and 43 SR
GRI 102:8	Information on employees and other workers	Pages 42-43 SR
GRI 102:9	Supply chain	Page 22 SR
GRI 102:10	Significant changes to the organization and its supply chain	Page 22 SR
GRI 102:11	Precautionary principle or approach	Pages 8-9 SR
GRI 102:12	External initiatives	Pages 10-11 SR
GRI 102:13	Membership of associations	Page 11 SR
<b>Strategy</b>		
GRI 102:14	Statement from senior decision-maker	Page 4 SR
<b>Ethics and Integrity</b>		
GRI 102:16	Values, principles, standards and norms of behavior	Pages 20-21 SR
<b>Governance</b>		
GRI 102:18	Governance structure	Pages 14-16 SR
<b>Stakeholder Engagement</b>		
GRI 102:40	List of stakeholder groups	Page 10 SR
GRI 102:41	Collective bargaining agreements	Employees are not covered by collective bargaining agreements
GRI 102:42	Identifying and selecting stakeholders	Page 10 SR
GRI 102:43	Approach to stakeholder engagement	Page 10 SR
GRI 102:44	Key topics and concerns raised	Page 10 SR

# GRI Index

GRI Standard	Disclosure	Location
<b>General Standard Disclosures (continued)</b>		
<b>Reporting Practice</b>		
GRI 102:45	Entities included in the consolidated financial statements	Pages 4-5 AR
GRI 102:46	Defining report content and topic boundaries	Page 7 SR
GRI 102:47	List of material topics	Page 9 SR
GRI 102:48	Restatements of information	Page 60 SR
GRI 102:49	Changes in reporting	Page 60 SR
GRI 102:50	Reporting period	IFC SR
GRI 102:51	Date of most recent report	IFC SR
GRI 102:52	Reporting cycle	Page 60 SR
GRI 102:53	Contact point for questions regarding the Report	Front cover SR
GRI 102:54	Claims of reporting in accordance with the GRI Standards	Pages 9 and 11 SR
GRI 102:55	GRI content index	Page 61 SR
GRI 102:56	External assurance	None
<b>Topic-Specific Standards</b>		
<b>Economic</b>		
GRI 201:4	Financial assistance received from the government	Page 135 AR
GRI 204:1	Proportion of spending on local suppliers	Page 22 SR
GRI 205:2	Communication and training about anti-corruption policies and procedures	Page 23 SR
GRI 206:1	Legal actions for anti-competitive behavior, anti-trust and monopoly practices	Page 23 SR
<b>Environmental</b>		
GRI 302:1	Energy consumption within the organization	Page 46 SR
GRI 302:4	Reductions in energy consumption	Page 46 SR

GRI Standard	Disclosure	Location
<b>Topic-Specific Standards (continued)</b>		
<b>Social</b>		
GRI 401:2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Pages 36-37 SR
GRI 403:5	Worker training on occupational health and safety	Page 24 SR
GRI 403:6	Promotion of worker health	Page 24 SR
GRI 404:1	Average hours of training per year per employee	Page 24 SR
GRI 404:2	Programs for upgrading employee skills and transition assistance programs	Pages 36-37 SR
GRI 405:1	Diversity of governance bodies and employees	Page 42-43 SR (Being a Saudi company, and with the national direction to enhance Saudization in the workforce, it is not practically possible to have a diversified governance structure. Therefore, all members of the governance bodies are males and Saudis.)
GRI 413:1	Operations with local community engagement, impact assessments and development programs	Pages 28-33 SR
GRI 415:1	Political contributions	Pages 54 and 144 AR
GRI 419:1	Non-compliance with laws and regulations in the social and economic area	Page 23 SR

**Key**

AR	Annual Report 2017
SR	Sustainability Report 2016/2017
IFC	Inside front cover



# Glossary

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





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