

Better every day

2017 Sustainability
Report



About this report

Welcome to our inaugural annual sustainability report.

This Sustainability Report represents a comprehensive overview of our commitments and progress towards improving our environmental, social and economic impacts in the markets in which we operate. It contains insights into Almarai's sustainability-related programs, achievements and performance, complementing the information provided in our Annual Report 2017.

Scope

This report covers our operations as Almarai Company and its subsidiaries within the Kingdom of Saudi Arabia, as well as other Gulf Cooperative Council (GCC) countries where information is available. This report does not cover the operations of Almarai or its subsidiaries outside of the GCC (for example, those of Fondomonte in Argentina, Teeba in Jordan and Beyti in Egypt). Certain financial and group information covers Almarai Company worldwide. To the extent possible considering data limitations and the boundaries outlined above, this report covers our main operational areas: Dairy, Juice and Bakery, Poultry, Infant Nutrition, Farming, Sales, Distribution and Logistics.

Reporting guidelines

This report has been prepared in accordance with the GRI Standards: Core option. For further information and the GRI Content Index, please see Appendices A-D.

Where relevant, we also show our contribution to the National Transformation Program 2020 (NTP 2020) of Saudi Arabia's Vision 2030.

Reporting period

This report covers the period from 1 January 2017 to 31 December 2017, unless otherwise indicated.

Geographic coverage

This report only covers Almarai GCC operations excluding for example Beyti in Egypt, Fondomonte in Argentina and Teeba in Jordan.

Therefore, certain figures and consolidations are significantly different from those presented in our Annual Report 2017.

Feedback

For questions or comments regarding this report and sustainability at Almarai, please contact us at: sustainability@almarai.com.

Cautionary statement

This report contains certain forward-looking statements that express the way in which Almarai intends to conduct its activities. These statements typically contain words such as "anticipate," "believe," "expect," "estimate," "forecast," "intend," "plan," "project" or similar expressions. Such statements are based on assumptions made using currently available information that is subject to a range of uncertainties that could cause actual results to differ from these projected or implied statements. Any forward-looking statements contained in this report are therefore not promises or guarantees of future conduct or policy, and thus Almarai assumes no obligation to publicly update any statements made in this report. Almarai relies on information obtained from sources believed to be reliable but does not guarantee its accuracy or completeness.

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Message from the Chairman

Almarai believes the world can be a better place if we are all committed to doing better every day. This is an important belief for our business as a whole and for everyone who works in it and with us. By developing an active and comprehensive approach to sustainability management, we have put in place a firm foundation that will help us translate this belief into action.

In developing our sustainability framework and strategy moving forward, we seek to align our plans with national sustainable development objectives set out in the Saudi National Vision 2030 and the National Transformation Program 2020. These provide a clear roadmap for our country's future, helping to guide economic, social and environmental development over the coming decade. They offer a useful framework for us, helping us to chart our future course as a business in line with the national interest.

Since the Company was founded in 1977, we have sought to meet the needs of a rapidly expanding domestic market. Despite the changes our business has undergone, our promise to all stakeholders to deliver "Quality you can trust" has been constant. We are committed to providing products that are manufactured to the highest food safety standards and that contribute to a nutritious and balanced diet. Whether dealing with investors and business partners or developing professional skills among employees, rigorous quality control is crucial to all aspects of Almarai's operations.

Our unwavering dedication to quality is one of the factors behind how we have become the largest food and beverage manufacturer in the Middle East, a journey which has been founded on continuous improvement in our efficiency and profitability. The scale of our operations now goes far beyond the original founding

“Our unwavering dedication to quality is one of the factors behind how we have become the largest food and beverage manufacturer in the Middle East, a journey which has been founded on continuous improvement in our efficiency and profitability.”

Sultan bin Mohammed bin Saud Al Kabeer
Chairman



concept, which sought to transform traditional dairy farming in Saudi Arabia to meet the needs of the growing domestic market. We are ready and capable of continuing to grow and of developing our business to generate greater economic and social value.

We see sustainability as a complement of our focus on quality; helping us to drive better practices in how we operate across every aspect of our business, within our own operations and in our relationship with our stakeholders, including the communities where we operate. And it is of particular importance to the millions of people who consume our products every day.

This report offers everyone with an interest in our business with a window into our mission, vision and values, and gives an insight into how we operate day-to-day. One of our most important audiences is our own employees.

We recognize that we are only as strong as they are. It is through their ability and enthusiasm that we will deliver on the commitments we are making and generate the social, environmental and business value, which is vital to our long term success, and to the continuing health of our country and region.

Sultan bin Mohammed bin Saud Al Kabeer
Chairman of the Board

Message from the CEO

I am delighted to be launching this, our first ever corporate sustainability report. As a company, we have always been proud of our willingness and readiness to drive change, and of being a leader in developing novel approaches, ideas and products. This report marks a first for us, and we are keen to see how our commitment to sustainability will help to drive further improvements to our business in the years ahead.

The report provides an insight into the efforts we are making to embed sustainability management throughout our organization. It provides a comprehensive review of the issues that are of most importance to us and to our stakeholders, and provides initial information on the steps we are taking to doing better every day, by improving our environmental, social and economic impacts.

We recognize that building a framework for sustainability management is just the first

step. We have been working hard to develop a strategic approach to sustainability and will continue to move forward in the years ahead through the development of core policies that set out our approach to the material issues we face. These include policies on animal welfare, food safety and quality, health and safety, sustainable procurement, and community investment.

We also understand that aspirations and policies like this need to be underpinned by solid action on the ground. We are already involved in practical projects that minimize food waste and increase recycling, and we are taking action to reduce our energy use and reduce our CO₂ emissions. We are committed to appropriate codes of practice and guidelines for the responsible marketing of our products, and we provide clear product and nutritional information to our customers. We are vigilant every day in protecting the health and safety of our workforce, and we



“At Almarai, sustainability is core to our strategy as we seek to build a better business for our stakeholders, by working in partnership and by making sure we are addressing the most material topics in a coherent and cohesive way, so that we can all contribute to a truly sustainable future.”

Georges P. Schorderet
CEO

are committed to promoting ethical and responsible behavior among our employees and suppliers.

Initiatives such as these not only make sound business sense; they also benefit the country as a whole and reflect priorities within the Saudi National Vision 2030 and the National Transformation Program 2020. Many of our projects have a regional dimension – for example, we will be introducing solar power generation both in Saudi Arabia and the United Arab Emirates in 2018 – and we will continue to take actions which contribute to the socio-economic development of local communities, wherever we operate.

By acting in accordance with our sustainability principles, we are looking to develop a deeper level of engagement with all our stakeholders. We want to build on the trust our stakeholders already have in us; by actively managing sustainability, we can better identify and

address the issues that are of most importance to them. Sustainability reporting will improve transparency and help us to meet our stakeholders' expectations.

We are already looking forward to how we can advance our sustainability management program in the months and years ahead. It is through engagement with you, by working in partnership and by making sure we are addressing the most material topics in a coherent and cohesive way, that we can all contribute to a truly sustainable future.

Georges P. Schorderet
Chief Executive Officer

At a glance

Beyond profitable growth, Almarai wants to ensure it makes a positive contribution to society. In 2017, we made great strides on our journey to becoming a more sustainable company.

Total sales volume GCC

1.979M
metric tons

Added sugar to juices reduced by



10%



Community investment support

SAR 26.2M

(1.2% of net profit)

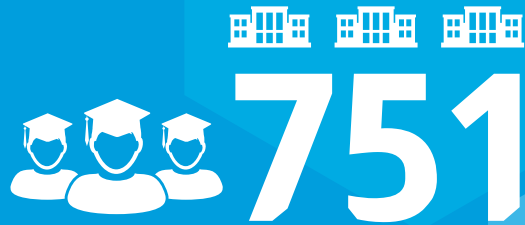
1.6%




Net profit growth from 2016



730
schools provided with
snacks for students



751
students in Almarai
educational, technical and
vocational programs




Biofuels introduced
in UAE sales and
distribution fleet
vehicles



Employee
health and
awareness
campaign
conducted



Commenced
commercial operation of
Almarai's most efficient
& technically advanced
 dairy facility

Central Processing Plant 3

About Almarai

Almarai is a Saudi publicly traded joint-stock company listed on Tadawul, the Saudi Stock Exchange.

Founded in 1977, Almarai has grown to become the Middle East's largest food and beverage manufacturer and distributor – and the world's largest vertically integrated dairy company. With headquarters in Riyadh, Saudi Arabia, our production and distribution footprint covers the GCC states, Egypt and Jordan. Through our direct control of the supply chain, we have the unique ability to deliver safe, quality products to millions of consumers every day.

Mission

To provide quality and nutritious food and beverages that enrich consumers' lives every day.

Vision

To be the consumers' preferred choice by leading in chosen markets with superior food and beverage products.

Values

Adaptable
Sharing
Passionate
Innovative
Respect
Excellence



Dairy



Juice



Bakery



Poultry



Infant Nutrition

650+ products

We delight consumers in five categories across the Middle East and North Africa.

The Almarai brand has been trusted by consumers for 40 years. We are leaders in fresh milk, laban, flavored milk, UHT milk, evaporated milk, cream, yoghurts, desserts, natural and processed cheeses, butter and ghee.

Fresh Juices in the GCC are led by Almarai, offering consumers a popular range of mixed and 100% juices, as well as children's juices marketed under the Nijoom sub-brand. In 2017, Almarai entered the long life juice segment under the Joosy Life brand.

The Middle East relies on us for bakery products, marketed under the L'usine and 7Days brands. From white bread to chocolate covered cakes, Almarai is providing consumers with exciting and innovative everyday treats.

40% of fresh poultry consumers choose Alyoum as a guarantee of quality and innovation. We deliver a comprehensive selection of whole, part and value added products with a high nutritional value and, above all outstanding taste.

Our Infant Nutrition products support mothers and children across Saudi Arabia and the GCC. Our brands include Nuralac, Nuralac Plus, Nurababy and Nuramama. We have recently launched the first full range of infant nutrition liquid products in KSA.

4.0M

liters of our dairy products are enjoyed daily by consumers.

1.3M

bottles of juice are distributed every day.

1.3B

bread and pastry items produced every year.

98.0M

packs sold annually.

10.0M

kilograms total products produced in 2017.



Our value chain



Farming

188,000 COWS
are cared for on our farms in Saudi Arabia.
Our Animal Welfare Policies exceed world class standards.



Manufacturing



8 manufacturing facilities
in Saudi Arabia

produce and package our wide range of dairy, juice, bakery, poultry and infant nutrition products.

100%
of our production volume
is certified by independent third parties according to internationally recognized quality and food safety management system standards.



Procurement

50% of our suppliers
are locally based in KSA.

Quality you can trust



Sales, Distribution & Logistics

1,300 vehicles on the roads at any given time.

From our manufacturing facilities, our products are transported to

89 depots in **5** countries across the GCC.



5% additional improvement in fuel efficiency across our fleet in 2017.



Consumers



650+ products are sold at over 110,000 retail outlets.



All made possible by the commitment of our

38,137 employees.

Sustainability management at Almarai

As the region's largest food and beverage company, Almarai plays an important role in contributing to regional sustainability efforts.

Through the integrated management of our economic, environmental and social performance, we aim to maximize the shared value we create for our business and for society, now and in the future. Throughout 2017, we continued to implement industry-leading practices to protect the well-being of our consumers and employees, ensure the health of our farm animals, protect the natural environment and generate significant economic value.

In 2018, we will further develop our sustainability management program to strategically address our most material issues.

Almarai's sustainability framework

Almarai's sustainability framework summarizes what sustainability means for Almarai, by identifying the key areas that need to be managed and balanced to build a more inclusive, resilient and successful company. The framework captures all of Almarai's material issues and forms the foundation of the Company's sustainability strategy and the structure of this report.

**Generate
significant
economic
value**

**Promote
responsible
consumption**

**Nurture and
reward
colleagues**



**Ensure
ethical and
sustainable
sourcing**

Quality you can trust

**Reduce
natural
resource use
and waste**

**Prioritize
quality and
safety**

Stakeholder engagement

At Almarai, we understand that balancing the needs and expectations of our stakeholders is essential to delivering on our commitments and maximizing shared value creation.

We engage in regular dialogue with our stakeholders – our consumers, investors, employees, government regulatory bodies, civil society organizations and ESG rating agencies¹ – through various communication channels to ensure we consider and respond to their needs and expectations on the issues that matter to each of our key stakeholder groups.

We regularly open some of our manufacturing facilities to the public. Tours of our facilities offer an important opportunity to engage directly with our consumers and educate them about our company and our production processes. We invite schools, families and interested individuals to visit our factories, and we even offer free bus services, as well as lunch to our guests. In 2017 alone, we had around 48,000 visitors.

¹Environmental, Social and Governance (ESG) rating agencies assess company operations for criteria that socially conscious investors use to screen potential investments. Environmental criteria look at how a company performs as a steward of the natural environment. Social criteria examine how a company manages relationships with its employees, suppliers, customers and the communities where it operates. Governance deals with a company's leadership, executive pay, audits, internal controls and shareholder rights.

Engagement in associations

As part of our engagement with stakeholders, we are members of strategic external associations.

Almarai is an active member in the following associations:

- National Dairy Committee under the Council of Saudi Chamber
- National Bakery Committee under the Council of Saudi Chamber
- National Poultry Committee under the Council of Saudi Chamber
- National Transportation Committee under the Council of Saudi Chamber
- National Labor Market Committee under the Council of Saudi Chamber
- Riyadh Chamber of Commerce Agricultural Committee
- Riyadh Chamber of Commerce Human Resources and Labor Market Committee

Alignment and contribution to national frameworks

In developing our sustainability framework and strategy, we have also sought to align with national

sustainable development objectives. We highlight our contribution to Saudi Arabia's Vision 2030 and National Transformation Plan 2020 throughout this report.

We are committed to contributing towards:



Saudi Arabia's Vision 2030 and National Transformation Program 2020 provide a clear roadmap for Saudi Arabia's future, guiding economic, social and environmental development over the coming decade.

Materiality

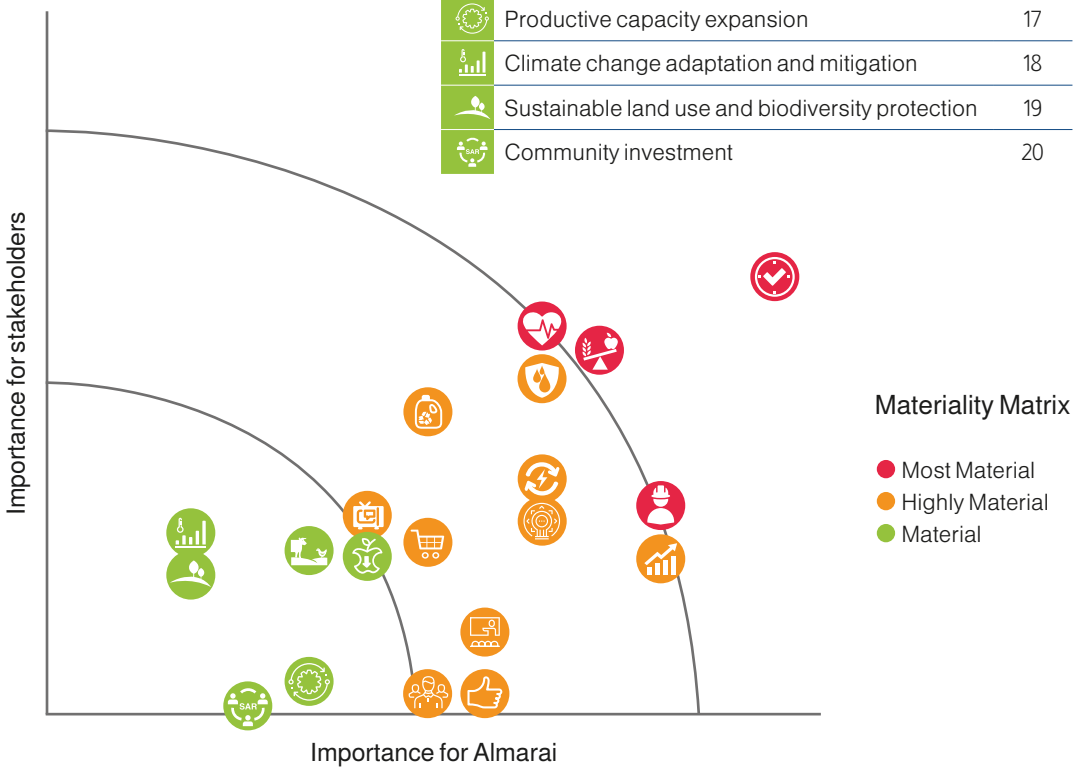
For each pillar of our sustainability framework, Almarai has compiled a comprehensive list of relevant sustainability issues.

After this process of identification, we surveyed each of our key stakeholder groups to understand the importance of each of the identified material issues.

By identifying and prioritizing its most material sustainability issues, Almarai can achieve a better understanding of where it should focus its efforts to ensure that it is meeting the needs and expectations of its stakeholders.

The materiality analysis below prioritizes the importance of material issues for Almarai and its stakeholders. In total, we have identified 20 material topics.

Material topic	Rank
Food safety and quality	1
Product nutrition and health	2
Consumer health and choice awareness	3
Workforce health and safety	4
Efficient and profitable business	5
Water protection	6
Energy and fuel efficiency	7
Product innovation and new market access	8
Packaging and waste reduction	9
Training, development and retention	10
Employee satisfaction & equal opportunity	11
Sustainable procurement	12
Responsible marketing	13
Local leadership development	14
Food waste reduction	15
Animal welfare	16
Productive capacity expansion	17
Climate change adaptation and mitigation	18
Sustainable land use and biodiversity protection	19
Community investment	20



For more information about our materiality analysis process, see Appendices A-C.

Our sustainability performance

Sustainability pillar	Key performance indicator	2014	2015	2016	2017
Promote responsible consumption	Number of incidents of non-compliance with regulations and / or voluntary codes concerning marketing communications	0	0	0	0
	Percentage of significant product categories covered by and assessed for compliance with product information and labeling procedures	100	100	100	100
Ensure ethical and sustainable sourcing	Percentage of total spending on local suppliers of goods and services	46	51	50	44
Prioritize quality and safety	Number of recalls	0	0	0	0
	Average hours of health and safety training per employee	3	6	6	6
Reduce natural resource use and waste	Manufacturing water intensity (m ³ / metric ton production)	4.2	4.0	3.7	4.4
	Manufacturing energy intensity (gigajoule / metric ton production)	2.3	2.3	2.5	2.8
Nurture and reward colleagues	New hire rate (18-30 years old)	58.0%	59.9%	63.3%	65.7%
	Voluntary employee turnover rate	12.4%	12.2%	11.6%	12.9%
Generate significant economic value	Net profit (SAR) per metric ton of production (Almarai Company)	949	1,013	1,067	1,083
	Total value of community investment initiatives (SAR million)	25.3	25.5	25.8	26.2



and regulations for animal decentralization
Large Dairy Farms in Al-Qadisiyah

Food for Thought

Almarai started with **350 cows**, and now Almarai has more than **170,000 cows**.

1966-1997

Farming is the **1st** in the region to be awarded ISO 9001 certification.

2005

Transitioned from private ownership to being publicly listed on the Saudi stock exchange, offering 30% of Almarai shares of SAR 750 million.

10,000 Customers



Promote responsible consumption

At Almarai, promoting responsible consumption means building consumer awareness about healthy choices and reducing food waste.



Promote responsible consumption

We are committed to helping consumers make better-informed choices.

Material issues	Ambitions
Food waste reduction	To be an industry leader in forecasting production and consumer demand, and to develop novel applications to eliminate food waste in our value chain.
Responsible marketing	To always market our products to consumers following transparent, honest marketing practices and stringent ethical standards.
Consumer health and choice awareness	To educate our consumers with the knowledge they need to make more informed dietary decisions.

Almarai takes pride in its honest marketing practices, ethical standards and its initiatives to reduce food waste. Through several new initiatives, like this Sustainability Report, our aim is to share our practices with our stakeholders in a transparent manner. We are committed to helping consumers make better-informed choices regarding the nutritional value of our products, promoting food waste reduction, and ensuring that our marketing practices promote our products responsibly. We believe that these goals are fundamental to our success and to global sustainable development, Saudi Arabia's Vision 2030, and the National Transformation Program 2020.

We continually work to enhance the systems that we already have in place that encourage responsible consumption. In line with our efforts to become an industry leader in food waste reduction, we have partnerships with several local organizations to recycle packaging materials or donate surplus or returned products that cannot be sold. Additionally, we are committed to ensuring that our marketing practices promote our products responsibly.

Food waste reduction

At Almarai, we are committed to protecting our vital resources by reducing wastage. As part of our sustainability commitments in this area we have several initiatives under way.

One of the most effective ways of reducing food waste is prevention. To this end, we are working hard to ensure that our demand forecasting is highly accurate, so we produce only what we can sell, avoiding food waste generation.

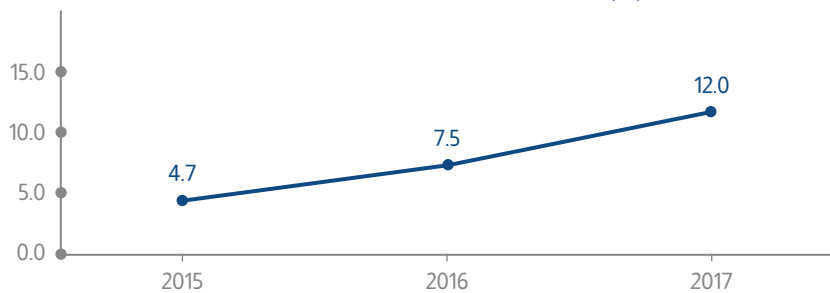
Since 2015, we have been recycling our returned bakery products, selling them for animal feed. This has saved SAR 5.3 million in both direct and indirect costs. We cherish our partnerships with local agencies, like our collaboration with Dubai Municipality, distributing food and juice before the expiry date to various local charities. We work with local manufacturers and caterers in Bahrain and Oman, selling them fresh milk before the expiry date.

Recycling project

In June 2016, we signed a contract with a recycling company, endorsed by our senior management. The hierarchy of waste management starts with source reduction, human consumption, animal feed, recycling and lastly landfill. As a part of this innovative initiative, we will deliver our expired products returned from the market in sealed trucks to the recycling plant in Al Kharj. There, they will

process the waste into various product streams. The water (80%) will be recovered from the returned milk, laban and zabadi via reverse osmosis. Fat content will be converted to biofuels and protein will be converted into powdered flakes for animal feed. In the future, we intend to implement similar projects in other countries of operation with the aim of achieving zero food waste going to landfill.

Food returns resold for animal feed (%)



Through our own initiatives and ambitions we seek to contribute to the NTP 2020 initiatives and targets:



- SAR 24.67 million government budget for the national program to reduce food waste based on international standards, case studies and best practice
- Increase the percentage of recycled and treated urban waste from 15% to 40%
- SAR 253.0 million government budget to develop municipal waste management systems

Responsible marketing

As a large company in the food and beverage industry, we strongly believe that our marketing and communication efforts should be governed by the highest ethics and responsibility.

Responsible marketing practices are important to us at Almarai. We believe that it is important to be transparent with our consumers. To this end, we strive to provide credible and clear communications and labeling to empower consumer purchasing

decisions. As per Saudi law, all our products are labeled with nutritional information, including information on sodium and saturated fat as well as safe storage.

We are committed to ensuring that our marketing practices promote our products responsibly. We adopt responsible practices when marketing to children, seeking to market and communicate not only the taste of a product or brand, but also the nutritional value, quality and safety.

Almarai remains committed to breastfeeding

Almarai supports breast milk as the unique and best nutrition for babies, by promoting exclusive breastfeeding during the first year of life. Breast milk is the gold standard and the only milk that provides babies with the most complete nutrition. It also strengthens the bond between mother and child with numerous benefits for both.

At Almarai, all commercial practices are guided

and fully in compliance with the World Health Organization code, as well as regulated by the rules of the Saudi Breastfeeding Law. Promoting healthy habits and best nutrition for moms and babies, including breastfeeding is at the core of Almarai Infant Nutrition principles.


Visit our YouTube channel to watch our breastfeeding campaign video.



Our performance summary

	2014	2015	2016	2017
Number of incidents of non-compliance concerning product information and labeling	0	0	0	0
Number of incidents of non-compliance with regulations and / or voluntary codes concerning marketing communications	0	0	0	0
Percentage of significant product categories covered by and assessed for compliance with product information and labeling procedures	100	100	100	100

Through our own initiatives and ambitions we seek to contribute to the NTP 2020 initiatives and targets:

 <p>National Transformation Program 2020 برنامج التحول الوطني 2020</p>	<ul style="list-style-type: none"> • Strengthen and increase the awareness of the consumer relating to rights and products • Increase consumer satisfaction level from 65% to 85% • SAR 116.0 million government budget for interactive awareness campaigns implementation
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Consumer health and choice awareness

Empowering our consumers to make better-informed choices regarding the nutritional value of our products is a priority for Almarai. We have multiple communication platforms that include nutritional education. Health-related messages are displayed on our website and on social media channels, where we publish videos encouraging responsible consumption. Currently, we are also working to improve the range of choices within our product portfolio that address key micronutrient deficiencies in the region, such as iron, Vitamin D and calcium.

As a part of our commitment to our consumers' health and well-being, we promote active lifestyles through our sponsorship of sporting events, like badminton, golf, and basketball. In 2017, we launched a health awareness campaign on a range of topics, including obesity.

In 2018, we will develop and publish a Health and Wellness Policy, which will touch on topics like consumer health and choice awareness. Please see the Product Nutrition and Health section of the report for more information.

Almarai remains committed to public education

In collaboration with the Saudi Society of Paediatric Gastroenterology Hepatology and Nutrition (SASPGHAN).


Almarai has conducted health awareness campaigns on important regional health topics.

In 2017, we have provided awareness on the following topics:

- Vitamin D
- Mental development
- Breastfeeding
- Intestinal colic
- Digestion
- Weaning
- Obesity

Please visit our YouTube channel to watch the videos.

Through our own initiatives and ambitions we seek to contribute to the NTP 2020 initiatives and targets:

 <p>National Transformation Program 2020 برنامج التحول الوطني 2020</p>	<ul style="list-style-type: none"> • Reduce the percentage of obesity incidence by 1% • SAR 1,504.5 million government budget for the National Center for Disease Control and Prevention and public health interventions to reduce obesity, among others • SAR 45.0 million government budget to support public and private sectors to develop health and wellness programs
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At Almarai,
ensuring ethical and
sustainable sourcing
means promoting
responsible practices
across our value chain.

**Ensure
ethical and
sustainable
sourcing**

Ensure ethical and sustainable sourcing

Almarai is working actively with our suppliers to ensure they behave ethical and responsibly.

Material issues	Ambitions
Sustainable procurement	To ensure our supply chain is free from unethical, illegal or irresponsible practices that harm people and the environment.
Sustainable land use and biodiversity protection	To protect the natural environment in areas where we operate.
Animal welfare	To set and maintain a high welfare standard for animals in our care.

Almarai is the Middle East’s leading food and beverage manufacturer and distributor and is the world’s largest vertically integrated dairy company. Almarai believes that, in order to continue on our path as pioneers in sustainability, we must work with our suppliers to ensure that they act ethically and responsibly.

Through our direct control of our supply chain, we have the unique opportunity to ensure the quality and safety of our products to our consumers. We source a wide range of goods and services, including raw materials and ingredients, finished products, equipment and ingredients. These come from numerous internal and external local, regional and international suppliers. At Almarai, we are working to improve our procurement processes to ensure that our product ingredients and other inputs are sourced according to the highest ethical, environmental and social standards.

We are committed to safeguarding the health and well-being of all animals within our care, as this impacts not only the animal’s quality of life, but also the quality and safety of the food we produce. We pledge to ensure that the animals we raise to produce our products are properly and humanely treated throughout their lifecycle.

Sustainable procurement

Employing sustainable procurement practices is not only the right thing to do, but it also stimulates sustainability performance improvements for the entire company and supply chain. Responsible sourcing is key to ensuring a sustainable future for our business, and we believe that we have a duty to our consumers to ensure that the materials and services we use are ethically and responsibly sourced.

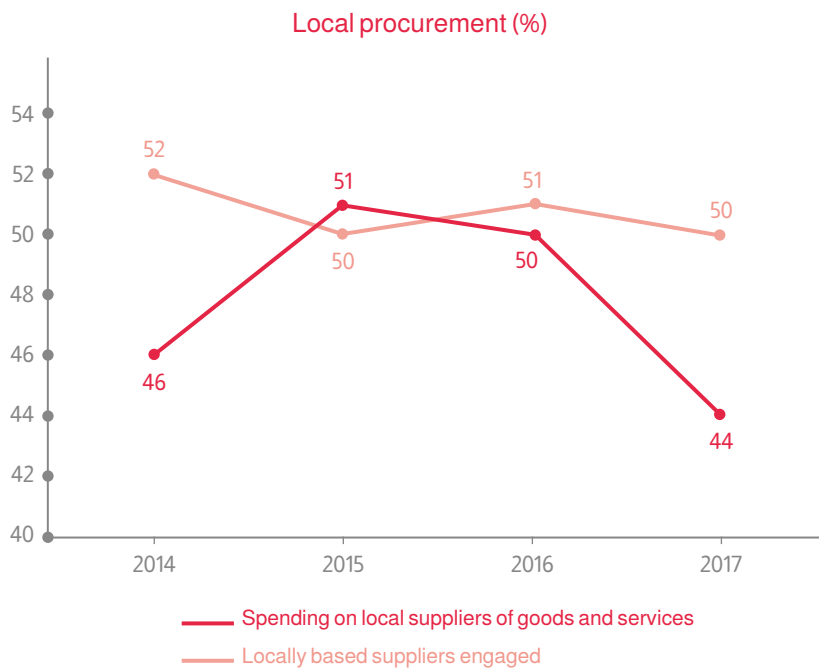
Consumers and stakeholders have increasing concerns about their personal health, not only with regards to their consumption of products, but also to the impact that the products may have on the factors of production, including workers and resources.

As a market leader in the food and beverage industry in the region, we are committed to ensuring our suppliers behave in a socially, environmentally and ethically responsible manner. We have an Employee and a Supplier Code of Conduct.

Suppliers play an integral role in our ability to deliver on our commitments to sustainability. At Almarai, we believe that to become a more sustainable company, we must work with our suppliers to ensure they act ethically and responsibly. In light of this,

we are investigating appropriate parameters for a supplier screening and approval process that takes into account sustainability performance, code of conduct, prohibition of child labor and forced labor, and working conditions.

In 2018, we will develop and publish a Sustainable Procurement Policy, outlining our comprehensive approach to ensure our supply chain is free from unethical, irresponsible and harmful activities that negatively impact people and the environment.



Through our own initiatives and ambitions we seek to contribute to the NTP 2020 initiatives and targets:



- SAR 6.0 million government budget for identification of possible opportunities for the development of key sectors and value chains
- SAR 49.9 million government budget to launch an initiative to improve the Kingdom's ranking with regards to "Made in Saudi Arabia" index
- SAR 250.0 million government budget to deploy initiatives led by the government to support the development of small and medium enterprises



Sustainable land use and biodiversity protection

We strive to ensure that our product ingredients and other inputs are sourced to the highest ethical, environmental and social standards. This includes reducing our impact on land resources and

biodiversity from our farming and manufacturing operations. As of 2017, our farms in KSA covered 25,300 hectares.

Almarai’s manufacturing plants are mostly located in rural desert areas.

Our performance summary

Number of incidents of non-compliance with environmental laws and regulations

2014 2015 2016 2017

0 0 0 0

Through our own initiatives and ambitions we seek to contribute to NTP 2020 initiatives and targets:



National Transformation Program 2020
برنامج التحول الوطني 2020

- Strategic objective to safeguard the environment and natural resources, through improved land utilization and management in the agricultural sector and preservation of vegetation and forests
- SAR 230.4 million government budget for the sustainable development of pastures, forests and fighting desertification

Animal welfare

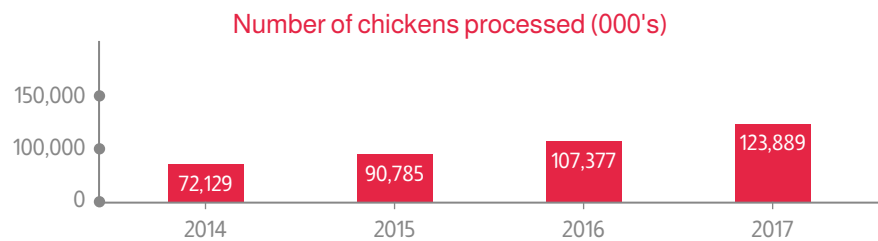
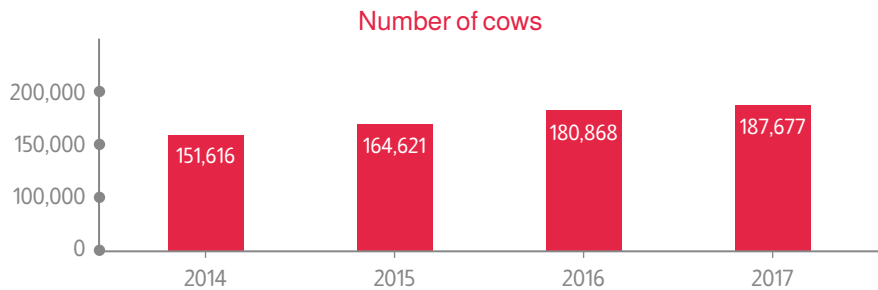
We are committed to safeguarding the health and well-being of all animals within our care, as this impacts not only the animal’s quality of life, but also the quality and safety of the food we produce. We pledge to ensure that the animals we raise to produce our products are properly and humanely treated throughout their lifecycle. We follow the World Organization for Animal Health (OIE) guiding principles on animal welfare, as well as the universally recognized ‘Five Freedoms’ for animals under human control.

Almarai’s farms look after our livestock to an exceptionally high standard, ensuring maximum yields and quality. Our Holstein dairy herds have 24-hour support from professional veterinary teams, year-round shaded housing, and air cooling and showering. Cows are fed a highly nutritious diet that is specifically formulated for their needs.

We go to great lengths to ensure the right ration of feed using high quality ingredients sourced from well managed farms. Poultry flocks receive best-in-class care, from highly nutritious feed to best-quality water in a climate-controlled cage-free environment.

A preventative approach is taken to maintain the health of our dairy herds and poultry flocks and to minimize the use of medical treatments. When treatment is required, animals are only returned to production after they are fully healthy and they have no traces of the treatment remaining. Our ongoing monitoring program ensures that all products leaving our farms meet the highest quality standards.

In 2018, we will develop and publish an Animal Welfare Policy, outlining our comprehensive approach to safeguarding the health and well-being of the animals under our care.



Our performance summary	2014	2015	2016	2017
Number of incidents of non-compliance with laws and regulations, and adherence with voluntary standards related to transportation, handling, and slaughter practices for live terrestrial and aquatic animals	0	0	0	0
Animal Housing				
Percentage of cows in enclosed housing with resting areas	100	100	100	100
Percentage of chickens in enclosed cage-free housing	100	100	100	100

Through our own initiatives and ambitions we seek to contribute to NTP 2020 initiatives and targets:



- Increase the percentage of livestock and fish resources covered by veterinary services from 20% to 70%
- Increase the percentage of farms covered with pest prevention and control from 25% to 50%
- Control all 21 top veterinary diseases in the Kingdom
- Increase the percentage of self-sufficiency in broiler production from 42% to 60%



Prioritize quality and safety

At Almarai,
quality and safety means
we are committed
to delivering quality
products you can trust
based on a safe and
healthy environment.



Prioritize quality and safety

Our promise to all stakeholders is to deliver “Quality you can trust”. Every day.

Material issues	Ambitions
Food safety and quality	To deliver quality you can trust, always.
Product nutrition and health	To set the standard for high quality and improve the nutritional content of our products.
Workforce health and safety	To ensure that our employees return home from work safely, every day.

Since our inception in 1977, we continue to meet the needs of a rapidly expanding domestic market. Our business has undergone many changes over these years, our promise to all stakeholders to deliver “Quality you can trust” has never changed. We are committed to providing products that are manufactured to the highest food safety standards and contribute to a nutritious and balanced diet. Whether dealing with investors and business partners or developing advanced professional skills among employees, rigorous quality control is crucial to all aspects of Almarai’s operations.

Our Quality, Regulatory, Health, Safety, Security and Sustainability (QRHSS&S) Division has embedded this principle firmly into the way we manage our business. The division is dedicated to ensuring that the growing size and complexity of our business never compromises the quality of our products. Its purpose is to ensure we always keep our quality promise.

Almarai directly owns most of its supply chain from feed production and importing to manufacturing, packaging, and distribution, which enables all stages of product development to be subjected to rigorous testing to ensure food safety and quality. Almarai laboratories conduct more than 10,000 daily quality tests on products.

Food safety and quality

Our promise to all stakeholders is to deliver “Quality you can trust.” We are committed to offering products that are manufactured to the highest food safety standards.

Almarai continues to implement the highest food safety standards across all sectors by applying the Food Safety Management System (ISO22000: 2005). This underpins Almarai’s unique quality control of its ingredients and infrastructure. Almarai uses the best natural ingredients, sourced locally and globally, while implementing the most modern food technologies and building the most advanced production plants.

Food quality and safety are the cornerstones for sustainable growth. To achieve this, our robust corrective action program incorporates root-cause analysis. We also incorporate Six-Sigma principles to ensure that any corrective action we take in manufacturing addresses the underlying problem and therefore minimizes the risk of recurrence.


Advanced cold chain management systems are essential to ensure food safety, from product manufacturing to delivery to our retailers. In 2018, we will implement a project to evaluate our current cold chain systems and identify areas for further improvement.

In 2018, we will develop and publish a Food Safety and Quality Policy, outlining our comprehensive approach to delivering on our promise of “Quality you can trust”.



Our performance summary	2014	2015	2016	2017
Percentage of production volume manufactured in sites certified by an independent third party according to internationally recognized food safety management system standards	100	100	100	100
Number of incidents of non-compliance with regulations and / or voluntary codes concerning the health and safety impacts of products and services	0	0	0	0
Number of recalls	0	0	0	0

Through our own initiatives and ambitions we seek to contribute to NTP 2020 initiatives and targets:

 <p>National Transformation Program 2020 برنامج التحول الوطني 2020</p>	<ul style="list-style-type: none"> • Increase population satisfaction index with food safety from 30% to 70% • Decrease public health incidences, such as food poisoning and transmitted diseases, from 69% to 20%
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Product nutrition and health

As we constantly strive to improve the nutritional profile of our products through new product development, we are incorporating health specific criteria into product innovation and development. Taking this commitment one step further, we are also exploring opportunities to improve nutrient density in selected products to correspond with regional deficiencies.

We are constantly investing in and developing new technologies and competencies to deliver our mission of providing quality and nutritious food and beverages that enrich consumers' lives every day. This includes enhancing our production facilities to produce healthier products like low fat zabadi.

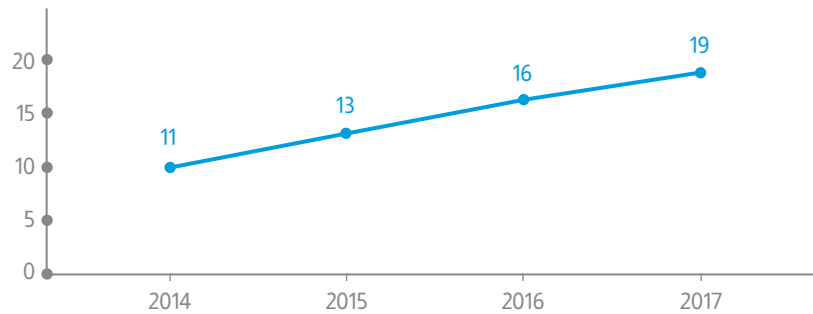
There is increased consumer demand for products

that are as healthy and as natural as possible, in order to help them meet their nutritional requirements.

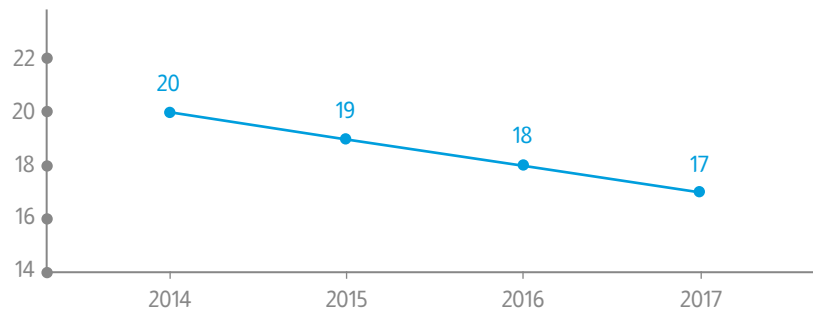
Improving access to healthy food for all is a priority for us at Almarai. We are working both internally and with external stakeholders to combat malnutrition by ensuring our nutritious products are available and affordable. For Infant Nutrition we have developed a full range of specialty products, to address specific dietary requirements and nutritional deficiencies.

In 2017, we reduced the amount of sugar added to our juices by 10%. We also have the following goals, to ensure that 35% of all new products launched by Almarai have specific nutritional benefits, to ensure that all products marketed to children under 12 have been reformulated to meet externally validated nutritional guidelines, and to launch a Health & Wellness brand by 2020.

Bakery products with increased nutritious ingredients
(% of total sales volume)



Dairy products lowered in saturated fat, trans-fats, sodium
and added sugars (% of total sales volume)



Our performance summary

	2014	2015	2016	2017
Percentage of total sales volume of consumer products, by product category, that are lowered in saturated fat, trans-fats, sodium and added sugars				
- Dairy	20	19	18	17
- Foods	8	10	10	8
- Juice	0	0	0	0
- Bakery	0	0	0	0
Percentage of total sales volume of consumer products, by product category, that contain increased nutritious ingredients				
- Dairy	0	2	2	2
- Foods	0	0	0	0
- Juice	0	0	0	0
- Bakery	11	13	16	19

Workforce health and safety

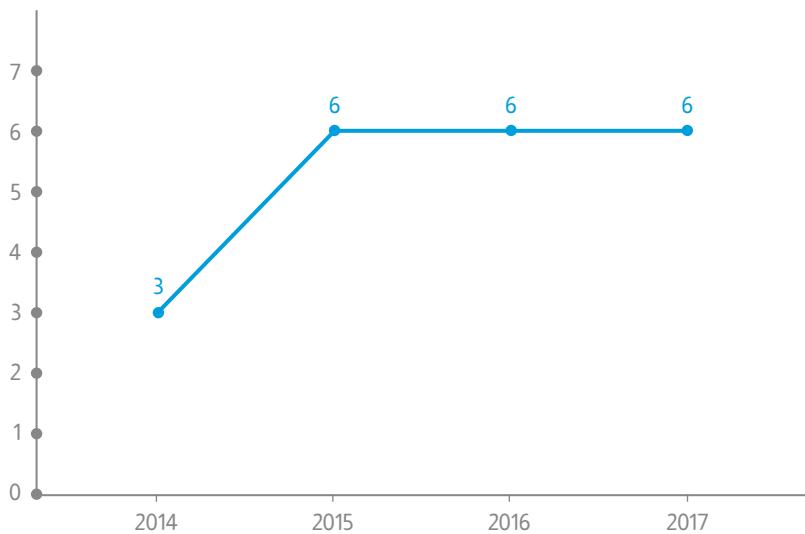
Our greatest asset is our employees, their health and safety are extremely important to us at Almarai. We protect our employees by applying international occupational health and safety standards, introducing policies to stimulate employee engagement, and encouraging communication between employees at all levels.

We have a two-level health and safety policy. Level one operates at the corporate level, from which individual divisions and business units develop their own distinct level two policies, tailored to reflect their particular hazard profile and management structure. The corporate level one policy includes the Almarai “Safe Person and Safe Place Strategy” which defines

our approach to safe management of assets and people. Taking our commitment one step further, we have a group Health, Safety, and Security (HSS) forum who develop HSS strategy, performance, standards and guidelines.

Employee welfare is extremely important to Almarai, and we have introduced a program to reduce vehicle-related accidents by 20%, so that we protect the safety of our people and the communities where we serve. We are also in the process of enhancing our occupational health provision and facilities so that we can provide an even higher level of care and medical services to Almarai staff living at our facilities.

Average hours of health and safety training per employee trained



Through our own initiatives and ambitions we seek to contribute to NTP 2020 initiatives and targets:



- Increase the ratio of organizations complying with occupational health and safety from 0% to 80%
- Launch of the national strategic program for the development and promotion of occupational health and safety in private sector facilities
- SAR 45.0 million government budget to support public and private sectors health and wellness programs





Reduce natural resource use and waste

At Almarai, reducing natural resource use and waste means focusing on leaner production and distribution methods and decreasing our dependence on fossil fuels.



Reduce natural resource use and waste

Our aim is to reduce our impact on the environment by lowering our greenhouse gas emissions, energy use, water consumption, and waste generation throughout our value chain.

Material issues	Ambitions
Climate change mitigation and adaptation	To work towards becoming a net-zero impact company, dedicated to producing innovative solutions to emerging sustainability challenges.
Energy and fuel efficiency	To implement technologies, systems and processes to increase the proportion of energy and fuel consumption from sustainable sources.
Water protection	To champion commercial water stewardship across GCC.
Packaging and waste reduction	To work towards becoming a zero to landfill company.

Reducing our environmental impact is integral to the holistic success of Almarai. We continually work on reducing the environmental footprint of our business. Our aim is to reduce our impact on the environment by lowering our greenhouse gas emissions, energy use, water consumption, and waste generation throughout our value chain. Our Sales, Distribution and Logistics division achieved Environmental Management Systems ISO 14001:2015 certification in January 2017.

Water conservation and sustainable farming methods are central to fulfilling our growth strategy. In 2011, we committed to invest significantly overseas, to improve domestic efforts in water conservation. We intend to review our electricity consumption with the aim of a substantial reduction in the amount of power used by our facilities, thus reducing Almarai's carbon footprint.

Climate change mitigation and adaptation

We continually work on reducing the environmental footprint of our business, in part, because we are conscious of the inherent risks to our business from climate change. Climate change potentially creates risks for agricultural production including drought, pest and disease issues. These can pose challenges to maintaining and increasing production levels over

the long term. We are continually looking at adapting our practices in order to enable us to meet our production needs now and in the future.

Our cold chain distribution system relies upon refrigeration at all stages, from farm to shelf. We are constantly improving efficiencies in this area, and starting in 2018 we will be introducing multiple temperature vehicles, which can hold a range of ambient, chilled and frozen products, to better serve consumers and save energy while keeping our variety of products at a safe and appropriate temperature.

We are aware that the use of certain refrigerants such as R22 contribute to climate change. We are currently replacing R22 refrigerants with Chlorofluorocarbons (CFC) free alternatives such as R134A and R404A, which not only perform better, but also reduce atmospheric emissions that contribute to global warming.

We have deployed a large number of fridges in shops and supermarkets across the GCC. This represents a substantial amount of energy consumption and we are actively working to improve the efficiency of these fridges through a variety of solutions across numerous outlets. These solutions

include better doors, better insulation, and moving the cooling element outside the store, thus reducing the demand on in-store air conditioning and freeing up extra shelf space to hold more products. We have also started to introduce simple solutions to maintaining temperatures in our in-store fridges,

such as thermal blinds, which keep our open-door fridges insulated at night while not in use.

One of our key aims is to reduce our impact on the environment by improving our energy and fuel efficiency.



Our performance summary	2014	2015	2016	2017
Administration				
Scope 1 (direct) emissions (metric tons CO ₂ e)	13	13	22	156
Scope 2 (indirect) emissions (metric tons CO ₂ e)	4,439	6,455	6,580	6,562
Total (metric tons CO ₂ e)	4,452	6,469	6,602	6,717
Manufacturing				
Scope 1 (direct) emissions (metric tons CO ₂ e)	95,765	117,756	200,815	228,655
Scope 2 (indirect) emissions (metric tons CO ₂ e)	310,516	311,663	325,012	357,785
Total (metric tons CO ₂ e)	406,281	429,419	525,827	586,440
Manufacturing emissions intensity (metric ton CO ₂ e / metric ton production) - GCC only	0.23	0.23	0.27	0.30
Farming				
Scope 1 (direct) emissions (metric tons CO ₂ e)	834,888	885,407	960,107	924,948
Scope 2 (indirect) emissions (metric tons CO ₂ e)	225,129	175,210	180,278	201,424
Total (metric tons CO ₂ e)	1,060,016	1,060,618	1,140,385	1,126,372
Sales, Distribution and Logistics				
Scope 1 (direct) emissions (metric tons CO ₂ e)	122,184	130,291	136,029	138,632
Scope 2 (indirect) emissions (metric tons CO ₂ e)	53,295	79,351	86,363	92,864
Scope 3 emissions from Almarai refrigerators in outlets (metric tons CO ₂ e)	NIA	NIA	NIA	686,547
Total (metric tons CO ₂ e)	175,478	209,642	222,392	918,043
Emissions from refrigerant leakage and replacement				
Manufacturing (metric tons CO ₂ e)	18,479	20,661	19,328	17,401
Sales, Distribution and Logistics (metric tons CO ₂ e)	131,862	144,913	161,783	160,133
Total (metric tons CO ₂ e)	150,341	165,574	181,111	177,534
Note: NIA stands for no information available.				

Through our own initiatives and ambitions we seek to contribute to NTP 2020 initiatives and targets:



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- Reduce CO₂ emissions from 28 billion SCF / day to 26 billion SCF / day
- Reduce percentage of Sulphur content in diesel and gasoline from 500 and 10,000 ppm respectively, to 10 ppm for each

Energy and fuel efficiency

Rising fuel costs and the greenhouse gas emission associated with fuel and electricity consumption have an impact not only on the environment but also on our financial bottom line.

Almarai's Energy Team is currently working to produce an energy roadmap, outlining how Almarai will improve its energy competencies through energy efficient generation from sustainable sources. In 2017, Almarai launched three solar power projects capable of producing 17.0 MW of power. In 2018, two solar power projects are expected to generate 25% of the electricity demand for our Dubai and Riyadh East depots respectively, thus reducing our dependence on fossil fuel-based electricity.

Another initiative seeks to reduce electricity consumption by 25 million kWh annually. Phase 1 of a massive LED retrofit lighting program started with our sales depots in 2017 and will expand in 2018 to include our major manufacturing hub at Al Kharj. In addition, all newly constructed facilities at Almarai will include LED lighting as standard and where

appropriate, motion sensing technology will be used to save energy in unoccupied areas.

During 2017, we explored innovative ways of improving fuel efficiency, with the use of biofuel in our UAE vehicles. Reducing the need for fossil fuels, this initiative is going well, and we aim to roll out biofuel blends in over 400 vehicles in the UAE by the end of 2018.

We have conducted a trial in Dammam, to reduce unnecessary fuel consumption by automatically switching off sales vans when not in use. This helps reduce emissions and unnecessary fuel consumption.

Moreover, route rationalization initiatives have been implemented to ensure that no trucks are on the road unnecessarily. We have a project underway to develop a new tray / pallet solution for our Bakery division, which will improve the distribution efficiency of our bakery products, allowing more product to be delivered in every truck and thus reduce the number of trucks required.

We have several energy and fuel efficiency projects running company-wide to reduce energy consumption, including:

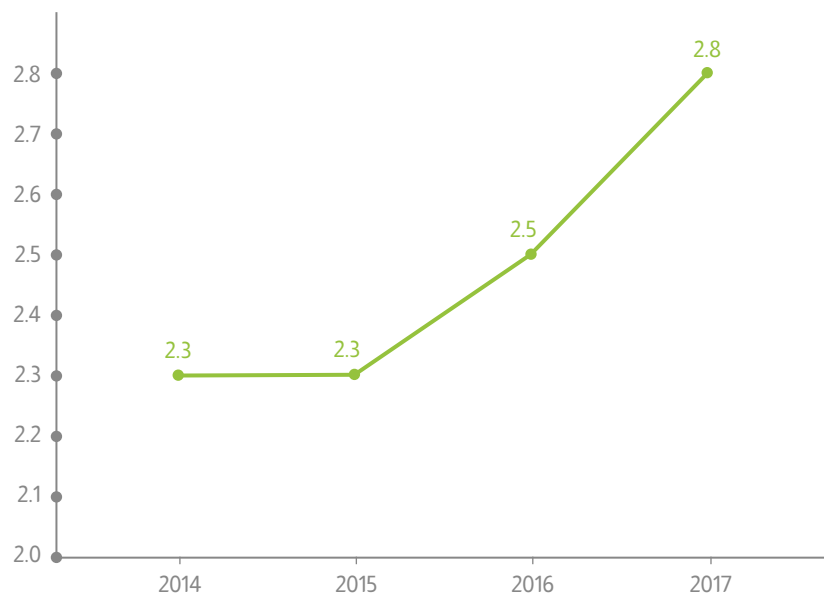
- Replacing the pastry line cooler with a more efficient cooler
- Utilizing central governors to reduce energy loads on air compressors
- Installing energy economizers in boilers
- Upgrading to a central refrigeration plant with an improved air conditioning system
- Switching off machinery when not in use
- Newly installed water boilers in one of our older processing plants



Almarai is assessing innovative ways to reduce the number of trips our trucks make, such as developing a smart pallet project, which optimizes our pallet design, enabling a truck to hold more products and deliver more load stability.

Our energy and fuel efficiency programs not only reduce energy and fuel use but also optimize deliveries of fresh products, so they get to the consumer as fresh as possible.

Manufacturing energy intensity (gigajoule / metric ton production)



Our performance summary

	2014	2015	2016	2017
Administration (gigajoule)	19,727	28,599	29,270	31,096
Manufacturing (gigajoule)	4,019,728	4,393,412	4,883,178	5,443,889
Farming* (gigajoule)	12,576,275	10,944,608	10,560,168	10,081,786
Sales, Distribution and Logistics (gigajoule)	2,127,176	2,367,495	2,487,367	2,555,443
Almarai owned refrigerators in stores (gigajoule)	NIA	NIA	NIA	3,021,331

Note: NIA stands for no information available.

*KSA only.

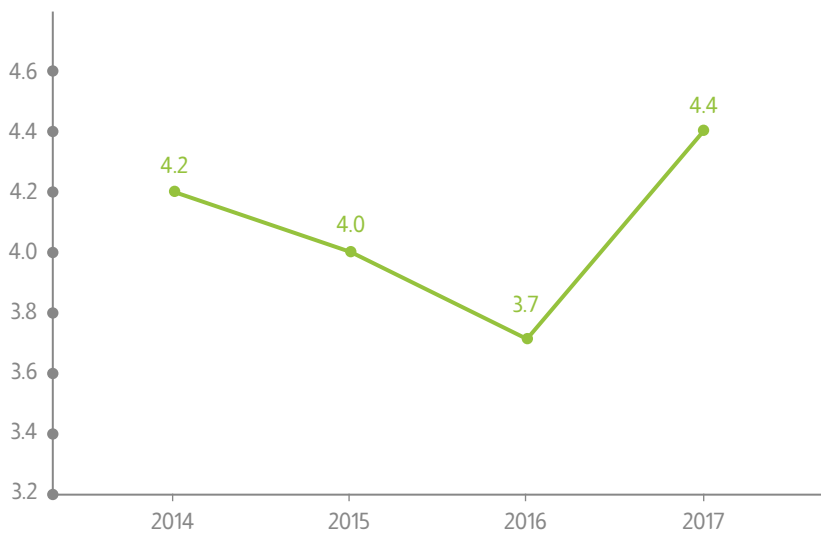
Water protection

In line with Saudi Arabia's Vision 2030, and considering Saudi Arabia's current and impending water challenges, water conservation and stewardship are at the forefront of our environmental goals. We continue to be successful in reducing our impact on the environment through water protection, a key achievement being that we are on track to secure 100% of our alfalfa crop needs for our dairy herds from outside Saudi Arabia from 2019 onwards, in a move that will help

efforts to decrease water consumption in Saudi Arabia.

Our innovations in wastewater technologies have achieved a 50% reduction in sanitary water tanker deliveries and a 30% reduction in sewage tanker dispatches through an initiative in one of our distribution centers. Selling batteries, filters and used oil for recycling has also facilitated our efforts to minimize potential land and ground water contamination.

Manufacturing water intensity (m³ / metric ton production)



Our performance summary

	2014	2015	2016	2017
Water consumption				
Administration (m ³)	13,894	17,110	17,345	17,798
Manufacturing (m ³)	7,257,740	7,462,860	7,424,814	8,799,823
Water recycling and reuse				
Total water recycled and reused (m ³)	1,363,893	1,617,410	1,548,598	1,697,392
Percentage of water recycled and reused	17	20	18	17
Water discharge				
Total water discharge (m ³)	1,989,802	1,827,160	2,054,962	2,341,099

Through our own initiatives and ambitions we seek to contribute to NTP 2020 initiatives and targets:



- Decrease water used in agricultural sector relative to total available renewable water from 416% to 191%
- Increase efficiency of renewable water consumption for agriculture from 17 billion m³ / day to 10 billion m³ / day
- Increase renewable water resources used in the agricultural sector from 13% to 35%
- Install metering gauges in 30% of agricultural wells

Packaging and waste reduction

We have secured many benefits from re-designing plastic bottles. In one such re-design by allowing bottles to be made with less plastic, we cut the amount of plastic used in manufacturing in 2017 by 174.0 metric tons and 668.0 metric tons in 2016. A revised shape for our family-serve juice bottle allowed us to add 50% more bottles to crates, which resulted in 3,900 fewer truck movements in 2017.

Where possible, we seek to recycle as much packaging and process waste as we can from both our manufacturing and distribution facilities. We now recycle waste cardboard and shrink wrap from our sales depots. This is collected by a waste management company and recycled into various other materials, diverting it from landfill.

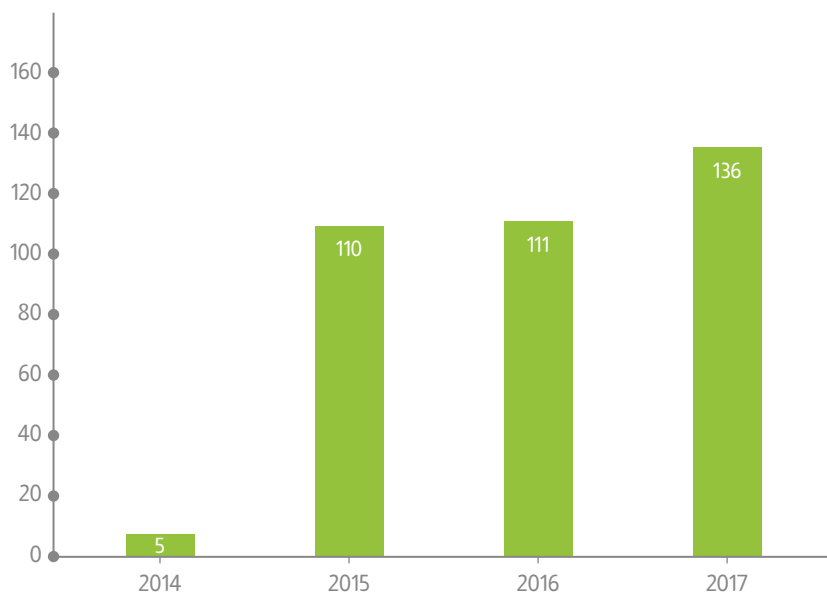
We have a range of initiatives ongoing to reduce the packaging weight of our products while maintaining the integrity of the packaging. For example, we have recently reduced our 360ml PET (polyethylene terephthalate) bottle weight from 24.5g to 21.5g, a reduction of around 12% and will be implementing a 6% reduction in the weight of our 1.5 liter juice bottle later in the year.

We are also investing in innovative packaging machinery technology to improve packaging efficiency in our processing plants. This includes organizing the packing of our products in crates more efficiently to reduce the total number of plastic crates needed to transport our products.

We are constantly evaluating how well our packaging protects our products in the supply chain. We are continuously improving our packaging technology to maintain the best possible freshness and taste.

Another way we decrease the environmental footprint of our business is through a reduction in food waste or food-related waste. We are looking at ways of ensuring products are not returned and identifying how we can create value from waste by recycling packaging or, via water recovery, conversion of fats to biofuels, and protein recovery for animal feed. Also, we have set a target for reducing waste on our bakery production lines by 10%.

Returned packaging recycled (metric tons)



Our performance summary


Percentage of card board coming from recycled materials used as an input material

	2014	2015	2016	2017
Percentage of card board coming from recycled materials used as an input material	60	64	65	63

Through our own initiatives and ambitions we seek to contribute to NTP 2020 initiatives and targets:



- Increase percentage of recycled & treated waste from 15% to 40%
- Increase percentage of industrial waste to be recycled from 35% to 54%
- SAR 253.0 million government budget to develop municipal waste management systems



At Almarai,
nurturing and rewarding
colleagues means
attracting, developing,
and retaining
a motivated and
diverse work force.

Nurture and reward colleagues



Nurture and reward colleagues

At Almarai, we cherish our long term relationships with our most valuable asset - our employees.

Material issues	Ambitions
Local leadership development	To attract, develop, and retain talented locals, strengthening our workforce in line with Vision 2030 and our strategic objectives.
Employee satisfaction and equal opportunity	To achieve top quartile employee satisfaction and balanced workforce in line with local legislation, customs, and attitudes.
Training, development and retention	To train, develop, and retain top talent.

In line with Saudi Arabia's Vision 2030, we prioritize the development of local leadership and are committed to attracting, developing, and retaining a motivated and diverse workforce in Saudi Arabia and all the regions in which we operate.

The Almarai Leadership Competency Framework is helping to foster a performance culture by providing a consistent approach to attracting, managing,

developing, and retaining talent. We are also aiming to increase the number of employees using our e-learning solutions by 25%. The Almarai Future Leadership Program, our Graduate Professional Trainee scheme for new graduates and the Dairy and Food Polytechnic are just a few of Almarai's initiatives that demonstrate our commitment to support our employees and their leadership and professional development.



Workforce profile

	2014	2015	2016	2017
Number of employees*	35,051	38,562	40,006	38,137
- Male employees	34,432	37,831	39,215	37,412
- Female employees	619	731	791	725

*GCC only, excludes Teeba, Beyti and Fondomonte.

Local leadership development

At Almarai, we are committed to prioritizing the development of local leadership. We have a target of increasing Saudization by one percent every year. We are proud of our status of Platinum level Saudization in the Nitaqat Program, which aims to Saudize jobs in the Saudi private sector, with 26% of our KSA staff being Saudi nationals.

Our dedication to our local staff does not end with their employment. We run several leadership and professional development initiatives for Saudi

employees, including the Almarai Future Leaders program, the Graduate Professional Trainee program, the Dairy & Food Polytechnic, and the Almarai Sales Academy.

In the broader sense, our community involvement focuses on supporting education and excellence through initiatives such as the Almarai Award for Scientific Innovation, the Almarai Education Excellence Award for Arab students in the GCC, and the Almarai Award for Veterinary Excellence.



Our performance summary

Saudi Arabia

	2014	2015	2016	2017
- Number of Saudi employees	6,971	7,525	8,562	8,568
- Number of Saudi female employees	561	656	691	622
- Percentage Saudization among total workforce	23	22	25	26
- Percentage Saudization of middle management	16	17	17	18
- Percentage Saudization of senior management	13	12	13	16

Employee satisfaction and equal opportunity

Ensuring employee satisfaction and equal opportunity, including and especially for female employees is a priority for Almarai. Our objective is to provide equal career opportunities in the markets where we operate, where we aim to employ increasing numbers of women.

We take a holistic approach to addressing the health and well-being of our employees. In Jeddah, we have begun a project to increase office space in one of our plants, so that employees will be seated in ergonomically sound areas, overcoming overcrowding, health, and safety issues, concurrently promoting an effective work environment for our employees.

Almarai has several initiatives in place to increase employee satisfaction, from annual service awards to employee outings, and even an e-application providing discounts and other benefits. We endeavor to keep our employees satisfied, engaged and motivated. All employees are entitled to benefits such as life insurance, annual leave, and full-time employees receive housing or a housing allowance and transportation. We offer our staff at our processing plant in Al Kharj various options to relax and socialize, including sports facilities, pool halls, computer and games rooms. We are installing lighting at our cricket pitch, so our staff can play in the evenings.



We have also improved access for expatriate employees to order their home visit flights. They now have three supplier options and can select from a wider range of flight options. In 2018, we will be conducting a company-wide employee satisfaction survey. Based on the results of the survey, we will identify actions to ensure our employees are engaged, motivated and content.

Our performance summary

	2014	2015	2016	2017
Female employment rate (%)	2	2	2	2
Number of women in middle management	0	0	0	2
Number of women in senior management	0	0	0	1
Number of board seats occupied by women	0	0	0	0
Number of full time employees with a disability	0	0	0	734
Number of part time employees with a disability	0	0	0	0
Formal incidents of discrimination reported	0	0	0	0
Percentage of working time lost due to industrial disputes, strikes and / or lock-outs	0	0	0	0

Through our own initiatives and ambitions we seek to contribute towards the NTP 2020 initiatives and targets:



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الوطني 2020

- Strategic objective: Create a safe and attractive work environment, which relates to Vision 2030 objectives: Create an attractive environment for world talents
- Increase the percentage of employees who have been professionally examined to 50%
- Increase the proportion of female labor force from 23% to 28%

Training, development, and retention

At Almarai, we recognize that we are only as strong as our employees, and we are committed to attracting, developing, and retaining a motivated and diverse workforce.

To ensure our employees have the required knowledge and skills to perform their roles effectively, Almarai has a comprehensive Training Policy that covers all aspects of training. Our Training Policy addresses all key elements in an annual training cycle, including training needs assessment, training plan, training delivery, training evaluation, and new employee induction. It also addresses education assistance for employees, study leave, summer and co-op trainee programs.

The Almarai Leadership Competency Framework is helping to foster a performance culture by providing a consistent approach to attracting, managing, developing, and retaining talent. We have implemented a program for developing in-house talent and planning for succession at several management levels within the Company. We have a number of e-learning solutions and are aiming to increase the number of employees using them by 25%.

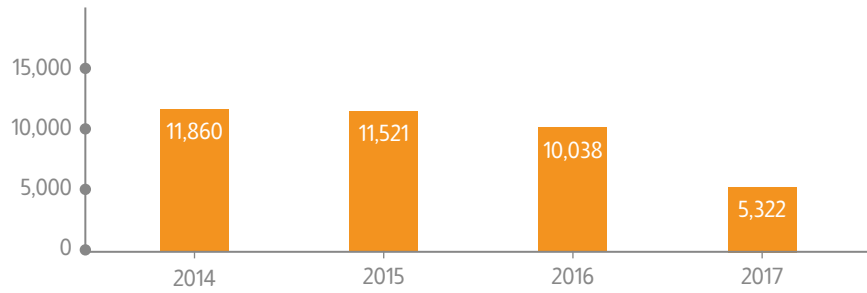
The Graduate Professional Trainee Program, which employs hundreds of talented graduates, the Almarai Sales Academy, and the Almarai Driving School are three of our most successful training and development programs at Almarai.

The Almarai Sales Academy aims to provide the highest standards and to enable people to excel in their professions and grow in their careers while meeting the organization's succession plans. Our Almarai Driving School is an innovative, inclusive program that provides driving lessons for the lorry and heavy truck drivers who join the Company every year as its fleet grows.

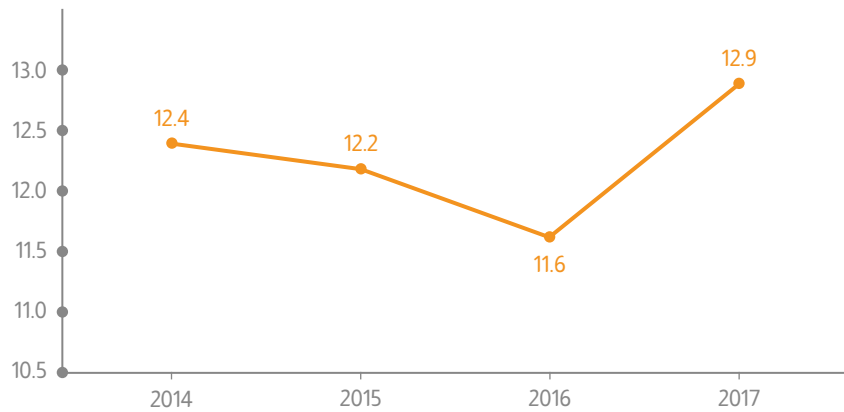
We also perform talent assessments using psychometric assessments to identify leadership potential and training needs. Each department conducts training needs analyses and all middle and senior management employees receive this on an annual basis. Once training needs are identified, corresponding training programs are developed to meet those needs, and we are currently in the process of further systematizing this process.

In 2017, Almarai executive management were provided business development and change management training at International Institute for Management Development (IMD) in Lausanne, Switzerland. In 2018, senior management will be provided with training through the IMD program.

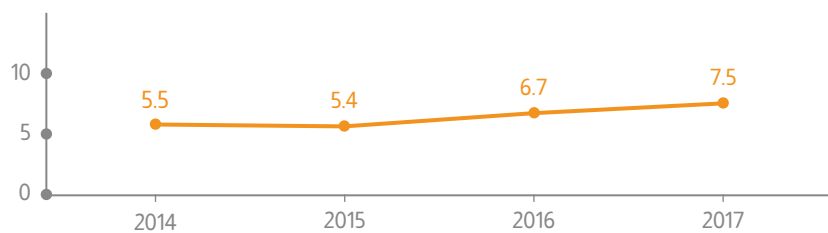
New employee hires



Voluntary employee turnover (%)



Average hours of training per employee



Through our own initiatives and ambitions we seek to contribute to NTP 2020 initiatives and targets:



National
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Program 2020
برنامج التحوّل
الوطني 2020

- Raise the number of Saudis who have completed online training, hybrid, and on-the-job training from 36,000 to 1 million
- 6,000 Saudis to benefit from the Potential Leadership Development Programs





مخبوزات
Bakery

المراعي
Almarai

تستحق الثقة
Quality you can trust



منتجات ألبان
Dairy

أطعمة متنوعة
Food Products

At Almarai, generating significant economic value means operating a growing and profitable business that consciously contributes to the communities around us.

**Generate
significant
economic
value**

Generate significant economic value

We continuously work to add real economic value through our business activities, every day.

Material issues	Ambitions
Product innovation and new market access	To grow our business by meeting changing consumer needs.
Efficient and profitable business	To deliver sustainable value to all stakeholders and to become an internationally recognized food and beverage company.
Productive capacity expansion	To increase our sales to maximize use of production capacity.
Community investment	To enhance our reputation as a responsible company.

Almarai is the largest food and beverage manufacturer and distributor in the Middle East with unique regional coverage, reaching a market capitalization of SAR 53.75 billion in 2017. Our goal is to generate significant economic value for all our stakeholders by recognizing the need to improve value generation across our supply chain.

Almarai recognizes the need to continuously work on the key levers that generate value:

- Growth through productive capacity expansion, product innovation to meet changing consumer needs and expanding into new markets geographically
- Continuously improving efficiency and reducing costs – being an efficient and profitable business
- Enhancing cash flow generation by managing working capital effectively, investing wisely and ensuring that assets are used productively, which is a result of sustainable growth
- Community investment to ensure that all stakeholders see returns from the economic value generated by Almarai

We are strongly aware of the need to add real economic value through our business activities, and in 2017 we calculate that our EVA (economic value added) was 2.7% or SAR 677.0 million, compared with 3.2% or SAR 757.0 million in 2016.

This was based on invested capital of SAR 25,090 million in 2017 and SAR 23,958 million in 2016.

Product innovation and new market access

Our ability to innovate has always been the cornerstone of our success. Since 1999 Almarai has diversified into Juice, Bakery, Poultry, and Infant Nutrition. Every year we bring new products to the market under our existing brands, while we continually seek new opportunities for growth and diversification through expanding into new business lines. In 2017 alone, 187 new product innovations were introduced. Our proven ability to create new, innovative products has made us one of the world's most innovative companies and has propelled us into our strong leadership position, further fueling our drive to create compelling value for our consumers and our shareholders by meeting changing market demands.

#33 on Forbes “The world’s 100 most innovative companies”

Our investment in people likewise underlines our belief in innovation. Almarai has always sought the best technical experts in the food and beverage industry from around the world. It is through our skilled team that we have been able to development innovative, new products and develop relationship enabling our successful expansion into new markets.

Efficient and profitable business (Almarai Company)

Our success continues to be driven by increasing operational efficiency gains and cost optimization, which when combined with production and sales growth translates to an improved bottom-line and additional cash flow generation.

Our Triple A Program – Agility, Accountability, Action – touches every part of our business and is a fundamental part of our broader efforts to becoming a more efficient and profitable company. The program requires all managers to continuously identify ways of reducing costs or working more efficiently. In 2017, Triple A delivered savings of SAR 300.0 million.

We also support our overall profitability through the Almarai Continuous Excellence (ACE) scheme that seeks to deliver efficiency improvements through operational process enhancements, innovative technological developments and cost optimization across Almarai. Among the many innovations arising from ACE is a new program that allows our

merchandisers to provide real-time information on stock positions in the retail outlets we serve. This lets us replenish goods faster and adjust merchandising in store.

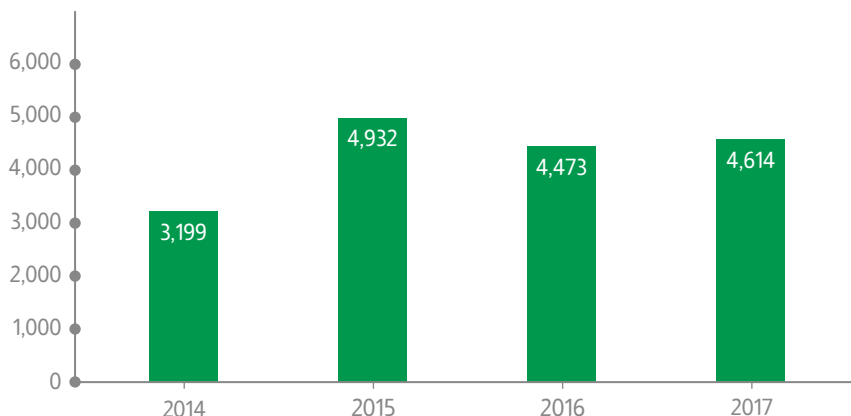
400 operational efficiency projects in 2017

In total, there were 400 operational efficiency projects in 2017, which helped contribute to a growth in net profit of 1.6%, reaching SAR 2,182.0 million. Since 2014, net profit has grown by 30%. Our profitability has enabled us to create shared economic value for our shareholders and other stakeholders in the countries where we operate, through national tax contributions, payments to suppliers of goods and services, and employee wages and benefits.

Cash flow generation and returns to shareholders

In 2017 our cash flow generated from operating activities rose by 3.2% to SAR 4,614.0 million reflecting our ability to continuously improve returns from our assets. This allowed us to pay dividends to shareholders of SAR 750.0 million in 2017, a 4.2% increase from 2016, with dividends per share at SAR 0.75.

Cashflow Generated from Operating Activities (SAR million)



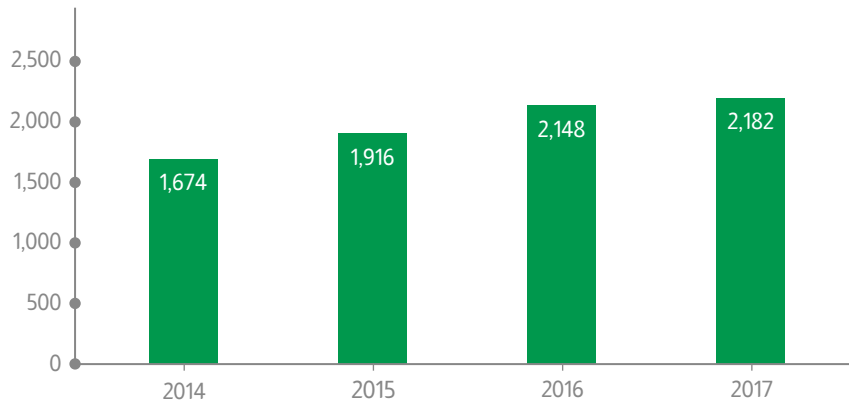


Our performance summary (Almarai Company)	2014	2015	2016	2017	% Change (2016-17)
Net Sales (SAR million)	12,606	13,795	14,339	13,936	-2.8
Net Sales (SAR million)*	11,514	12,533	12,921	12,873	-0.4
Operating Costs (SAR million)	6,698	7,229	7,071	6,601	-6.6
Profit for the year (SAR million)	1,674	1,916	2,148	2,182	1.6
Net Profit (SAR) per metric ton of production (Almarai Company)	949	1,013	1,067	1,083	1.5
Dividends to Shareholders (SAR million)	600	690	720	750	4.2
Dividend per Share (SAR)	0.60	0.69	0.72	0.75	4.2
Employee Wages and Benefits (SAR million)	2,483	2,846	2,933	2,832	-3.4
Interest payments made to providers of loans (SAR million)	209	230	351	401	14.2
Payments to government (taxes and penalties) (SAR million)	344	390.2	413.5	394.9	-4.5
Cash Flow Generated from Operating Activities (SAR million)	3,199	4,932	4,473	4,614	3.2
Return on Invested Capital (ROIC)	9.3%	10.3%	10.2%	10.1%	-
Capital Expenditure (SAR million)	2,740	4,005	4,497	2,744	-39.0
Economic Value Added (EVA)	2.3%	3.3%	3.2%	2.7%	-
Total Capitalization					
Total Equity (SAR million)	11,631	12,618	13,478	14,881	10.4
Total Liabilities (SAR million)	12,318	14,753	15,716	17,015	8.3

*GCC only, excluding Teeba, Beyti and Fondomonte.

For more information on our financial and operational performance see our Annual Report 2017.

Net Profit (SAR million)



Productive capacity expansion

As our company grows, we aim to maximize the use of our facilities. We do this by upgrading and increasingly automating our manufacturing facilities and distribution centers to increase efficiency, capacity and to lower costs. When feasible, we also construct new facilities to position us to meet future market demand.

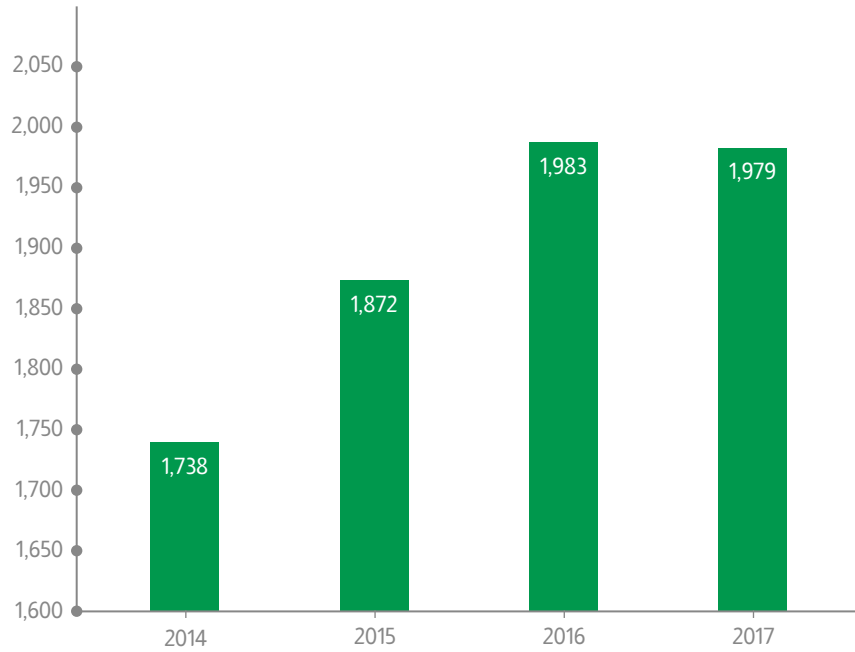
Driven by productive efficiency gains, we recently upgraded our poultry production plant in Hail, which is one of the world's largest facilities of its kind, and in November 2017, we commissioned a new dairy processing plant in Al Kharj, a capital investment of SAR 1.2 billion. Our Infant Formula plant is one of the most advanced in the world, with experts working on the latest innovation.

Capacity is always growing, from the size of our herd of cows to the number of chickens we process. Our new juice production lines make 900 bottles of juice per minute.

Almarai's overseas farms occupy tens of thousands of hectares and produce hundreds of thousands of tons of alfalfa and soybean every year. This feed-stock is shipped to Saudi Arabia to our dairy and poultry farms. Our cattle yards provide shaded housing, air cooling, and showers for Almarai's herd of 188,000 Holstein cows. Each cow produces more than 40 liters of milk daily, totaling over a billion liters annually. Our poultry farms operate to the same exceptionally high standards. Our poultry processing plant has production capacity of 200 million chickens per annum.

In our Sales, Distribution and Logistics division, more than 20,000 staff look after transport, warehousing, maintenance, planning, and 89 sales depots. They supply fresh Dairy, Juice, Bakery, and Poultry products to over 110,000 retail outlets – achieving 99% on-time delivery. At any given time, there are 1,300 Almarai trucks on Middle East roads.

Total production volume in GCC (million metric tons)



Our performance summary

Number of manufacturing plants

2014

2015

2016

2017

6

6

7

8

Community investment

Almarai is committed to supporting selected vulnerable groups in the communities where we operate. Through education, donation, and other programs, we provide a greater positive impact every year. We aim to reach as many people in need as we can, supporting school children with snacks and rewarding Saudis with four prestigious awards programs. To date, we have awarded 63 awards for various academic and social achievements and set up a polytechnic school to start students on

valuable career journeys. We also support mothers of disabled children, families of prisoners and our senior management gift food baskets to families in need and, in 2017, our total value of community development initiatives accumulated to around SAR 26.2 million. Our CSR (corporate social responsibility) team is evaluating and seeking ways to support the communities in which we work. During the past two years, we estimate that around 20% of our company-wide programs were need based. With our commitment to CSR and in the context of striving

to improve the health and wellness of communities throughout the region, we are constantly developing and innovating our programs through collaborative efforts to raise awareness on the importance of nutrition and health.

In 2018, we will develop and publish a Community Investment Policy, outlining our comprehensive approach to engaging in CSR activities.



Our performance summary	2014	2015	2016	2017
Total financial value of community investment initiatives (SAR million)	25.3	25.5	25.8	26.2
Community investment as a percentage of net profit	1.5	1.3	1.2	1.2
Programs to support vulnerable groups				
Number of schools provided with student snacks	-	-	600	730
Number of foods baskets provided to lower income groups (families, families of prisoners, weddings)	-	-	6,700	8,700
Total financial value (SAR million)	-	-	1.8	2.7
Programs to support educational, technical and vocational (TVET) development				
Number of Almarai TVET beneficiaries	642	733	707	751
Total financial value (SAR million)	27.6	32.1	31.7	46.2
Almarai award programs				
Number of award winners	61	61	62	63
Total financial value (SAR million)	2.6	2.7	2.7	2.7

Through our own initiatives and ambitions we seek to contribute to NTP 2020 initiatives and targets:



- Launch an initiative to identify, design and implement CSR opportunities for private sector in 2016
- Raise students involved in extra-curricular activities outside the school program from 15% to 55%
- Increase the number of volunteers in third sector organizations from 35,000 to 300,000
- Third sector spending for developmental programs to increase from 21% to 51%

Appendices

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Appendix A: Defining the issues that matter the most

To ensure we focus our efforts on the sustainability issues that matter most to our business and our stakeholders, we have conducted a formal materiality assessment process to identify and prioritize the economic, social, environmental and governance issues relevant to our business.

In line with the materiality assessment process set forth in the Global Reporting Initiative (GRI) Standards, we compiled a comprehensive list of relevant sustainability issues based on a detailed review of international guidelines and standards, such as the GRI Standards, the GRI G4 Food Processing Sector Supplement and the

Sustainability Accounting Standards Board (SASB), national and international sustainable development frameworks, and peer companies in the food and beverage industry.

We then analyzed the potential effects of each issue on stakeholders, surveyed stakeholders to rate the importance of each issue, and prioritized the issues accordingly. Company management conducted a final review of our materiality matrix to ensure that the range of issues included provides a complete representation of the organization's significant sustainability impacts.




Sustainability framework pillar	Material issue	Concerned stakeholders
Promote responsible consumption	Food waste reduction	
	Responsible marketing	
	Consumer health and choice awareness	
Ensure ethical and sustainable sourcing	Sustainable procurement	
	Sustainable land use and biodiversity protection	
	Animal welfare	
Prioritize quality and safety	Food safety and quality	
	Product nutrition and health	
	Workforce health and safety	
Reduce natural resource use and waste	Climate change mitigation and adaptation	
	Energy and fuel efficiency	
	Water protection	
	Packaging and waste reduction	
Nurture and reward colleagues	Local leadership development	
	Employee satisfaction and equal opportunity	
	Training, development and retention	
Generate significant economic value	Efficient and profitable business	
	Productive capacity expansion	
	Product innovation and new market access	
	Community investment	




ESG rating agencies		1 respondent
Investors		10 respondents
Almarai / Almarai employees		222 respondents
Government regulatory bodies		10 respondents
Civil society organizations		2 respondents
Consumers		430 respondents

Appendix B: Stakeholder mapping

As part of our materiality analysis, we conducted several internal workshops to identify our most important stakeholders. Below is an output of the workshops, identifying the importance of each

stakeholder group to Almarai, their needs and expectations, channels for engagement with each group, along with specific measures in place to respond to our stakeholders.

Stakeholders	Importance	Needs and expectations	Almarai engagement channels	How Almarai is responding
Investors 	<p>Our shareholders provide the capital necessary for sustainable growth; therefore, Almarai's future growth and success ultimately depends on its ability to attract investment domestically and internationally. We are committed to delivering long term sustainable returns for investors in a growing range of diversified product lines.</p>	<ul style="list-style-type: none"> • Financial performance, efficient production and growth • Dividends • Contribution to economic development • Share price • Data disclosure and credibility • Customer satisfaction • Market share 	<ul style="list-style-type: none"> • Board of Directors meetings • Public reports • Shareholders' Rights Policy • Investor Relations 	<ul style="list-style-type: none"> • Annual Report, Corporate Governance Code, Financial reports, Earnings presentations, etc. • Net income growth
Consumers 	<p>Our consumers are at the heart of our business. We want consumers across the region to think Almarai first when purchasing food and beverages. Building trust and ensuring that our products are the best is essential to our continued growth.</p>	<ul style="list-style-type: none"> • Product and ingredients quality, freshness and safety • Product nutritional value and health implications • Product price • Brand reputation • Environmentally sound production practices • Animal welfare • Fair and ethical marketing • International recognition and certificates • Direct communication channels 	<ul style="list-style-type: none"> • Social media channels • Visitor tours • Website • Call center • Electronic mail 	<ul style="list-style-type: none"> • Direct dialogue with consumers on social media, including Facebook, Twitter, YouTube, Instagram and more • Monthly consumer surveys • Consumer hotline • Email newsletter
Employees 	<p>Our employees are paramount to our business success, as they hold the commitment, dedication, and intellectual capital to drive innovation within our organization and deliver on our strategy.</p>	<ul style="list-style-type: none"> • Fair payment and benefits • Equal opportunity • Engagement and motivation • Transparent hierarchies • Job security • Training and career development • Safe work environment • Grievance mechanisms 	<ul style="list-style-type: none"> • HR Policy • Training and development program • Training needs analysis • Employee grievance mechanism • Employee satisfaction surveys (on an ad hoc basis) 	<ul style="list-style-type: none"> • Housing allowance and transport • Life insurance • Annual service award • Gym and leisure areas • Outings and sporting events • Talent assessments • E-learning and training program • Management courses

Stakeholders	Importance	Needs and expectations	Almarai engagement channels	How Almarai is responding
<p>Governmental regulatory bodies</p> 	<p>We deeply value our relationships with our regulators and other government stakeholders, as they help us ensure that we effectively manage risks to our business and produce safe, quality products for consumers. We are committed to complying with all legal and regulatory requirements.</p>	<ul style="list-style-type: none"> • Compliance with national legislation & regulation • Contribution to economic development • Environmentally sound production practices • GHG emissions and impact on climate • International recognition and certificates 	<ul style="list-style-type: none"> • Internal audit • Stakeholder meetings and open dialogue • Public reporting • Working closely with regulators to develop improved standards 	<ul style="list-style-type: none"> • Corporate Governance Code • Annual Report • Sustainability Report • Regulatory team meet regularly with government bodies representatives • Corporate affairs team meetings • Government forums
<p>ESG rating agencies</p> 	<p>As we are committed to improving our Environmental, Social and Governance, or ESG, performance. ESG rating agencies play an important role in determining whether we are heading in the right direction, by identifying crucial areas for improvement.</p>	<ul style="list-style-type: none"> • Publicly disclosed data about our ESG performance, including strategies, targets and goal, methods for evaluation, policies, and procedures 	<ul style="list-style-type: none"> • Investor Relations • Public reporting 	<ul style="list-style-type: none"> • Corporate Governance Code • Annual Report • Sustainability Report
<p>Civil society organizations</p> 	<p>As a people centric business, we believe that contributing to community development in the countries of our operations is important to building trust and bonds with consumers. We are committed to ensuring that access to quality and healthy food is not only a luxury, but a right.</p>	<ul style="list-style-type: none"> • Corporate social responsibility (CSR) and engagement • Funds and financial support • GHG emissions and impact on climate • Data disclosure and credibility • Animal welfare • Environmentally sound production practices • Contribution to economic development 	<ul style="list-style-type: none"> • CSR activities • Student learning opportunities • Food donations 	<ul style="list-style-type: none"> • Food support for lower income and vulnerable groups • Educational awards • Dairy and Food Polytechnic • Almarai Sales Academy • Graduate Professional Trainee Program • Almarai Driving School

Appendix C:

Topic boundaries

Material issue	Category	Topic boundaries
Food waste reduction	Economic, Social, Environmental	Almarai, Subsidiaries
Responsible marketing	Social, Governance	Almarai, Subsidiaries, Consumers
Consumer health and choice awareness	Social, Governance	Almarai, Subsidiaries, Consumers
Sustainable procurement	All	Almarai, Subsidiaries, Suppliers
Sustainable land use and biodiversity protection	Environmental	Almarai, Subsidiaries
Animal welfare	Social	Almarai
Food safety and quality	Governance	Almarai, Subsidiaries Consumers
Product nutrition and health	Social	Almarai, Subsidiaries, Consumers
Workforce health and safety	Social, Economic	Almarai, Subsidiaries
Climate change mitigation and adaptation	Environmental	Almarai, Subsidiaries
Energy and fuel efficiency	Environmental, Economic	Almarai, Subsidiaries
Water protection	Environmental, Economic	Almarai, Subsidiaries
Packaging and waste reduction	Environmental, Economic	Almarai, Subsidiaries
Local leadership development	Social	Almarai, Subsidiaries
Employee satisfaction and equal opportunity	Social	Almarai, Subsidiaries
Training, development and retention	Social	Almarai, Subsidiaries
Efficient and profitable business	Economic	Almarai, Subsidiaries
Productive capacity expansion	Economic	Almarai, Subsidiaries
Product innovation and new market access	Economic	Almarai, Subsidiaries
Community investment	Social	Almarai, Subsidiaries

Appendix D: GRI content index

GRI Standard	Disclosure	Page number(s) and / or URL(s)
GRI 101: Foundation 2016		
General Disclosures		
GRI 102: General Disclosures 2016	Organizational profile	
	102-1 Name of the organization	Almarai Company
	102-2 Activities, brands, products, and services	13
	102-3 Location of headquarters	Riyadh, Saudi Arabia
	102-4 Location of operations	Saudi Arabia, Oman, UAE, Bahrain, Kuwait, Jordan, Egypt, USA, Argentina
	102-5 Ownership and legal form	12
	102-6 Markets served	Saudi Arabia, Oman, UAE, Bahrain, Kuwait, Jordan, Egypt
	102-7 Scale of the organization	13-15, 96
	102-8 Information on employees and other workers	93-95
	102-9 Supply chain	14-15
	102-10 Significant changes to the organization and its supply chain	Annual Report 2017 pg. 12, 52-57, 99; No longer sourcing animal feed from Poland and Ukraine
	102-11 Precautionary Principle or approach	16-19, 42
	102-12 External initiatives	GRI, World Health Organization, World Organization for Animal Health
	102-13 Membership of associations	18
	Strategy	
	102-14 Statement from senior decision-maker	6-9
	102-15 Key impacts, risks, and opportunities	6-9, 18-20
	Ethics and integrity	
	102-16 Values, principles, standards, and norms of behavior	12
	Governance	
	102-18 Governance structure	Annual Report 2017 pg. 64
	102-19 Delegating authority	Annual Report 2017 pg. 65
	102-22 Composition of the highest governance body and its committees	There are three independent members and six non-executive members. All members are males.
102-23 Chair of the highest governance body	Chair is a non-executive member.	

GRI Standard	Disclosure	Page number(s) and / or URL(s)	
GRI 101: Foundation 2016			
General Disclosures			
GRI 102: General Disclosures 2016	102-24 Nominating and selecting the highest governance body	Annual Report 2017 pg. 65	
	102-26 Role of highest governance body in setting purpose, values, and strategy	Annual Report 2017 pg. 65	
	102-30 Effectiveness of risk management processes	Annual Report 2017 pg. 40	
	102-35 Remuneration policies	Annual Report 2017 pg. 70-72	
	Stakeholder engagement		
	102-40 List of stakeholder groups	71-72	
	102-41 Collective bargaining agreements	Trade unions are not allowed in Saudi Arabia.	
	102-42 Identifying and selecting stakeholders	68, 70	
	102-43 Approach to stakeholder engagement	18, 71-72	
	102-44 Key topics and concerns raised	69, 71-72	
	Reporting practice		
	102-45 Entities included in the consolidated financial statements	Annual Report 2017 pg. 98-99	
	102-46 Defining report content and topic Boundaries	68, 70, 73	
	102-47 List of material topics	19	
	102-48 Restatements of information	No restatements	
	102-49 Changes in reporting	No changes	
	102-50 Reporting period	4	
	102-51 Date of most recent report	This is the Company's inaugural report.	
	102-52 Reporting cycle	Annual reporting is intended for the future.	
	102-53 Contact point for questions regarding the report	4	
102-54 Claims of reporting in accordance with the GRI Standards	4		
102-55 GRI content index	74-88		
102-56 External assurance	This report has not been assured by a third party.		

GRI Standard	Disclosure	Page number(s) and / or URL(s)
Material Topics		
GRI 200 Economic Standard Series		
Economic Performance		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	60-65, 73
	103-2 The management approach and its components	60-65
	103-3 Evaluation of the management approach	60-65
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	96
	201-2 Financial implications and other risks and opportunities due to climate change	42
	201-3 Defined benefit plan obligations and other retirement plans	53
	201-4 Financial assistance received from government	SAR 314.6 million total: SAR 280.9 million from government grants and SAR 33.7 million from the Human Resource Development Fund
Market Presence		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	52-56, 73
	103-2 The management approach and its components	52-56
	103-3 Evaluation of the management approach	52-56
GRI 202: Market Presence 2016	202-2 Proportion of senior management hired from the local community	53
Indirect Economic Impacts		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	53-56, 64-65, 73
	103-2 The management approach and its components	53-56, 64-65
	103-3 Evaluation of the management approach	53-56, 64-65
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	Zero
	203-2 Significant indirect economic impacts	95-97

GRI Standard	Disclosure	Page number(s) and / or URL(s)
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Material Topics

GRI 200 Economic Standard Series

Procurement Practices

GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	30-33, 73
	103-2 The management approach and its components	30-33
	103-3 Evaluation of the management approach	30-33
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	89

Anti-corruption

GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Annual Report 2017 pg. 36-42; 30-31 and 73 of this report
	103-2 The management approach and its components	Annual Report 2017 pg. 36-42; 30-31 of this report
	103-3 Evaluation of the management approach	Annual Report 2017 pg. 36-42; 30-31 of this report
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	None of Almarai's operations have formally been assessed for risks of corruption; however, there are mechanisms in place to prevent incidents of corruption.
	205-2 Communication and training about anti-corruption policies and procedures	All employees must sign the Employee and Supplier Code of Conducts which has provisions on corruption; however, no training related to corruption currently takes place.
	205-3 Confirmed incidents of corruption and actions taken	Zero

Anti-competitive Behavior

GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Annual Report 2017 pg. 36-42; 73 of this report
	103-2 The management approach and its components	Annual Report 2017 pg. 36-42
	103-3 Evaluation of the management approach	Annual Report 2017 pg. 36-42
GRI 206: Anti-competitive Behavior 2016	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Zero

GRI Standard	Disclosure	Page number(s) and / or URL(s)
Material Topics		
GRI 300 Environmental Standards Series		
Materials		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	42-49, 73
	103-2 The management approach and its components	42-49
	103-3 Evaluation of the management approach	42-49
GRI 301: Materials 2016	301-1 Materials used by weight or volume	92
	301-2 Recycled input materials used	92
	301-3 Reclaimed products and their packaging materials	No reclaimed products are used to produce our products.
Energy		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	42-49, 73
	103-2 The management approach and its components	42-49
	103-3 Evaluation of the management approach	42-49
GRI 302: Energy 2016	302-1 Energy consumption within the organization	91-92
	302-2 Energy consumption outside of the organization	91-92
	302-3 Energy intensity	91-92
	302-4 Reduction of energy consumption	44
Water		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	42-49, 73
	103-2 The management approach and its components	42-49
	103-3 Evaluation of the management approach	42-49
GRI 303: Water 2016	303-1 Water withdrawal by source	92
	303-2 Water sources significantly affected by withdrawal of water	Almarai's production sites are mainly in the Arabian aquifer system. Our production operations do not have a material effect on the sustainability of these aquifers, and all aquifers are stable.
	303-3 Water recycled and reused	92

GRI Standard	Disclosure	Page number(s) and / or URL(s)
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Material Topics

GRI 300 Environmental Standards Series

Biodiversity

GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	30-33, 42-49, 73
	103-2 The management approach and its components	30-33, 42-49
	103-3 Evaluation of the management approach	30-33, 42-49
GRI 304: Biodiversity 2016	304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Zero
	304-2 Significant impacts of activities, products, and services on biodiversity	Zero
	304-3 Habitats protected or restored	Zero
	304-4 IUCN Red List species and national conservation list species with habitats in areas affected by operations	Zero

Emissions

GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	42-49, 73
	103-2 The management approach and its components	42-49
	103-3 Evaluation of the management approach	42-49
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	91
	305-2 Energy indirect (Scope 2) GHG emissions	91
	305-3 Other indirect (Scope 3) GHG emissions	91
	305-4 GHG emissions intensity	91
	305-6 Emissions of ozone-depleting substances (ODS)	91

Effluents and Waste

GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	24-25, 42-49, 73
	103-2 The management approach and its components	24-25, 42-49
	103-3 Evaluation of the management approach	24-25, 42-49

GRI Standard	Disclosure	Page number(s) and / or URL(s)
Material Topics		
GRI 300 Environmental Standards Series		
GRI 306: Effluents and Waste 2016	306-1 Water discharge by quality and destination	92
	306-2 Waste by type and disposal method	89
	306-3 Significant spills	Zero
	306-4 Transport of hazardous waste	Almarai does not transport hazardous waste.
	306-5 Water bodies affected by water discharges and / or runoff	Zero
Environmental Compliance		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Annual Report 2017 pg. 36-42; 30-33 and 73 of this report
	103-2 The management approach and its components	Annual Report 2017 pg. 36-42; 30-33 of this report
	103-3 Evaluation of the management approach	Annual Report 2017 pg. 36-42; 30-33 of this report
GRI 307: Environmental Compliance 2016	307-1 Non-compliance with environmental laws and regulations	89
Supplier Environmental Assessment		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	30-33, 73
	103-2 The management approach and its components	30-33
	103-3 Evaluation of the management approach	30-33
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	89

GRI Standard	Disclosure	Page number(s) and / or URL(s)
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Material Topics

GRI 400 Social Standards Series

Employment

GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	52-56, 73
	103-2 The management approach and its components	52-56
	103-3 Evaluation of the management approach	52-56
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	93-94
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	53
	401-3 Parental leave	95

Labor / Management Relations

GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	52-56, 73
	103-2 The management approach and its components	52-56
	103-3 Evaluation of the management approach	52-56
GRI 402: Labor / Management Relations 2016	402-1 Minimum notice periods regarding operational changes	Almarai does not have a minimum notice period by which it must communicate operational changes ahead of time.

Occupational Health and Safety

GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	32, 36, 39, 73
	103-2 The management approach and its components	32, 36-39
	103-3 Evaluation of the management approach	32, 36-39
GRI 403: Occupational Health and Safety 2016	403-1 Workers representation in formal joint management-worker health and safety committees	39
	403-2 Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	90
	403-4 Health and safety topics covered in formal agreements with trade unions	Trade unions are not allowed in Saudi Arabia.

GRI Standard	Disclosure	Page number(s) and / or URL(s)
Material Topics		
GRI 400 Social Standards Series		
Training and Education		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	52-56, 73
	103-2 The management approach and its components	52-56
	103-3 Evaluation of the management approach	52-56
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	90, 95
	404-2 Programs for upgrading employee skills and transition assistance programs	53, 55, Almarai does not currently have any transition assistance programs.
	404-3 Percentage of employees receiving regular performance and career development reviews	95
Diversity and Equal Opportunity		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	52-56, 73
	103-2 The management approach and its components	52-56
	103-3 Evaluation of the management approach	52-56
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	94
Non-discrimination		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	52-56, 73
	103-2 The management approach and its components	52-56
	103-3 Evaluation of the management approach	52-56
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	Zero

GRI Standard	Disclosure	Page number(s) and / or URL(s)
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Material Topics

GRI 400 Social Standards Series

Freedom of Association and Collective Bargaining

GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	30-33, 73
	103-2 The management approach and its components	30-33
	103-3 Evaluation of the management approach	30-33
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Trade unions are not allowed in Saudi Arabia.

Child Labor

GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	30-33, 73
	103-2 The management approach and its components	30-33
	103-3 Evaluation of the management approach	30-33
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	Almarai operations face no significant risk for incidents of forced or compulsory labor. No information is available for suppliers.

Forced or Compulsory Labor

GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	30-33, 73
	103-2 The management approach and its components	30-33
	103-3 Evaluation of the management approach	30-33
GRI 409: Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	Almarai operations face no significant risk for incidents of forced or compulsory labor. No information is available suppliers.

Security Practices

GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	55, 73
	103-2 The management approach and its components	55
	103-3 Evaluation of the management approach	55
GRI 410: Security Practices 2016	410-1 Security personnel trained in human rights policies or procedures	All Almarai security guards receive our standard manned guarding course.

GRI Standard	Disclosure	Page number(s) and / or URL(s)
Material Topics		
GRI 400 Social Standards Series		
Rights of Indigenous Peoples		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	30-33, 73
	103-2 The management approach and its components	30-33
	103-3 Evaluation of the management approach	30-33
GRI 411: Rights of Indigenous Peoples 2016	411-1 Incidents of violations involving rights of indigenous peoples	Zero
Human Rights Assessment		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	30-33, 73
	103-2 The management approach and its components	30-33
	103-3 Evaluation of the management approach	30-33
GRI 412: Human Rights Assessment 2016	412-1 Operations that have been subject to human rights reviews or impact assessments	Zero
	412-2 Employee training on human rights policies or procedures	Zero
	412-3 Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	Zero
Local Communities		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	64-65, 73
	103-2 The management approach and its components	64-65
	103-3 Evaluation of the management approach	64-65

GRI Standard	Disclosure	Page number(s) and / or URL(s)
Material Topics		
GRI 400 Social Standards Series		
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	64-65
	413-2 Operations with significant actual and potential negative impacts on local communities	We have 8 manufacturing facilities within Saudi Arabia: 5 in Al Kharj, 2 in Hail, and 1 in Jeddah. We recognize that these operations could pose a potential negative impact on surrounding communities. These impacts may include issues associated with waste management, water use, animal farming, and burning of fossil fuels.
Supplier Social Assessment		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	30-33, 73
	103-2 The management approach and its components	30-33
	103-3 Evaluation of the management approach	30-33
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	89
Customer Health and Safety		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	36-39, 73
	103-2 The management approach and its components	36-39
	103-3 Evaluation of the management approach	36-39
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	90
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	90

GRI Standard	Disclosure	Page number(s) and / or URL(s)
Material Topics		
GRI 400 Social Standards Series		
Marketing and Labeling		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	24-27, 73
	103-2 The management approach and its components	24-27
	103-3 Evaluation of the management approach	24-27
GRI 417: Marketing and Labeling 2016	417-1 Requirements for product and service information and labeling	89
	417-2 Incidents of non-compliance concerning product and service information and labeling	89
	417-3 Incidents of non-compliance concerning marketing communications	89
Customer Privacy		
PRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Annual Report 2017 pg. 36-42; 73 of this report
	103-2 The management approach and its components	Annual Report 2017 pg. 36-42
	103-3 Evaluation of the management approach	Annual Report 2017 pg. 36-42
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	Zero
Socioeconomic Compliance		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	Annual Report 2017 pg. 36-42; 73 of this report
	103-2 The management approach and its components	Annual Report 2017 pg. 36-42
	103-3 Evaluation of the management approach	Annual Report 2017 pg. 36-42
GRI 419: Socioeconomic Compliance 2016	419-1 Non-compliance with laws and regulations in the social and economic area	Zero

GRI Standard	Disclosure	Page number(s) and / or URL(s)
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Material Topics

Sector Specific Disclosures – Food Processing

Procurement / Sourcing Practices

GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	30-33, 73
	103-2 The management approach and its components	30-33
	103-3 Evaluation of the management approach	24-27
Procurement / Sourcing Practices	FP1 Percentage of purchased volume from suppliers compliant with company's sourcing policy	89
	FP2 Percentage of purchased volume which is verified as being in accordance with credible, internationally recognized responsible production standards	89

Labor / Management Relation

GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	52-57, 73
	103-2 The management approach and its components	52-57
	103-3 Evaluation of the management approach	52-57
Labor / Management Relation	FP3 Percentage of working time lost due to industrial disputes, strikes and / or lock-outs	Zero strikes occurred

Customer Health and Safety

GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	36-39, 73
	103-2 The management approach and its components	36-39
	103-3 Evaluation of the management approach	36-39

GRI Standard	Disclosure	Page number(s) and / or URL(s)
Material Topics		
Sector Specific Disclosures – Food Processing		
Customer Health and Safety	FP5 Percentage of production volume manufactured in sites certified by an independent third party according to internationally recognized food safety management system standards	90
	FP6 Percentage of total sales volume of consumer products, by product category, that are lowered in saturated fat, trans fats, sodium and added sugars	90
	FP7 Percentage of total sales volume of consumer products, by product category, that contain increased nutritious ingredients like fiber, vitamins, minerals, phytochemicals or functional food additives	90
Animal Welfare		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	30-33, 73
	103-2 The management approach and its components	30-33
	103-3 Evaluation of the management approach	30-33
Animal Welfare	FP9 Percentage and total of animals raised and / or processed, by breed type	32, 89
	FP10 Percentage and total animals raised and / or processed, per housing type	89
	FP 12 Policies and practices on antibiotic, anti-inflammatory, hormone, and / or growth promotion treatments, by species and breed type	32
	FP 13 Total number of incidents of significant non-compliance with laws and regulations, and adherence with voluntary standards related to transportation, handling, and slaughter practices for live terrestrial and aquatic animals	89

Appendix E:

Sustainability in numbers

Sustainability Pillar	Our sustainability performance	2014	2015	2016	2017	
Promote responsible consumption	Food returns resold for animal feed (metric tons)	1,979	2,841	4,980	8,146	
	Food returns sent to landfill (metric tons)	NIA	60,365	66,100	67,919	
	Percentage of food returns recycled	-	4.7	7.5	12.0	
	Number of incidents of non-compliance concerning product information and labeling	0	0	0	0	
	Number of incidents of non-compliance with regulations and / or voluntary codes concerning marketing communications	0	0	0	0	
	Percentage of significant product categories covered by and assessed for compliance with product information and labeling procedures	100	100	100	100	
Ensure ethical and sustainable sourcing	Percentage of total spending on local suppliers of goods and services	46	51	50	44	
	Percentage of suppliers engaged that are locally based	52	50	51	50	
	Percentage of purchased volume from suppliers compliant with company's sourcing policy	NIA	NIA	NIA	NIA	
	Percentage of purchased volume which is verified as being in accordance with credible, internationally recognized responsible production standards	NIA	NIA	NIA	NIA	
	New suppliers that were screened using social and / or environmental criteria	0	0	0	0	
	Negative social impacts in the supply chain and actions taken	NIA	NIA	NIA	NIA	
	Number of incidents of non-compliance with environmental laws and regulations	0	0	0	0	
	Number of incidents of non-compliance with laws and regulations, and adherence with voluntary standards related to transportation, handling, and slaughter practices for live terrestrial and aquatic animals	0	0	0	0	
	Number of cows	151,616	164,621	180,868	187,677	
	Number of chickens processed	72,129,214	90,784,847	107,376,583	123,889,471	
	Animal housing					
	Percentage of cows in enclosed housing with resting areas	100	100	100	100	
	Percentage of chickens in enclosed cage-free housing	100	100	100	100	

Sustainability Pillar	Our sustainability performance	2014	2015	2016	2017	
Prioritize quality and safety	Percentage of production volume manufactured in sites certified by an independent third party according to internationally recognized food safety management system standards	100	100	100	100	
	Number of incidents of non-compliance with regulations and / or voluntary codes concerning the health and safety impacts of products and services	0	0	0	0	
	Percentage of products which health and safety impacts are assessed for improvement	100	100	100	100	
	Number of recalls	0	0	0	0	
	Percentage of total sales volume of consumer products, by product category, that are lowered in saturated fat, trans-fats, sodium and added sugars					
	- Dairy	20%	19%	18%	17%	
	- Foods	8%	10%	10%	8%	
	- Juice	0%	0%	0%	0%	
	- Bakery	0%	0%	0%	0%	
	Percentage of total sales volume of consumer products, by product category, that contain increased nutritious ingredients					
	- Dairy	0%	2%	2%	2%	
	- Foods	0%	0%	0%	0%	
	- Juice	0%	0%	0%	0%	
	- Bakery	11%	13%	16%	19%	
	Total hours of health and safety training for employees	4,982	11,032	10,967	9,819	
	Average hours of health and safety training per employee trained	3	6	6	6	
	Total hours of health and safety training for contractors	458	256	258	265	
Average hours of health and safety training per contractor	1.5	1.5	1.5	1.5		
Employee absenteeism rate (%)	11.5	11.9	12.2	12.7		

Sustainability Pillar	Our sustainability performance	2014	2015	2016	2017
Reduced natural resource use and waste	GHG emissions - Administration				
	Scope 1 (direct) emissions (metric tons CO ₂ e)	13	13	22	156
	Scope 2 (indirect) emissions (metric tons CO ₂ e)	4,439	6,455	6,580	6,562
	Total (metric tons CO ₂ e)	4,452	6,469	6,602	6,717
	GHG emissions - Manufacturing				
	Scope 1 (direct) emissions (metric tons CO ₂ e)	95,765	117,756	200,815	228,655
	Scope 2 (indirect) emissions (metric tons CO ₂ e)	310,516	311,663	325,012	357,785
	Total (metric tons CO ₂ e)	406,281	429,419	525,827	586,440
	Manufacturing emissions intensity (metric ton CO ₂ e / metric ton production) - GCC only	0.23	0.23	0.27	0.30
	GHG emissions - Farming				
	Scope 1 (direct) emissions (metric tons CO ₂ e)	834,888	885,407	960,107	924,948
	Scope 2 (indirect) emissions (metric tons CO ₂ e)	225,129	175,210	180,278	201,424
	Total (metric tons CO ₂ e)	1,060,016	1,060,618	1,140,385	1,126,372
	GHG emissions - Sales, Distribution and Logistics				
	Scope 1 (direct) emissions (metric tons CO ₂ e)	122,184	130,291	136,029	138,632
	Scope 2 (indirect) emissions (metric tons CO ₂ e)	53,295	79,351	86,363	92,864
	Scope 3 emissions from Almarai refrigerators in outlets (metric tons CO ₂ e)	NIA	NIA	NIA	686,547
	Total (metric tons CO ₂ e)	175,478	209,642	222,392	918,043
	Emissions from refrigerant leakage and replacement				
	Manufacturing (metric tons CO ₂ e)	18,479	20,661	19,328	17,401
	Sales, Distribution and Logistics (metric tons CO ₂ e)	131,862	144,913	161,783	160,133
	Total (metric tons CO ₂ e)	150,341	165,574	181,111	177,534
	Energy consumption - Administration				
	Fuel (GJ)	192	192	315	2,219
	Electricity (GJ)	19,535	28,408	28,955	28,877
	Energy consumption - Manufacturing				
	Fuel (GJ)	2,374,520	2,718,645	3,172,684	3,601,811
Electricity (GJ)	1,645,208	1,674,768	1,710,493	1,842,077	
Manufacturing energy intensity (GJ / metric ton production) - GCC only	2.3	2.3	2.5	2.8	

Sustainability Pillar	Our sustainability performance	2014	2015	2016	2017
Reduced natural resource use and waste	Energy consumption – Farming (KSA only)				
	Vehicle fuel (GJ)	11,169,891	9,470,179	8,894,674	8,371,186
	Electricity (GJ)	1,406,383	1,474,429	1,665,493	1,710,599
	Energy consumption - Almarai owned refrigerators in stores				
	Electricity (GJ)	NIA	NIA	NIA	3,021,331
	Water consumption				
	Administration (m ³)	13,894	17,110	17,345	17,798
	Manufacturing (m ³)	7,257,740	7,462,860	7,424,814	8,799,823
	Manufacturing water intensity (m ³ / metric ton production)	4.2	4.0	3.7	4.4
	Water recycling and reuse				
	Total water recycled and reused (m ³)	1,363,893	1,617,410	1,548,598	1,697,392
	Percentage of water recycled and reused	17	20	18	17
	Water discharge				
	Total water discharge (m ³)	1,989,802	1,827,160	2,054,962	2,341,099
	Material inputs				
	Total packaging inputs (metric tons)	118,430	117,027	126,699	127,872
	Total ingredient inputs (metric tons)	614,648	754,423	895,430	755,435
	Packaging intensity (metric ton packaging input / metric ton ingredient input)	0.19	0.16	0.14	0.17
	Percentage of card board coming from recycled materials used as an input material	60	64	65	63
	Returned packaging recycled (metric tons)	5	110	111	136

Sustainability Pillar	Our sustainability performance	2014	2015	2016	2017
	Nurture and reward colleagues	Number of employees - GCC only	35,051	38,562	40,006
Employees by gender					
Male employees		34,432	37,831	39,215	37,412
Female employees		619	731	791	725
Employees by location					
Employees in KSA		30,632	33,788	34,945	33,532
Employees outside KSA		4,419	4,776	5,061	4,604
Employees by job status and gender					
Full time, male employees		34,432	37,831	39,215	37,404
Full time, female employees		619	731	786	725
Part time, male employees		0	0	0	7
Part time, female employees		0	0	5	0
Employees by level					
Senior management employees		175	220	230	240
Middle management employees		1,021	1,107	1,194	1,203
Non-management employees		33,855	37,235	38,582	36,693
Total new employee hires		11,860	11,521	10,038	5,322
New employee hires by age					
Age 18-30		6,875	6,897	6,359	3,495
		58.0%	59.9%	63.3%	65.7%
Age 31-50		4,880	4,569	3,639	1,809
		41.1%	39.7%	36.3%	34.0%
Age 51+		105	55	40	18
		0.9%	0.5%	0.4%	0.3%
New employee hires by gender					
Male		11,524	11,153	9,710	5,228
		97.2%	96.8%	96.7%	98.2%
Female	335	367	327	94	
	2.8%	3.2%	3.3%	1.8%	

Sustainability Pillar	Our sustainability performance	2014	2015	2016	2017
Nurture and reward colleagues	New employee hires by location				
	Inside KSA	10,689	10,502	8,850	4,884
		95.8%	91.2%	88.2%	91.8%
	Outside KSA	469	1,019	1,188	438
		4.2%	8.8%	11.8%	8.2%
	Voluntary employee turnover				
	Total voluntary turnover	4,362	4,718	4,628	4,926
		12.4%	12.2%	11.6%	12.9%
	Voluntary employee turnover by age				
	Age 18-30	2,572	2,672	2,384	2,327
		59.0%	56.6%	51.5%	47.2%
	Age 31-50	1,717	1,970	2,144	2,457
		39.4%	41.8%	46.3%	49.9%
	Age 51+	73	76	100	142
		1.7%	1.6%	2.2%	2.9%
	Voluntary employee turnover by gender				
	Male	4,107	4,486	4,470	4,791
		94.2%	95.1%	96.6%	97.2%
	Female	255	232	158	136
		5.8%	4.9%	3.4%	2.8%
	Equal Opportunity				
	Female employment rate (%)	2	2	2	2
	Number of women in middle management	0	0	0	2
Number of women in senior management	0	0	0	1	
Number of board seats occupied by women	0	0	0	0	
Number of full time employees with a disability	0	0	0	734	
Number of part time employees with a disability	0	0	0	0	
Formal incidents of discrimination reported	0	0	0	0	
Percentage of working time lost due to industrial disputes, strikes and / or lock-outs	0	0	0	0	

Sustainability Pillar	Our sustainability performance	2014	2015	2016	2017
Nurture and reward colleagues	Parental leave				
	Number of female employees entitled to maternity leave	266	311	401	366
	Number of female employees that took parental leave	23	31	47	55
	Number of female employees that returned to work in the reporting period after parental leave ended	20	29	46	54
	Number of female employees that returned to work after parental leave ended that were still employed 12 months after their return to work	14	22	39	51
	Female employee return to work and retention rates of employees that took parental leave (%)	60.9	71.0	83.0	92.7
	Percentage of employees that receive performance reviews				
	Of all employees	-	0.6	0.6	1.3
	Senior management	-	94	94	100
	Middle management	-	0	0	24
	Other employees	-	0	0	0
	Male	-	100	100	>99
	Female	-	0	0	<1
	Training				
	Total hours of training provided	193,908	209,943	266,373	284,893
	Average hours of training per employee	5.5	5.4	6.7	7.5

Sustainability Pillar	Our sustainability performance	2014	2015	2016	2017
Generate significant economic value	Net Sales (SAR million)	12,606	13,795	14,339	13,936
	Net Sales (SAR million)*	11,514	12,533	12,921	12,873
	Operating Costs (SAR million)	6,698	7,229	7,071	6,601
	Profit for the year (SAR million)	1,674	1,916	2,148	2,182
	Net Profit (SAR) per metric ton of production (Almarai Company)	949	1,013	1,067	1,083
	Dividends to Shareholders (SAR million)	600	690	720	750
	Dividend per Share (SAR)	0.60	0.69	0.72	0.75
	Employee Wages and Benefits (SAR million)	2,483	2,846	2,933	2,832
	Interest payments made to providers of loans (SAR million)	209	230	351	401
	Payments to government (taxes and penalties) (SAR million)	344	390.2	413.5	394.9
	Cash Flow Generated from Operating Activities (SAR million)	3,199	4,932	4,473	4,614
	Return on Invested Capital (ROIC)	9.3%	10.3%	10.2%	10.1%
	Capital Expenditure (SAR million)	2,740	4,005	4,497	2,744
	Economic Value Added (EVA)	2.3%	3.3%	3.2%	2.7%
	Total capitalization				
	Total Equity (SAR million)	11,631	12,618	13,478	14,881
	Total Liabilities (SAR million)	12,318	14,753	15,716	17,015
	Total number of manufacturing plants	6	6	7	8
	Total financial value of community investment initiatives (SAR million)	25.3	25.5	25.8	26.2
	Community investment as a percentage of pre-tax profit	1.5	1.3	1.2	1.2

*GCC only.

Sustainability Pillar	Our sustainability performance	2014	2015	2016	2017
Generate significant economic value	Programs to support vulnerable groups				
	Number of schools provided with student snacks	-	-	600	730
	Number of foods baskets provided to lower income groups (families and wedding parties, families of prisoners)	-	-	6,700	8,700
	Total financial value (SAR million)	-	-	1.8	2.7
	Programs to support educational, technical and vocational (TVET) development				
	Number of Almarai TVET beneficiaries	642	733	707	751
	Total financial value (SAR million)	27.6	32.1	31.7	46.2
	Almarai award programs				
	Number of award winners	61	61	62	63
	Total financial value (SAR million)	2.6	2.7	2.7	2.7

Note: NIA stands for no information available.

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