



Wholeheartedly
committed to
**Sustainable
Living**

Sustainability Report 2020



CONTENTS

ABOUT THIS REPORT	3		
Scope of the Report	4	Risk Management and Internal Control	37
Report Highlights 2020	5	Ethical Business Conduct	38
Message from the Chairman	6	Supporting Human Rights	38
Message from the CEO	7	Our Customers	39
Values in Actions	8	Responsible Marketing	40
OUR COMPANY	10	FOSTERING DIVERSE, HEALTHY AND SAFE COMMUNITIES	41
At a Glance	11	Our People	42
Who We Are	12	Training and Development	46
What We Do	13	Health and Safety	47
Where We Operate	14	Community Engagement	50
Our Value Chain	15	INNOVATING & RETHINKING PRODUCT QUALITY & SUSTAINABILITY	52
Our Strategy	16	Product Safety and Quality	53
Business Review	18	Product Innovation	55
SUSTAINABILITY AT AGTHIA	23	Sustainable Packaging	58
Sustainability Management	24	Responsible Supply Chain Management	60
Our Sustainability Vision	25	PRESERVING & PROTECTING THE ENVIRONMENT	62
Alignment with Sustainability Guidelines & Frameworks	26	Environmental management	63
Listening to Our Stakeholders	27	Energy Consumption	64
Our Priority Sustainability Material Topics	28	Climate Change	65
Impact Boundaries	29	Water Consumption	66
Our Sustainability Framework	30	Waste Management	67
MAINTAINING ETHICAL, RESPONSIBLE & PROFITABLE BUSINESS	31	GRI CONTENT INDEX	69
Our Financial Performance	32		
Corporate Governance	36		



About this report

We are proud to present our first annual sustainability report for the year 2020, showcasing our ongoing commitment to monitoring and reporting our environmental, social and governance performance. This report underscores our commitment to operating and growing in a sustainable manner whilst generating shared value to all our stakeholders.

Scope of the Report

Report Highlights 2020

Message from the Chairman

Message from the CEO

Values in Actions

GRI Accordance

This report has been prepared in accordance with GRI Standards (Core option).

Alignments

The report aligns with GRI Standards, United Nations Sustainable Development Goals (SDGs), and UAE Vision 2021.

Comparable Data

Most disclosures in this report cover historical data of 2018 and 2019, showcasing developments over time.

External Assurance

We chose not to appoint an external party to audit our non-financial data for this report. We followed an internal assurance process to give our stakeholders full confidence in the accuracy of the information reported.

Contact Point

For any inquiries on this report, please contact:

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Scope of the report



Year

The report covers our environmental, social, and governance performance for the period from 1 January 2020 to 31 December 2020, unless otherwise indicated.

Countries

The report covers our operations in the GCC (Gulf Cooperation Council), which includes UAE, KSA, Kuwait, and Oman, in addition to our operations in Turkey and Egypt, unless otherwise stated.

Entities

The report covers the operations of Agthia Group, which includes majority shareholder or wholly owned assets referred to as 'subsidiaries'. Performance data relates to both the Group and subsidiaries, unless otherwise indicated.

Terminology

Use of 'the Group' in this report refers to Agthia Group PJSC, including all its subsidiaries in the GCC, Egypt, and Turkey.

Monetary Values

All monetary values in this report are expressed in Arab Emirates Dirhams (AED), unless otherwise stated.

Financial Performance

Financial Performance covers all Agthia Group and all its subsidiaries. For detailed information about our financial performance, please refer to our 2020 Annual Report.



2020 Highlights



Maintaining Ethical, Responsible & Profitable Business

2.06bn AED in revenue

7.4mn AED in R&D expenditure

0 (Zero) bribery or corruption cases

95% of customers are satisfied with the quality of our products

0 (Zero) product recall from markets



Fostering Diverse, Healthy & Safe Communities

83% employee satisfaction

5.7% turnover rate

6% increase in our newly hired, female employees

57 different nationalities work at Agthia

35% reduction in Lost Time Injuries (LTIs)

17,894 hours of health & safety training to employees

59% reduction in vehicle collision rate

0.8mn AED in community investments

73% increase in number of volunteers at the company



Innovating & Rethinking Product Quality & Sustainability

Al Ain Plant Bottle introduced

RECAPP Our door-to-door recycling programme introduced

35% of packaging is from recycled materials

<2 customer complaints per million products sold

1.44bn AED in procured goods and services

100% of suppliers are screened on quality, social, and environmental criteria

23 supplier Site Audits Conducted



Preserving & Protecting the Environment

10% decrease in electricity consumption

7% decrease in total GHG emissions

61kg of CO2 per tonne of production

10,976 tonnes of recycled waste

12% landfilled waste from total waste

1.04m³ of water per tonne of production

RECAPP programme Partnership with Veolia



Message from the Chairman

It gives us great pride to launch our inaugural stand-alone Agthia Sustainability Report for 2020. This comprehensive report covers a broad range of policies, initiatives and partnerships deployed to integrate environmental, social and governance (ESG) standards and best practices into all areas of our business.

Despite the unpredictability of the pandemic, Agthia's response has remained resilient and robust. Our employees and management stepped up to the numerous challenges and quickly took measures to protect themselves, their families, and the communities in which we operate. Their unwavering commitment has allowed us to keep our operations running safely and continue to provide our communities with the essential products that we offer, whilst contributing to our local and regional economies.

Today, more than ever before, we remain strategically aligned with the UAE's vision of economic, social and environmental success of the country, and Agthia's new long-term sustainability strategy is uniquely positioned to adhere to global social responsibility and sustainability best practices related to the Food and Beverage industry. At Agthia, we perceive sustainability in the broadest sense and work in respect of the environment, society, and economic well-being. Throughout our operations, we develop high quality products to meet the needs of our consumers and community.



Established by the late HH Sheikh Zayed, the father of our great nation, Agthia continues to play a strategic and vital role in the UAE's food safety, supported by our long-term sustainability vision.

Our sustainability report sheds light on our key sustainability priorities, anchored to four strategic pillars: Fostering Healthy & Safe Communities, Innovating & Rethinking Product Quality & Sustainability, Preserving & Protecting the Environment, and Maintaining Ethical, Responsible & Profitable Business. This report provides in-depth information and commitments we have made to drive sustainability in our day-to-day activities, and through all areas of operations.

The importance of prioritizing sustainability at Agthia stems from our commitment to protecting the environment and creating a positive impact across our value chain. Conserving our resources is a responsibility we have towards current and future generations.

We highly believe that our people will definitely make a difference, relentlessly serve our communities and constantly work to build a more sustainable business. The leaders before us have shown us the way, through their acts of perseverance and resolve. We will remain focused and above all determined to work towards building a better tomorrow. I would like to thank our customers, shareholders and suppliers for their unwavering trust in us. Furthermore, I would like to thank our management and employees for their utmost dedication, hard work and commitment.

Khalifa Sultan Al Suwaidi
Chairman



MESSAGE FROM THE CEO

Message from the CEO

The Food and Beverage industry is witnessing a transformation driven by innovation, sustainability, and unpredictable market disruptions. Companies are now more focused on aligning business operations with their impact on the environment, and stakeholders are becoming more aware of the correlation between a company's growth and their environmental, social and governance (ESG) strategies and implementations. At Agthia, we have been strategically evolving to ensure the Group brings innovation, continuity, and value to all our customers and shareholders, whilst maximising our positive impact on society and the environment around us.

The COVID-19 pandemic accentuates the crucial role that science and businesses have in answering to global challenges. Throughout this period, our highest priorities have been the health and safety of our employees, customers, and the communities around us. I am beyond proud of how we have collectively stepped up with urgency to advance solutions and ensure continuity for all our stakeholders.

We have taken action to protect our workforce against COVID-19 by investing in reduced capacity measures, protective gear, and work from home solutions where possible. We have provided over AED 0.5 million in investments to support communities around us through various social initiatives and programmes. In response to this crisis, people across Agthia have mobilised their efforts in a way that has seen them stay safe, while keeping our operations running smoothly and efficiently. Our total lost time injury frequency rate fell by 35 per cent to 1.23 per million worked hours. Nonetheless, we have increased our health and safety training to employees by 76% reaching a total of 17,894 hours of training to ensure safe and continued operations.

Agthia continues to lead in environmental stewardship. We have succeeded in our pledge to use 99% recyclable packaging across all categories, while 35% of our packaging is made from recycled material. Additionally, we launched the region's first Packaging Innovation Centre in 2019 to develop packaging with the lowest environmental impact. We have taken relentless measures to reduce our operational waste sent to landfills, and this year we



have cut down our waste sent to landfills reaching 12.1 per cent of our total waste produced. Furthermore, earlier this year we announced the launch of the region's first 100% plant-based water bottle, Al Ain Plant Bottle, which has the lowest CO2 footprint.

To build a circular economy we launched with our environmental partner an initiative to address the challenges of post consuming plastic bottles and recycling through a free door-to-door recyclable collection service 'RECAPP'. This initiative will promote responsible behaviour and offer the opportunity to our customers to recycle their consumables, including plastic bottles and aluminium cans.

Furthermore, our strategic pillars have long been a driving force in our ESG sustainability efforts across our business operations, as per global best practices related to food and beverage industry. Agthia is committed to go above and beyond regulatory requirement and The Agthia Sustainability Report 2020 underscores this commitment and provides stakeholders the opportunity to join us in our journey as we remain strategically aligned with the UAE's 2021 Vision of economic, social and environmental success of the country.

Agthia's performance in the past year illustrated this resilience and our empowered potential to grow value and returns to shareholders and society. For that, I would like to take a moment to thank each and every person that contributed to this report and all the achievements highlighted within it, as I truly appreciate all your efforts and contributions to this journey that we have embarked on. Transparency will always remain our guiding principle, as we continue to make a real contribution to people's lives through hard work and commitments, by keeping sustainability at the heart of how we do business.

Alan Smith
Chief Executive Officer



VALUES IN ACTION

BUSINESS CONTINUITY

We are driven by our mission to provide our customers with trusted, responsibly produced brands. In 2020, we demonstrated agility in adapting to unprecedented market conditions, collaborating across functions to protect our top line and strategically resetting the fundamentals of the business with a focus on future growth.



SUPPLY CHAIN MANAGEMENT

- Reprioritising resources to ensure product availability at appropriate cost and manage spikes in demand
- Doubling home delivery trucks to cater to high demand
- Implementing cost-saving initiatives to reduce financial impact of unbudgeted expenses



FOOD SAFETY & QUALITY ASSURANCE

- Observing workplace safety and distancing protocols
- Overcoming market shortages of PPE to equip frontline workers
- Applying supplemental sanitisation measures for home and office distribution



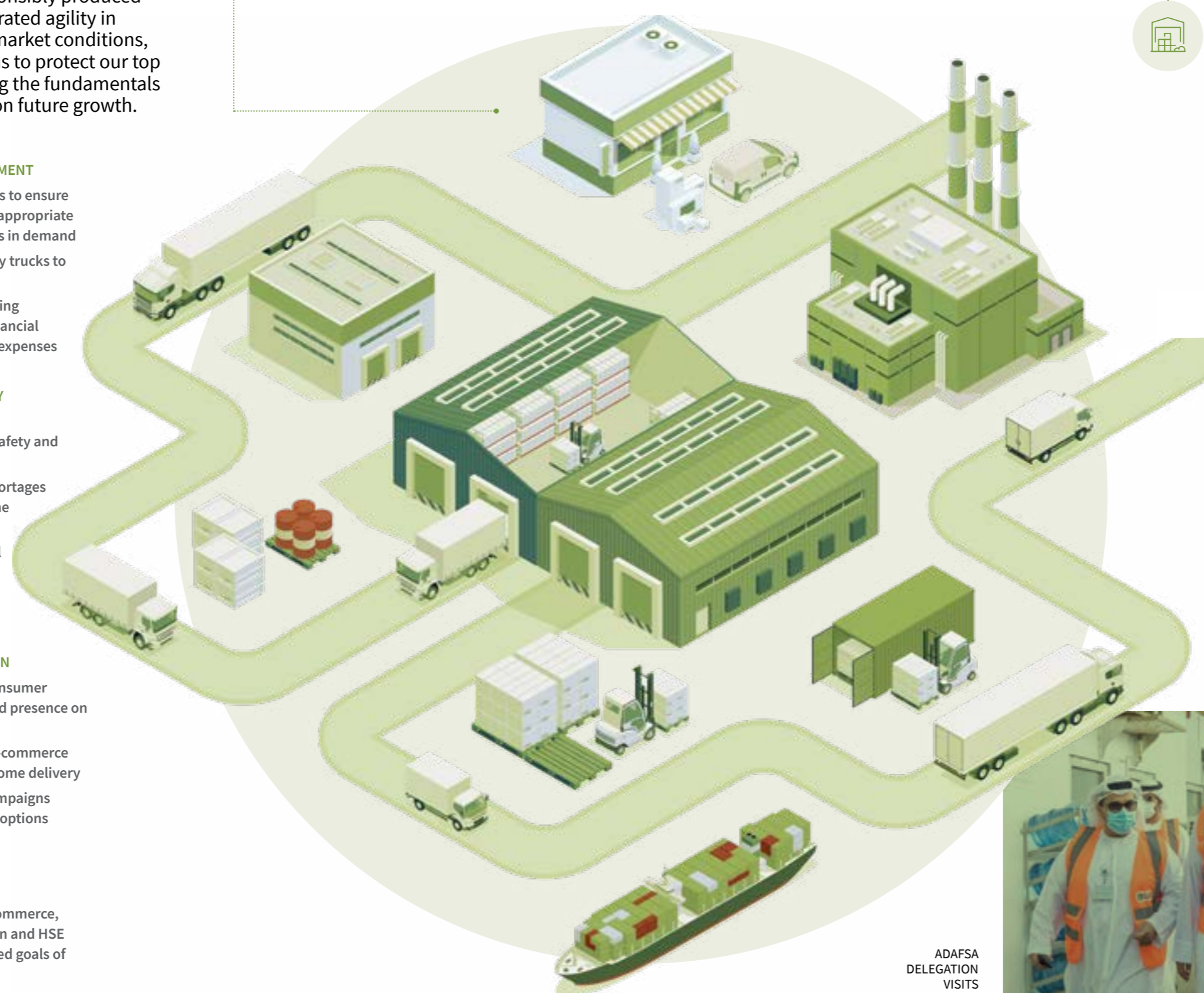
E-COMMERCE EXPANSION

- Adapting to shifts in consumer behaviour via expanded presence on digital platforms
- Introducing multiple e-commerce applications offering home delivery
- Launching targeted campaigns promoting contactless options



CROSS-DEPARTMENTAL COLLABORATION

- Collaborating across commerce, marketing, supply chain and HSE functions to meet shared goals of safety and profitability
- Proactively developing new channels
- Supporting customers through business disruptions



SECURITY STOCKS

Responding to government requests, we took immediate measures to increase security stocks of essential goods and raw materials. Further to this, in June we were enlisted by the Abu Dhabi Agriculture and Food Safety Authority (ADAFSA) to establish a research farm with the aim of improving agricultural sustainability in the emirate. In October, ADAFSA delegates led by H.E. Saeed Al Bahri Salem Al Ameri visited our laboratory and Grand Mills factory, reinforcing our support of the UAE's food security agenda.

COMMUNITY SUPPORT

Committed to serving our community, we ensured crucial food stocks at all CSD locations nationwide, expanding our home delivery fleet and introducing the 1971 App to facilitate orders. We also joined forces with the Emirates Red Crescent to distribute food supplies to those affected by the pandemic over a period of two weeks, and launched a campaign calling other companies to join the cause.



ADAFSA DELEGATION VISITS GRAND MILLS FACILITIES



OUR COMPANY

[At a Glance](#)

[Who We Are](#)

[What We Do](#)

[Where We Operate](#)

[Our Value Chain](#)

[Our Strategy](#)

[Business Review](#)



Emirati by birth, global by ambition

Agthia Group is a leading regional food and beverage company based in Abu Dhabi. Established in 2004 and listed on the Abu Dhabi Securities Exchange since 2005, the Group is composed of a diverse portfolio of world-class integrated businesses and brands. We provide high-quality, trusted and essential food and beverage products for our continuously growing consumer base locally, regionally – across the Middle East, Europe and North Africa – and in select territories globally.

FINANCIAL HIGHLIGHTS

3.14	1.90	2.06	34.5
TOTAL ASSETS (AED BILLION)	SHAREHOLDERS' EQUITY (AED BILLION)	NET REVENUE (AED BILLION)	NET PROFIT (AED MILLION)

OUR BRANDS

OVER **1** billion BOTTLES OF WATER SOLD ANNUALLY

UAE **#1** IN WATER, ANIMAL FEED, FLOUR AND TOMATO PASTE

19 brands IN AN EXPANDING PORTFOLIO



OVER **4,000** EMPLOYEES ENGAGED IN MANUFACTURING, DISTRIBUTION AND MARKETING

7 top ten BRANDS IN UAE MARKET SHARE



OUR REACH

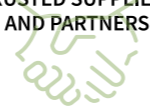
MANUFACTURING IN **6** countries



EXPORTING TO OVER **30** COUNTRIES

11 factories

global NETWORK OF TRUSTED SUPPLIERS AND PARTNERS





WHO WE ARE

Who We Are

Agthia Group is a leading Abu Dhabi based food and beverage company. Established in 2004, the Company is listed on the Abu Dhabi Securities Exchange (ADX) and has the symbol "AGTHIA". Through Senaat, Agthia Group PJSC is part of ADQ, one of the region's largest holding companies with a broad portfolio of major enterprises spanning key sectors of Abu Dhabi's diversified economy.

The company's assets are located in the UAE, Saudi Arabia, Kuwait, Oman, Egypt and Turkey. Agthia offer a world class portfolio of integrated businesses providing high quality and trusted food and beverage products for customers and consumers across the UAE, GCC, Turkey and the wider Middle East. More than 4,000 employees are engaged in manufacturing, distribution and marketing various food and beverage products: Water (Al Ain, Al Bayan, Alpin Natural Spring Water, Bambini); Flour (Grand Mills); Animal Feed (Agrivita); Juice(Al Ain Fresh, Capri-sun); Dairy (Yoplait); Processed Food (Al Ain Tomato Paste, Frozen Vegetable); Ambient and Frozen Bakery (Grand Mills).



MILESTONES



In 1978,

with a vision to support our nation's food security, the UAE's late Founding Father His Highness Sheikh Zayed bin Sultan Al Nahyan established Flour Mills and Animal Feed Company, laying the foundations of what has become Agthia Group.

- Animal Feed production begins 1981
- Al Ain Mineral Water Company established 1990
- Formation of Emirates Foodstuff and Mineral Water Company – AGTHIA – as part of Abu Dhabi government's privatisation initiative 2004**
- IPO listed on ADX with 49% of the company offered to the public 2005
- Appointment of new management 2006

Today,

we are a global provider of quality F&B products, united in our mission to nourish healthier lives.

- 2020 Appointment of new Board of Directors and leadership team
Launch of Al Ain Plant Bottle and Yoplait Grass-Fed Yoghurt
Acquisition of Al Foah Company, UAE, and Al Faisal Bakery & Sweets, Kuwait
- 2019 Launch of Al Ain Zero Bromate and Grand Mills Vitamin D flour
- 2018 Launch of Al Ain Vitamin D and Al Ain Bambini
R&D agreement signed with Nutreco
United Khaleeji Water factory commences production in Kuwait
- 2017 JV signed with Anderson Hay, UAE
- 2016 JV signed to produce Al Ain Water in Kuwait
Acquisition of Delta Water Factory Company, KSA
- 2015 Acquisition of Al Bayan Water Company, UAE
Distribution agreement signed with Al Foah
Launch of Al Ain Zero
- 2012 Acquisition of Pelit water company (Alpin), Turkey
- 2010 Production and distribution agreement signed with Yoplait
- 2009 Egypt 'greenfield' operation launched
- 2008 Acquisition of Al Ain Vegetable
Production and distribution agreement signed with Capri-Sun
- 2007 Acquisition of Ice Crystal, UAE

Creating value through our brands

Our portfolio of essential, trusted brands continues to diversify and expand, touching new lives every day

CONSUMER BRANDS

WATER



The Capri-Sun business transfers back to the brand owner from January 2021. [READ MORE ON PAGE 54](#)

BEVERAGES & DAIRY



FOOD & HOME CARE



AGRICULTURE BRANDS

FLOUR & ANIMAL FEED



Al Foah and Al Faysal Bakery acquisitions were announced in 2020. [READ MORE ON PAGE 56](#)

BRAND RECOGNITION



Kantar Brand Footprint Ranking

Al Ain Water was recognised as the number one most chosen beverage brand in the UAE, and the country's sixth most chosen FMCG brand overall, in Kantar's Brand Footprint Ranking 2020.



Sheikh Khalifa Excellence Award

In the presence of H.H. Sheikh Hamed bin Zayed Al Nahyan, Member of the Abu Dhabi Executive Council, Agthia was honoured with the Sheikh Khalifa Excellence Award for manufacturing on February 26, 2020.



Best of Middle East Gama Innovation Award

Celebrating the latest breakthroughs in the region's FMCG sector, the UK's Gama Innovation Award recognised Al Ain Plant Bottle for its use of compostable bioplastics that can withstand high summer temperatures.



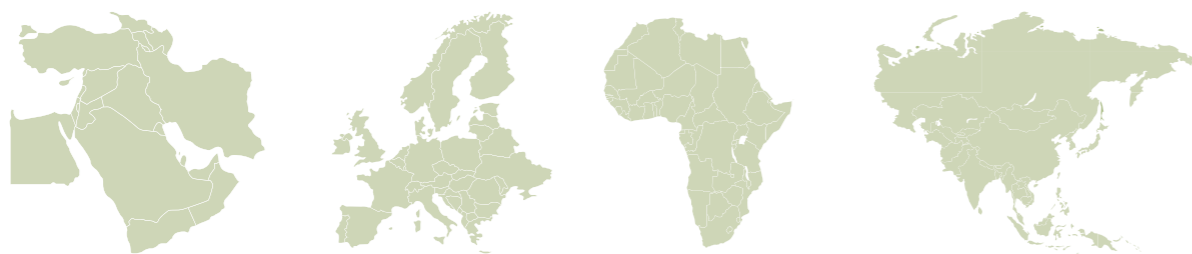


WHERE WE OPERATE

Extending our global footprint

Exporting to over 30 countries worldwide from six manufacturing hubs across the Middle East and North Africa, our international business plays an integral part in our sustainable growth strategy

REACH BY REGION



Middle East

- UAE ●●●●
- Saudi Arabia ●●
- Kuwait ●●
- Oman ●●
- Bahrain ●●
- Lebanon ●●
- Palestine ●●
- Jordan ●●
- Iran ●●
- Turkey ●●
- Egypt ●●
- Cyprus ●●

Europe

- UK ●●
- Scotland ●●
- Ireland ●●
- Netherlands ●●
- Poland ●●
- Hungary ●●
- France ●●
- Austria ●●
- Germany ●●
- Italy ●●

Africa

- Libya ●●
- Tunisia ●●
- Morocco ●●
- Djibouti ●●
- Kenya ●●
- Somalia ●●

Asia

- Russia ●●
- Singapore ●●
- Vietnam ●●
- Pakistan ●●
- Afghanistan ●●

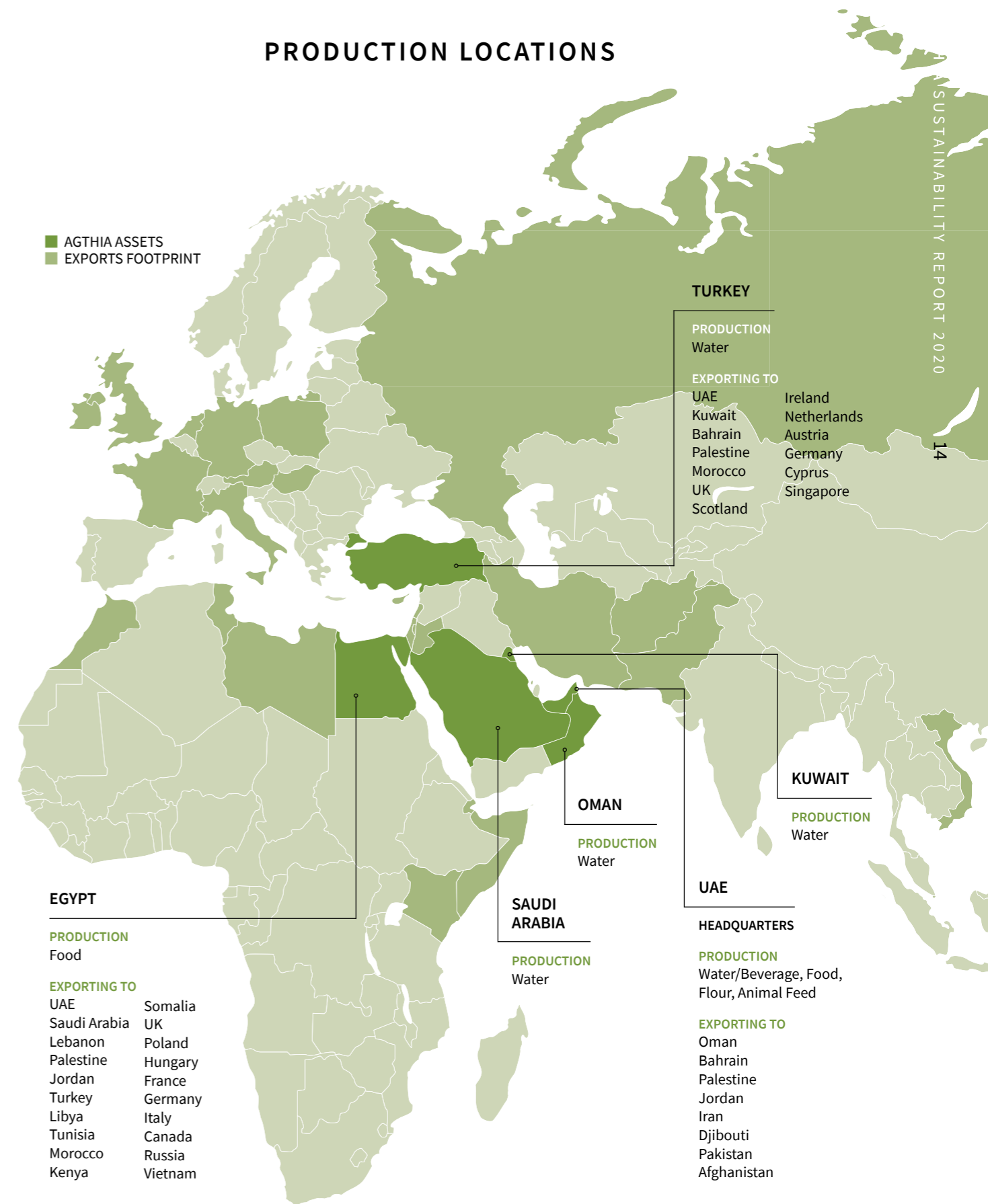


North America

- Canada ●●

- PRODUCTION
- UAE-SOURCED PRODUCTS
- EGYPT-SOURCED PRODUCTS
- TURKEY-SOURCED PRODUCTS

PRODUCTION LOCATIONS



OUR VALUE CHAIN

Maximising **value** across business lines

Driving the success of our integrated businesses is a value chain operating at peak efficiency and safety-focussed productivity

VALUE CHAIN MODEL



EFFICIENCY

Continuous improvement is key to our goal of delivering sustained value for our shareholders. With an aggressive plan in place to drive efficiency and productivity, our operations in 2020 moreover proved highly effective in facing the challenges of a volatile market and impacted supply routes. To meet market demand as well as sales targets, a series of cost-saving measures were implemented across supply channels, production lines and logistics networks.





STRATEGY 2021-2025

STRATEGIC VISION

Become a
regional F&B
champion,
homegrown in
the UAE

STRATEGIC MISSION

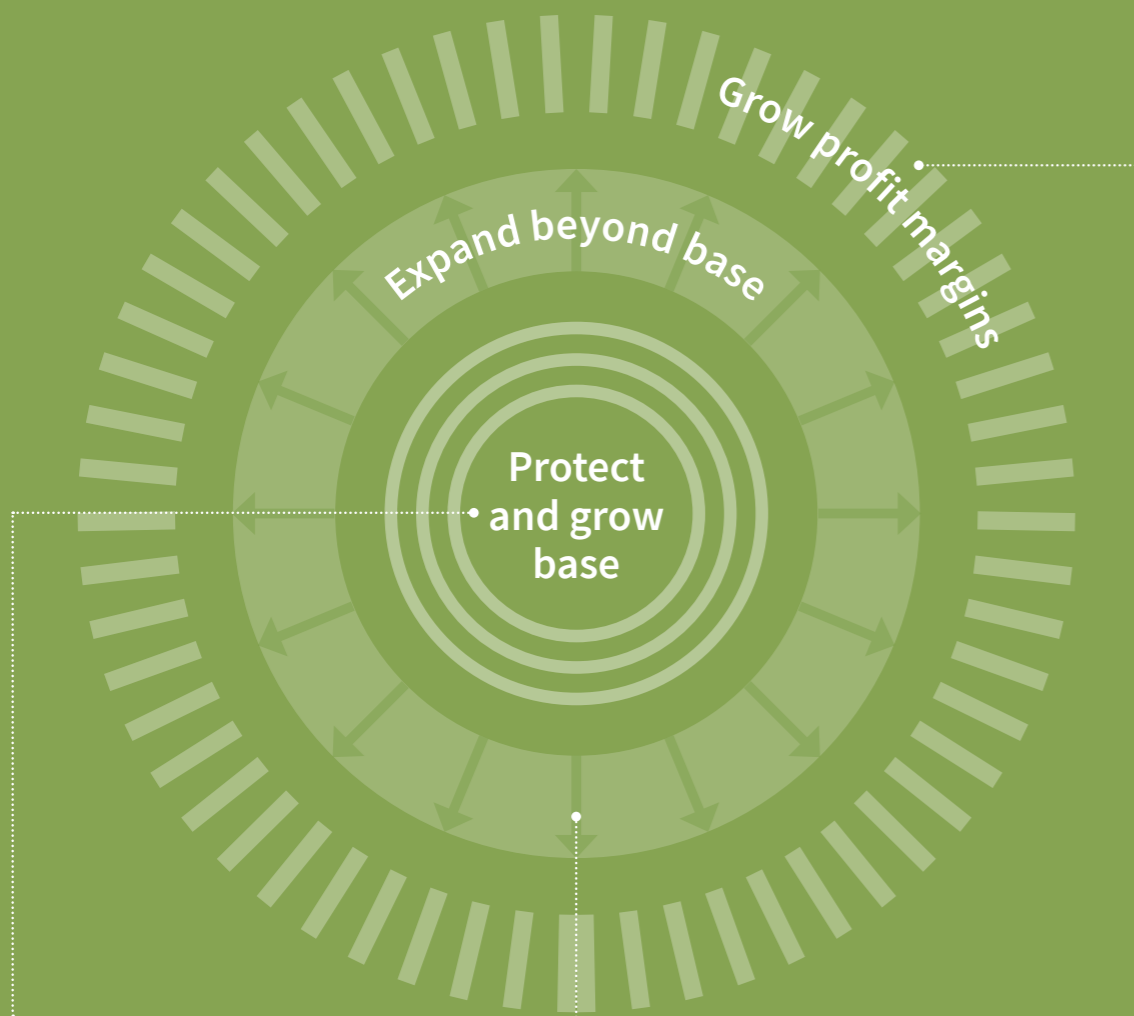
Delight and nourish
consumers with loved brands
and food platforms





OUR STRATEGY

BUILDING BLOCKS



PROTECT AND GROW BASE

- Defend market share
- Grow in under-served channels
- Grow in under-penetrated customer segments

EXPAND BEYOND BASE

- Grow portfolio footprint via expansion into new categories and markets
- Increase scope in the value chain to capture value share

GROW PROFIT MARGINS

- Improved cost structure and asset utilisation
- Accretive investments and cost synergies
- Strong brands and investment in growth

Foundations

Growth Mindset

Transformational Leadership

Health, Safety & Environment

People, Structure & Values

Strategic themes

Growth
Disciplined portfolio expansion

Efficiency
Smart execution and operational efficiency

Capability
High-performance organisation and people

How we get there

Focussed brand building

Consumer at the heart

Programmatic M&As

Lift and shift

Simplify portfolio

Revenue growth management

Route-to-Market excellence

Lean operations

Transformation mindset

People and processes

Best-in-class systems



Consumer business

In a year that highlighted the strength of our brands in the face of market challenges, we continued to fortify our leading position through innovation, channel transformation and a commitment to serving and securing the needs of our customers



PRODUCT HIGHLIGHTS

Al Ain Zero

The GCC's first sodium-free bottled water was launched in 2016, quickly rising in popularity and market share.

Alpin Natural Mineral Water

Sourced from springs, Alpin is naturally alkaline, differentiating this premium bottled water from competitors in the category.

Al Ain Plus Vitamin D

In 2018, we introduced the world's first Vitamin D-enriched water in response to a major supplementation need in our region.



Al Ain Bambini

Specially designed to be gentle on babies' stomachs, Al Ain Bambini water is free of sodium, fluoride, bromate and nitrate.

Yoplait Lactose-Free Yoghurt

Offering our customers a wider range of choices, in 2019 we introduced the region's first locally produced lactose-free fruit yogurt.

Al Ain Fresh

Our daily-squeezed fresh juices are cold-pressed utilising High Pressure Processing (HPP) technology, locking in vitamins.

Al Ain Water Box

The first of its kind in the GCC, our Water Box is %100 recyclable and is ideal for the popular local activity of desert camping.

MARKET OVERVIEW



CONSUMER TRENDS Lockdown-triggered panic buying (peaking in March) saw fewer trips to the supermarket and larger baskets, which resulted in less top-up shopping. Home confinement led to a surge in cooking activities, a preference for healthier options to compensate for reduced physical activity, and a drop in on-the-go snacking.

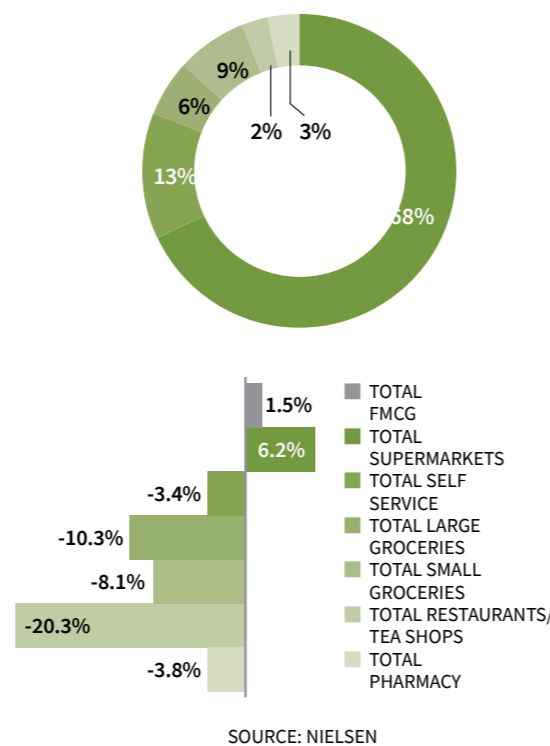


RETAIL TRENDS Intense competition was marked by a price war among top brands and intensified retailer demands for promotional discounts in parallel to increased consumer dependence on e-commerce channels and home deliveries.



FOOD SERVICE Food service channels were severely impacted by a sharp decline in tourism and out-of-home consumption as well as population erosion and business downsizing.

TOTAL UAE - CHANNEL PERFORMANCE VALUE CONTRIBUTION AND GROWTH - MAT Q2020 3





BUSINESS REVIEW



Water

Agthia reaffirmed its leadership in the water category, recording volume market share growth of %0.5 in 2020 despite the %6 decline in category size brought on by pandemic conditions. In a climate that witnessed the impact of restrained tourism on the food service channel, our concerted action in broadening the scope of our platforms and deliveries resulted in net revenue gains of 8% in the five-gallon home and office distribution business. Al Ain Water made huge strides in sustainability with the launch of the award-winning Plant Bottle and proved to be top of mind for consumers in Kantar's annual brand ranking.

Category brands



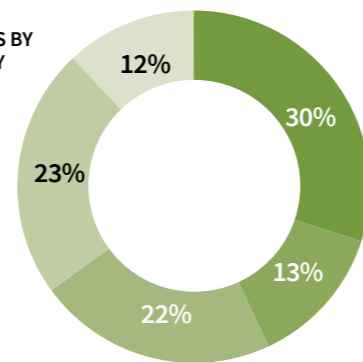
29.4%

WATER CATEGORY VOLUME MARKET SHARE

#1

AL AIN WATER KANTAR BRAND RANKING, BEVERAGE CATEGORY

AGTHIA REVENUES BY CATEGORY



- CONSUMER BUSINESS
 - WATER & BEVERAGES UAE + HOD
 - FOOD & TRADING ITEMS
- AGRI BUSINESS
 - FLOUR
 - ANIMAL FEED
- INTERNATIONAL BUSINESS

CHANNEL TRANSFORMATION

Responding to the impact on traditional sales channels, Agthia teams took immediate action to ensure the consistent availability of our products to our customers. In 2020, we launched four new mobile applications facilitating online orders across our consumer and agriculture business lines, doubled our trucks to meet soaring demand for home deliveries and developed strong partnerships with leading online retailers.



E-commerce platform development

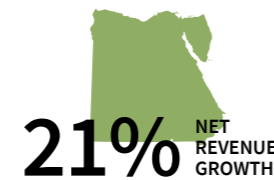
- Al Ain Water App and WhatsApp orders
- Al Bayan Water App
- 1971 App serving our CSD customers
- Partnerships with e-retailers including Amazon, Noon, Talabat and Kibsons

620%

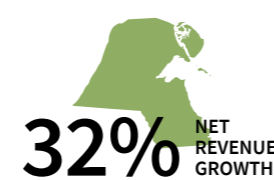
GROWTH IN ONLINE SALES

INTERNATIONAL BUSINESS

Instrumental to the Group's sustainable organic growth strategy, international business registered a solid performance across its five bases, demonstrating resilience and agility amid exceptional circumstances. Operations marked positive and often impressive growth in all territories with the exception of Saudi Arabia, where we have reset business fundamentals to make way for profitability moving forward. In a momentous end to the year, we acquired Al Faysal Bakery & Sweets in Kuwait, reflecting our ambitious goals to expand our regional F&B footprint.



EGYPT
Playing a major role in the net revenue growth of our food segment, the territory continues to deliver exceptional results driven by increased demand for tomato paste and frozen vegetables.



KUWAIT
One of the few businesses granted special permission to continue delivery routes during lockdown, Agthia made outstanding gains in market share, beginning a sustained growth trend in both value and volume.



SAUDI ARABIA
Implementing decisive measures to reset our business in the Kingdom, we have secured promising distribution contracts aligned with our ambitious plans for an expanded regional footprint.



OMAN
With an improved distribution model in place, operations recorded %16 and %26 growth in Al Ain Water and Frozen Vegetables respectively, and will roll out the production of PET bottles in 2021.



TURKEY
A producer and exporter of the premium Alpin Mineral Water brand, our Turkey business recorded exceptional growth and profitability in a territory that has been significantly impacted by the pandemic.



EXPORTS
Exporting water, food and flour from manufacturing hubs in the UAE, Turkey and Egypt, our export business recorded promising results in 2020, with plans underway for centralisation and expansion.



BUSINESS REVIEW



Beverages & Dairy

In a standout year for Yoplait, plain yoghurt more than doubled its market share since the product's relaunch under the Grass-Fed proposition. Our Yoplait range recorded impressive growth in all but the impacted food service channel. Similarly, benefitting from consistent availability and high quality, Al Ain Fresh juices delivered double-digit growth in modern trade channels. Meanwhile the Capri-Sun range bore the effects of the 100% excise tax on sweetened beverages, which resulted in a price increase of 64%. By mutual agreement, our licensing agreement with Capri-Sun ends December 2020.

Category brands



COMMUNITY SUPPORT DIVISION (CSD)

As part of our commitment to supply Abu Dhabi and Al Ain Municipality outlets, we provide a range of trading items across essential food, beverage and home care product lines. In 2020, we deployed a series of measures to secure these essentials, and moreover to deliver them to customers in need during nationwide lockdown by launching the 1971 mobile application. Offering an expanded range of products, our trading items witnessed an impressive 26% growth.

Category brands



MODERN TRADE CHANNELS
GROWTH IN GROSS SALES

43%

AL AIN FRESH



23%

YOPLAIT



Food

In a year marked by a return to the kitchen, Agthia's food categories recorded significant growth driven by aggressive in-store execution, channel expansion, portfolio development (S and lockdown-prompted panic buying). Observing category growth of 12% and 2% respectively, Al Ain Frozen Vegetables rose from fifth to third place as Al Ain Tomato Paste maintained its leadership at 27% in value market share. In a stellar performance for baked goods, our Grand Mills bakery business tripled following a substantial increase in demand for B2B frozen products, offsetting the decline in retail as home schooling shifted buying trends away from on-the-go snacking.

Category brands



200%

GRAND MILLS BAKERY
NET REVENUE GROWTH



Agri business

Our superior flour and animal nutrition lines continue to innovate in line with the needs of the local and global community, maintaining their leadership via swift channel expansion and adaptation in a shifting business landscape



AGRI BUSINESS NET REVENUE CONTRIBUTION

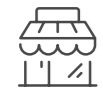
MARKET OVERVIEW



CONSUMER TRENDS Confined to the home, and with fewer opportunities to shop for fresh produce, consumers took to the kitchen, resulting in a global surge in baking activities in particular. At the same time, work and school shifted to the home, reducing demand for on-the-go snacks.



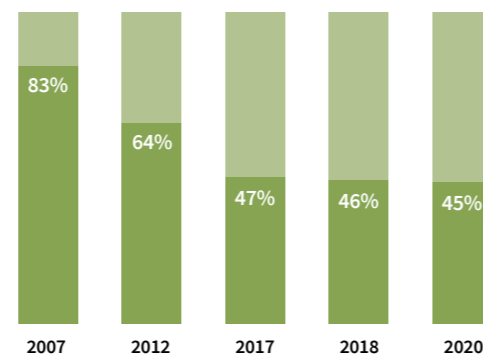
FOOD SERVICE In addition to the impact of declining tourism and out-of-home consumption, food service channels were impacted by population erosion, business downsizing and closures, and low cash flow.



FLOUR CATEGORY Flour witnessed a decline in category size as a result of Covid19-conditions and a drop in population across the UAE, impacting market demand.



AGRI BUSINESS CONTRIBUTION TO GROUP REVENUES PERCENTAGE OVER TIME



■ AGRI BUSINESS ■ CONSUMER BUSINESS

PRODUCT HIGHLIGHTS

Agrivita Calf Starter

Jointly developed with farmers, the Agrivita Calf Starter feeding program helps maximise weight gain after weaning.



Agrivita Meat Maker Range

Our popular high-performance poultry feeds deliver consistent results for broiler farms nationwide.

Grand Mills Vitamin D Flour

Our patented technology locks in vitamins, even post-baking, offering consumers %20 of their daily Vitamin D needs per slice.



Grand Mills Paratha Flour

Using flour sourced from India, this specialty line offers the authentic aroma and flavour of home-made paratha flatbread.



Grand Mills Pizza Flour

This finely ground flour is specially formulated to produce the perfect pizza dough.



BUSINESS REVIEW



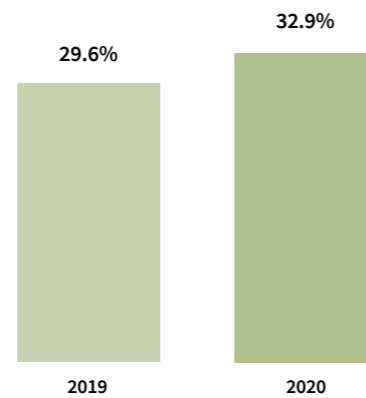
Flour

Cementing our market leading position in the nation, Grand Mills flour recorded robust revenue growth, benefitting from a marked rise in demand as the consumer baking trend soared. The outstanding results were driven by a strong performance in the core B2B business — despite the negative impact of the pandemic on the category — and a leap in export volumes in addition to the exceptional returns in retail sales.

Grand Mills further differentiated its portfolio with the introduction of four new flour varieties, the sterling success of its innovations securing a larger portion of the market in 2020.

Category brands

GRAND MILLS FLOUR VOLUME MARKET SHARE

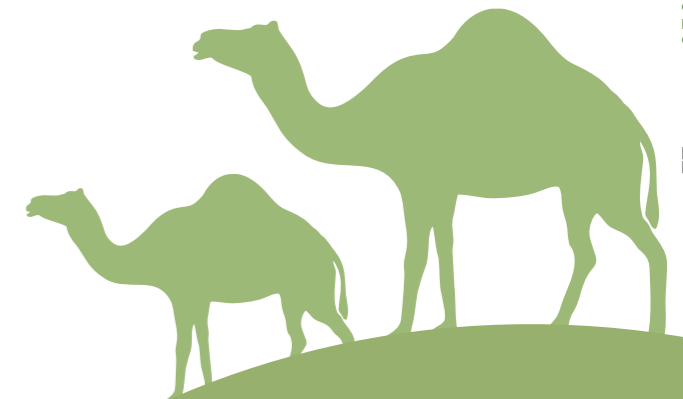


Animal Feed

Maintaining its leading position, Agrivita reported single-digit growth and improved market share in core animal nutrition channels. A swift response to the challenges of dropping demand focussed efforts on route-to-market fundamentals and expansion of outlet footprint in the UAE. As a result of the decline in opportunistic grain trade, overall feed business recorded flat growth.

The brand continued to innovate and expand its platform with the launch of the Agrivita mobile application, facilitating online purchase of its broad range of quality products in a year marked by restricted movement.

Category brands



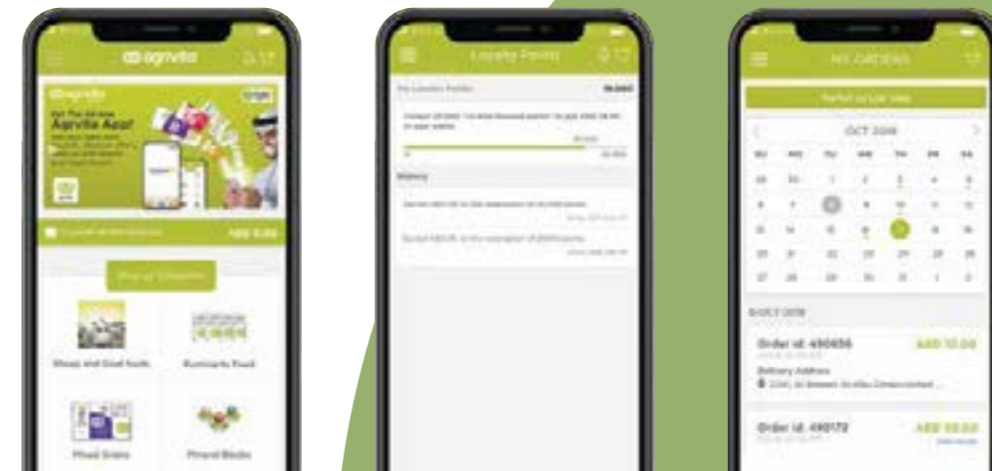
MEET THE CHEF IN YOU

WITH VIKAS KHANNA



Agthia brand ambassador

Announcing the news at Gulfood 2020, Agthia appointed acclaimed Michelin-star chef Vikas Khanna as brand ambassador of the company's food products.



Agrivita app

Agrivita works closely with farmers at every step of the product development, selection and delivery process. Opening up an additional channel, the newly launched mobile application also rewards customers through the Agrivita Loyalty Program.



SUSTAINABILITY AT AGTHIA

[Sustainability Management](#)

[Our Sustainability Vision](#)

[Alignment with Sustainability Guidelines & Frameworks](#)

[Listening to Our Stakeholders](#)

[Our Priority Sustainability Material Topics](#)

[Impact Boundaries](#)

[Our Sustainability Framework](#)



Sustainability Management

Sustainability at Agthia is aligned with our commitment to wholehearted living for all, by achieving our ultimate goal of being the most valued, advanced and renowned food and beverage company in the region. Our sustainability approach integrates the social, environmental and economic impact of our business at every stage of our production cycle-from field to fork.

We operate under the belief that ‘good business is good for business’ and we pursue our sustainability goals through efforts by the whole group, in all the countries and locations in which we operate. We aim to achieve our ambitious goals to drive system-wide change, while maximising our positive impact on the environment, economy and the society around us. We aim to realise this through resource efficient operations, stakeholders’ engagement, brand innovation, and investing in communities around our operations. But most substantially, we aspire to nourish the region and supply our communities with healthy, high quality and innovative products in a sustainable manner.

At Agthia, we have robust internal processes and functions of effective control systems that allow us to identify, manage and communicate risks regularly with the Board and senior management. The Health, Safety, Environment & Sustainability Team at Agthia monitors, communicates, and collects all sustainability related data from all business lines.

Agthia’s Sustainability Steering Committee oversees policies and practices relating to environmental, social and governance related topics relevant to the company. The committee is chaired by the CEO of the company, which consists of different group level functions that meet on a monthly basis to discuss all sustainability related topics and risks, KPIs and strategies.



Sustainability Steering Committee

Chief Executive Officer
Chairman

Chief Human Capital & Corporate Services Officer
Member

Chief Financial Officer
Member

Chief Operating Officer
Member

Chief Quality and R&D Officer
Member

Group Head HSE & Sustainability
Coordinator

In addition to this, we engage with all our stakeholders, both internal and external, to identify risks, progress towards our goals and ensure the continuity of our business. This year, we have revamped and enhanced our sustainability framework and strategy, made bolder commitments and highlighted different emerging industry trends to demonstrate how we are able to grow, innovate and adapt in the ever-changing business environment. Our framework addresses global and local trends that have the biggest impacts on Agthia. Focusing on four main pillars, the framework allows us to further our efforts in environmental stewardship, community support, employee development, product safety, quality, and numerous other, crucial areas to our continuity and growth.



Our Sustainability Vision

Our long-term Sustainability Vision—wholeheartedly driving a sustainable vision from field to fork—reflects our philosophy to conduct an inclusive and determined business that fosters innovation and authenticity to drive a positive impact throughout our value chain.

We aim to play an important role in the development of the livelihood and well-being of our employees and communities where we operate. We also aim to engage with our stakeholders to co-design impactful plans to drive a successful business that respects the environment and ensure the highest standards of transparency and ethics.



Wholeheartedly growing our

Everything we do at Agthia is wholehearted. This wholehearted commitment drives what we do at every stage of the food chain - from field to fork

sustainable business from

We are determined to sustainability meet the highest quality standards while conducting an inclusive business that promotes creation of shared values and ensures the highest positive social and environmental impact.

field to fork

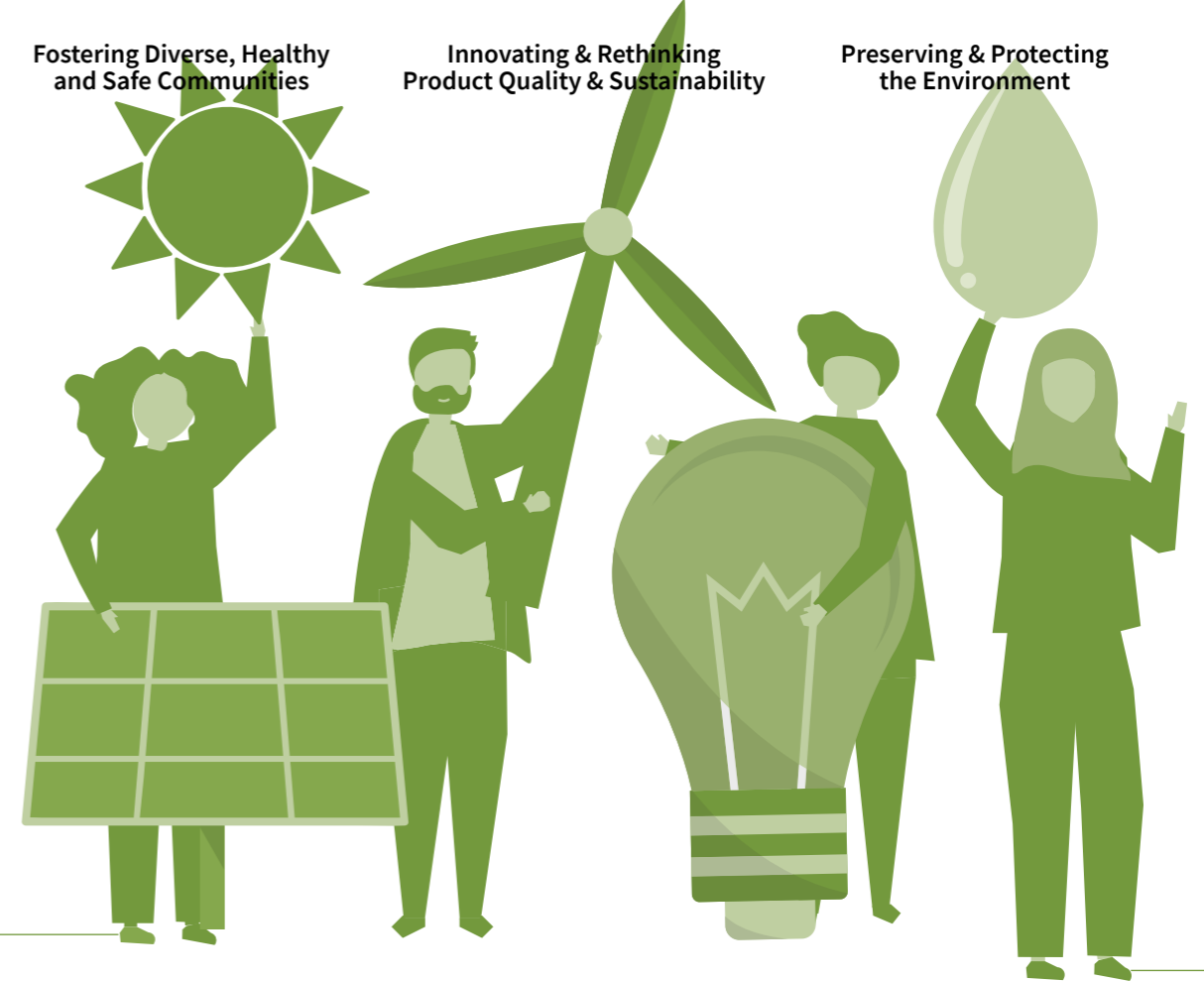
We are aware of the importance our value chain has for the success of our long term sustainability strategy, and this why we design co-responsibility plans with our suppliers, customers, and partners that allow us to incorporate sustainable development practices for the benefit of our surrounding communities.



ALIGNMENT WITH SUSTAINABILITY GUIDELINES & FRAMEWORKS

Alignment with Sustainability Guidelines & Frameworks

To ensure that our sustainability approach and areas of focus are influenced by a spectrum of sustainability priorities, we referred to the following guidelines and frameworks. The elements of each aligned framework have been mapped to all our material topics and focus areas, all illustrated in the GRI Standards Content Index at the end of this report.



United Nations' Sustainable Development Goals

The UN SDGs is a blueprint of collective international efforts to achieve a more sustainable future for all. This blueprint consists of 17 overarching goals that are all focused on environmental, social, and economic global challenges that we face today. The sole objective of these goals and the targets within them is to leave no one behind, where all defined targets are to be achieved by 2030.



The United Nations' Global Compact

The UNGC is a directive issued by the United Nations in the aim to encourage businesses worldwide to adopt sustainable and socially responsible policies, and to report on their implementation. The compact calls all companies to align their strategies and operations with universal principles on human rights, labour, environment, and anti-corruption, and take actions that advance societal goals.



The Global Reporting Initiative

The Global Reporting Initiative is an international independent standards organisation that helps businesses, governments and other organisations understand and communicate their impact on issues such as climate change, human rights, societal well-being, and corruption, to execute benefits for all stakeholders. The standards were developed with genuine multi-stakeholder involvement and contributions and rooted for public interest.



¹ <https://sustainabledevelopment.un.org/sdgs>
² <https://unglobalimpact.org>
³ www.globalreporting.org/default.aspx



LISTENING TO OUR STAKEHOLDERS

Listening to Our Stakeholders

Our approach to stakeholder engagement aims to promote progress on our key material issues. We continue to enhance our engagement approach, ensuring transparency, inclusiveness, consistency, and accountability to create shared value with every stakeholder of the business.

To identify our stakeholders, we follow an internal mapping process that is regularly updated as the business expands and grows. This process identifies the type and level of impact that each stakeholder group has on the business. Through an array of different communication channels, we continuously listen to all our stakeholders and seek their feedback at all times. Listed below are our key stakeholder groups, engagement methods, and the key impact areas.

STAKEHOLDERS

ENGAGEMENT METHODS

KEY TOPICS RAISED

EMPLOYEES



- Internal communication platforms, emails, calls, or in-person meetings
- Employee engagement survey
- Team meetings
- Performance appraisals

- Career path development
- Training and development
- Rewards and recognition
- Work-life balance
- Succession planning
- Occupational health and safety

BOARD OF DIRECTORS & SENIOR MANAGEMENT



- Board of Directors meetings & Committees' meetings
- Internal communication platforms, emails, calls, or in-person meetings

- Overall business strategy
- Shareholder value growth
- Business development
- Governance, ethics and Compliance
- Risk management
- Business continuity

INVESTORS & SHAREHOLDERS



- Investor relations team, through regular emails, meetings & calls

- Financial performance
- ESG initiatives

CUSTOMERS



- Customer satisfaction
- Customer relations team, through emails, calls, and meetings

- Healthy products
- Food security & continuous supply
- High quality products

SUPPLIERS



- Supplier Code of Conduct
- Supplier audits
- Tenders & RFPs

- High quality products
- Fair supplier selection
- Pricing
- ESG considerations when onboarding and evaluating suppliers

LOCAL COMMUNITIES & NGOS



- Meetings with non-profit organisations And community group
- Community-needs assessment through engaging specific stakeholders

- Food security
- Health & well-being
- Answering to community needs
- Biodiversity

GOVERNMENT ENTITIES



- Through government projects, policies, laws, and regulations

- Food security
- Product quality & specifications
- Compliance with law and regulations
- Providing updates and communications in response to regulatory requests

ENVIRONMENTAL ORGANISATIONS



- Partnerships and collaborations with local and international environmental organisations

- Resource efficiency
- Energy efficiency & emissions
- Water consumption
- Waste management
- Packaging innovation



OUR PRIORITY SUSTAINABILITY MATERIAL TOPICS

Our Priority Sustainability Material Topics

The food and beverage industry is continuously impacted by a range of market trends, changing consumer habits and spending power. This year was particularly challenging, with the COVID-19 pandemic posing various difficulties for the food and beverage industry both locally and globally.

To determine which global trends and risk areas have the biggest impact on Agthia, we conducted a thorough materiality analysis. The materiality process ensured the inclusion of all our stakeholder groups to help us identify all social, environmental and economic risks. Conducting this analysis in this manner allows us to identify key issues to be covered in our reporting and to decide where to focus our resources.

MATERIALITY MATRIX



MATERIALITY GRADING

	RANK	MATERIAL TOPICS
HIGHLY MATERIAL	01	Product safety and quality
	02	Corporate governance and ethical business practices
	03	Food waste reduction
	04	Financial performance and economic contribution
	05	Workplace health and safety
	06	Employee development and retention
	07	Packaging innovation and circular economy
MATERIAL	08	Workplace diversity and equal opportunities
	09	Operational waste management
	10	Responsible marketing and customer satisfaction
	11	Responsible supply chain management
	12	Water stewardship
	13	Human rights
	14	Food security
IMPORTANT	15	Employee engagement and well-being
	16	Healthy products
	17	Climate change mitigation and resilience
	18	Community contribution and investment
	19	Biodiversity and environmental impact



Impact Boundaries

MATERIAL TOPICS	CORRESPONDING GRI STANDARDS MATERIAL TOPIC	IMPACT BOUNDARIES	PAGE NUMBER
Product safety & quality	Customer Health & Safety	Customers	53
Corporate governance & ethical business practices	General Disclosures	Board of Directors & Senior Management, Investors & Shareholders, Government, Employees	36
Food waste reduction & circular economy	Effluents & Waste	Environmental Organisations, Government, Local Communities & NGOs, Customers	67
Financial performance & economic contribution	Economic Performance	Board of Directors & Senior Management, Investors & Shareholders	32
Workplace health & safety	Occupational Health & Safety	Employees, local authorities, local communities	47
Employee development and retention	Employment	Employees	46
Workplace diversity & equal opportunities	Employment	Employees	42
Operational waste management	Effluents & Waste	Environmental organisations, government, local communities & NGOs, customers	67
Packaging innovation and footprint	Material	Customers, environment, local communities & NGOs	58
Responsible marketing & customer satisfaction	Organizational Profile (Products & Services)	Customers	40
Responsible supply chain management	Supplier Environmental Assessment, Child Labour, Forced or Compulsory Labour, Human Rights Assessment, Supplier Social Assessment	Suppliers	60
Water stewardship	Water	Environmental organisations, government, local communities & NGOs, customers	66
Human rights	Human Rights Assessment	All stakeholders	38
Food security	Customer Health & Safety	Customers, government	50
Employee engagement & well-being	Employment	Employees	42
Healthy products	Customer Health & Safety	Customers	55
Climate change mitigation and resilience	Emissions	Environmental organisations, government, local communities & NGOs, Customers	65
Community contribution and investment	Local Communities	Local communities & NGOs	50
Biodiversity & Environmental Impact	Biodiversity	Environmental organisations, government, local communities & NGOs, customers	63



Our Sustainability Framework

Our sustainability framework serves as our roadmap to a sustainable future, by clearly defining our related agenda and focus areas, guiding our business decisions, and plainly communicating how we intend to mitigate our risks and maximise our positive impact.

The framework groups our sustainability material topics into four key pillars designed to guide everything we do and provide a foundation of the company's sustainability strategy. The framework summarises what sustainability means for Agthia and our stakeholders, identifying the areas that we manage and balance to ensure an inclusive, resilient and successful business. Our sustainability strategic priorities satisfy the absolute needs of our business

and our impact on society, the environment, and our economy. We focus our efforts on both standard and customised business and sustainability actions that will result in further positioning Agthia's commitment to growth, prosperity and well-being for all.

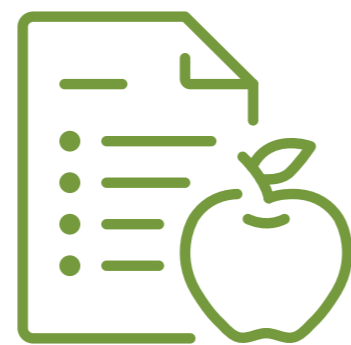
Fostering Diverse, Healthy & Safe Communities

- Workplace diversity & equal opportunities
- Employee development and retention
- Employee engagement & Well-being
- Workplace health & safety
- Food security
- Community contribution and investment



Innovating & Rethinking Product Quality & Sustainability

- Product safety & quality
- Healthy products
- Responsible supply chain management
- Packaging innovation and footprint



Preserving & Protecting the Environment

- Climate change mitigation and resilience
- Operational waste management
- Water stewardship
- Food waste reduction & circular economy
- Biodiversity & environmental impact



Maintaining Ethical, Responsible & Profitable Business

- Financial performance & economic contribution
- Corporate governance & ethical business practices
- Responsible marketing & customer satisfaction
- Human rights





MAINTAINING ETHICAL, RESPONSIBLE & PROFITABLE BUSINESS

- Our Financial Performance
- Corporate Governance
- Risk Management and Internal Control
- Ethical Business Conduct
- Supporting Human Rights
- Our Customers
- Responsible Marketing

We are committed to ensuring that our business success contributes to the sustainable development in the communities and countries in which we operate, and to the achievement of the United Nations' Sustainable Development Goals.

To Agthia, this means conducting our business in a way that generates economic benefits to all stakeholders and shareholders without compromising our efforts to instil good governance practices in every part of the company.

UN Sustainable Development Goals

8 DECENT WORK AND ECONOMIC GROWTH

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

16 PEACE, JUSTICE AND STRONG INSTITUTIONS

UAE National Vision 2021 Pillars

- Safe Public and Fair Judiciary
- Competitive Knowledge Economy

Material Topics

- Financial performance & economic contribution
- Corporate governance & ethical business practices
- Responsible marketing & customer satisfaction
- Human rights

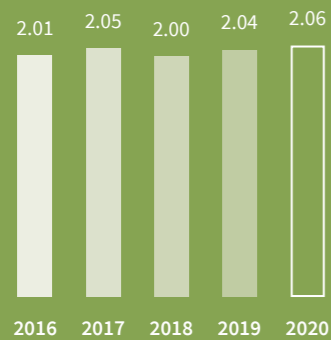


OUR FINANCIAL PERFORMANCE

Our Financial Performance

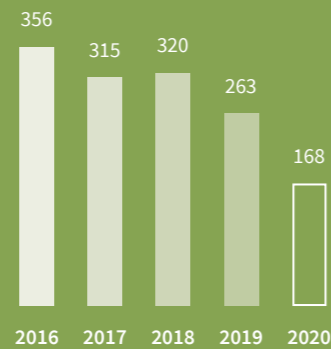
NET REVENUE

2.06
AED billion



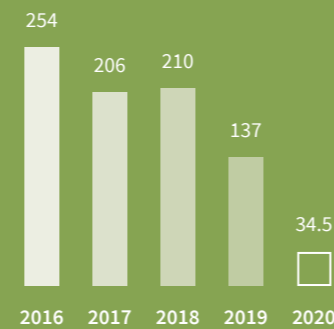
EBITDA

168
AED million



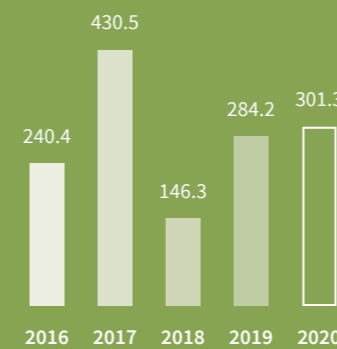
NET PROFIT

34.5
AED million



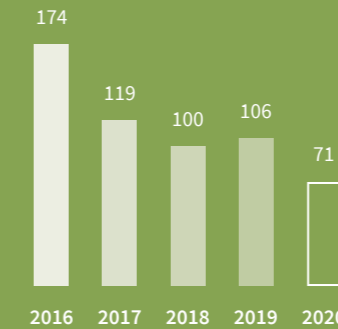
CASH FROM OPERATIONS

301.3
AED million



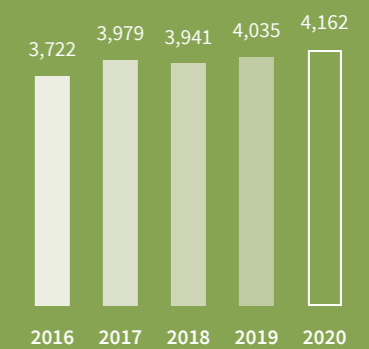
CAPITAL EXPENDITURE & INVESTMENTS

71
AED million



GROUP HEADCOUNT

4,162



ASSETS

3.14
AED billion

CASH AND BANK BALANCES

775.5
AED million

BORROWINGS

536
AED million

EQUITY

1.90
AED billion

R&D EXPENDITURE

7.4
AED million

CSR SPENDING

0.8
AED million

FOR FURTHER IN-DEPTH INFORMATION ABOUT OUR FINANCIAL PERFORMANCE, PLEASE REFER TO OUR FINANCIAL STATEMENTS IN OUR 2020 ANNUAL REPORT.



Deep-dive financial assessment

Laying the groundwork for long-term growth

Armed with a clear strategy, in 2020 we performed a thorough assessment of our financials and took bold steps to ensure a strong footing and boosted quality of earnings as we take the next steps towards success

CHANNEL MANAGEMENT

As part of a valued partnership, Agthia's Community Support Division provides essential stocks to Abu Dhabi and Al Ain Municipality stores. In 2020 we further strengthened our operations across this strategically important channel by taking ownership of the payment and collection process. Bringing us closer to consumers and valuable real-time data, this decision results in a one-time accounting adjustment amounting to AED7.7 million.

LICENSE RE-ASSESSMENT

Following the implementation of the 100% excise tax on sweetened beverages in 2020, we signed a mutual agreement with Capri-Sun to end the licensing relationship as of December 2020. This resulted in a one-time AED9.5 million full impairment of assets and inventories. The business transfers back to the brand owner from January 2021 as we focus our efforts on delivering healthy product offerings that meet the changing needs of our customers.

PORTFOLIO RATIONALISATION

In a proactive effort aligned with our growth strategy, we conducted a thorough review of our inventory, streamlining our portfolio by eliminating under-productive and obsolete SKUs and slow-moving finished goods. Paving the way to long-term benefits, the portfolio rationalisation accounts for net provisions of AED7.2 million.

DOUBTFUL DEBT PROVISIONING

In our efforts to address market liquidity issues, we conducted an in-depth review and risk assessment of outstanding receivables, the result of which was an aggregate of AED58 million of bad debt provisioning for the year. In 2020 we appointed a new head of international business and took measures to reset our base in KSA, conducting a forensic audit, filing legal cases against bad-debt customers and securing promising contracts aligned with our plans for sustainable growth in the country and the region.



PROGRAMMATIC M&A: OUR GROWTH STRATEGY

Strategy in action

Acquisitions 2020

Delivering added value to our shareholders, in 2020 we acquired Al Foah Company and Al Faysal Bakery & Sweets, translating our M&A strategy into synergistic alliances with two leaders in their fields and marking a new stage in our regional expansion.

Identify and acquire businesses that align with the Group's expansion strategy in terms of both existing and new categories and geographies.

Inorganic: fast-paced, high-impact

Ensure M&A transactions meet strategy criteria

Accretive to our shareholders

Synergistic

Meaningful in size

Improve our competitive position

Enhance our product offerings

Steer culture internally towards a model in which M&A is a core business priority

Align internal stakeholders with M&A objectives

Act in the best interest of Agthia's shareholders

Ensure shareholders are informed of M&A status at all times

Structure transactions optimally in terms of use of resources and deployed capital

Continue to enhance capabilities in pursuit of excellence in programmatic M&A execution

Successfully integrate acquired companies and realise synergies



OUR FINANCIAL PERFORMANCE



REVENUES 2020
438
AED million

EMPLOYEES
500+



REVENUES 2020
87
AED million

EMPLOYEES
500+

AL FOAH COMPANY

ACQUISITION ANNOUNCED OCT 2020 | COMPLETED JAN 2021

Established in 2005 by the Abu Dhabi government, Al Foah is the world's largest date receiving and processing company, exporting to over 45 international markets including India, Bangladesh, Oman, Indonesia and Malaysia. The company's product portfolio consists of a wide variety of whole and value-added dates and date-based products, sold in bulk and retail. Two date processing factories and eight receiving centres across the UAE handle over 160,000 metric tons per season.

The transaction serves as a milestone in Agthia's expansion trajectory. With the integration of Al Foah as a strategic business unit, Agthia becomes the domestic market leader in four essential food and beverage categories – water, dates, flour and animal feed – and one of the top 10 F&B companies in the MENA region.

90% of Al Foah's total production is exported to over 45 markets worldwide



AL FAYSAL BAKERY & SWEETS

ACQUISITION ANNOUNCED DEC 2020 | COMPLETED JAN 2021

Al Faysal Bakery and Sweets is one of Kuwait's largest and most reputable bakeries, a household name with strong brand heritage dating back to its establishment in 1991. With an expansive range of fresh baked goods, including packaged croissants, pastries, mini pizzas, rusks and cakes, the company distributes to over 4,700 customers across all key retail channels, and is a market leading supplier of bakery products to schools.

Further diversifying Agthia's product portfolio, Al Faysal Bakery plays an important role in support of the Group's strategic growth, expanding our regional footprint and adding significant scale to our existing operations in Kuwait.

Al Faysal's baked goods and snacks are distributed to over 4,700 customers



CATEGORIES
Dates and derivatives, confectionary

FOOTPRINT
International with strong base in GCC and Asia

RATIONALE
Scale, category (superfood), brand

VALUE CREATION
Synergies, premiumisation, diversification

CATEGORIES
Bakery, snacking

FOOTPRINT
Kuwait

RATIONALE
Brand, market scale

VALUE CREATION
Synergies, capabilities, wider customer base



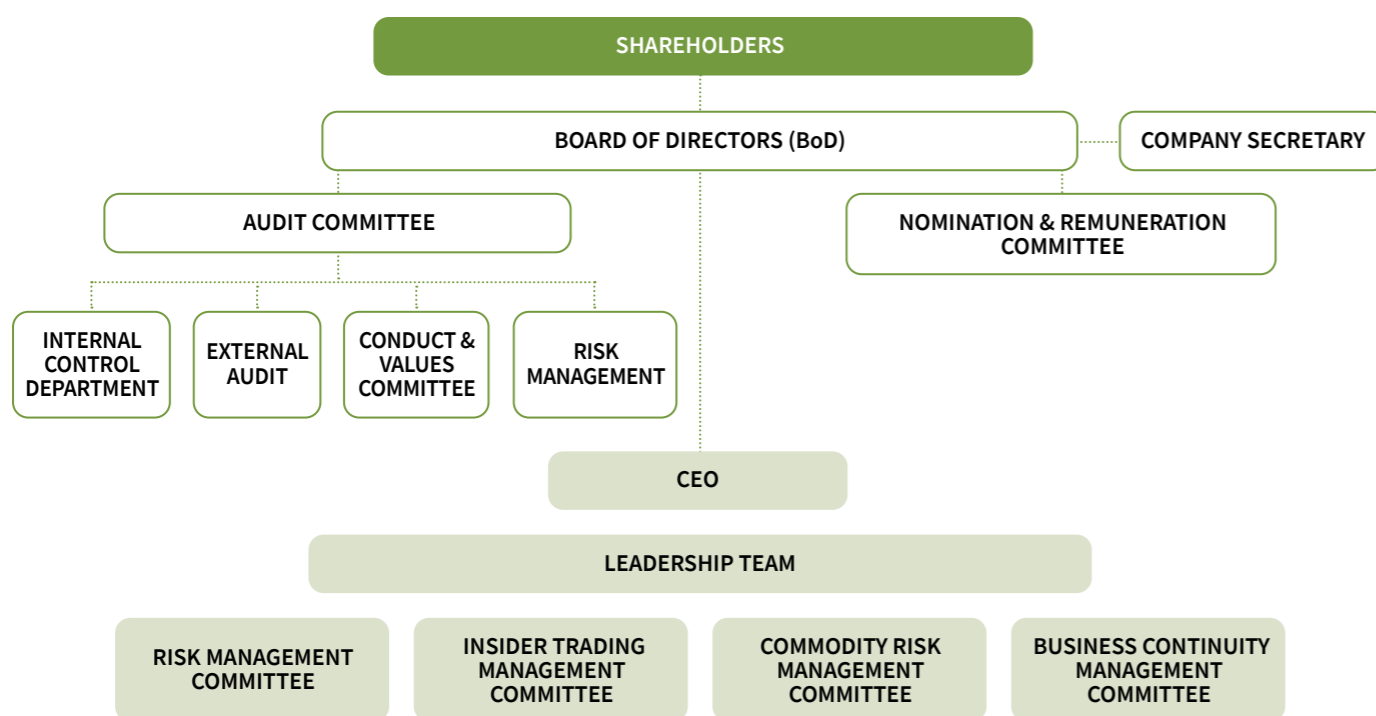
Corporate Governance

At Agthia, we believe that a solid foundation of good corporate governance and business ethics significantly contributes to the company's ability to compete effectively and realise its full value potential. This means leadership by a management team of uncompromising integrity under Board of Directors oversight, a commitment to shareholder and stakeholder engagement, and creation of sustainable value through business fundamentals, corporate social responsibility, and environmental stewardship.

This section gives an overview of the Group's corporate governance systems and procedures as of this year. The full version of our corporate governance report has been approved by the Securities and Commodities Authority (SCA) and posted on the Abu Dhabi Exchange (ADX) website, the Group's website, and in our annual report.

Governance Structure

Effectively applied corporate governance guidelines are the foundation of business integrity and support management's commitment to deliver value to shareholders through sustainable business results. The Group maintains high levels of transparency and accountability which include adopting and monitoring appropriate corporate strategies, objectives, and procedures that comply with its legal and ethical responsibilities.



BOARD OF DIRECTORS

The Board of Directors' role is to represent shareholders, to whom they are held accountable, in creating sustainable value through effective governance of the business. It is the Board's responsibility to ensure that effective management is in place to implement the Group's strategy. The Board is the primary decision-making body for all matters considered to be material to the Group. The Board has a rolling agenda to ensure that key areas remain in focus throughout the year.

The present Board of Directors was elected at the Annual General Meeting held on April 16, 2020 for a term of three years. The Board currently has seven members, comprising an Independent Non-Executive Chairman and six Independent Non-Executive Directors. This year, eight Board of Directors meetings were held.

The Group supports the inclusion and participation of women in business and believes that diversity contributes to the quality and effectiveness of governance. For the last election of the Board, the Group invited nominations from both male and female candidates; however, no nominations of female representatives were submitted. Therefore, there are no female representatives currently on the Board.



KHALIFA SULTAN AL SUWAIDI
Chairman



SALMEEN OBAID ALAMERI
Vice Chairman



GIL ADOTEVI
Member



GIANLUCA FABBRI
Member



KHAMIS MOHAMED BUHAROON AL SHAMSI
Member



SAIFUDDIN RUPAWALA
Member



H.E. KHALAF AL HAMMADI
Member





Risk Management and Internal Control

THE BOARD COMMITTEES

The Board has established two Board Committees to assist it in its responsibilities. The committees operate in line with their respective charters, as approved by the Board. The charters set out their roles, responsibilities, scope of authority, composition, and procedures for reporting to the Board.

Audit Committee

The Audit Committee shall assist the Board in fulfilling its oversight responsibilities for the integrity of the financial statements and system of internal control of the Group and each of its subsidiaries and ventures in compliance with all applicable Laws and Regulations. The Audit Committee, appointed by the Board of Directors, consists of three members who are Independent Non-Executive Directors. During 2020, four committee meetings were held.

Nomination and Remuneration Committee

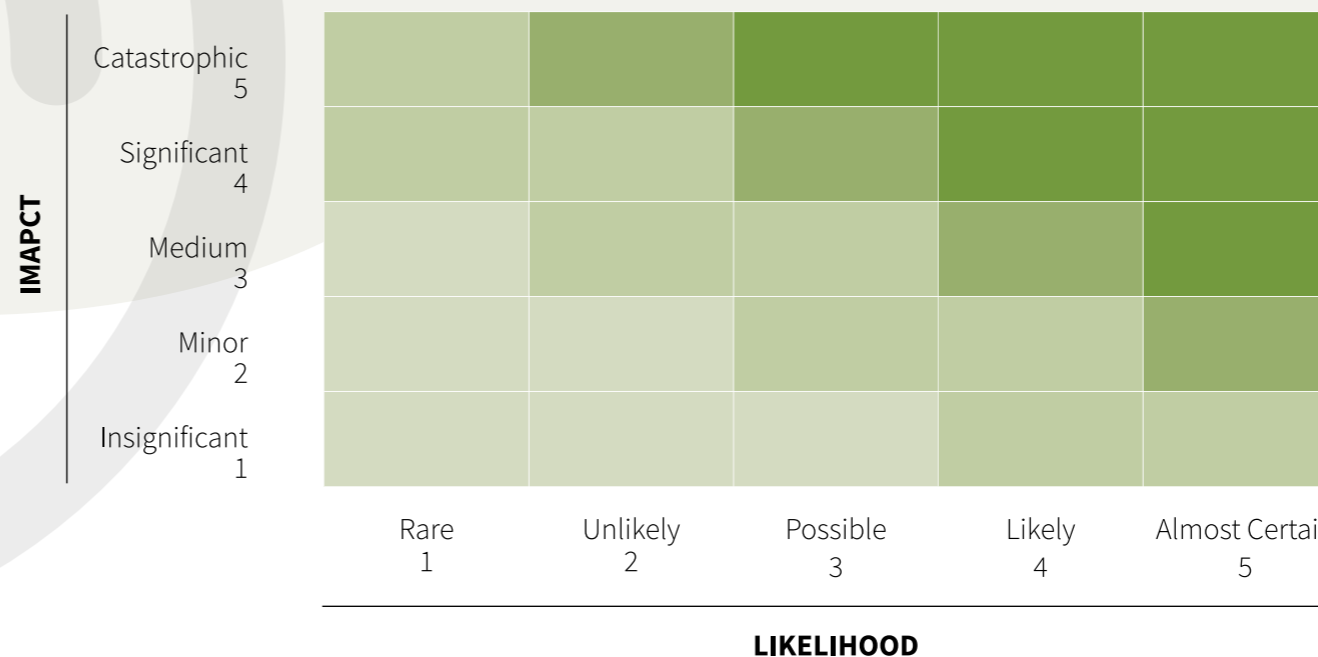
The Nomination and Remuneration Committee is responsible for reviewing the Group's HR framework and compensation programmes. The Committee makes recommendations to the Board on the remuneration, allowances, and terms of service of the Group's senior executives to ensure they are fairly rewarded for their individual contribution to the Group. All three Committee members are Independent Non-Executive Directors. Seven committee meetings were held in 2020.

Risk management is integral to Agthia's strategy and to the achievement of our long-term goals. The Board has established a risk and control structure designed to manage the achievement of strategic business objectives. In doing so, we take an embedded approach that places risk management at the core of the leadership team agenda, which is where we believe it should be.

The Board provides oversight of the Group's risk management strategy and has the overall responsibility for setting the Group's risk appetite. Risk appetite guides the Group in determining the nature and extent of risk it would ordinarily accept, while executing the business model for creating sustainable shareholder value.

The risk appetite the Group accepts is moderate, as it seeks a balanced management of opportunities for sustained business growth along with focused identification and exploitation of opportunities generated through its business. It is not the Group's strategy to seek accelerated growth by pursuing choices with significant uncertainties.

Inherent Risk Rating Matrix





RISK MANAGEMENT PROCESS

RISK IDENTIFICATION

Identifying existing, potential and emerging risks related to the organisation's objectives.

RISK ASSESSMENT

Effective processing of risks based on ADAA methodology.

RISK PRIORITISATION

Prioritising risks based on evaluation methods and trade-offs analysis.

RISK MITIGATION

Mitigation efforts through actions, initiatives, or programmes.

RISK MONITORING AND REPORTING

The use of appropriate systems and internal control systems to identify, assess, prioritise, and mitigate risks, and report to the Board through the Audit Committee.

This year, we have considered the implications of the COVID-19 pandemic on our business, including a thorough analysis to assess its potential medium- to longer-term cascading impacts on the company's risk profile and our enterprise-level watch list of emerging risks. We will continue to assess the implications of the pandemic and have referenced impacts to our principal risks in the following risk factors, where relevant.

The Group has a robust system of internal control to ensure that the Board and management are able to fulfil the Group's business objectives. An effective internal control framework contributes to safeguarding the shareholders' investment and the Group's assets.

The objective of the Group's internal control framework is to ensure that policies and procedures are established, properly documented, maintained, adhered to, and incorporated by the Group within its normal management and governance processes.

Appointed by the Audit Committee, the Internal Control Department (ICD) is to provide independent assurance and consulting services using a disciplined systematic approach to improve the effectiveness of risk management, internal control, compliance and governance process, and the integrity of the Group's operations. In 2020, the ICD submitted 24 reports for action, resulting in various process level enhancements enacted across the Group.

Ethical Business Conduct

Agthia is committed to implementing corporate governance best practices in order to increase accountability and uphold our values throughout the organisation as well as to optimise the management of our business. The principle of excellent governance spans all aspects of our sustainability strategy and oversees all major business functions. Agthia Group policies outline responsibilities and provide guidance on good governance practices for employees throughout the Group.

Anti-bribery and corruption principles are managed through a comprehensive and robust set of policies, namely: The Code of Business Conduct, fraud policy, and whistleblower policy. Agthia has an established Whistleblower Policy to provide employees and key stakeholders with a means to confidentially report any violations of the Code of Business Conduct, internal policies and procedures, or applicable laws and regulations. Employees, Customers and Suppliers can report violations via a dedicated whistleblower hotline. These reports are confidential, with access restricted to the Code and Values Committee and the Audit Committee.

At the annual awareness program, employees are informed of the definition of misconduct, what constitutes it—including fraud and corruption—accepted regulations, and actions required in the event of violation. These policies are available on the company's intranet Insite for employee access.

All employees are informed of these policies during the induction programme, followed by an annual confirmation from employees of their understanding, compliance with Agthia's Code of Business Conduct, and the annual awareness program. This year, we had two cases of breach of Code of Business Conduct, which were addressed and corrected appropriately. In 2020, the company had no bribery or corruption cases.

0
CASES
OF BRIBERY
OR CORRUPTION

Supporting Human Rights

We aim to promote respect for human rights in everything we do: within our operations, through our supply chain and distribution channels and through our brands.

Human rights are embedded in our company's culture and values. Our commitment starts with our own employees, ensuring that they are respected as well as safe at all our offices and facilities. Our code of conduct and anti-harassment policies set the framework to ensure compliance and commitment within all our areas of operations.

We provide continuous tools and training to all our management operations to implement these principles and uphold our human rights standards at all our facilities. In addition, Agthia has established and communicated a Supplier Code of Conduct (SCC) policy delineating the standards of conduct and compliance required from all suppliers and vendors in business dealings with Agthia to ensure that our standards are extended throughout our supply chain.

We support the United Nations Universal Declaration of Human Rights which means that we aim to support ten principles within four important areas: human rights, labour rights, environment and anti-corruption, all of which are addressed throughout internal company policies and frameworks.



Our Customers

Food is a pillar of culture and community. To ensure a healthy future for all is a responsibility we take very seriously at Agthia. Our customers have always been at the heart of everything we do, and ensuring their continuous satisfaction and well-being is pivotal to our growth and success. We are always developing our product portfolio to offer consumers more affordable, nutritious and healthier options to support ever-evolving sustainable lifestyle needs and demands.

Customer insights and trends are a key source of input for Agthia's strategies, development, and improvements. We ensure that all customers feel confident that our products are safe and high quality, and provide full transparency on product contents.

This year, we conducted a B2B customer satisfaction survey to better understand key strengths, weaknesses and opportunities that our brands face today. This survey targeted an array of different stakeholders across all our distribution channels. Overall satisfaction with the brand rated at 83% for all products except animal feed, which was rated at 77% in overall satisfaction.

Nonetheless, 92% of respondents expressed that their satisfaction never declined, with over 51% expressing increased satisfaction over the years.

Direct customers of Agthia are of equal importance, and their input is crucial to understanding how our products are perceived by our end consumer. This year, through an independent third-party, we conducted a customer experience survey for over 650 customers, all of which were asked questions about our products' quality and quality of our services.

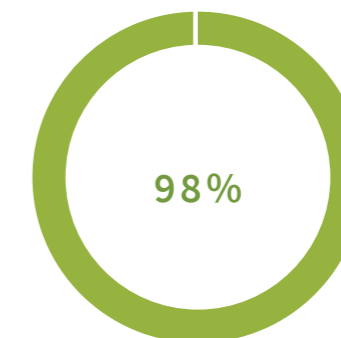
Our relationship with Agthia has always been cordial. We have found them extremely professional in their approach and very focused in whatever the objectives are. Being a local company with mostly locally produced products, the turn-around in implementations has always been up to the mark. We have also seen proactiveness in having to catch up on data. This allows corrective actions to be discussed and implemented.

Choithrams Supermarket and Department Store, 2020

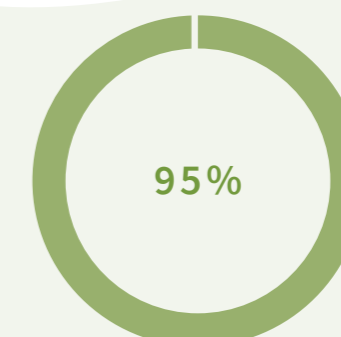


OVERALL EXPERIENCE AND SATISFACTION

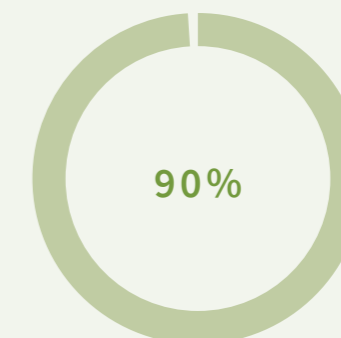
CALL CENTRE



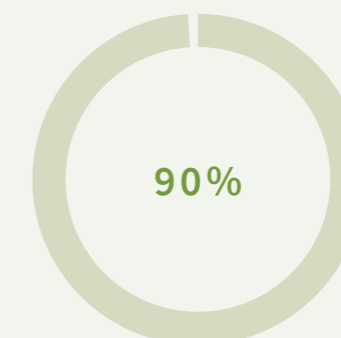
PRODUCT QUALITY



TIME OF DELIVERY



APPEARANCE AND ATTITUDE OF SALESPERSON





Responsible Marketing

Agthia is committed to the transparent and responsible marketing of our products. In order to ensure that we implement best industry practices in marketing, we have engaged with industry experts, conducted in-depth research, and benchmarked our peers in the food and beverage industry. Some of our responsible marketing practices include:

Focusing our marketing budget on our healthiest options. All options were responsibly marketed across relevant channels in the UAE market.

All brand communication for Agthia brands (Al Ain Water, Grand Mills, Yoplait, Al Ain Foods and Al Ain Fresh) that were marketed on social media (Facebook and Instagram) was honest and transparent about the technical/consumer benefits and under strict marketing guidelines for children over the age of 12.

All in-store sampling was done under similar guidelines.

All products launched included complete nutritional panel information at the back of the pack which was 100% approved by authorities. All front of pack communication was approved by relevant authorities in the UAE.

Support of cause-marketing and charitable national institutions.

Our animal feed brand Agrivita developed animal feed packaging considering the regulations from ADAFSA with clear front-of-pack and back-of-pack labels, setting a standard for the feed category in UAE. Product labels provide clear information for customers on product specifications and usage.

Technical marketing focused on consumers delivers feeding programmes for each animal type and supports farmers through education and training.

Agrivita social media channels like Instagram, Facebook and YouTube provided strong content pillars to enhance sustainable farming experience.

In past years, there were zero major incidents of non-compliances at the Group from third-party certifying bodies, regulatory authorities, and customer audits. Moreover, there were zero product recalls over the same time period. The table below exhibits our excellent track record of compliance with regulations regarding the marketing, labelling, and communication of our products.

Incidents of non-compliance concerning product and service information and labelling



Incidents of non-compliance concerning marketing communications



Non-compliance cases in regards to certifications or regulations



Product recall from the market





FOSTERING DIVERSE, HEALTHY AND SAFE COMMUNITIES

Our People

Training and Development

Health and Safety

Community Engagement

Agthia is driven by the conviction that value is created by its employees, and that the ability to attract, retain and develop the best and most competent people is crucial to the company's success.

As a fundamental principle of workforce well-being, we cultivate a culture of workplace diversity, inclusion, safety and consistently achieving high performance through best practices, effective engagement, and impactful initiatives.

UN Sustainable Development Goals



UAE National Vision 2021 Pillars

Cohesive Society and Preserved Identity

Competitive Knowledge Economy

Material Topics

Workplace diversity & equal opportunities

Employee development and retention

Employee engagement & well-being

Workplace health & safety

Food security

Community contribution and investment



Our People

People are at the centre of everything we do, from our employees to our customers to those who live in our communities. We believe each one of us can play a role in creating a better future, and our company has a long history of making investments to improve the lives of all our stakeholders. At Agthia, we believe that our people are our greatest asset and the pivotal determinant of our growth, success and resilience.

We operate under the motto “To win in the marketplace, you must first win in the workplace” because we believe that the best work environments foster success, innovation, productivity, and business growth. Further, by properly engaging, developing, and motivating our workforce, we can attract and retain top talent in the industry and prepare it to grow shared value and take on the challenges of the future.

Our employees are our primary resource for delivering our sustainability objectives. Through engagements in committees and subcommittees, employees drive each pillar to success. Our approach to creating an industry-leading and responsible workforce focuses on diversity and inclusion, employee engagement, and workplace wellness and safety.

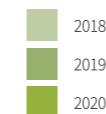
To continuously enhance our measures, we gather constructive feedback from our employees through our Em-Power program, where they are encouraged to share their ideas, as well as regular emails. There are two committees in-place, the Executive Innovation Committee (EIC) and Business Innovation Committee (BIC), that systematically assess all submitted ideas across various stages (from ideation to filtration to feasibility to finally product development).

In 2018, we conducted our bi-annual employee satisfaction survey, where overall employee satisfaction was rated at 83%, over 8% more than our set target. Given the circumstances that we faced this year caused by the pandemic, we have not conducted this survey. However, we plan on continuing this practice to better enhance our employee engagement and well-being year on year.

Our total workforce in the UAE comprises of over 90% of our total workforce at all countries of operations. In 2020, our total workforce in the UAE stood at 3,079 employees. Given the turbulent market environment caused by the spread of the COVID-19 pandemic, we have seen a slightly decreasing number of employees working at Agthia, with a low turnover rate of 5.7% for this year. Moreover, we ensured business continuity throughout all our operations and managed to welcome 128 new employees to our workforce this year.



OUR WORKFORCE IN NUMBERS*



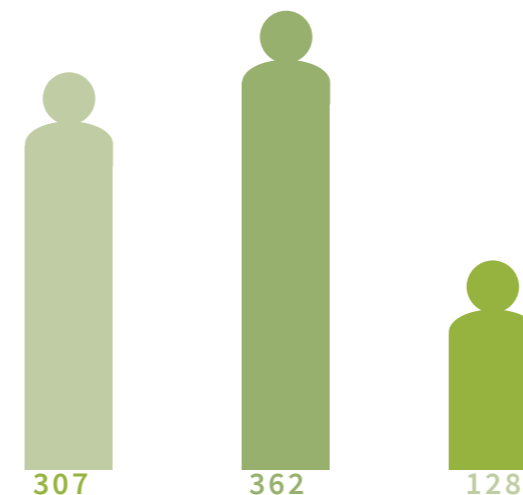
FULL-TIME EMPLOYEES



PART-TIME EMPLOYEES



TOTAL NEWLY HIRED EMPLOYEES



VOLUNTARY TURNOVER RATE



3,079
EMPLOYEES WORK AT AGTHIA
*UAE ONLY

128
NEW EMPLOYEES JOINED US
THIS YEAR

83%
EMPLOYEE SATISFACTION

5.7%
TURNOVER RATE

At Agthia, we offer our employees a wide range of benefits, including but not limited to:

- Annual leave of 25 working days per year, emergency health leaves of three days a year not requiring a medical report, sick leave, compassionate (bereavement) leave, study leave, wedding (marriage) leave, medical escort leave, Haj leave, maternity leave of 60 calendar days and three days' paternity leave. In addition, employees have the option to carry-forward unclaimed leave days.
- Our competitive compensation scheme includes housing and transportation allowances, long term incentive plans for senior management team, performance-based bonus, sales and other incentives, overtime (as per the Labour Law), schooling assistance, family airfare, in addition to comprehensive medical insurance for the employees and their families.

*All Human Resources-related data presented in this report covers UAE operations only.



GENDER EQUALITY

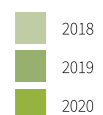
Maintaining diversity and upholding equality is key to ensure our future resilience as an organisation. While the majority of our employees are male, we believe that both genders should have equal opportunities and access to career prospects across all our business lines.

The reality that we are reconciling with is that female professionals in the UAE, where most of our employees are located, have yet to enter a manufacturing field such as ours due to cultural reasons, especially in our blue-collar jobs as all our labour are men. This, however, is gradually and consistently changing with UAE's clear mandate to employ and empower women across all sectors.

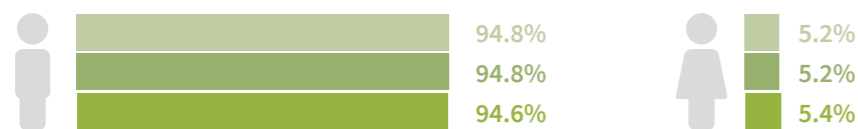
We aim to address this gender gap by implementing recruitment practices that welcome more women into our workforce to achieve a gender-balanced

workspace. We understand that this shift is not an overnight remedy, but we are dedicated to plan, strategise and deliver in order to achieve a more equal representation of both genders. This year, we are proud to see a slight increase in both female representation in white-collar positions and management positions.

Retaining employees is a crucial part of our success, and we are pleased to show that our turnover rates are reducing this year across the board, especially for women, whose turnover rate Agthia was at a low 4.3%. This can be attributed to the various practices in-place to ensure that all employees have the opportunity to grow both professionally and personally while working at the company. While our senior management still lacks female representation, we remain committed to empowering and developing women at Agthia even further. Remuneration rate at Agthia is 1:1 between female and male employees.



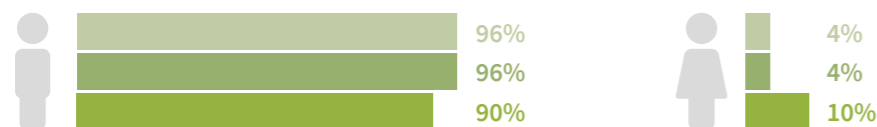
FULL-TIME EMPLOYEES BY GENDER EMPLOYEES



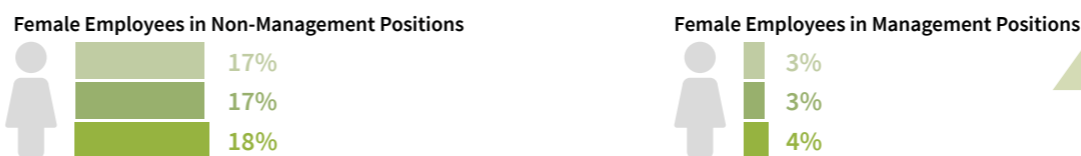
TURNOVER BY GENDER



NEWLY HIRED EMPLOYEES BY GENDER



FEMALE PARTICIPATION - WHITE COLLAR



6% **Increase in our female newly hired employees**



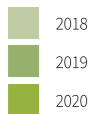
AGE DIVERSITY

Agthia supports employees from all age groups and offers them various growth and employment opportunities. Youth employment is a pressing issue in the UAE and other countries where we operate, and we look to address the issue by providing talented young individuals with opportunities for good, stable jobs. This can be seen in our recruitment practices, as 40% of our newly hired employees in 2020 were between under the age of 30. We grew our youth employee (under 30 years of age) percentage by 2% from last year, getting up to almost one quarter of the company workforce.

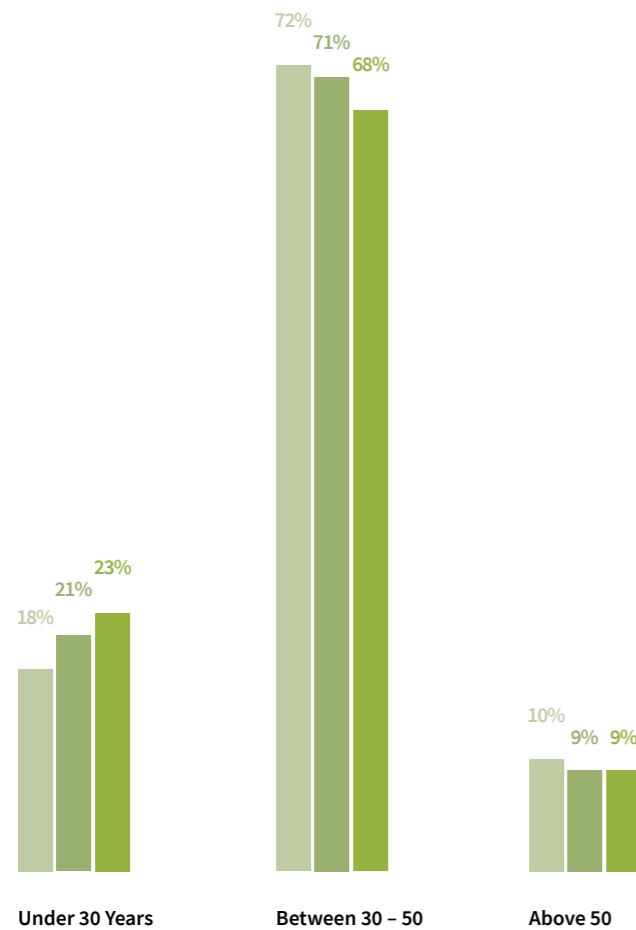
At Agthia we value our workforce's contribution to our success and growth. We are proud to note that over 65% of our employees have been with us for over five years. While we continue to welcome new, young, and driven people into the company, we will remain dedicated to empowering and developing our existing workforce.



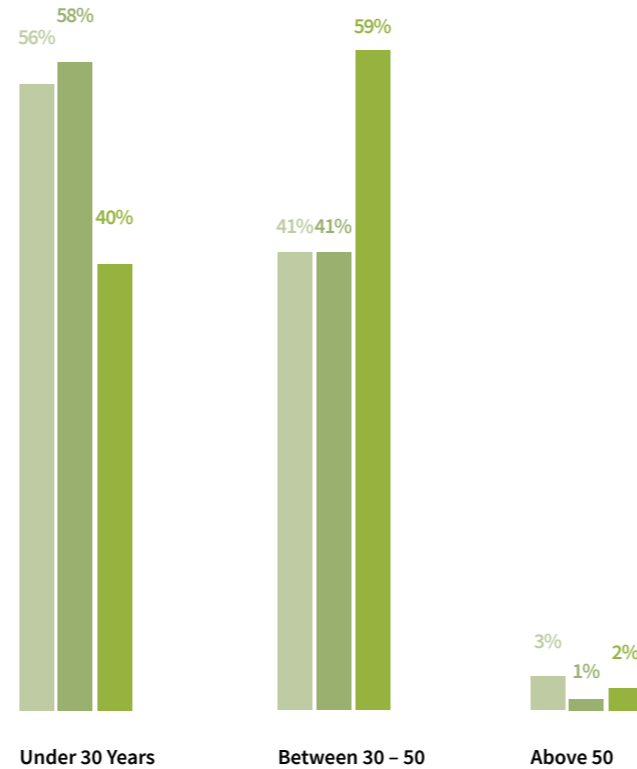
23%
of our workforce is under 30 years of age



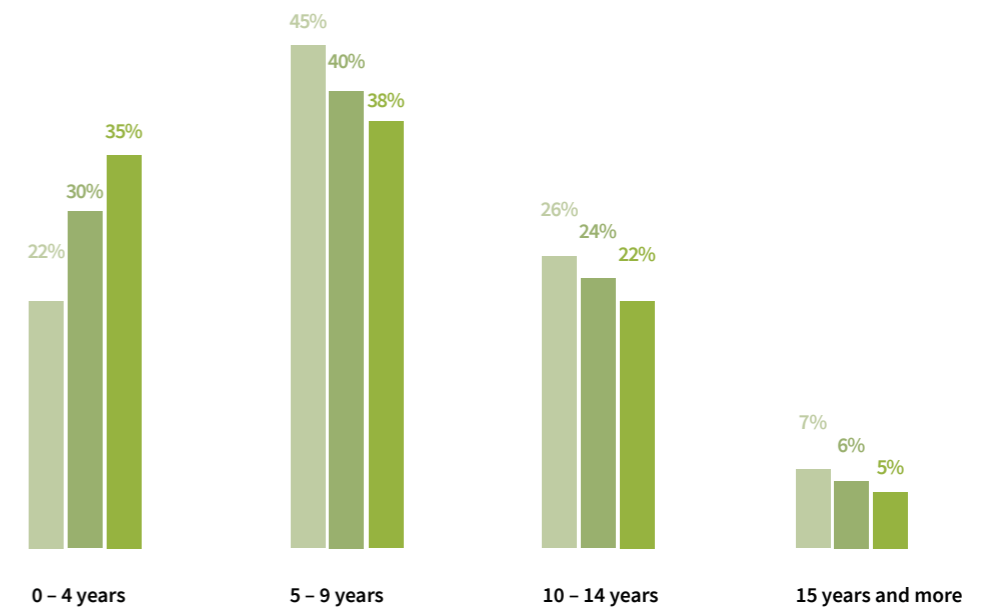
FULL-TIME EMPLOYEES BY AGE GROUPS



NEWLY HIRED EMPLOYEES BY AGE GROUPS



FULL-TIME EMPLOYEES BY YEARS OF SERVICE



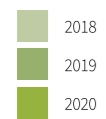


FOSTERING INCLUSION

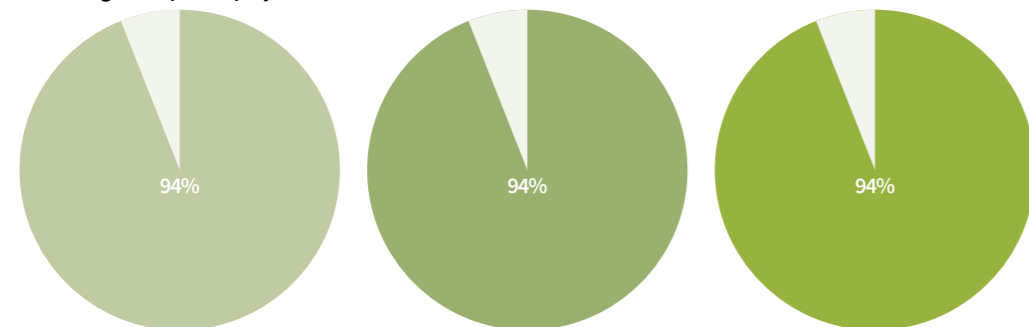
Our workforce is also highly diverse. Our employees come from varied backgrounds and cultures. They bring with them a wealth of knowledge and expertise, and we seek to foster this knowledge transfer by increasing our talents' mobility across our different geographical locations.

As a global food and beverage company, we aim to localise our workforce in all the locations in which we operate to ensure that local communities are empowered and included at all our business assets while maintaining a diverse, multicultural workforce that represents our identity and values as a company. In the UAE, and given the extraordinary cultural diversity that this country offers, our workforce comes from 57 different nationalities, with a consistent representation of Emiratis at 6% of our workforce over the last three years.

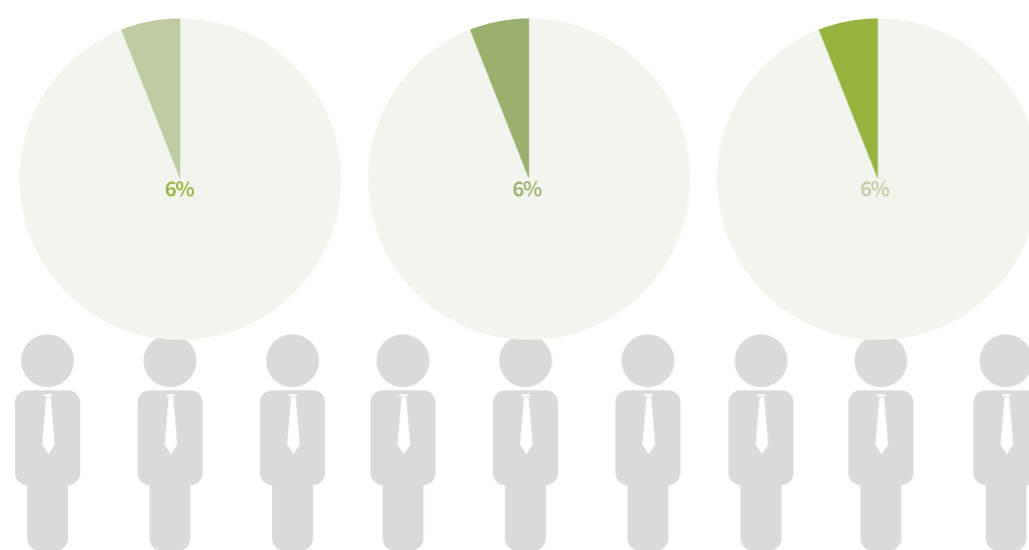
EMPLOYEES BY ORIGINS



Percentage of Expat Employees



Percentage of Local Employees



57
different nationalities
work at Agthia



Training & Development

At Agthia, the training and development of our workforce is of utmost importance. We strive to enable our employees to realise their full potential by providing them with opportunities to enrich their skills, develop their capabilities, and learn and grow within the organisation in order to achieve their personal and professional development targets. We continue to provide our employees with ample opportunities to undertake technical and non-technical courses and training programmes, and provide them with the required resources to do so.

In 2018, we launched a premier holistic leadership development programme, TATWEER, which included various modules, from design to delivery, under one umbrella, rendering it the company's flagship program. TATWEER is an investment in our people that will provide us with more effective development solutions and better results in the future. It includes the following programmes and initiatives:

Leadership at Agthia

This powerful programme was launched in 2013 dedicated to its senior management called Leadership@Agthia, which focuses on building a collaborative and agile culture in times of rapid change.



Career Enhancement Programme (CEP)

The strategically developed CEP programme combines training in various technical skills needed to perform at higher levels of management, together with individual mentoring and coaching.



Advanced CEP

Agthia has also launched a new programme called the Advanced CEP for employees who have completed CEP. The new programme will see high-performing Emirati Agthia employees take part in a two-year development programme to further their leadership skills and business acumen.

National Talent Integration Programme (NTIP)

Building on the success of the CEP programme in the UAE, Agthia also launched a national development program in its facilities in Saudi Arabia as part and parcel of its drive to ensure a highly capable and sustainable local workforce.



Leading Business

We strongly encourage all staff to refine their performance and results throughout their employment with Agthia. Whilst we believe that every person in our business will make a difference, we look especially to our people leaders for their excellence in leadership, as this will be vital for us to win in the marketplace and attract and retain talent for Agthia.



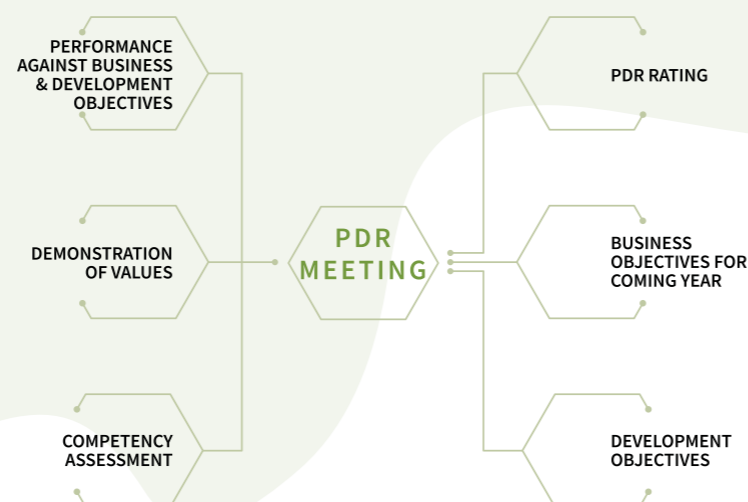
PERFORMANCE MANAGEMENT

Agthia's performance management tool (PDR) ensures that employees' performance is periodically gaged while making sure that good performance is properly rewarded. In addition, our entire workforce undergoes yearly performance and career development reviews with a consistent rate of 100%.

PDR CONSISTS OF FOUR STEPS:



PDR PROGRESS OVERVIEW:





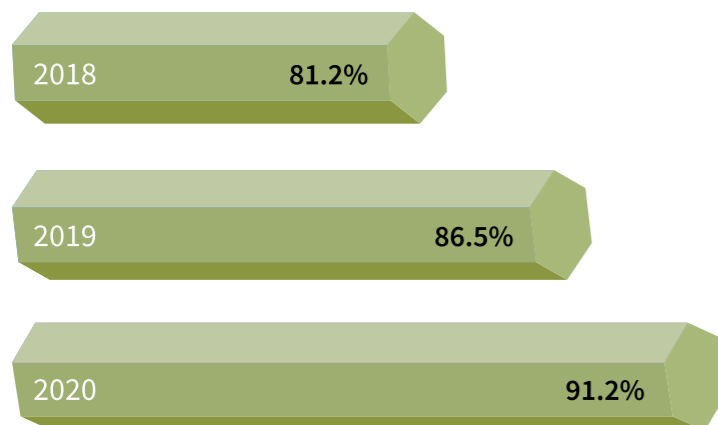
Health & Safety

As part of our commitment to achieving world-class safety culture, we operate a company-wide safety management system, monitoring and evaluating the workplace, creating a safer working environment, and strengthening safety capabilities. Ensuring the well-being of our people is one of our top responsibilities and a highly material issue to Agthia. As a fundamental principle of workforce well-being, we cultivate a culture of workplace safety and consistently achieve high Health, Safety and Environment (HSE) performance through best practices, effective engagement, and impactful initiatives.

At Agthia, we provide a safe and healthy work environment and empower our staff to address all preventable accidents and attain world-class health and safety status. As such, we have aligned our sustainability strategy with our Employee Health and Safety policy to ensure that every employee and site continues to grow towards our goals.

Good Manufacturing Practices (GMP) and Good Warehouse Practices (GWP) HSE inspections are conducted at Agthia to ensure that required and defined HSE procedures are being followed and standards are met. As part of these inspections, a detailed checklist is administered to cover all the requirements related to health, safety, and environmental factors. In 2020, content and scoring criteria of GMP HSE checklists were revised and priority areas were given a higher weight. This highlighted key areas such as employees engagement, visual shop floor leadership, reporting of near misses, fire safety, PPE, safety toolbox-talk meetings, etc. The revised checklist provided better scoring visibility and helped action owners achieve their targets by ensuring that HSE practices are followed. As a result, we witnessed a 5% improvement in the GMP/GWP HSE Score across the Group, reaching 91.2 % in 2020.

HSE AUDITS ACROSS THE GROUP



To manage HSE-related risks, we have developed and implemented an HSE Strategy. The strategy encompasses multilayered focus areas that ensure effective management, communications, leadership and environmental stewardship, in order to achieve our goal of being a forerunner in health, safety and well-being standards in our industry.

HSE IN AGTHIA



Throughout the system, detailed risk assessments are conducted for each area and activity of work. For each potential risk identified, appropriate measures are taken to eliminate it, trainings are conducted, and procedures are put in place to prevent any harm to the workforce.

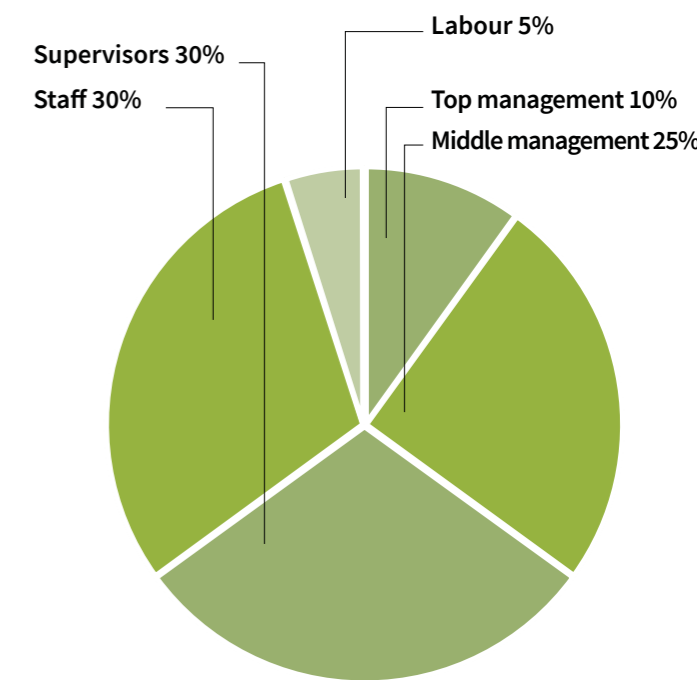
To promote the importance of employees' health and safety, we have a reward and recognition programme that is deployed across the sites. Each quarter we award the employee which HSE performance exceeded the standards being a role model for the organisation. On an annual basis we consolidate all proposals and reward the best HSE employee of the year. This program has a fundamental effect in raising people's engagement and morale towards HSE, building a strong positive culture. Nonetheless, and to ensure that all HSE concerns and opinions are heard, we are committed to increasing employee engagement and participation in our HSE committees across all employment levels, and this year, we increased this participation by 70% from 2019.

NUMBER OF EMPLOYEES AT HEALTH AND SAFETY COMMITTEES



To be recognised as one of the most wellbeing and safe working companies with the lowest environmental footprint in food manufacturing industry.

BREAKDOWN OF THE MEMBERS BASED ON EMPLOYMENT LEVEL - 2020



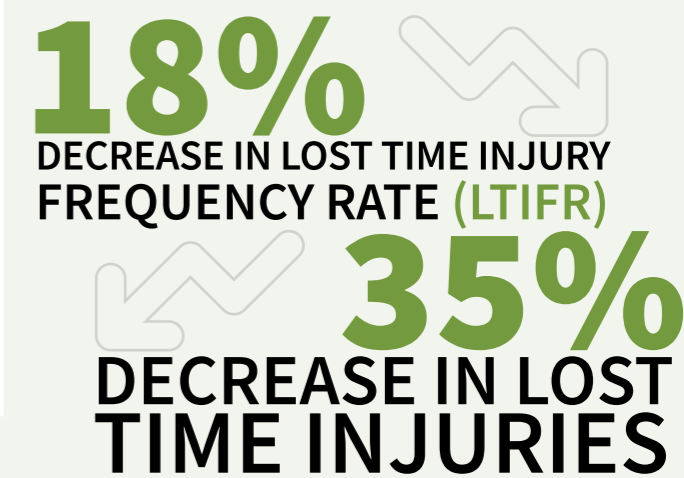


PERSONNEL HEALTH AND SAFETY

We record and evaluate near-misses and other incidents to better learn and improve upon our business activities through our operations. This year, they amounted to over 9.7 million worked hours, with eleven Lost Time Injuries (LTI), marking a 35% reduction from the preceding year. Our Lost Time Injury Frequency Rate (LTIFR) per million manhours is a low 1.23, an 18% reduction from last year, and a staggering 45% decrease from the year before (2018).

The attributes for these changes go for the effectiveness of our HSE strategy, which has ensured increased monitoring, evaluation and management of all our HSE metrics. While these numbers and rates are considered low for our industry, we always strive to be safe through enhancing our efforts in the coming years towards achieving better results, aiming to achieve zero accidents and zero unsafe acts.

Additionally, we have implemented measures that have produced brilliant health and safety results at Agthia, including improvement in near miss reporting across the Group, which was increased to 2,651 near misses from 2,056 in 2019. In 2019, Agthia HSE introduced HSE Contractors Management that communicates Agthia HSE requirements and HSE standards that contractors and suppliers must adhere to throughout the project. Contractors and suppliers are obliged to submit documents such as method statements, risk assessments, and an HSE questionnaire prior to any contractual agreement. These documents, in conjunction with improved controls on contractors and suppliers, have reduced the number of non-compliances issued to contractors and helped Agthia management to better understand HSE risks and contractors' ability to perform the job safely.



SAFETY ON THE ROADS

Transportation safety plays a key role both in the transportation of our products on public routes and in loading, unloading, classification, labelling, and packaging of products. Our handling and transportation requirements, which we actively ensure are implemented appropriately, ensure that materials are handled and transported according to applicable regulations. At Agthia UAE's fleet there are, out of a total of 586 vehicles (224 owned and 362 leased), 569 vehicles with GPS installed and active, meaning 97% of vehicles have GPS installed.

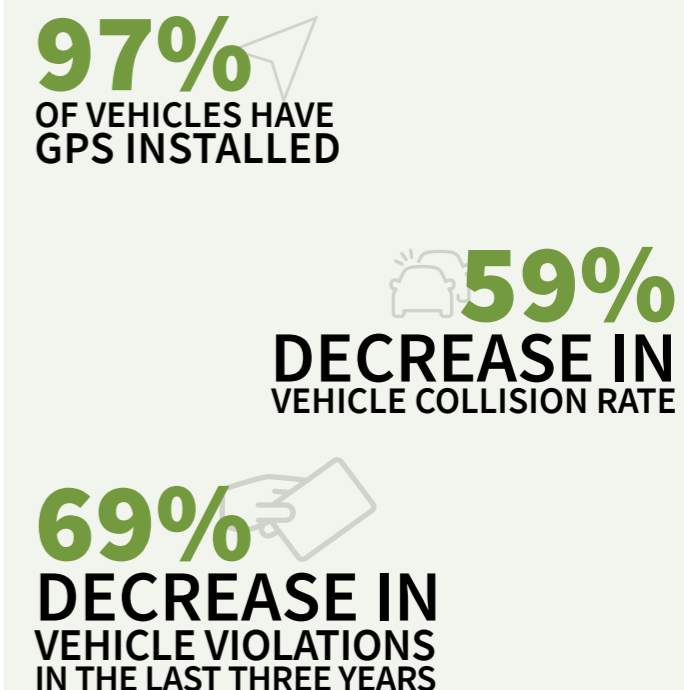
GPS is installed in all company-owned and leased vehicles within UAE. This has benefits from operational and H&S perspectives. There is an I-Button issued for each driver and user accounts created for all coordinators and their supervisors and managers to track their fleets through the system. This helps us perform live tracking of the vehicles to know exact location, view history to know routes taken by the driver, as well as time and speed monitoring. The system also notifies coordinators by email in events such as speeding or activation of panic buttons. It is also a very useful tool when it comes to investigating vehicular accidents and incidents as well as complaints related to bad driving received from call centres.

Moreover, we have developed the Driver Fatigue Risk Management process to ensure

that fatigue does not affect drivers, reducing the risk of accidents. Globally, fatigue is a factor in up to 30% of fatal crashes and 15% of serious injury crashes. Fatigue also contributes to approximately 25% of insurance losses in the heavy vehicle industry.

We have developed a Fatigue Risk Education Programme to educate drivers and their supervisors and managers which is now integrated with Defensive Driving Training. This provides input into and creates awareness on what is fatigue, its effects, causes, and ways to reduce it. It sets down working hours, minimum rest breaks between shifts, and also how to develop duty schedules and rosters.

We define transport incidents as accidents that cause personal injury or significant damage to property, or environmental impact resulting from the release of substances, or leakage of hazardous goods. Given our extensive safety precautions and training activities, transport collision incidents are steadily reducing. This year, we have significant decreases across our transportation collisions and violations incidents and rates. The vehicle management systems within our strategy have implemented various management and training procedures, allowing for an over 59% reduction in vehicle collision rates, and an over 55% decrease in the total number of vehicle collisions.





HEALTH AND SAFETY METRICS

	2018	2019	2020
Number of Lost Time Injuries (LTIs)	23	17	11
Number of lost days from LTIs	230	170	110
Lost Time Injury Frequency Rate (LTIFR)	2.25	1.5	1.23
Number of fatalities	1	0	1
Number of near misses	244	2056	2651
Vehicle collision rate (Collision/Million KM)*	6.1	2.2	0.9
Vehicle violation rate (Violation/Million KM)*	24.1	8.5	6.2
Number of Collisions*	195	81	36
Number of Violations*	765	310	236
Vehicles Audits Score*	-	-	80.1

* All fleet related data accounts for UAE fleet only

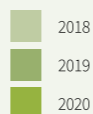
HEALTH AND SAFETY TRAINING

We provide regular robust training to prepare our employees to respond to safety-related concerns. Our training plan is based on a detailed training matrix to meet all our needs. Training is conducted in experiential, practical and instructive courses and talks. In 2020, we carried out a total of 17,894 health and safety training hours, which amounts to an average of 4.8 hours of training completed by each employee.

Our health and safety trainings include Toolbox Talks. Toolbox Talks are informal group discussions that focus on safety issues which occurred across our sites in 2020. These talks are conducted on a regular basis to promote department safety culture and facilitate health and safety discussions on job sites. They are conducted by area owners, supervisors, and HSE Champions, with all attendees welcome to discuss any safety-related topic or raise any concern. These meetings were made mandatory for each department supervisor to be conducted at least once a week. HSE Champions in every area were nominated to conduct Toolbox Talks and to ensure they were held on a regular basis.

To highlight their importance, Toolbox Talks are included in the criteria for our safety award. The outcomes of investing in Toolbox Talks have been increasing HSE awareness, reducing incidents, improving incident reporting, and better two-way communications.

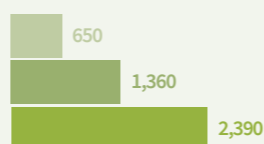
HEALTH AND SAFETY TRAINING



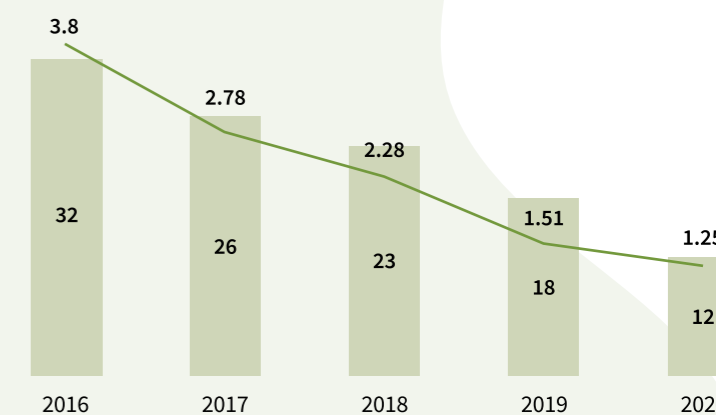
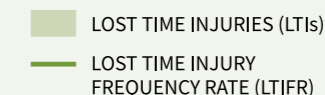
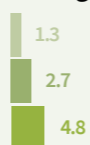
Total health and safety training hours



Number of toolbox trainings attendees



Average health and safety training hours per employee



17,894

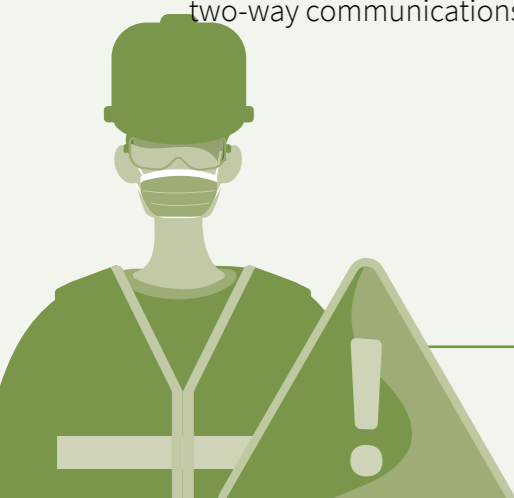
HEALTH AND SAFETY TRAINING HOURS

78%

INCREASE IN AVERAGE HEALTH AND SAFETY TRAINING HOURS PER EMPLOYEE

76%

INCREASE IN TOOL BOX TRAINING ATTENDEES





Community Engagement

At Agthia, we operate by creating shared value for all our stakeholders, whether our consumers, shareholders, employees, or the communities where we operate. As a leading food and beverage company, we focus on three key areas: community support, human development and health and wellness. Accordingly, specific focus is given to promoting healthy active lifestyles, maximising shared value and sustainable prosperity throughout our communities.

We believe in the value of bringing communities and resources together to build a better world. We know that businesses can serve as a force for good, and long-term success is only attainable when we work in partnership with communities to achieve meaningful impact. We seek to amplify this shared value in the communities that we operate in by continuously engaging with, investing in, and advocating for important issues within them.

TOTAL VALUE OF COMMUNITY INVESTMENTS (MILLION AED)

2019	2020
1.77	0.77

This year, our communities needed our support more than ever before due to the pandemic. We joined efforts with various government entities and NGOs to support affected communities throughout the country, with our total community investments amounting to over 770 thousand AED.

Our community engagement activities rely on the strategic partnerships we have fostered over the years. We follow two ways of collaboration with partners for optimal success: the first us to the community, and in the second, the community works with us.

Food Security Alliance: Agthia supports the UAE government by keeping reserves of water, flour and grain, as well as basic food necessities. We diversify our supplies of these necessities by establishing water plants and sourcing grains from all over the world, fortify our products with vitamins and minerals to offset the potential for undernourishment and vitamin deficiency, and try to produce what we can locally, such as Agthia's new locally raised range of fresh chicken. Al Ain Water, Grand Mills flour, and Agrivita animal feed are core pillars of the Food Security Alliance, making us an ideal partner of the government in safeguarding the nation's food.

Abu Dhabi Sports Council: Aligned with the Emirate's leadership vision to develop sport and physical activities. Agthia is a proud partner and sponsor of the Abu



At Agthia, we are committed to ensuring that our success as an organisation also resonates positively in the lives of the community, our employees and the environment. We do this by not just fulfilling our corporate social responsibilities, but by laying the foundations towards future social innovations that will enhance our lives further.

*Mubarak Al Mansoori
Chief Human Capital & Corporate Services Officer*



Dhabi Sports Council. This initiative is aimed to promote an effective sports calendar that stimulates the desire to participate in quality sports among all Abu Dhabi residents and talented, motivated athletes reach their sporting potential. Agthia sponsors events as a hydration partner at Abu Dhabi community events.

Our employees are a crucial aspect for delivering our community engagement and support initiatives and activities and representing our corporate values, our brands, and Agthia in the community. Therefore, we created the "Wholehearted Giving" employees' volunteer programme, which seeks to motivate and empower employees to effectively serve community needs through the leadership of the employer.

In solidarity and support to affected communities by the spread of the COVID-19 pandemic, this year, Agthia employees volunteered in numerous community support activities such as, community outreach by providing necessities, as well as Ramadan food box packing, distribution of food for the needy and financial contributions to charities. The volunteer programme has gained speed in recent years, with employee volunteers increasing 73% from last year, totalling 57 employees participating in volunteering activities.

**0.8 MILLION AED
COMMUNITY
INVESTMENTS**

**73%
INCREASE IN
EMPLOYEE
VOLUNTEERING**



KEY COMMUNITY INITIATIVES IN 2020:

1 R&D DEPARTMENT SUPPORT INTERNSHIP PROGRAMME:

Internship programme for UAE students from the food science department at different universities.

2 UAE FOOD BANK:

Agthia is a proud partner and contributor to the UAE Food Bank, a non-profit charitable organisation launched under the umbrella of the Mohammed bin Rashid Al Maktoum Global Initiatives (MBRGI). It is committed to distributing food to those in need while eliminating food waste by collaborating with local authorities, as well as local and international charities, to create a comprehensive ecosystem to efficiently store, package and distribute excess fresh food from hotels, restaurants and supermarkets, as well as provide a wide range of products to key communities across the UAE.

3 MA'AN:

Ma'an was established in February 2019 by the Department of Community Development in Abu Dhabi with the aim of bringing together the government, the private sector and civil society to support a culture of social contribution and participation. This year, in partnership with Ma'an, we held an internal engagement campaign to enable our employees volunteering 15 paid working days. Agthia and employees donated two million cups of water, the equivalent to 500,000 litres, through this campaign.

4 EMIRATES RED CRESCENT:

The Red Crescent Society of the United Arab Emirates is the Emirates' affiliate of the International Federation of Red Cross and Red Crescent Societies. We supported the Ramadan Food Basket by providing food baskets with a wide range of products to families-in-need and Ramadan Tents across the UAE by as hydration partner.

5 MAKE-A-WISH:

Make-A-Wish is an international charity organisation that grants wishes (experiences) of children with life threatening medical conditions suffering from chronic or terminal ailments. We support the foundation through donations from sales of a special 500 ml water bottle label with 'Make A Wish' foundation logo sold at all ADNOC petrol stations. This year, 500,000 Al Ain water bottles will go towards fulfilling children's wishes through the foundation.

6 SHEIKH ZAYED MOSQUE RAMADAN CAMPAIGN:

Providing water at the Sheikh Zayed mosque for Ramadan in partnership with SENAAT.





INNOVATING & RETHINKING PRODUCT QUALITY & SUSTAINABILITY

Product Safety and Quality

Product Innovation

Sustainable Packaging

Responsible Supply Chain Management

As a leading food and beverage company, we not only ensure quality and safety until food reaches customers' plates, but we aim to lead the industry and exemplify quality, excellence, innovation and best practices.

We are committed to providing all resources necessary to achieve the highest levels of food safety and quality standards and produce a consistent product that exceeds customer and consumer expectations.

UN Sustainable Development Goals



UAE National Vision 2021 Pillars

Competitive Knowledge Economy

Sustainable Environment and Infrastructure

Material Topics

Product safety & quality

Healthy products

Responsible supply chain management

Packaging innovation and footprint



Product Safety and quality

Our approach to quality and nutrition focuses on food and safety standards, quality excellence, and nutritional products. It is our responsibility to provide to our consumers safe and high-quality food and beverages products. We follow a multi-dimensional approach to innovate and implement the most advanced standards.

Quality and food safety are assured from field to fork. All necessary resources are provided to achieve food safety and quality standards and to provide consistent products that exceed customers' and consumers' expectations.

All ingredients and materials supplied to Agthia are produced, stored, handled and transported according to international food safety systems (e.g. HACCP, ISO 22000 and FSSC 22000) and in accordance with relevant legislative requirements. All risks associated with food processing are thoroughly and scientifically assessed; these risks are mitigated through continuous improvement of processes and technologies and through the implementation of best international food safety standards and quality assurance practices. We achieve this without compromise.



At Agthia we are committed to ensure the quality, safety and the transparency of our products through the whole value chain. Our approach to food safety is based on three main factors: 1) operational environment and infrastructure design, 2) skilled and trained workforce and 3) best food safety management systems. Innovation and sustainability are main key pillars in our strategy to meet our consumers and customers' needs, to create values for our stakeholders and to protect our planet. Our food scientists, animal nutritionists, packaging engineers, food safety experts and regulatory specialists are the main key factor for our success and growth. The R&D is executed in our own research centers and laboratories and in collaboration with local, regional and international research institutions.

*Rabih M. Kamleh (PhD)
Chief Quality and R&D Officer*





Agthia's approach to food safety and Quality Assurance is based on three main factors:

- **An operational environment where facilities should follow proper sanitary design principles;**
- **A skilled workforce (Quality Assurance , Operations and Supply Chain teams) where they are trained on the highest food safety standards and best practices;**
- **Best food safety management systems and processes across the whole food supply chain.**

In 2014, Agthia established a scientific advisory committee to explore the latest technological advancements to improve food safety and food quality. Our science-based approach to food safety and food quality is always supported by scientific peer reviewed articles and scientific reports from international organisations like the World Health Organization (WHO), the Food and Agriculture Organization (FAO), the European Food Safety Authority (EFSA) and others.

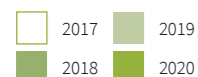
Moreover, innovation and sustainability are the main key pillars in Agthia's strategy. Consumer health and wellness are the main drivers in product

development to provide high-quality and nutritious products that meet the consumers' needs. In addition, and through our development, we meet the governmental strategies in the UAE and the region regarding their health and nutrition initiatives by applying a holistic health approach. We actively promote the health and wellness in our community by satisfying their daily nutritional and health needs by providing our essential products at an affordable price. The positive impact of health and wellness awareness among the population would translate into reduction of non-communicable disease (NCDs), which will translate into improving individual health and reducing the cost of modern lifestyle-related healthcare issues.

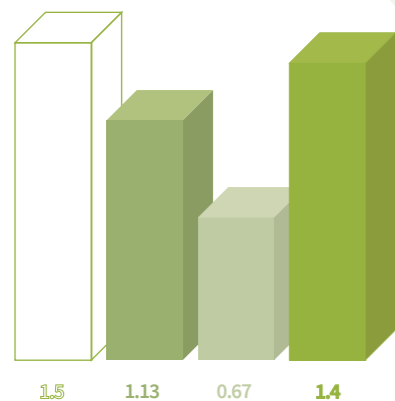
To ensure excellent performance and continuous improvement, the efficacy of our quality assurance system is measured against KPIs, such as the ratio of customer/consumer complaints per 1 million units sold (for Consumer Business) and 1 million Kg sold (for Agri Business), and total products that meet specific health and wellness requirements. In 2020, we have improved on these KPIs, relative to our 2015 baseline and remained on pace to achieve our targets.

CUSTOMER COMPLAINTS PER MILLION PRODUCTS SOLD

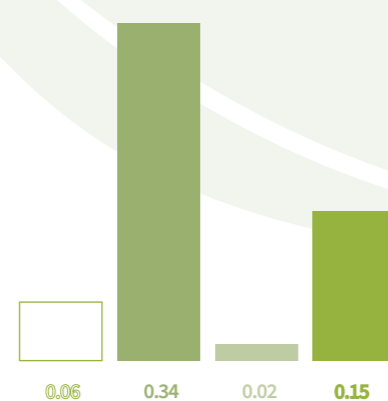
COMPLAINTS PER MILLION SOLD



Consumer Business (Units)



Agri Business (KG)



MAJOR FOOD SAFETY FINDINGS BY CERTIFYING BODIES



RAISING THE BAR ON FOOD SAFETY SYSTEMS

Agthia was one of the first food companies to be certified to Food Safety System Certification (FSSC) 22000 under the umbrella of Global Food Safety Initiative (GFSI) in 2015. Ten out of 11 sites are currently certified to FSSC 22000 v5 by Lloyd's Register Quality Assurance (LRQA) in the United Kingdom.

Agthia's Quality Assurance department ensures training and communications of food safety and quality measures and procedures on a daily basis, and issues various internal and external publications not only to educate Agthia's employees, but also to raise awareness across the community and the food industry.

This approach has continuously provided a positive impact in maintaining a record of low complaints ratio over the last years to less than 1.6 cpm (complaints per million products sold) in the UAE, which is significantly lower than the international benchmark of 6 cpm.



Product Innovation

We strongly believe that the power of science, research, and development can transform the food and beverages industry in the UAE, the region, and around the world. Innovation is part of our way of thinking and we enjoy pushing the envelope on what's possible.

At Agthia, we depend greatly on our culture of ideation and innovation in new business development, new product development, and improvements that reduce our CO2 footprint and costs. For this purpose, we have established a dedicated R&D department and actively encourage every employee to share ideas and innovate. To support our R&D efforts while engaging local and international stakeholders, we have collaborative MOUs with universities—UAE University (UAE-U) and American University of Beirut (AUB) and other international research institutions—as well as an agreement with the Dutch organization Nutreco, a global leader in animal nutrition and aquafeed, which leverages innovation, quality, sustainability and their people to find feed solutions for a growing world population.

Moreover, and every year, we bring exciting and nutritious new products to diversify our portfolio and satisfy consumer needs. This year, we launched various exciting new products – ranging from water and dairy to flour, food and feed – reinforcing our reputation as the most innovative food and beverage company in the region. For more information on products see the following Product Innovation Chapter.

WATER



BEVERAGES & DAIRY



FOOD & HOME CARE



FLOUR & ANIMAL FEED





Agthia's culture of innovation has enabled the launch of numerous cutting-edge innovative products, including but not limited to:

WATER, BEVERAGES AND DAIRY

2016



HIGH-PRESSURE PROCESS (HPP) TECHNOLOGY

Agthia was the first in the region to implement High-Pressure Process (HPP) technology for first-of-its-kind freshly squeezed juices that are passed through a unique HPP, a processing step that kills 99.999% of microorganisms while retaining fresh juice nutrients and flavours, extending shelf life to 21 days.



AL AIN ZERO

Agthia launched Al Ain Zero to promote healthy lifestyles, the first Zero Sodium bottled drinking water in the GCC for consumers seeking a low sodium diet.

2018



AL AIN PLUS WITH VITAMIN D

Agthia launched Al Ain Plus with Vitamin D, the world's first Vitamin D-enriched water, in response to a major Vitamin D supplementation need in the region.



BAMBINI WATER

We launched Al Ain Bambini Water for babies, which is rightly balanced in essential minerals and meeting the highest food safety standards to make it the ideal water for infants. Agthia upgraded the filtration and disinfection system, which has no nitrate, no fluoride, no sodium, and no bromate, and is ready to use in the baby's formula. The product was made available to consumers across hypermarkets, supermarkets, and pharmacies across the country.

2019



YOPLAIT LACTOSE FREE YOGHURT

Agthia launched the first locally produced lactose-free fruit yoghurt in the region for lactose-intolerant individuals. Yoplait Yoghurt has no artificial colours and flavours, low calories, high on fibre and less than 1% fat—this combination of a smooth creamy texture has given consumers in the UAE the option to enjoy the taste of yogurt without worrying about issues with intolerance to dairy. Agthia has made the product available across hypermarkets and supermarkets in the UAE.



AL AIN ZERO BROMATE

We launched Al Ain Zero Bromate for kidney patients and pregnant mothers, sold exclusively in pharmacies. Al Ain constantly innovates and so introduced the first zero bromate branded bottled drinking water in the UAE and GCC. All naturally occurring bromate was completely removed through a sophisticated process at our Al Ain plant. Al Ain Zero Bromate is easy on the kidneys, suitable for people with pre-existing kidney conditions, and is one of the best waters to consume during pregnancy.



AL AIN WATER BOX

Agthia launched our Al Ain Water Box for the first time in the GCC, an ultra-convenient, environmentally-friendly water product that is 100% recyclable. It uses a more sustainable packaging solution made from corrugated board on the outside, a 100% recycled material, and PE bag with water on the inside. As it is light, it cuts on energy during transport and reduces waste and carbon emissions. This 10 L water box is built with easy-pour tap and easy-carry handle cuts on each side, a necessary accessory for camping, beach picnics, or sports events. It was newly launched across ADNOC, ENOC and EMARAT service stations and, most recently, at specific supermarkets in the UAE.



ALPIN ALKALINE

Agthia positioned Alpin, the natural mineral water as Alkaline, from natural springs with rich alkalizing compounds. pH8.5.

2020



YOPLAIT PLAIN YOGURT

We launched Yoplait Plain Yogurt, the first yogurt to be freshly-made in the UAE from grass fed cow's milk with no added hormones.



AL AIN PLANT BOTTLE

Agthia Launched Middle East's first plant-based water bottle. Al Ain Plant Bottle is environmentally friendly and made of 100% plant-based sources, including the cap.



AGRI AND FOOD INNOVATIONS

Over the past three years, we have developed and introduced numerous innovative flour, food, and feed products. Examples of our new and improved products include Vitamin D Flour, specialty feed products with upgraded nutritional quality, and packaging improvements to numerous food products.

ALL-PURPOSE FLOUR FORTIFIED WITH VITAMIN D

In 2019, Grands Mills launched the first and only all-purpose flour fortified with Vitamin D in the region. Considering the region's huge Vitamin D deficiency, Grand Mills Flour Fortified with Vitamin D was introduced to supplement the daily requirement of Vitamin D for consumers. Heat-stable products baked with the flour contributes part of the daily requirement of intake of Vitamin D for consumers. The new launch was made widely available throughout supermarkets and stores across the UAE for consumers to purchase.



ANIMAL FEED

Research, development, and innovation are key factors for business success sustainability. We are committed to practice and continuously and progressively improve our support based on the changing expectations of the society and to promote a sustainable living for the people of UAE and the region. This is reflected in every aspect of Feed business, such as:

CLEAN FEED: All Agrivita feeds are free from animal origin ingredients, no added hormones, growth promoting antibiotics, artificial coloring, or chemicals.

ALL PROTEINS ARE OF VEGETAL ORIGIN: All our animal feeds are produced using vegetal proteins origins in order to prevent disease in animals and human beings, including zoonoses.

OPTIMUM NUTRITION: A feeding programme for each animal species depending on the life stage and life cycle of the animal in order to avoid wastage and enhance cost effective and profitable animal farming. Nutritional quality upgrade as per genetic modifications and adaptations to customer-specific requirements are an ongoing practice for all animal species.

INNOVATIVE FEED PRODUCTS

POULTRY HPH⁴ FEED:

Promoting natural health and disease resistance, resulting in the decrease of use of medications at farms, ensuring high quality meat and eggs, antibiotic reduction, and future elimination, as residues in end products and continuous on-farm use pose serious public health concerns over their adverse effects and especially regarding their future effectiveness due to the development of microorganisms' resistance under constant exposure.

DAIRY EARLY LIFE STAGE PROGRAM:

Program intended to support farms in calf raising for replacement herd of dairy farms. Customized solution designed and implemented for specific commercial farms, providing the right nutrition to reduce the open days for heifers and ensure farm productivity.

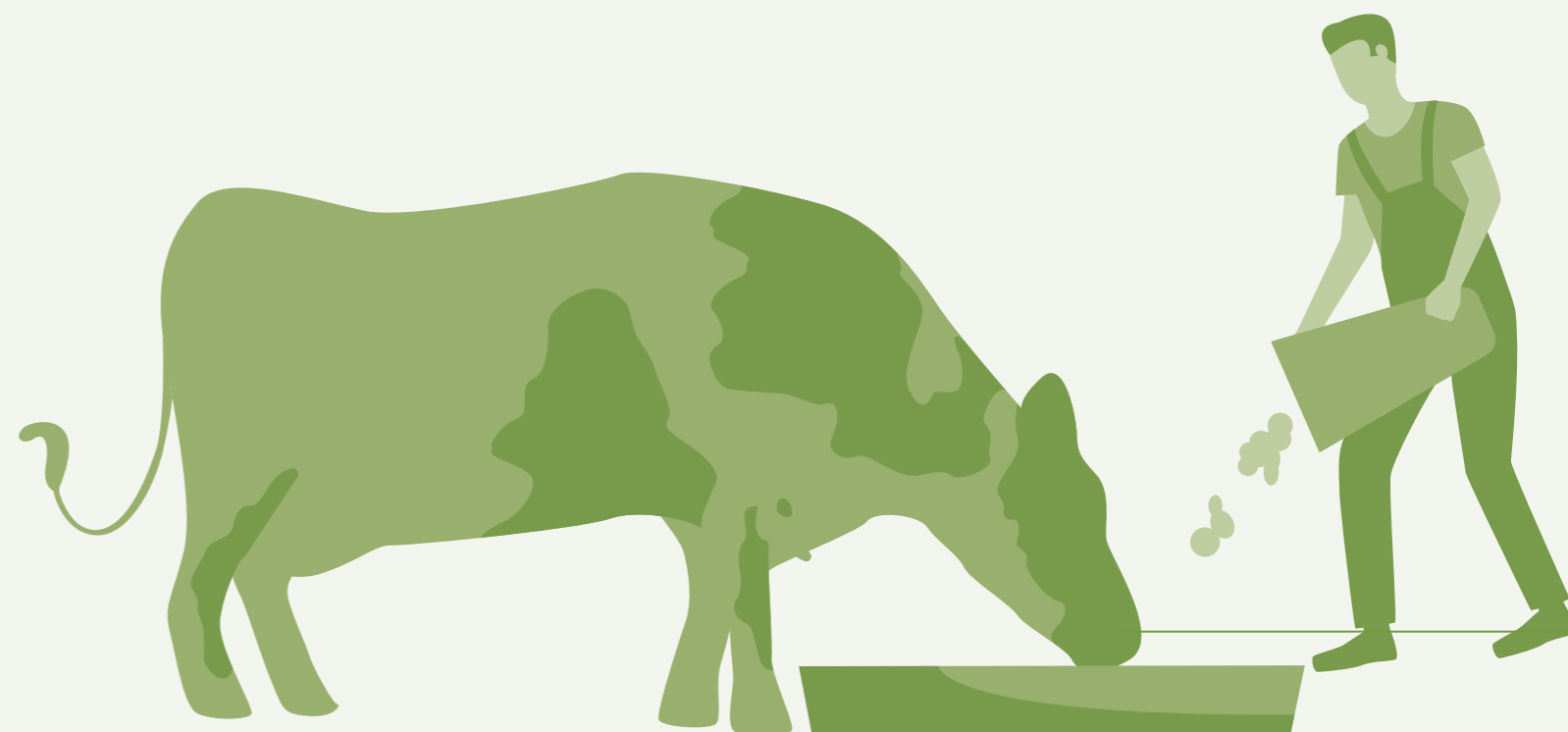
LAYER SPLIT FEEDING:

Continuous improvement and product differentiation to strengthen our upper hand in the layer segment. A feed system to optimise egg production: Provide the laying hens a more precise supply of nutrients to meet with the requirements of the specific phases of egg formation. Customers will benefit from reduced costs as well as increased productivity with stronger and healthier eggshells.

DAIRY CALF FATTENING (MALE):

Male calf-fattening feed intended to support farms in calf raising for meat production. Male calf fattening farms need specialised feed to support the calf for faster growth and gain 350 KG body weight in 6-7 months. It is a specialised feed, with high intake and a better energy and protein balance, and digestion-support additives.

⁴HPH: High Performance Health and Immunity



Sustainable Packaging

Being a market leader in many product categories in UAE such as bottled water, flour, feed and tomato paste, Agthia has a responsibility in reducing the environmental impact of packaging and to serve as an example for other industrial players in the region. As packaging contributes to a significant portion of our total CO₂ emissions, its optimisation positively impacts the environment and business sustainability.

Through our innovations in our own R&D packaging centre, we continuously implement effective initiatives to reduce the environmental footprint of our packaging by developing and optimizing eco-efficient and cost-effective packaging solutions.

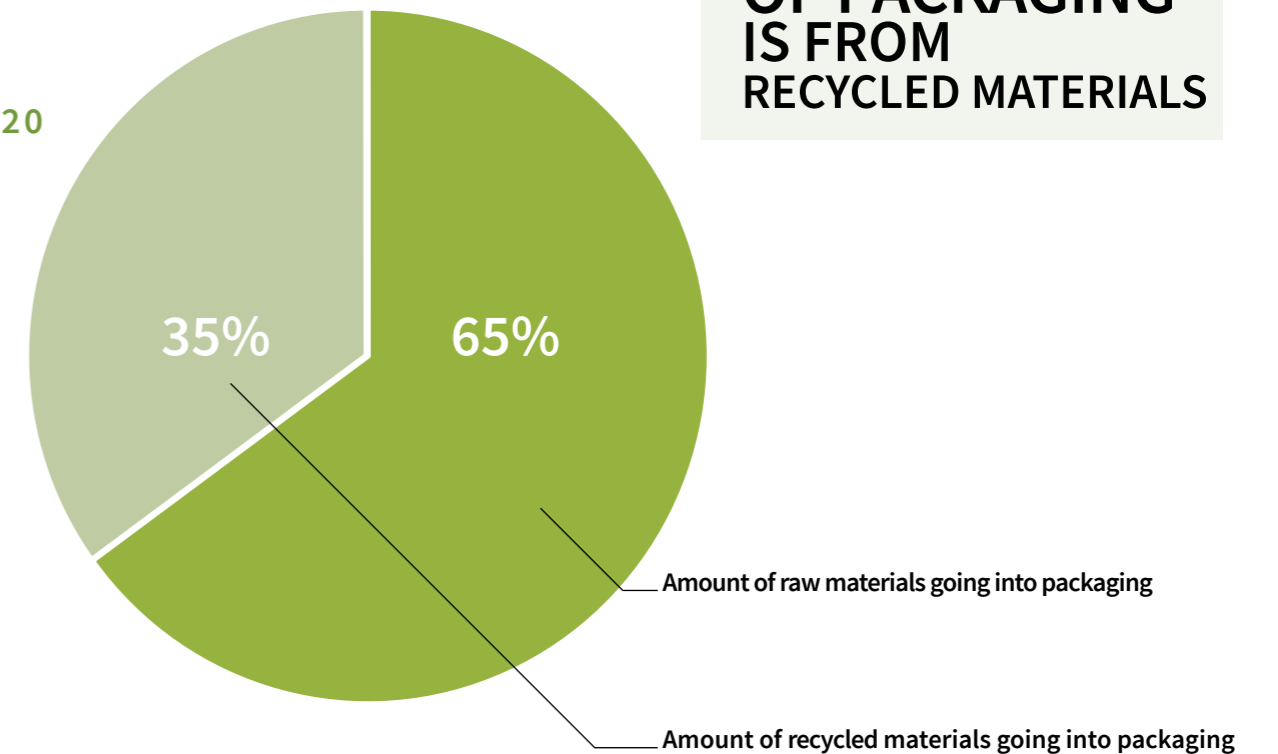
Our approach to sustainable packaging begins at the design stage. We customarily explore new ways to conserve resources and reduce impact through our designs. We created a roadmap for integrating the Cradle-to-Cradle® (C2C) design perspective in our packaging portfolio, where potential packaging weight reduction (reduce), reusability, recyclability, production efficiency and CO₂ footprint are assessed.

Our sustainable packaging initiatives are supported by our Packaging Testing Laboratory, where tests are conducted to assess the suitability of packaging materials. This phase is crucial to evaluate packaging integrity; product packaging must protect the product from damage, degradation (during storage, transportation and distribution), and over the product's shelf-life. In addition, any unnecessary excess material can be eliminated after validation of packaging protection capabilities and integrity.

Agthia is committed to reduce the environmental impact from all operational activities. As such, the primary focus in packaging development is to optimise our packaging materials to meet our strategy. Through optimisation we were able in 2020 to reduce the weight of our paper-based packaging by 30% and the weight of plastics packaging by 10% compared to our 2015 baseline and remain on pace to achieve our targets, without impacting the quality of products and the integrity of packaging.

Focusing on our bottled water business, where packaging contributes to 95% of product structure, we have conducted various projects to optimise packaging materials, which has contributed in reduction of environmental impact and in sustainable business operations by significant reduction of packaging material that could have otherwise ended as waste. These projects have positive returns on investment (ROI) and require very low investment. Nonetheless, all these initiatives are thoroughly vetted through our risk management process.

PACKAGING MATERIALS - 2020



35%
OF PACKAGING
IS FROM
RECYCLED MATERIALS

MOST OPTIMISED PACKAGING SPECIFICATIONS IN THE REGION

Agthia proudly boasts the most optimised packaging specification in the region. Through our industry-leading optimisation efforts, we have improved our cost and material usage significantly. The table below reflects the material and cost saving achieved in last few years:



Amount of recycled materials going into packaging	Outcome
Bottle weight	Most optimised weight among competitors in the region.
Flour & feed packaging	Most optimum weight among competitors in the region.
Shrink / stretch film	50% less cost and material consumption around 300 MT of plastic saved in 2019
BOPP labels	25% costs and materials savings
Cartons	25% costs and materials savings 1000 MT of paper saved in 2019-20
Shrink wrap	40% reduction in material & cost
Palletisation patterns/loading	3000 trips reduced in 2019 [RK1]
Many initiatives to utilise packaging waste in alternate usage	Saved 150 MT of Plastics annualised



SUSTAINABLE PACKAGING ACHIEVEMENTS

PRODUCED FROM
100%
RECYCLABLE CARDBOARD

100%
COMPOSTABLE &
BIODEGRADABLE

100%
RECYCLABLE

100%
RENEWABLE

**BIODEGRADABLE
IN 80 DAYS**

AL AIN WATER BOX PACKAGING

Considering the ongoing challenge and consumers' demand for more sustainable packaging, Agthia developed Al Ain Bag in Box water which is not only eco-friendly but also more convenient for usage.

Al Ain Water Box solution is environmentally friendly as it is made from recyclable cardboard that is easy to compress and recycle. Our Al Ain Water Box also adds convenience with built-in easy open, pour tap and carry handle cuts on the side of each box. For transport ease, the Water Box is lightweight compact and thus convenient to store and stack. The Water Box enables carbon emissions reduction, saves cost, and increases efficiencies in our customers' supply chain. At the end of its lifecycle, the packaging is 100% recyclable.



AL AIN PLANT BOTTLE

In 2020, Agthia Launched Middle East Region's First Plant-based Water Bottle. The packaging of the new Al Ain Plant Bottle is environmentally friendly and made of 100% plant-based sources, including the cap. Furthermore, the water bottle serves a growing consumer move toward sustainability as it is biodegradable and compostable, within 80 days. The revolutionary innovation is set to improve the environmental footprint from a CO2 perspective. It uses plant sources and converts them into a durable 100% plant-based resin, which is then used to create the Al Ain Plant Bottle.





Responsible Supply Chain Management

Agthia cannot deliver its products without collaboration from its supply chain partners, and we are making intentional choices to leverage the footprint of our suppliers, buyers, and manufacturing sites to be a driver for good. From transparent sourcing practices that support customer decision-making to growing shareholder value through innovative sourcing programmes, Agthia is a proud leader in sustainable supply-chain management.

Working with like-minded suppliers is crucial to upholding our values and ethical business practices throughout our supply-chain, and to eliminate any influence on adverse human rights or environmental impacts. Through collaboration and effective communication, we engage to be part of the solution to address issues or risks, and support our suppliers in preventing and mitigating all adverse impacts.

Our vision is to be the company with the most responsible, transparent and ethical supply-chain that positively contributes to solving the world's greatest challenges. As we take pride in our vision, purpose and values, we extend these expectations to our external business partners and suppliers through our Sustainable Sourcing Programme.

The Sustainable Sourcing Programme consists of four steps—assessment and review, education, development and well-being—and to improve the sustainability of the raw materials and the livelihood of our suppliers. Our sourcing approach is tailored for each ingredient and geography, whether we are working with smallholder farmers in developing economies or commodity agriculture in developed economies.

OUR SUSTAINABLE SOURCING PROGRAMME CONSISTS OF FOUR MAIN PILLARS:

In order to align values and best practices throughout our supply chain, we have developed the Code to communicate the responsibilities that we expect of all our suppliers and inform them of the importance of sustainable business. Every registered vendor is required to sign the Agthia's SCC.

Suppliers Code of Conduct (SCC)

As of 2019, all Agthia suppliers are required to take part in the supplier self-assessment questionnaire for all their manufacturing sites. The questionnaire assesses various aspects of supplier compliance including human rights, labour rights, child and forced labour policies, and other health, safety and environmental criteria.

Supplier self-Assessment:

Agthia will place priority on products that have traceability certifications, as they help validate sustainability requirements and meet a growing demand for certified products. In addition, we engage in various networks and partnerships to promote traceability and sustainability throughout the industry.

Material Traceability to Origin

Although we already have a long history engaging with local suppliers, we remain focused on stimulating the local economy for our local communities and prioritise local sourcing. We also invest in supplier development to help local suppliers raise their standards in terms of food safety, quality, health, safety, environmental performance and service through vendor site audits conducted against international standards (e.g.: ISO 22000, ISO 14001) and constructive feedback.

Prioritising Local Suppliers

In 2020, Agthia Group reviewed and enhanced its Vendor Assurance Due Diligence Program process for supplier registration and adherence to our high standards of excellence, supporting procurement activities/opportunities while safeguarding food safety, quality and sustainability.

“Agthia Group works closely with its suppliers to ensure risks are mitigated and opportunities are harnessed. Agthia Group Self-Assessment Questionnaire is a tool we use to evaluate risk of suppliers not meeting our food safety, quality and sustainability requirements, and is required from each new supplier we screen and periodically on existing suppliers. Based on our risk assessment and supporting document review, further requirements, up to site audit is required before registration is complete or maintained.

Our experienced Supplier Auditors complete detailed on-site audits of our suppliers against International Food Safety and Quality Standards. Report and feedback to our suppliers identifies any non-conformances and/or areas of opportunities that could add value to their business.

Don Doherty,
Group Vendor Assurance Manager





Agthia Group developed a Vendor Assurance Program to evaluate, approve, and periodically assess our suppliers of raw materials, packaging, and finished goods. All direct material vendors are pre-approved in terms of legality, food safety, quality, technical and supply capability before being utilised.

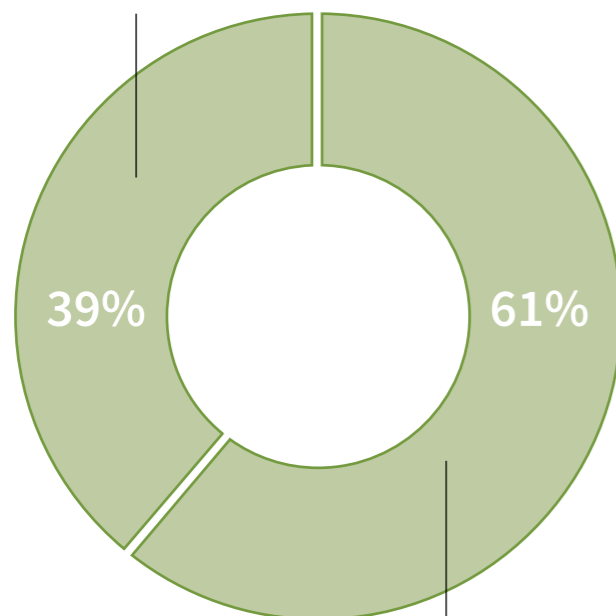
Periodic assessments are conducted on our suppliers in accordance with the requirements of our ISO 9001:2015 certification. In addition, all our suppliers are required to complete the Supplier Self Audit questionnaire so that their capacity to supply safe products in line with our quality, safety, human rights and environmental standards is assessed. Further, they are required to submit supporting documents and certifications, at minimum: Recognised Third-Party Certifications such as, Hazard Analysis Critical Control Points (HACCP), ISO 22000, the British Retail Consortium (BRC), International Featured Standard (IFS), and Food Safety Management System 22000 (FSSC).

Reviews of suppliers' questionnaires and supporting documents are then subjected to risk assessments and ratings and it is determined if they have a proper Food Safety and Quality Management system to derive a risk rating. The supplier risk assessment identifies if any follow-up action is required or if a formal site assessment is needed in order to approve the supplier.

Total Procurement Volume (Million AED)

1,442.5

Procurement from international suppliers



Procurement from local suppliers

1.44
BILLION AED
IN PROCURED GOODS
AND SERVICES

61%
OF TOTAL
PROCUREMENT
IS FROM
LOCAL SUPPLIERS

100%
OF SUPPLIERS ARE
SCREENED ON
QUALITY, SOCIAL AND
ENVIRONMENTAL
CRITERIA

**OUR SUPPLIERS
COME FROM
35 DIFFERENT
COUNTRIES
SPREAD OVER
5 CONTINENTS**

23
SUPPLIER SITE
AUDITS CONDUCTED

In 2020, we procured goods and services from 586 suppliers spread around 35 different countries to the amount of 1.44 Billion AED. 61% of our procurement was from locally registered suppliers in the UAE, amounting to over 879 Million AED in local procurement. All of our suppliers have gone through a supplier screening process through our self-assessment questionnaire. Every year, we screen all new suppliers and reassess existing suppliers as per their risk likelihood and impact. This year, 114 suppliers were screened, out of which 23 site audits were conducted.

Our site audits are conducted at suppliers' manufacturing sites to ensure that all standards are upheld. We have clear action plans to remediate issues with quality, labour standards, health and safety concerns and environmental practices that could be raised during our site audits

We collaborate with our supplies to ensure that all issues raised can be mitigated and resolved. However, in cases of major non-compliances with the SCC, we resort to immediately rejecting any contractual agreement with the suppliers in question. This year, we rejected a total of five suppliers that did not comply with our quality, social, or environmental standards.

Supplier Insights	2018	2019	2020
Number of approved suppliers(direct materials/co-manufacturers)	488	523	586
Number of total suppliers screened (self-assessment questionnaires - new and Reassessed)	81	103	114
The number of suppliers that undergone a site audit (year total)	34	21	23
Percentage of total suppliers screened	100%	100%	100%
Number of suppliers declined/not approved	2	3	5
Percentage of major non-compliant gaps with corrective actions implemented	100%	100%	100%



PRESERVING & PROTECTING THE ENVIRONMENT

Energy Consumption

Climate Change

Water Consumption

Waste Management

Agthia has a history of channelling innovation to address global challenges. That task has never been more urgent, with climate change and environmental degradation threatening the planet. We believe we can make the world's most innovative and healthy products without depleting the earth's resources.

UN Sustainable Development Goals



UAE National Vision 2021 Pillars

Sustainable Environment and Infrastructure

Competitive Knowledge Economy

Material Topics

Climate change mitigation and resilience

Operational waste management

Water stewardship

Food waste reduction & circular economy

Biodiversity & environmental impact



Environmental Management



Agthia is progressing with the development of innovations and products to make healthy, responsible and sustainable consumption a reality for people everywhere. We are continuously reducing our footprint and striving for circular solutions, while actively engaging industry, governments, civil society and academics to forge new paths and create industry breakthroughs that drive the greater good.

More than ever, we remain focused on embedding sustainability in our everyday business, maximising positive impact on the environment and the communities we serve. This dedication and these commitments allow us to advance solutions against some of the world's most complex challenges. I do believe that we can be a strong force for good and one for growth. I am inspired by our ongoing achievements and optimistic for a very bright future ahead.

*Theofilos Alevizos
Group Head of HSE and Sustainability*

Businesses must ensure that society does not deplete natural resources while encouraging others to act responsibly. Our ambition at Agthia is to arrive at a zero environmental impact for all operations by committing to responsibly sourced ingredients, renewable resources, responsible water consumption, and circular waste management. These specific focus areas are all part of our broader environmental ambitions, guided by our values, ethics, and policies.

Consequently, we adhere to all environmental regulations and best practices in all our locations of operations, and often look beyond these requirements to ensure the highest standards implemented to reduce our environmental footprint. Our environmental performance metrics and areas of scrutiny include:



At Agthia, we ensure that none of our sites are located in an area that is considered a hazard on the biodiversity, we are committed to monitor our manufacturing operations and ensure that our products ingredients and raw materials in addition to the distribution of our final products are in line with the highest ethical and environmental standards, and do not have any significant impact on the biodiversity. In Addition to that, in Al Ain site we recycle the rejected water and use it to enrich and sustain plantation and fauna around the site by a proper irrigation system contributing to the local ecosystem. Finally, we did not have any non-compliance incident related to environmental laws or regulations.

The scope of our environmental metrics covers all our facilities located in the GCC, Egypt, and Turkey. It also includes all our owned or leased vehicles used to transport our products across the UAE.



Energy Consumption

Agthia strives to reduce emissions associated with its energy consumption by monitoring and managing energy consumption and efficiency at all its operated business assets. We recognise that without knowing our consumption patterns and volumes, it will be difficult to identify energy-saving opportunities across all different operations and, therefore, we are dedicated to better monitor, manage, and reduce our environmental footprint in the years to come.

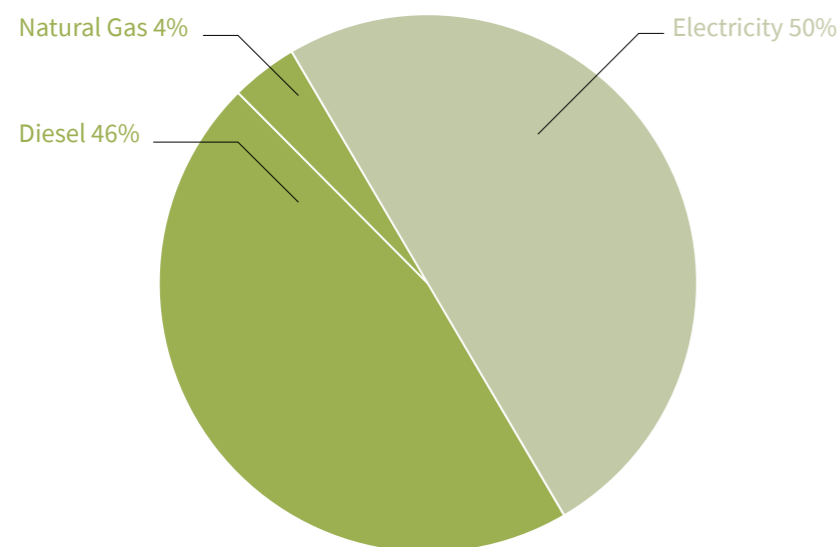
Our energy is derived from direct and indirect energy sources. Direct energy consumption is predominantly derived from diesel consumption used in our production facilities and our transportation through our fleet. Nonetheless, natural gas construes 4% of the direct energy consumed in operating different machinery at our facilities. Indirect energy consumption accounts for half of our total energy consumption, and is entirely derived from electricity provided by local utility providers.

As we endeavour to ensure that all our direct and indirect energy is accounted for and reported transparently. In 2019, we included the UAE fleet diesel consumption for all our owned or leased vehicles operating under Agthia. The impact of this addition can clearly be seen in the increase of our total energy consumption between the years 2018 and 2019. Moreover, and due to the restrictions imposed by the spread of COVID-19, our fleet continued to ensure that our products reach every consumer, allowing for on the clock home deliveries throughout these hard times, these circumstances resulted in higher diesel consumption from our fleet by around 29% when compared to the year before.

However, our energy efficiency in electricity consumption has seen tremendous achievements, where we reduced our total electricity consumption by over 10% in the last year, reducing our indirect energy intensity to 0.19 GJ/tonne of production.

Energy Mix

- Direct Energy
- Indirect Energy



Energy Consumption	2018	2019	2020
Diesel Consumption (TJ)*	148.39	302.5	389.86
Natural Gas Consumption (TJ)	29.24	37.65	31
Electricity (TJ)	476.67	465.54	417.63
Total Direct Energy Consumption (TJ)	177.63	340.15	420.86
Total Indirect Energy Consumption (TJ)	476.67	465.54	417.63
Total Energy Consumption (TJ)	654.3	805.69	838.49

* Diesel Consumption of Agthia UAE fleet was added in 2019

Energy Intensity	2018	2019	2020
Direct Energy Intensity (GJ/Tonne of Production)	0.08	0.15	0.19
Indirect Energy Intensity (GJ/Tonne of Production)	0.22	0.21	0.19
Total Energy Intensity (GJ/Tonne of Production)	0.30	0.37	0.38



10% REDUCTION IN OUR ELECTRICITY CONSUMPTION

10% DECREASE IN INDIRECT ENERGY INTENSITY



Climate Change

Climate change is a defining issue of our time, and the science clearly shows that we are at a pivotal moment. From shifting weather patterns that threaten food production to widespread wildfires that devastate entire communities and ecosystems, the impact of climate change is global in scope and unprecedented in scale. Without comprehensive and immediate action today, adapting to these impacts in the future will be more difficult and costly.

We at Agthia are integrating climate change management and mitigation into our strategies and operations. Through innovative technologies and effective management, we can enhance our business while promoting comprehensive solutions for a sustainable future.

For the last nine years we have sought to record as much data as possible to accurately capture our total Greenhouse Gas (GHG) emissions. The numbers shown below include our Direct Scope 1 Emissions and Indirect Scope 2 Emissions. These values were derived from the total direct and indirect energy consumption at all locations of all our facilities.

As noted in the previous section, the scope of our direct energy consumption increased last year to include our fleet of over 586 vehicles used to transport our goods and services in the UAE. The results of this inclusion can be seen in our increased Direct Scope 1 emissions. However, indirect scope 2 emissions have incurred a significant decrease this year, with astonishing reduction in indirect scope 2 emission intensity amounting to 12%.

In line with our commitment to minimising our environmental impact and always improving our efficiency, and despite all the challenges we incurred as a company and as a community this year, we are extremely proud to see our total GHG emissions intensity reduce by 6% this year.

Energy Intensity

	2018	2019	2020
Direct Scope 1 Emissions (MT of CO ₂)	11,475	22,368	28,010
Indirect Scope 2 Emissions (MT of CO ₂)	121,369	121,339	106,333
Total Emissions (MT of CO₂)	132,844	143,707	134,344

GHG Emissions Intensity

	2018	2019	2020
Direct Scope 1 Emissions Intensity (KG of CO ₂ / Tonne of Production)	5.20	10.16	12.81
Indirect Scope 2 Emissions Intensity (KG of CO ₂ / Tonne of Production)	55.05	55.11	48.61
Total Emissions Intensity (KG of CO₂/ Tonne of Production)	60.25	65.27	61.42

↓ 7% DECREASE IN TOTAL GHG EMISSIONS

↓ 6% REDUCTION IN GHG EMISSIONS PER TONNE OF PRODUCTION





Water Consumption

At Agthia, we understand that water is one of the most critical resources in the world, and we make it our mission to provide our communities with clean water while conserving resources for future generations.

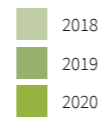
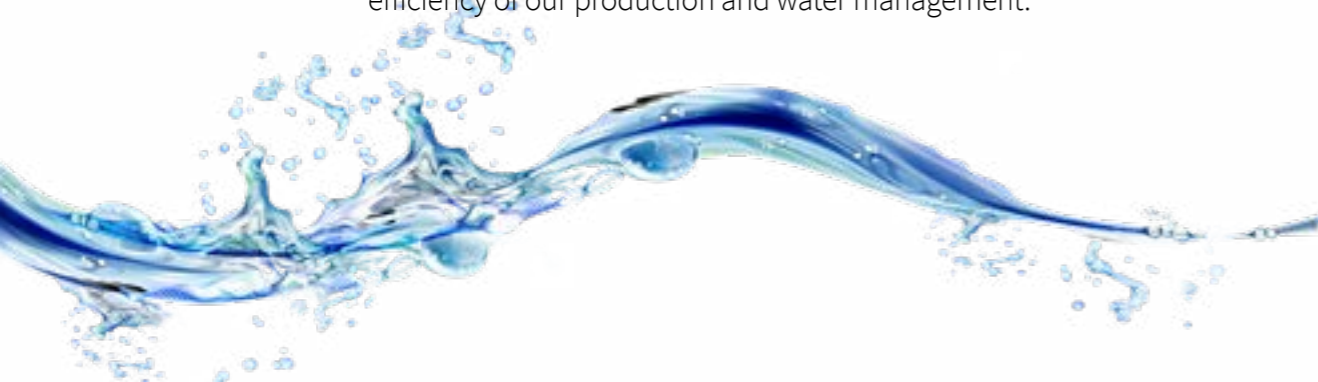
The food and beverage industry is inherently water-intensive, with agriculture accounting for the majority of global freshwater withdrawal. As industry leaders in a water-scarce region, we have a responsibility to ensure that future generations have the water resources they need. Further, global issues such as population growth and climate change are likely to exacerbate water scarcity; therefore, it is a business imperative to have an effective water strategy in place to continue to create shared value into the future as our world changes.

To help ensure that the region's future water resources remain secure in the face of future challenges, we have aligned our water strategy with the strategic plans of Abu Dhabi and UAE Vision 2021. Regional strategies focus on the sustainable management of the three water sources: desalinated water, groundwater, and recycled water. In line with these plans, the water strategy provides a five-year roadmap for the conservation of water resources in the Emirate of Abu Dhabi.

We take a lifecycle approach to water management, tracking impact data and setting quantitative targets for each process stage from sourcing through life disposal and recycling. We are committed to continually improving water efficiency and implementing innovative technologies and processes that optimise the use of water resources over all operational phases.

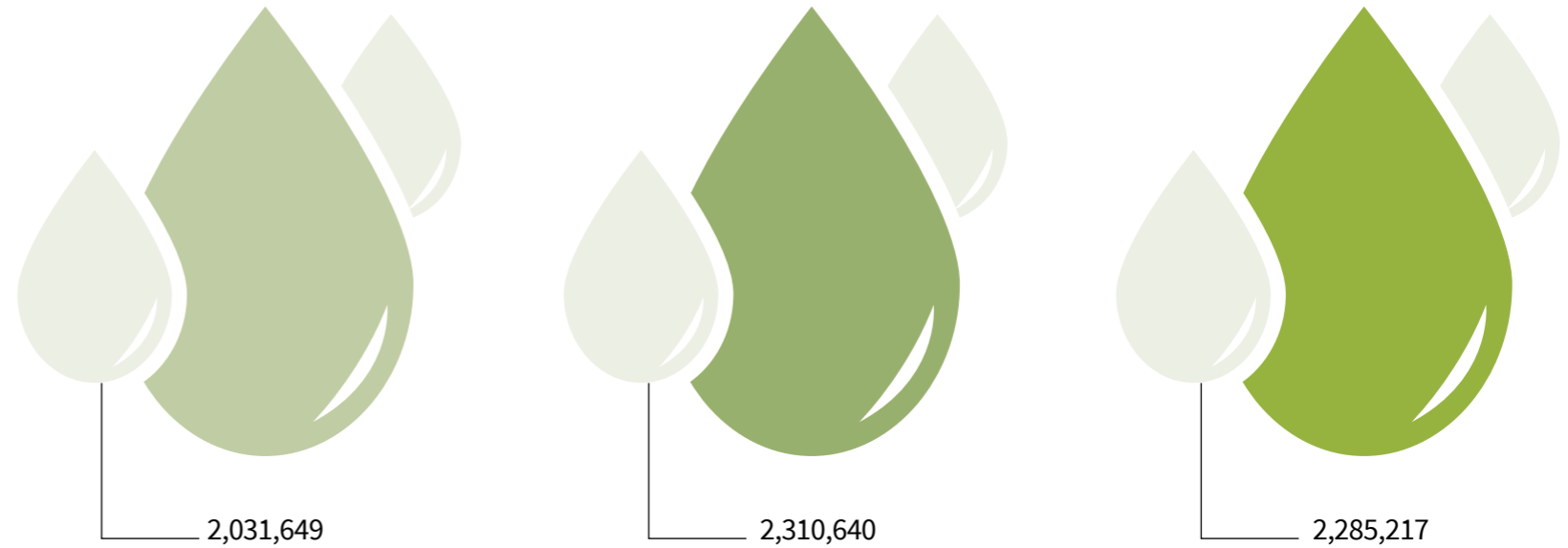
Agthia's formal Waste and Energy Management Procedure (EHS.P.51) states that: water consumed for drinking, industrial processes, and irrigation will be monitored through reports from the metering around our sites. To ensure that we lead the industry in terms of water stewardship, we have engaged experts and conducted benchmarking to inform our water strategy and KPIs.

The effectiveness of our water conservation approach is measured in water efficiency improvements. In the last year, we have managed to decrease our total water consumption by 1% while further reducing our water consumption per tonne of production by 1%. Water intensity ratio is crucial to understand the efficiency of our production and water management.

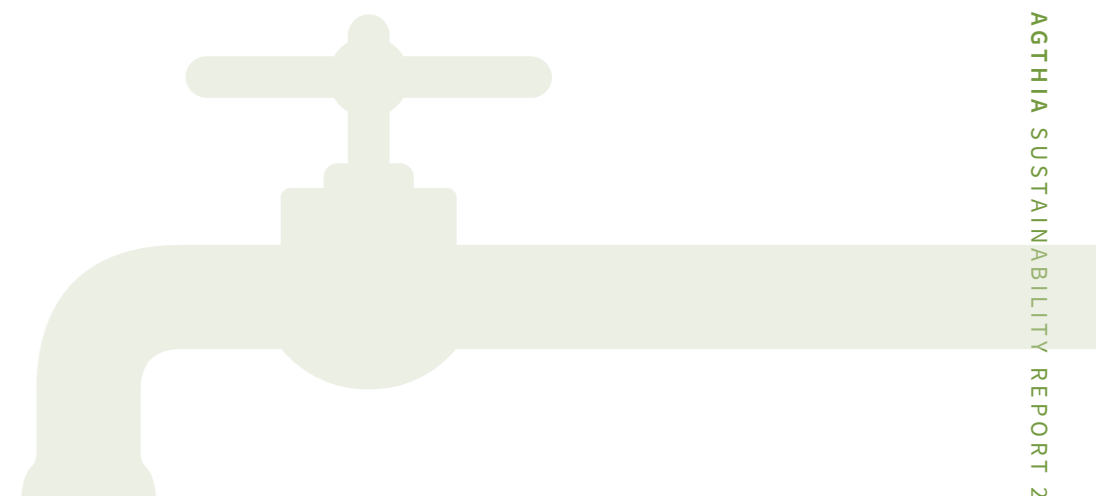
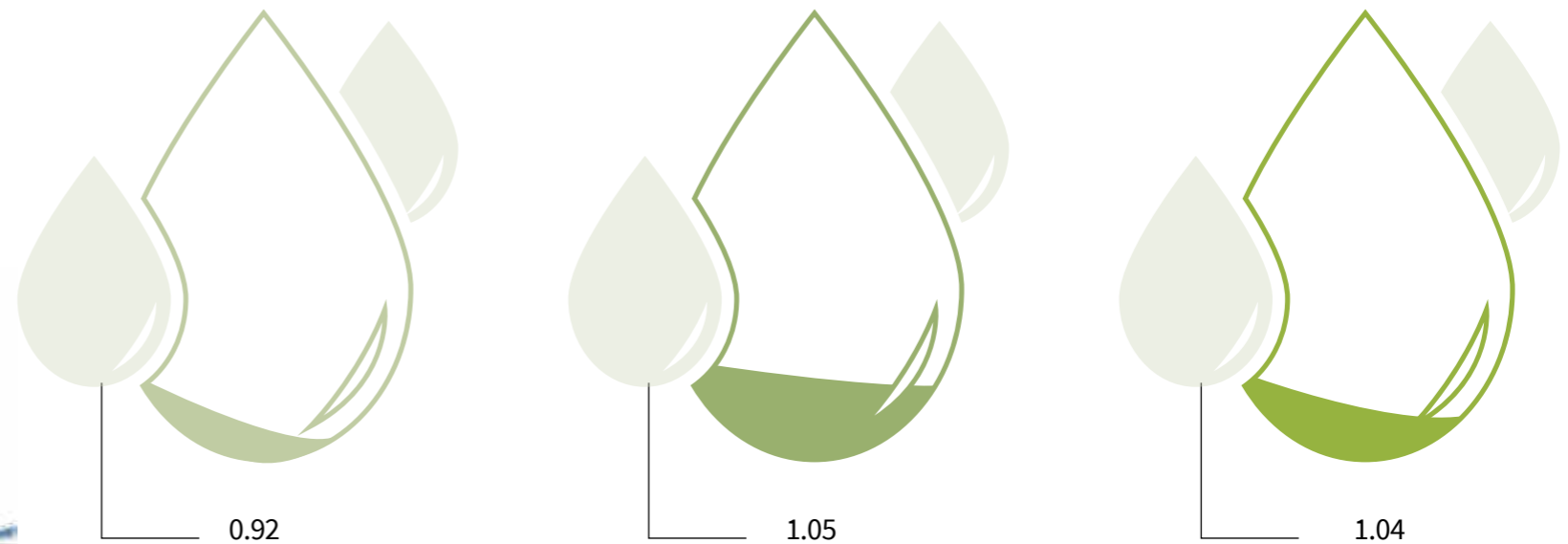


Water Consumption

Total Water Consumption (m³)



Water Intensity Ratio (m³/Tonne of Production)





Waste Management

The issue of waste, notably from human-made material like metal, plastic and others now outweigh the earth's natural biomass. Today, there is more plastic on our planet than there are animals and marine life. As a consumer business, we take the reversal of this matter very seriously, and are eager to help shape a better waste-free future.

Plastic waste in particular has been of public concern for a few decades. However, plastics in packaging is necessary for food safety and quality, protecting food in transportation, extending its shelf life and reducing food waste. This makes food and beverage packaging a unique challenge for Agthia and the food and beverage industry as a whole. We aim to keep developing solutions that reduce packaging volume and impact without compromising on the quality or shelf life of our products. We envision a future without waste; this translates to not only increasing recycling, but also identifying alternatives, whether in the form of new delivery systems or materials.

To reduce our environmental impact while cutting costs, it is crucial that we operate a resource-efficient operation that minimises waste to landfill as well as the demand for virgin materials. Our waste management strategy is to avoid waste to landfill through operational efficiency improvements in the framework of the circular economy model.

Our efforts to cut down waste go hand in hand with our approach to sustainable packaging, as we closely monitor waste produced during our operations, as well as our products' end life-cycle. We measure the efficacy of our waste management through the manufacturing waste generated and waste to landfill, setting targets to progressively reduce both.

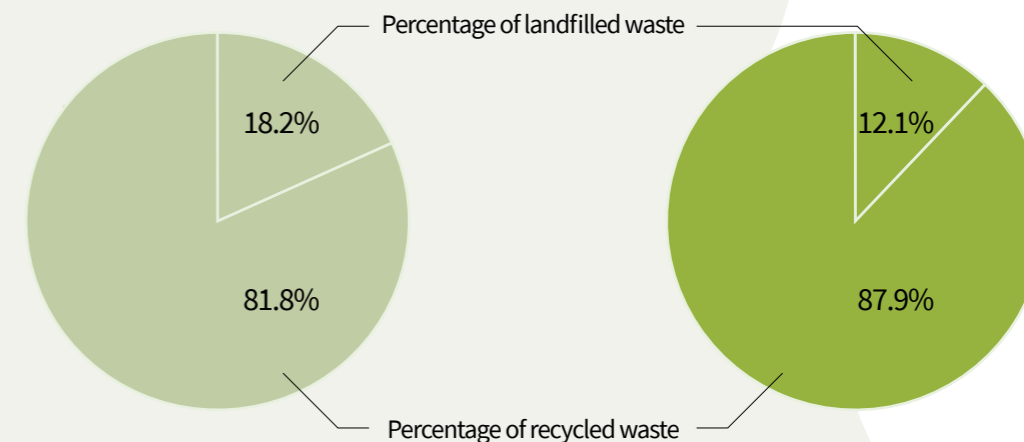
This year has been challenging on numerous fronts. While we remained focused to deliver our essential products to all our customers at all times, there was much uncertainty and many market fluctuations that contributed to the increase of waste from expired materials. However, and as the situation further develops, we will have more accurate market volume predictions that will allow us to minimise waste from expired materials.

When we began, 60% of our waste was landfilled; we reduced that to 12% in 2020. Despite the many related challenges faced, including the closure of the biggest composting plant in the UAE in 2019, we managed to create alternative solutions, ensuring that our operational waste is continuously diverted from landfills. Currently Agthia works in close contact with local authorities to find an alternative way that can help us meet our long-term target of zero waste to landfill and we will continue to implement initiatives to increase recycling and waste diversion rates over the long-term.

Waste Management

		2018	2019	2020
Total Non-Hazardous Waste (MT)	Expired Material	-	3,657	5,967
	Non-Expired Material	-	14,880	12,489
	Total	15,647	18,537	18,456

2019
2020



KG of Waste Per Tonne of Production

2018
2019
2020



Winner of
Abu Dhabi Ports NEESHAN Awards
Best Waste Management Performance

87.9% OF WASTE IS RECYCLED

8% DECREASE IN WASTE PER TONNE OF PRODUCTION

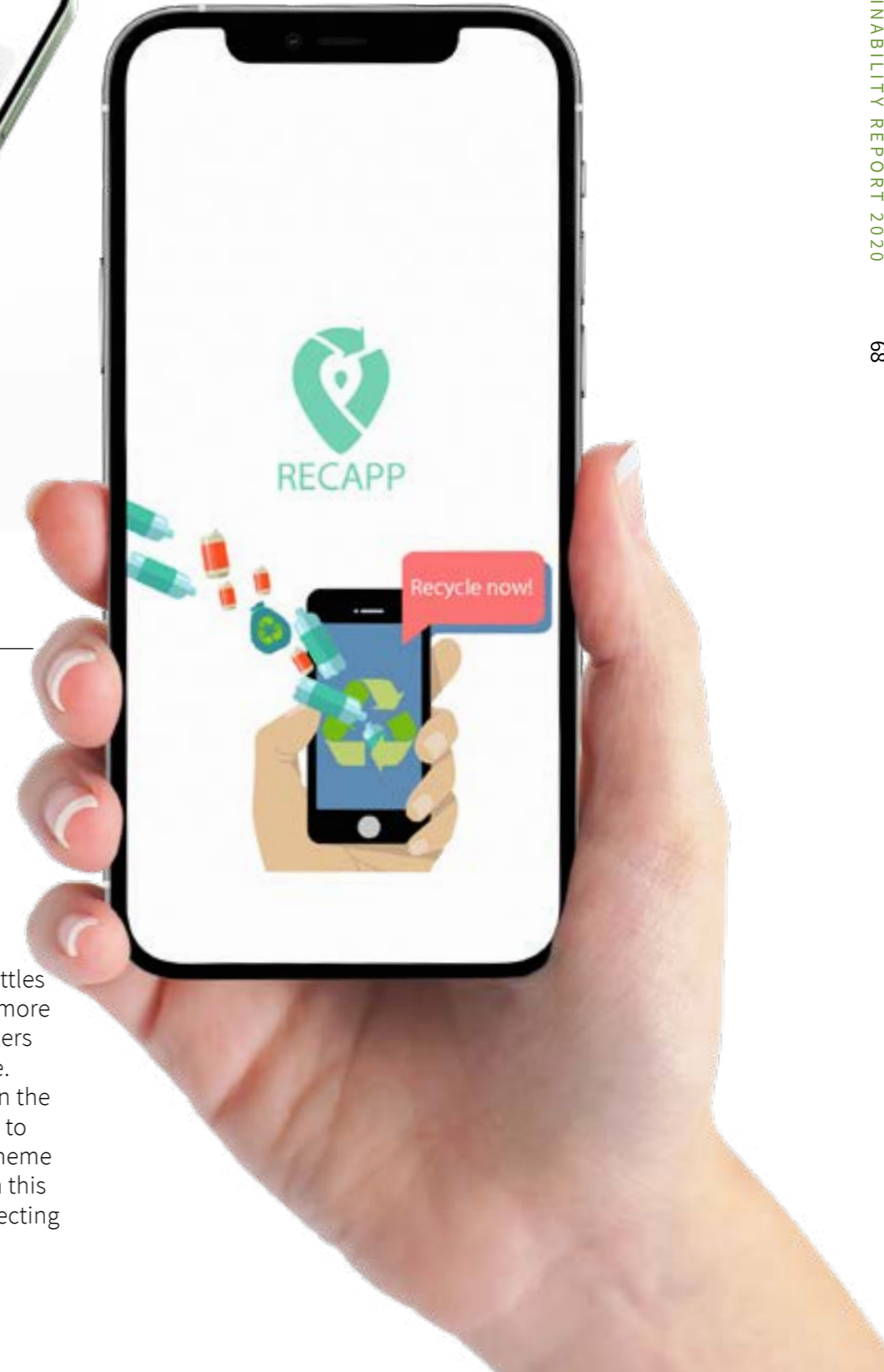
TRANSITIONING INTO A CIRCULAR BUSINESS

At Agthia, we are fundamentally rethinking how we get our products to customers, including the materials used in our packaging, the amount of material needed, and methods for its disposal. Today's take-make-dispose model is predominant in the food and beverage packaging industry, where products are made, bought, used and then discarded.

We continuously pour efforts into moving away from this finite linear approach to a more restorative and 'circular' economy approach: one in which packaging materials are kept in constant use and reuse as they move around a closed loop system. By infinitely using resources in a circular system, we can reduce our consumption of raw materials and drastically decrease the waste that our products entail.

We are reducing materials right from the start by making them more recyclable, biodegradable, and lighter, as illustrated in our most recent innovations of Al Ain Water Box and Al Ain Plant Bottle. Moreover, and to add to our efforts of reinventing circular solutions, this year we were the first company to have partnered with Veolia in their RECAPP initiative to recycle our plastic bottles and cans.

RECAPP is an innovative free of charge door-to-door recycling collection service using a dedicated digital platform, which Veolia launched in November 2020.



The objectives of this partnership are to:

- Raise awareness and create a sense of community or a more sustainable lifestyle.
- Award responsible behaviour.
- Involve all stakeholders to capture clean recyclable feedstock including plastic bottles and aluminium cans.
- Introduce a life-cycle circular system throughout our value chain.
- Minimise our products' contribution to waste.

To further incentivise customers to recycle their used bottles and cans, Veolia introduced "The more you recycle, the more points you win" as a principle to RECAPP, where consumers are able to redeem from the online rewards marketplace. Each time they recycle, points are accumulated based on the weight of the collected recyclables. As the first company to partner with Veolia, we proposed a generous reward scheme to incentivise users who have adopted RECAPP. Through this partnership, users can redeem their gifts online by connecting to Agthia's 1971.Store.





GRI Content Index

GRI STANDARDS		
GRI Standard	Disclosure	Page Number(s), URL reference, or notes.
GRI 101: Foundation 2016		
GRI 102: General Disclosures 2016		
Organizational Profile		
102-1	Name of the organization	1
102-2	Activities, brands, products, and services	4,5,11,13
102-3	Location of headquarters	14
102-4	Location of operations	14
102-5	Ownership and legal form	12
102-6	Markets served	18-22
102-7	Scale of the organization	11
102-8	Information on employees and other workers	7-8
102-9	Supply chain	9,15,60-61
102-10	Significant changes to the organization and its supply chain	60-61
102-11	Precautionary Principle or approach	37-38
102-12	External initiatives	50,51
102-13	Membership of associations	12
Strategy		
102-14	Statement from senior decision-maker	6-7
102-15	Key impacts, risks, and opportunities	33-40
Ethics and Integrity		
102-16	Values, principles, standards, and norms of behavior	38
102-17	Mechanisms for advice and concerns about ethics	36-38
Governance		
102-18	Governance structure	36
102-20	Executive-level responsibility for economic, environmental, and social topics	50,53,55,60,63
102-21	Consulting stakeholders on economic, environmental, and social topics	27
102-22	Composition of the highest governance body and its committees	24,36
102-23	Chair of the highest governance body	6,36
102-24	Nominating and selecting the highest governance body	36-37
102-26	Role of highest governance body in setting purpose, values, and strategy	36
102-27	Collective knowledge of highest governance body	36
102-29	Identifying and managing economic, environmental, and social impacts	24,28

102-30	Effectiveness of risk management processes	37-38
102-31	Review of economic, environmental, and social topics	28
102-32	Highest governance body's role in sustainability reporting	3
102-33	Communicating critical concerns	27
102-35	Remuneration policies	37,43
Stakeholder Engagement		
102-40	List of stakeholder groups	27
102-41	Collective bargaining agreements	Collective bargaining is not permitted in the UAE
102-42	Identifying and selecting stakeholders	27
102-43	Approach to stakeholder engagement	24,27
102-44	Key topics and concerns raised	27
Reporting Practices		
102-45	Entities included in the consolidated financial statements	4
102-46	Defining report content and topic Boundaries	3-5
102-47	List of material topics	28
102-48	Restatements of information	29
102-49	Changes in reporting	4
102-50	Reporting period	3,4
102-51	Date of most recent report	1
102-52	Reporting cycle	4
102-53	Contact point for questions regarding the report	3
102-54	Claims of reporting in accordance with the GRI Standards	3
102-55	GRI content index	69-
102-56	External assurance	3
Material Topics		
GRI 200 Economic Standard Series		
GRI 103: Management Approach 2016		
103-1	Explanation of the material topic and its Boundary	28,29
103-2	The management approach and its components	32
103-3	Evaluation of the management approach	32
GRI 201: Economic Performance 2016		
201-1	Direct economic value generated and distributed	32
GRI 103: Management Approach 2016		
103-1	Explanation of the material topic and its Boundary	28,29
Approach 2016		
103-2	The management approach and its components	28,29
103-3	Evaluation of the management approach	28,29



GRI 204: Procurement Practices 2016		
204-1	Proportion of spending on local suppliers	60-61
GRI 103: Management Approach 2016		
103-1	Explanation of the material topic and its Boundary	28,29
103-2	The management approach and its components	26,38
103-3	Evaluation of the management approach	38
GRI 205: Anti-corruption 2016		
205-3	Confirmed incidents of corruption and actions taken	38
GRI 300 Environmental Standard Series		
GRI 103: Management Approach 2016		
103-1	Explanation of the material topic and its Boundary	28,29
103-2	The management approach and its components	7
103-3	Evaluation of the management approach	58
GRI 301: Materials 2016		
301-2	Recycled input materials used	58,59
301-3	Reclaimed products and their packaging materials	18,56
GRI 103: Management Approach 2016		
103-1	Explanation of the material topic and its Boundary	28,29
103-2	The management approach and its components	63
103-3	Evaluation of the management approach	64
GRI 302: Energy 2016		
302-1	Energy consumption within the organization	64
302-2	Energy consumption outside of the organization	64
302-3	Energy intensity	64
302-4	Reduction of energy consumption	64
302-5	Reductions in energy requirements of products and services	64
GRI 103: Management Approach 2016		
103-1	Explanation of the material topic and its Boundary	28,29
103-2	The management approach and its components	66
103-3	Evaluation of the management approach	66
GRI 303: Water and Effluents 2018		
303-1	Interactions with water as a shared resource	66
303-3	Water withdrawal	66
303-5	Water consumption	66
GRI 103: Management Approach 2016		
103-1	Explanation of the material topic and its Boundary	28,29
103-2	The management approach and its components	63
103-3	Evaluation of the management approach	63
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	63
304-2	Significant impacts of activities, products, and services on biodiversity	63

GRI 103: Management Approach 2016		
103-1	Explanation of the material topic and its Boundary	28,29
103-2	The management approach and its components	65
103-3	Evaluation of the management approach	65
GRI 305: Emissions 2016		
305-1	Direct (Scope 1) GHG emissions	65
305-2	Energy indirect (Scope 2) GHG emissions	65
305-4	GHG emissions intensity	65
305-5	Reduction of GHG emissions	65
GRI 103: Management Approach 2016		
103-1	Explanation of the material topic and its Boundary	28,29
103-2	The management approach and its components	67,68
103-3	Evaluation of the management approach	67
GRI 306: Effluents and Waste 2016		
306-2	Waste by type and disposal method	67
GRI 103: Management Approach 2016		
103-1	Explanation of the material topic and its Boundary	28,29
103-2	The management approach and its components	63
103-3	Evaluation of the management approach	63
GRI 307: Environmental Compliance 2016		
307-1	Non-compliance with environmental laws and regulations	63
GRI 103: Management Approach 2016		
103-1	Explanation of the material topic and its Boundary	28,29
103-2	The management approach and its components	63
103-3	Evaluation of the management approach	60
GRI 308: Supplier Environmental Assessment 2016		
308-1	New suppliers that were screened using environmental criteria	60
308-2	Negative environmental impacts in the supply chain and actions taken	60
GRI 400 Social Standard Series		
GRI 103: Management Approach 2016		
103-1	Explanation of the material topic and its Boundary	28,29
103-2	The management approach and its components	42,46
103-3	Evaluation of the management approach	42-45
GRI 401: Employment 2016		
401-1	New employee hires and employee turnover	42
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	42
401-3	Parental leave	42
GRI 103: Management Approach 2016		
103-1	Explanation of the material topic and its Boundary	28,29,47
103-2	The management approach and its components	8,24,47
103-3	Evaluation of the management approach	47



GRI 403: Occupational Health and Safety 2018		
403-1	Occupational health and safety management system	47,48
403-2	Hazard identification, risk assessment, and incident investigation	47
403-3	Occupational health services	47-49
403-4	Worker participation, consultation, and communication on occupational health and safety	49
403-5	Worker training on occupational health and safety	49
403-6	Promotion of worker health	47
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	47,48,49
403-8	Workers covered by an occupational health and safety management system	42
403-9	Work-related injuries	49
GRI 103: Management Approach 2016		
103-1	Explanation of the material topic and its Boundary	28,29,46
103-2	The management approach and its components	46
103-3	Evaluation of the management approach	46
GRI 404: Training and Education 2016		
404-2	Programs for upgrading employee skills and transition assistance programs	46
404-3	Percentage of employees receiving regular performance and career development reviews	46
GRI 103: Management Approach 2016		
103-1	Explanation of the material topic and its Boundary	28,29
103-2	The management approach and its components	36,42,43
103-3	Evaluation of the management approach	42
GRI 405: Diversity and Equal Opportunity 2016		
405-1	Diversity of governance bodies and employees	42-45
405-2	Ratio of basic salary and remuneration of women to men	43
GRI 103: Management Approach 2016		
103-1	Explanation of the material topic and its Boundary	28,29
103-2	The management approach and its components	60
103-3	Evaluation of the management approach	60,61
GRI 408: Child Labor 2016		
408-1	Operations and suppliers at significant risk for incidents of child labor	60
GRI 103: Management Approach 2016		
103-1	Explanation of the material topic and its Boundary	28,29
103-2	The management approach and its components	60
103-3	Evaluation of the management approach	60,61
GRI 409: Forced or Compulsory Labor 2016		
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	60
GRI 103: Management Approach 2016		
103-1	Explanation of the material topic and its Boundary	28,29
103-2	The management approach and its components	60
103-3	Evaluation of the management approach	60.61

GRI 412: Human Rights Assessment 2016		
412-1	Operations that have been subject to human rights reviews or impact assessments	60,61
412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	61
GRI 103: Management Approach 2016		
103-1	Explanation of the material topic and its Boundary	28,29
103-2	The management approach and its components	21,27,60
103-3	Evaluation of the management approach	45
GRI 413: Local Communities 2016		
413-1	Operations with local community engagement, impact assessments, and development programs	45,50,51
GRI 103: Management Approach 2016		
103-1	Explanation of the material topic and its Boundary	28,29
103-2	The management approach and its components	38
103-3	Evaluation of the management approach	60
GRI 414: Supplier Social Assessment 2016		
414-1	New suppliers that were screened using social criteria	61
414-2	Negative social impacts in the supply chain and actions taken	61
GRI 103: Management Approach 2016		
103-1	Explanation of the material topic and its Boundary	53,54
103-2	The management approach and its components	53,54
103-3	Evaluation of the management approach	53,54,55
GRI 416: Customer Health and Safety 2016		
416-1	Assessment of the health and safety impacts of product and service categories	54
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	54
GRI 103: Management Approach 2016		
103-1	Explanation of the material topic and its Boundary	28,29
103-2	The management approach and its components	40
103-3	Evaluation of the management approach	40
GRI 417: Marketing and Labeling 2016		
417-1	Requirements for product and service information and labeling	40
417-2	Incidents of non-compliance concerning product and service information and labeling	40
417-3	Incidents of non-compliance concerning marketing communications	40
GRI 103: Management Approach 2016		
103-1	Explanation of the material topic and its Boundary	28,29
103-2	The management approach and its components	37,38,42,63
103-3	Evaluation of the management approach	37,38,42,63
GRI 419: Socioeconomic Compliance 2016		
419-1	Non-compliance with laws and regulations in the social and economic area	40,48



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