



# EMPOWERING SUSTAINABLE CHANGE

Sustainability Report 2024

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# Leadership Message



# CHAIRMAN'S MESSAGE



**ESG remains a key focus in our Board discussions, ensuring proactive oversight and strategic integration of sustainability goals.**

Dear Stakeholders,

It is my privilege to present SADAFCO's 2024 Sustainability Report, a reflection of our unwavering commitment to responsible business practices, ethical governance, and sustainable progress. Guided by our purpose, 'Sustainably nurture and connect generations with goodness and happiness', we embed sustainability across our operations. Over the years, we have aligned our efforts with Saudi Vision 2030, reinforcing our role in driving economic diversification, environmental responsibility, and social prosperity. As the Kingdom advances toward a more sustainable and prosperous future, SADAFCO continues to contribute through innovation, responsible resource management, and strengthening our role as a responsible corporate citizen.

To maintain effective good governance, revisiting and upgrading the governance system is imperative. This year marks a significant milestone in our governance framework with the election of a new Board of Directors, effective April 1, 2024. To enhance expertise and strengthen decision-making, non-board members have been appointed to key committees, reinforcing our ability to navigate complex challenges. Our commitment to strong governance has been recognized, with SADAFCO being ranked among the highest-ranking companies in the Corporate Governance Index (CGI) for Non-Financial Sector companies on Tadawul. Furthermore, ESG remains a key focus in our Board discussions, ensuring proactive oversight and strategic integration of sustainability goals.

A strong commitment to social responsibility is at the heart of our sustainability vision. Health and nutrition remain a priority, and we are taking concrete steps to improve consumer well-being by reducing added sugar and salt in our products. We are also fostering a more diverse and inclusive workforce, with a clear goal of achieving over 35% female employment by 2030 and increasing the representation of Saudi Nationals in our talent pool. With sustained efforts, we are making an impact in the right direction.

At all points, we are committed to a low-carbon future, with a bold ambition to achieve Net Zero by 2060 and transition to a zero-emission fleet by 2045. Over the years, our efforts on sustainability have expanded beyond our operations to the entire value chain. We adopt collaboration and partnerships as one of the means to achieve change.

As we move forward, SADAFCO remains steadfast in its commitment to sustainability, governance excellence, and social responsibility. We believe that actual progress comes from collective action, and we will continue working closely with our stakeholders to build a more resilient, responsible, and forward-thinking organization. Together, we are shaping a sustainable future that balances business success with environmental and social well-being.

**HH Sheikh Hamad Sabah Al- Ahmad**  
**Chairman**





# CHIEF EXECUTIVE OFFICER'S MESSAGE



## Esteemed Stakeholders,

At SADAFCO, sustainability is not a mere aspiration, it is the cornerstone of our evolution. In an era, replete with transformative potential, our resounding call to "Empower Sustainable Change" stands as both an invitation and an imperative. It is with immense pride that I share our journey of the past year, a journey marked by an unwavering commitment to responsible growth with continuous innovation.

SADAFCO takes pride in being a pioneer in sustainability among companies in the Kingdom. Guided by the Kingdom's ambitious net zero GHG emissions target by 2060, our climate strategy is meticulously anchored on three strategic pillars: a zero-carbon fleet, expansive renewable energy adoption, and efficient water management. Our logistics operations are undergoing a transformative shift towards decarbonization. In partnership with Maersk, we are integrating sustainable ocean freight solutions, while our collaboration with HyperView is paving the way for the introduction of hydrogen-powered vehicles into our fleet. These decisive actions form a critical part of our vision for a resilient, low-carbon supply chain. Our renewable energy initiatives have gained robust momentum. With three solar power plants already in operation and nine additional projects to become operational this year. Further, we have achieved a remarkable 14.5% reduction in our Water Consumption Ratio, reinforcing our dedication to resource stewardship and ensuring that every drop counts.

In 2024, we introduced nine new products, each artfully refined to champion healthier, more natural ingredients. We enhanced the flavored milk portfolio for children by reducing sugar and fat content and has transitioned to using 100% natural colors and flavors across the entire range.

Beyond business, we empower communities. I am proud to announce that SADAFCO has fully invested SAR 1.5 million to develop MODON Park in the Modon Industrial Area, thereby enhancing green space and improving the quality of life for our community. Our school program has educated 1.45 million children on nutrition. Additionally, our team exceeded its volunteer target by contributing more than 1,000 hours demonstrating our unwavering commitment to community engagement and environmental stewardship.

None of this would be possible without the steadfast dedication of our employees, whose pursuit of excellence drives meaningful change. As we chart the path ahead, our focus remains unwavering: advancing digital innovation, scaling renewable initiatives, and deepening collaboration. We invite you to join us on this journey, as we collectively shape a more sustainable future.

**Patrick Stillhart**

**Chief Executive Officer**







**About SADAFCO**










# OUR DYNAMIC BUSINESS LANDSCAPE

Saudia Dairy and Foodstuff Company (SADAFCO), established in 1976, is a market leader in the production, marketing, and distribution of high-quality dairy and food products. Headquartered in Jeddah, Saudi Arabia, SADAFCO has earned the trust of consumers across the Middle East and beyond through its iconic “Saudia” brand, which represents excellence, innovation, and reliability.

With a diversified portfolio that includes long-life milk, tomato paste, snacks, ice cream, and beverages, SADAFCO consistently delivers products that meet the highest standards of quality and nutrition. The Company has state-of-the-art manufacturing facilities, an extensive distribution network, and a talented workforce enabling us to serve millions of consumers, ensuring our products are accessible wherever they are needed.

SADAFCO experienced a revenue increase across all geographies, with its operations in Poland demonstrating growth. This performance was driven by operational restructuring of the Polish company and strategic product portfolio optimization.

## Our revenue over the years (SAR Mn)

					
Year**	KSA	GCC	Other Countries	Poland	Total Revenue
FY 2024	2,321.4	151.7 <sup>1</sup>	133.9	355.9	2,962.9
SFY 2023	1,773	60	113	165	2,111
FY 2022-23	2,194	64	114	276	2,170

\* Jordan was represented as a part of other countries in the earlier years but this year the revenue is collated with GCC region resulting in revenue growth of more than double for the GCC region

\*\* Revenue is presented as per actual reporting during the last 3 years. The acronym i.e FY 2022-23 represents financial year i.e. from 1st April to 31st March – 12-month period , SFY represent Short Financial Year 2023: Nine-Month from 1st April to 31st December 2023 and FY 2024 represents calendar year i.e. from 1st January to 31st December – 12 months period



### Vision

Impossible is nothing



### Mission

- Delighting consumers with delicious, nutritious, convenient & sustainable products
- Accelerating profitable growth
- Creating value for society (environment), stakeholders and shareholders



### Purpose

Sustainably nurture and connect generations with goodness and happiness



### Values

- Trust
- Respect
- Integrity
- Passion
- Lead/Learn
- Excellence



### Culture

- Consumers focus
- Highest quality performance
- Accountability
- Efficiency
- Collaboration
- Lead & Learn



# SADAFCO'S GLOBAL PRESENCE

SADAFCO has been a pioneer in the production, sales and distribution of consistently high-quality food products in the GCC and selected export markets in the Middle East and North Africa.

SADAFCO's key supply geographies include Saudi Arabia, which serves as the primary market and main production hub, and the broader GCC region, covering countries like the UAE, Kuwait, and Oman. Additionally, Poland plays a strategic role through SADAFCO's subsidiary Mlekoma, which supplies dairy ingredients for SADAFCO's manufacturing operations. The company also exports to other international markets beyond the GCC and Poland.

**3**

**Regional Distribution Centers (RDCs)** in Riyadh, Jeddah and Dammam

**20**

**Depots** across Saudi Arabia, Bahrain, Kuwait, Jordan and Qatar

**49**

**Different Nationalities** working together

**3047\***

**Employees**

**1053**

**Trucks and vans**



Poland

**2**

**Manufacturing Facilities**



Dammam

**1**

Jeddah

**2**

\* Including all operations and outsourced personnel





# OUR PRODUCT PORTFOLIO



SADAFECO's portfolio includes more than 100 products under the brand names of Saudia, Crispy and Baboo and Sensations available across region. The Company is a market leader in Saudi Arabia in Long Life Milk, Tomato Paste and Ice Cream, marketing its core products under its flagship brand Saudia.

Saudia has become synonymous with quality, trust, and reliability across the Middle East. With more than four decades of experience, the Company has established itself as a leader in the dairy and food industry, offering a diverse range of products that cater to the needs of consumers of all age groups.



**SADAFECO's milk and tomato paste continue to have more than half the market share over the years.**

## Revenue by Product

Product Category	FY 2024 SAR Mn)	%Change over last year
Milk	1577.9	28% ▲
Ice Cream	480.0	26% ▲
Tomato Paste	261.0	56% ▲
Powdered Milk	95.2	103% ▲
Cheese	57.7	56% ▲
Others	135.3	55% ▲
Total	2,607.0*	▲

\* This revenue figure does not include revenue from Poland operations.



# RECOGNITIONS, AWARDS, AND INDUSTRY ACCOLADES

SADAFCO's commitment to excellence and sustainability has been recognized through numerous prestigious awards and certifications.



## Sustainability Leadership Recognition

In 2024, our CEO, Patrick Stillhart, was featured in Forbes Middle East's "Sustainability Leaders 2024" list in the Food and Agriculture category.



## Outstanding SFDA Rating

Manufacturing facilities received an A+ rating from the Saudi Food and Drug Authority (SFDA) in June 2024. This top-tier rating highlights our stringent quality control protocols and our commitment to producing superior products while ensuring consumer safety.



## Lean Manufacturing Excellence

Our Factory Manager, Bashar Abdulrahman Al-Johar, participated in the "Introduction to the Toyota Lean Manufacturing Methodology" training program in Japan, organized by the Ministry of Industry and Mineral Resources.



## Community Engagement and Corporate Social Responsibility

The Jeddah Social Responsibility Association thanks the Saudi Dairy, Dairy and Foodstuff Company (SADAFCO) for supporting and enabling the association's initiatives in 2024.



## Most Valuable Saudi brands

"SAUDIA" brand has been ranked 16th among the Most Valuable Saudi brands in 2024 according to the Kantar report



## Surpassing 100,000 Youtube Subscribers

Saudia Ice Cream has received the YouTube Silver Play Button for surpassing 100,000 subscribers on our YouTube channel, Saudia Ice cream.



## Product Innovation

Our innovations being recognized as Breakthrough Innovations in Saudi Arabia's FMCG market by NielsenIQ





# Sustainability Strategy



# HOLISTIC SUSTAINABILITY APPROACH

SADAFCO embodies the principle of sustainability at its core. The Company's sustainability approach is rooted in its commitment to environmental, social, and governance (ESG) principles, aligning with Saudi Arabia's Vision 2030. It has aligned its sustainability Strategy and reporting efforts to the Global Reporting Initiative (GRI) Universal Standards (2021), to United Nations Sustainable Development Goals (SDGs) and the National Transformation Program (NTP) which is part of Saudi Arabia's Vision 2030.

Building on past progress, SADAFCO continues to expand its sustainability initiatives and reporting scope, reinforcing its commitment to action and transparency. SADAFCO is driving sustainable growth while delivering high-quality, nutritious products that contribute to a healthier and more responsible future.



**Our sustainability approach is rooted in our commitment to environmental, social, and governance (ESG) principles, aligning with Saudi Arabia's Vision 2030.**



## Decarbonization

SADAFCO is working towards a low-carbon future with the aim for Net Zero by 2060 and achieve a zero-emission fleet by 2045



## Water Management

SADAFCO is focused on responsible water stewardship with the aim of reducing wastewater discharge across all three manufacturing locations in Saudi Arabia.



## Waste Management

Driven by a commitment to a circular economy, SADAFCO aims to reach a 100% recycling rate across its operations.



## Health & Nutrition

In its pursuit of better public health, SADAFCO is reformulating products to reduce added sugar in flavored milk by 30% and salt in snacks by 20% by 2030.



## Diversity and Inclusion

Objective is to foster a diverse and inclusive workforce with a target of achieving over 35% female employment by 2030 and increasing the representation of Saudi Nationals.



## Sustainable Sourcing & Packaging

To minimize environmental impact, SADAFCO is actively eliminating plastic in all forms and exploring reusable packaging alternatives.





# SUSTAINABILITY GOVERNANCE

SADAFCO has in place a three-tier sustainability governance structure, ensuring strategic execution of sustainability initiatives. This structure is supported at the highest level by the Board of Directors, with dedicated committees and cross-functional teams driving the company's ESG agenda.

At the core of this governance framework, the Board of Directors are responsible for sustainability oversight, conducting regular reviews of key sustainability issues and setting strategic directions. ESG-related topics are routinely discussed in board meetings, ensuring alignment with regulatory expectations and national sustainability goals.

The Sustainability Steering Committee plays a critical role in supervising and approving ESG strategies, action plans, and performance metrics. Comprising senior management executives and chaired by the CEO, the committee ensures that sustainability remains an integral part of business operations. This committee also oversees sustainability reporting and communication, ensuring transparency in disclosures. The Sustainability Steering Committee is by default supposed to meet once every quarter during the year and in 2024 it met four times, making significant decisions to advance ESG priorities. This committee

reports to the Board of Directors. Supporting these efforts, the cross-functional task force provides regular updates to the Sustainability steering committee. The task force is responsible for developing strategies, implementing action plans, tracking progress, and preparing sustainability disclosures. The comprehensive governance framework enhances accountability and transparency, driving the organization closer to its sustainability objectives.

**SADAFCO** has in place a three-tier sustainability governance structure.













# ENGAGING WITH STAKEHOLDERS

Stakeholder engagement at SADAFCO plays a vital role in understanding and addressing stakeholder expectations. Acknowledging the unique priorities of each group, SADAFCO employs tailored engagement to foster meaningful dialogue. This inclusive process enhances satisfaction and drives better outcomes by ensuring decisions reflect diverse perspectives and interests.

	 <b>Consumer</b>	 <b>Customer</b>	 <b>Employee</b>	 <b>Supplier</b>	 <b>Community</b>	 <b>Investor &amp; Regulator</b>
NEEDS & EXPECTATIONS	<ul style="list-style-type: none"> <li>Product and ingredients quality, freshness, and safety</li> <li>Product nutritional value and health implications</li> <li>Product price</li> <li>Brand reputation</li> <li>Environmentally sound production practices</li> <li>Fair and ethical marketing</li> <li>International recognition and certifications</li> <li>Direct communication channels</li> </ul>	<ul style="list-style-type: none"> <li>Product and ingredients quality, freshness, and safety</li> <li>Product price</li> <li>Brand reputation</li> <li>International recognition and certifications</li> <li>Direct communication channels</li> <li>Timely Delivery</li> </ul>	<ul style="list-style-type: none"> <li>Fair payment and benefits</li> <li>Equal opportunity</li> <li>Engagement and motivation</li> <li>Transparent hierarchies</li> <li>Job security</li> <li>Training and career development</li> <li>Safe work environment</li> <li>Grievance mechanisms</li> </ul>	<ul style="list-style-type: none"> <li>Brand reputation</li> <li>International recognition and certifications</li> <li>Direct communication channels</li> <li>Timely payment</li> <li>Ethical &amp; fair practices</li> </ul>	<ul style="list-style-type: none"> <li>Corporate Social Responsibility (CSR) and engagement</li> <li>Funds and financial support</li> <li>Data disclosure and credibility</li> <li>Environmentally sound production practices</li> <li>Contribution to social and economic development</li> </ul>	<ul style="list-style-type: none"> <li>Financial performance, efficient production, and growth</li> <li>Dividends</li> <li>Share price growth</li> <li>Transparent financial and non-financial disclosure and credibility</li> <li>Market share</li> <li>Compliance with national legislation and regulation</li> <li>Contribution to economic development</li> <li>Environmentally sound production practices</li> <li>GHG emissions and impact on climate change</li> <li>International recognition and certificates</li> </ul>
ENGAGEMENT MODES	<ul style="list-style-type: none"> <li>Social Media</li> <li>Visitor tours</li> <li>Website</li> <li>Call Centre</li> <li>Electronic mail</li> <li>Product sampling</li> </ul>	<ul style="list-style-type: none"> <li>CRM</li> <li>Electronic mail</li> <li>Social Media</li> <li>Website</li> <li>Call Centre</li> <li>Visits</li> <li>Financial incentives</li> </ul>	<ul style="list-style-type: none"> <li>Employee grievance mechanism</li> <li>Employee satisfaction surveys</li> <li>Townhalls</li> <li>Daily Internal Newsletter (Pulse)</li> <li>Interviews</li> <li>Focus on employee professional growth</li> <li>Employee support Fund</li> </ul>	<ul style="list-style-type: none"> <li>Regular supplier interactions by concerned departments</li> <li>Supplier feedback</li> <li>Supplier grievance mechanism</li> <li>Supplier meets</li> <li>Visits to supplier facility</li> </ul>	<ul style="list-style-type: none"> <li>CSR activities</li> <li>Student learning opportunities</li> <li>Community Interventions &amp; Partnerships</li> <li>Social media</li> <li>Donations</li> <li>Social volunteering</li> <li>Sponsoring sports and social activities</li> </ul>	<ul style="list-style-type: none"> <li>Board of Directors meetings</li> <li>Public reports &amp; periodic disclosures</li> <li>Press Releases</li> <li>Investor Relations</li> <li>Annual General Meetings (AGM) / Extraordinary General Meetings (EGM)</li> <li>Internal audit</li> <li>Stakeholder meetings and open dialogue</li> <li>Working closely with regulators to develop improved standards</li> </ul>

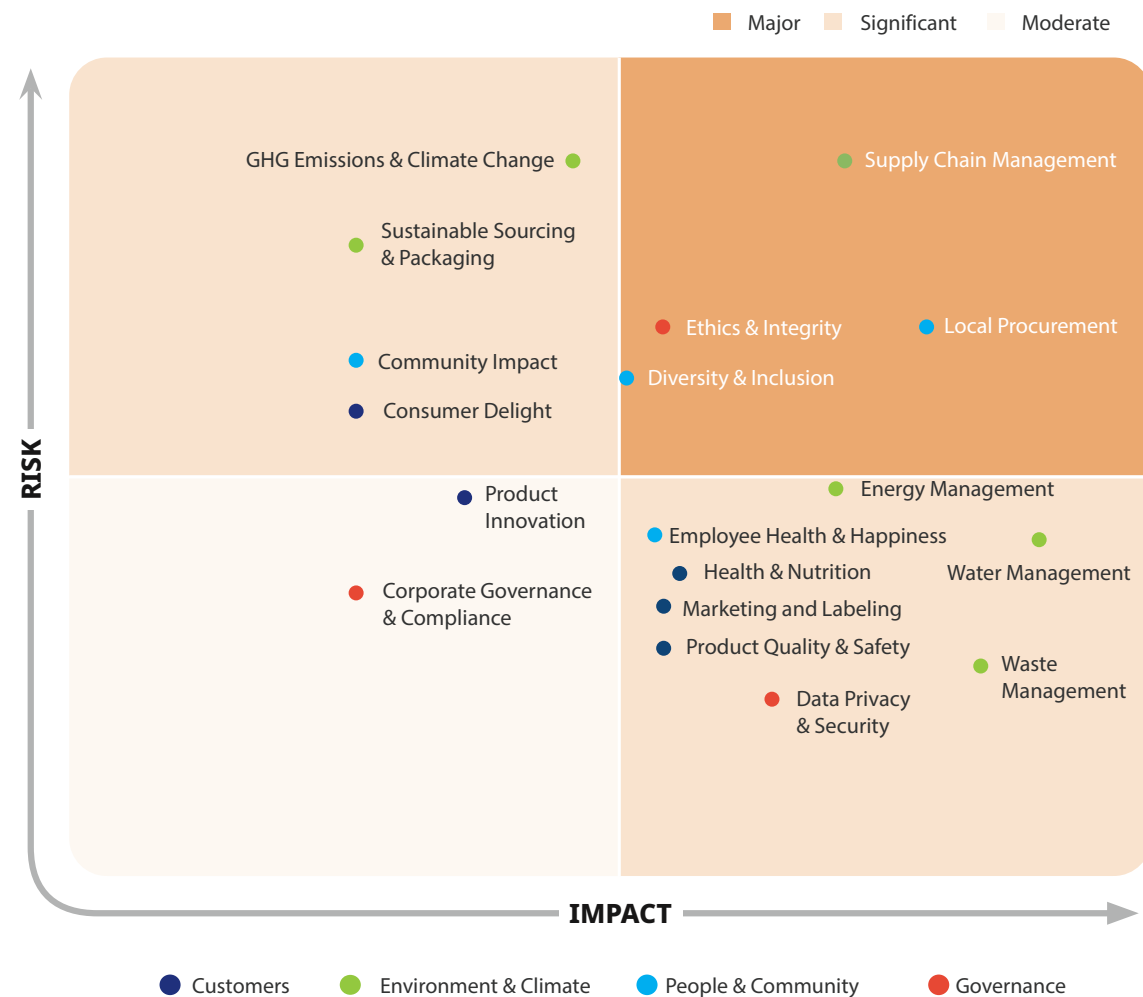


# MATERIALITY ASSESSMENT



SADAFCO conducts materiality assessments to identify key impact areas and risks, ensuring alignment with evolving sustainability expectations. The last materiality assessment was conducted in FY 2022-23 by an independent third party in alignment with the GRI Universal Standards 2021. Based on the results of the previous assessment, SADAFCO continues to track progress and report on the 18 topics that it determined as material ESG topics. The material topics were divided into major, significant and moderate topics.

The materiality assessment approach begins by updating the list of material topics based on the results of the previous assessment, incorporating insights from GRI, global sector standards, and rating agencies. This is followed by gathering information on the actual and potential impact of these topics on the economy, environment, and people. Internal stakeholder engagement is then conducted to realign material topics, with stakeholder feedback analyzed to draft the Materiality Matrix. Finally, the list is refined based on impact and risk considerations and presented to senior management for approval. Based on the outcome of this exercise the Company continues to expand the sphere of its action and reporting.





# ALIGNMENT WITH SDGs

SADAFCO reaffirms its steadfast commitment to sustainability, anchored in four core pillars: Governance, Customer, People & Community, and Environment & Climate. While the material topics continue to evolve, SADAFCO's support towards the United Nations Sustainable Development Goals (SDGs) and the National Transformation Program (NTP) continues. Over the past year, SADAFCO has made significant progress across ESG focus areas, tracking its sustainability performance. Through transparent reporting, the Company strengthens its commitment to sustainability, fostering long-term value for its stakeholders and the communities it serves.

## Sustainability Pillars

## Material Topics

## Impacted SDG's

## NTP Alignment



### Governance

Commitment to all stakeholders to conduct our business ethically while maintaining the highest standards of corporate governance

- ▶ Corporate Governance & Compliance
- ▶ Ethics & Integrity
- ▶ Data Privacy & Security



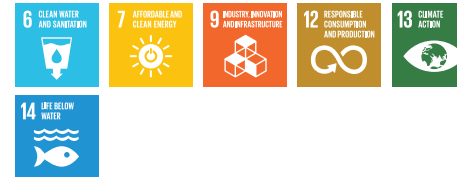
- 13 Foster values of equity & transparency
- 21 Develop the digital economy
- 34 Strengthen the communication channels with citizens and business community



### Environment and Climate

Commitment to preserving the environment and minimizing the impact of our operations on the planet

- ▶ Energy Management
- ▶ GHG Emissions & Climate Change
- ▶ Water Management
- ▶ Waste Management
- ▶ Sustainable Sourcing & Packaging
- ▶ Supply Chain Management



- 16 Reduce all types of pollution
- 20 Ensure sustainable access to water resources



### Consumers

Commitment to consumer delight by providing innovative, high quality, nutritious and safe products

- ▶ Consumer Delight
- ▶ Health & Nutrition
- ▶ Product Quality & Safety
- ▶ Product Innovation
- ▶ Marketing and Labeling



- 12 Develop promising local companies into regional and global leaders.
- 14 Improve quality of services provided to citizens.
- 19 Ensure development and food security.



### People and Community

Commitment to our employees and the community at large to improve inclusiveness and quality of life

- ▶ Community Impact
- ▶ Local Procurement
- ▶ Employee Health & Happiness
- ▶ Diversity & Inclusion



- 1 Enhance business focus on their social responsibilities
- 24 Increase women's participation in the labor market
- 25 Enable integration of people with disabilities in the labor market
- 26 Improve working conditions for expatriates
- 27 Source relevant global talent effectively
- 30 Encourage volunteering





# **Strengthening Governance and Trust**





# MESSAGE FROM MANAGEMENT



**Sultan Alghamdi**

Chief Legal, GRC Officer & Board Secretary

As I reflect on the past year, I take great pride in SADAFCO being recognized among the Top 20 companies in Tadawul's Corporate Governance Index. This recognition affirms the acceptance of our efforts by external stakeholders.

Ethics, transparency, and accountability drive our governance culture; we continue to nurture it year on year. Our committees, such as the Executive Ethics Committee, and accessible whistleblowing channels ensure that senior executives and the Board are well-informed to address concerns with care and urgency.

What resonates with me most is how deeply risk thinking is integrated into our daily work. From strategic decisions to operational practices, our teams are alert, responsive, and forward-looking. In 2024, we successfully transitioned to the ISO 27001: 2022, Corporate Governance ISO 37000:2021, Quality of Legal Affairs Management ISO 9001:2015 standard, marking a significant milestone in our ongoing journey.

Governance practices continue to evolve with the business, shaped by internal dialogue, regulatory expectations, and stakeholder needs. I'm encouraged by the progress we've made and confident in our continued ability to navigate risks and drive value with integrity at the heart of everything we do.



**SADAFCO is recognized among the Top 20 companies in Tadawul's Corporate Governance Index**



# ROBUST GOVERNANCE AND REGULATORY COMPLIANCE

SADAFCO has established a robust governance framework that ensures adherence to both internal policies and external regulatory requirements. It operates under a comprehensive Corporate Governance Code aligned with the Capital Market Authority (CMA) of Saudi Arabia. This Code defines the policies and procedures governing corporate governance, emphasizing transparency, accountability, and ethical conduct at all levels of the organization.

SADAFCO has a zero-tolerance approach towards non-compliance with regulatory standards and corporate governance guidelines. SADAFCO continues to take several measures to continue enhancing internal controls to ensure 100% compliance with internal policy and regulatory requirements.

The Company continuously strengthens its governance mechanisms by implementing structured oversight,

internal audits, and policy enhancements. The Board of Directors and relevant committees play a pivotal role in monitoring compliance, ensuring that governance practices evolve in line with emerging regulations and stakeholder expectations.

The Board has three committees:

**Audit Committee (BAC)**

**Nomination & Remuneration Committee (NRC)**

**Board Executive Committee (ExCom)**

The roles and responsibilities of each have been established in accordance with their approved charters. The NRC is responsible for ensuring that the company's compensation

policy, approved by the Shareholder General Assembly, is implemented without material deviations between the compensation offered and the approved policy. The NRC also conducts an annual evaluation of the Board's performance to assess capabilities, identify areas for development, ensure independence, and address any potential conflicts of interest and confirms the independence of the independent members.

As of April 1, 2024, the shareholders elected a new Board of Directors and appointed non-board members to various committees to ensure that expertise is available. For more details on Board independence, structure, and governance practices, please refer to SADAFCO's Annual Report 2024 and Corporate Governance Code, available on the company's website.

## Protecting Shareholder Rights

SADAFCO is committed to protecting shareholder rights and complies with all applicable laws related to it. The Company's Board-approved policies ensure transparency and responsiveness to shareholder inquiries. The Annual General Assembly (AGM) serves as a medium for shareholders to exercise their rights by voting on the agenda, participating in discussions, questioning the Board and management, and receiving any approved dividends.

To protect shareholders' rights the company has measures in place, including policies such as conflict-of-interest policy, dividend distribution policy, stakeholder policy and insider trading policy. These are in addition to other measures such as risk management, code of conduct etc. The policies guide the senior executives, and the Board of the company in taking steps that prevent breaches of shareholder rights, as well as provide for shareholders to receive timely information and mechanisms to take action through the whistleblowing and grievance processes.

The company has an insider trading policy that prevents the misuse of material, non-public information (MNPI) by executives, and board members and ensures compliance with Market Conduct Regulations issued by CMA, maintains market integrity, and fosters investor confidence by prohibiting unfair trading advantages. More details are available on policies supporting protecting shareholder and all stakeholder rights available on SADAFCO website.



## SADAFCO Among Top 20 in Corporate Governance Index

SADAFCO has been recognized among the Top 20 rated companies in the Corporate Governance Index (CGI) for non-financial sector companies listed on Tadawul, based on the Corporate Governance Index assessment for 2023. This achievement reflects our unwavering commitment to strong governance, transparency, and accountability principles that are fundamental to our long-term success. This recognition, announced at the Third Corporate Governance Award hosted by Alfaisal University Corporate Governance Center in collaboration with King Faisal Specialist Hospital and Research Center, underscores our dedication to maintaining robust governance practices that foster trust among our stakeholders.

**Zero**  
Cases of Regulatory  
Non-Compliance,  
fines or penalties &  
warnings





# UPHOLDING ETHICS, INTEGRITY, AND ACCOUNTABILITY

SADAFCO is committed to ethical business practices as a cornerstone of its governance framework, ensuring integrity and transparency in decision-making across all levels. To uphold these principles, the company has established an Executive Ethics Committee responsible for addressing ethical issues, guiding the company on integrity initiatives, and promoting good corporate governance.

A structured approach to ethics and compliance is embedded within SADAFCO's operations through well-defined policies and a comprehensive Code of Conduct (CoC). The CoC sets clear expectations for responsible business behavior and applies to Board members, committee members, executives, directors, and employees. It outlines SADAFCO's stance on compliance with laws and internal policies, conflicts of interest, accepting gifts, harassment, bribery and corruption, workplace safety, and employee relations.

**100%** of employees signed the code of conduct

To reinforce ethical awareness, SADAFCO mandates for all employees and governance body members to undertake regular ethics training, ensuring employees understand compliance obligations and responsible decision-making. All employees formally acknowledge their commitment to abide by the Code of Conduct.

Accountability mechanisms play a crucial role in maintaining trust and fairness. A dedicated Executive Ethics Committee oversees adherence to ethical standards, conducts periodic reviews, and proactively addresses potential concerns. The Committee ensures that all ethical issues are addressed appropriately necessary actions taken and guide the Company on ethical practices and integrity initiatives, promoting good corporate governance.

Additionally, Employee Grievance Cell provides a platform for employees to raise issues confidentially, while an independent third-party reporting channel ensures anonymity, fostering a safe and respectful workplace. SADAFCO has strict policies against discrimination and harassment, promoting a culture of fairness, ethical conduct, and open communication.



## Whistleblowing mechanism

SADAFCO Whistleblower Policy extends beyond employees to suppliers, customers, and consumers. The Policy is a part of the Corporate Governance Code that is approved by the Board. It ensures a safe environment for reporting concerns while protecting individuals from retaliation or unfair treatment. Designed to reflect SADAFCO's core values, respect, integrity, trust—the policy reinforces protection of human rights with a workplace free from discrimination and harassment. It promotes fair treatment, teamwork, and equal development opportunities while taking a firm stance against unethical behavior.

Beyond internal governance, SADAFCO continues to align its business practices with evolving global standards.

By embedding integrity at the heart of its operations, SADAFCO fosters a work environment where ethical conduct is ingrained in behavior. This approach strengthens stakeholder confidence and reinforces the company's position as a responsible corporate citizen committed to long-term value creation.

**Ethics hotline** to support anonymous reporting





# PROACTIVE RISK MANAGEMENT

At SADAFCO, risk management is a structured and proactive process overseen by the Audit Committee, with a dedicated Risk Management Committee operating under its guidance. The risk management committee along with the Internal Audit department conducts audits to evaluate the adequacy, efficiency, and effectiveness of internal controls, risk protocols, and governance processes. These assessments are carried out under an annual risk management plan, approved by the Board of Directors.

SADAFCO's Enterprise Risk Management (ERM) framework is designed to identify, assess, and mitigate financial and non-financial risks, including emerging Environmental, Social, and Governance (ESG) risks like cybersecurity, health and safety etc. Rising ESG risks and their related implications globally and across sectors make it relevant to undertake a comprehensive ESG risk assessment. SADAFCO plans to conduct this exercise in the coming years.



## Risk Identification and Management Process

The Executive Management Team (EMT) is responsible for executing the Risk Management (RM) process, ensuring that risks across all major functions are identified, documented, and actively managed. Risks are recorded in Risk Management Registers, which are updated quarterly and submitted to the Board Audit Committee for review.

By integrating structured risk management into its operations, SADAFCO ensures business continuity, resilience, and sustainability in a dynamic risk environment.





# ENSURING DATA SECURITY AND PRIVACY

SADAFCO is a dairy products company. Therefore, by the basic nature of its business extensive and critical customer data is not handled by SADAFCO. However, SADAFCO holds proprietary information on its products. Further it holds and processes financial and employee data for other business activities.

As SADAFCO continues its digitization journey, the need proactively manage cyber security risks enhances. Recognizing this critical need for robust security and business resiliency SADAFCO has strengthened its security measures to effectively counter cyber risks, prevent data breaches, and protect sensitive information



from unauthorized access. SADAFCO management has demonstrated its commitment to cybersecurity by successfully meeting the requirements for the latest version of the ISO/IEC 27001:2022 Information Security Management Systems standard in 2024, transitioning from the previous version which expired that year. Additionally, SADAFCO strives to align with both local and international cybersecurity and data privacy frameworks, including those set by the Saudi National Cybersecurity Authority (NCA),

Capital Market Authority (CMA) Guidelines, National Data Management Office (NDMO), and the Personal Data Privacy Law (PDPL). Those practices include using encryption techniques and Data Loss Prevention Systems, not missing the human factor which Employees receive ongoing training, equipping them with the best practices and incident response strategies.

SADAFCO continuously monitors and mitigates cybersecurity risks to ensure data privacy and IT security remain aligned with enterprise risk levels. The company conducts regular IT reviews and risk assessments including Penetration Tests to strengthen its cybersecurity posture, ensuring compliance with industry best practices and safeguarding against emerging cyber threats.

This proactive approach cultivates a security-conscious workforce and reinforces SADAFCO's commitment to maintaining a resilient and compliant infrastructure.

**Zero**  
Data Security  
Breaches  
during the year







Advancing  
**Environmental  
and Climate Action**



# MESSAGE FROM MANAGEMENT



**Brian Strong**

Chief Transformation Officer

As Chief Transformation Officer, I see our journey toward sustainability not just as an operational shift but as a national calling. At SADAFCO, we are fully aligned with Saudi Arabia's Vision 2030 and its commitment to achieving Net Zero by 2060. Climate change is one of the most urgent challenges of our time. To achieve meaningful progress, swift and collective action is required.

Our business, rooted in natural resources, must lead with responsibility to create a positive climate impact across the business value chain. That's why we've introduced a climate strategy built around three focused pillars. Fleet Decarbonization, Renewable Energy, and Water Management. These aren't distant goals; they're actionable pathways. We have piloted electric and hydrogen-powered vehicles, adopted solar energy and advanced water savings and recycling systems, and we're already seeing tangible progress. This has laid the groundwork for us to propel our climate action.

But transformation doesn't happen in isolation. Internally, we are mobilizing teams across functions to act with urgency. Externally, we are fostering strategic partnerships that amplify our impact from green logistics with Maersk to energy innovation with Mercedes-Benz eActros, Hyperview, Volvo and Isuzu as examples.

Collaboration is our fastest enabler. And with it, we are confident in our ability to contribute meaningfully to the Kingdom's climate ambitions while continuing to delight our consumers with healthier and more sustainable food.



**SADAFCO's climate strategy centers on three key pillars: Fleet Decarbonization, Renewable Energy, and Water Management**





# RESPONDING TO CLIMATE CHANGE

## Why does Climate Change Matters to SADAFCO?

Climate change is no longer a distant challenge but a present reality that affects businesses, communities, and ecosystems worldwide. Recognizing the urgency of climate action, Saudi Arabia has announced its ambition to achieve Net Zero greenhouse gas (GHG) emissions by 2060. Key sectors such as road transport, renewable energy production, and water desalination will play a crucial role in reaching this goal, as they currently contribute to nearly 70% of the country's CO2 emissions. Collaborative efforts of government, corporates and public is a must to contain climate change for the overall good of the human beings. While individual responses also need to protect the economic viability and continuity of businesses and support the resilience of society to climate change.

Climate change and SADAFCO's business are interconnected. SADAFCO's business helps consumers and customers meet daily nutritional needs, a must for healthy survival. Our ability to meet these needs depends on products derived from natural sources. For instance, the production, quality and supply of our key raw materials, milk and tomato, have the ability to get impacted by changing weather patterns and climate emergencies. Therefore, creating resilience to climate change across the value chain is a business imperative that we continue to understand and address more keenly and deeply every year. (Read sustainable sourcing

and packaging and sustainable supply chain sections of the report for more details).

On the other hand, several sources of GHG emissions exist across our operational value chain. For instance, energy dependence on manufacturing units, storage, refrigeration, transportation and logistics, and supply chains operating on GHG-emitting fuels. The other issues like rising temperatures increase cooling demands, driving up energy consumption and operating costs.

The other indirect effects of climate change that we identify as potentially impacting our business are water quality and water scarcity and changing global regulations that impact not just the manufacturing but also the supply dynamics.



## Our Response Strategy

The central goal of our climate change strategy is to decarbonize our business. SADAFCO identifies it as a critical step for global well-being and a demonstration of its commitment to the Saudi Vision to achieve net zero by 2060. To achieve net zero, the company has developed a climate strategy focused on Fleet Electrification, Renewable Energy, and Water Management. These initiatives will reduce SADAFCO's carbon footprint while enhancing resilience and operational efficiency.

Amongst others, decarbonization requires taking the plunge to test new technologies and new and alternate fuels. The risks associated with adopting new and upcoming technologies, technologies less tested in Saudi, carry the risk of failure and financial loss. SADAFCO has devised a systematic transition plan to mitigate this risk, including a testing and replication model. It also works collaboratively with various agencies and global technology suppliers. With this approach, SADAFCO believes that its three decarbonization strategy pillars will not only result in GHG reduction but also support becoming business opportunities in the long run through financial savings from these initiatives.







## SADAFCO's Three Pillared Climate Strategy 2035



### Greening the fleet



**90%** of fleet  
powered by non-ICE  
engines



### Renewable Energy



Clean energy to represent  
**20%** of total  
consumption



### Water Management



Conserving **6 billion**  
liters of potable water  
across all factories

## Unlocking Financial Saving Opportunities with Decarbonization

SADAFCO's commitment to reducing greenhouse gas emissions includes exploring cost-effective decarbonization measures. In collaboration with the Royal Commission City of Riyadh, the company conducted a fleet decarbonization test, comparing an electric truck with a conventional diesel truck.

The results demonstrated a clear financial advantage. The electric truck consumed 0.70 kW/km, costing SAR 21 per 100 km, while the diesel truck required 0.56 liters/km, amounting to SAR 64.4 per 100 km, a 67% reduction in energy costs.

This highlights how shifting to low-emission transport can lower costs while addressing climate impact. Businesses integrating decarbonization strategies can achieve both operational and financial benefits, making emissions reduction a viable opportunity for growth.



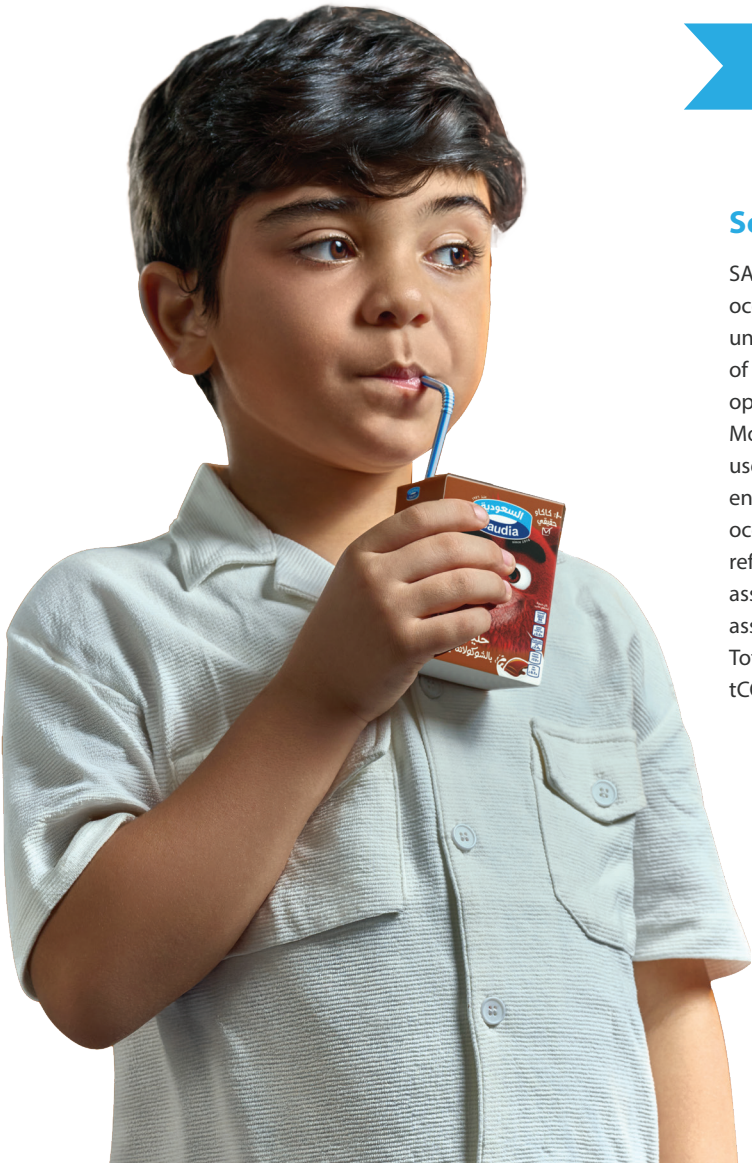


## GHG Emission Footprint

Measuring GHG emissions accurately and wholistically is essential for SADAFCO to achieve success with its decarbonization strategy and the intent to support Saudi visions of Net Zero by 2060. This understanding guides our decision to continuously increase the sphere of our GHG accounting. This year, we strengthened our approach to Direct GHG emissions (scope1) and indirect GHG emissions (Scope2) and added some of the scope 3 categories into our GHG inventorization process. SADAFCO has attempted its GHG emission inventory keeping the principles of The GHG Protocol in view. Detailed calculation methodology including emission factor and coverage is presented in annexure.

### GHG Management at Poland

In 2024, the Poland operations maintained a strong focus on reducing greenhouse gas (GHG) emissions. The facility reported Scope 1 emissions of 6,123 tCO<sub>2</sub>e and Scope 2 emissions of 3,474 tCO<sub>2</sub>e, resulting in a GHG intensity of 0.46 tCO<sub>2</sub>e/MT. Through targeted efficiency measures, the operation achieved a 5.8% reduction in emissions compared to 2023, reinforcing its commitment to lowering its carbon footprint.



#### Scope 1 emissions

SADAFCO's scope 1 emissions occur at the manufacturing units due to the consumption of various fuels for the operation of the equipment. More details on the fuels used in provided in the energy section. The emissions occurring due to the use of refrigerants have not been assessed. We will undertake this assessment in the coming year. Total Scope 1 emission is 47,050 tCO<sub>2</sub>e.

#### Scope 2 emissions

SADAFCO purchases energy which is obtained from non-renewable GHG intensive fuels. The emissions due to this are reported under Scope 2. The total Scope 2 emissions during the year was 49,333 tCO<sub>2</sub>e.

#### Scope 3 emissions

This is the first year when SADAFCO has attempted GHG emission estimation for Scope 3. This year, GHG emissions under scope 3 due to Category 5 business travel emission is 381.49 tCO<sub>2</sub>e and Category 9 downstream transportation and distribution emissions is 19,995.79 tCO<sub>2</sub>e.

#### Emission reduction

In 2024, the GHG emission intensity (scope 1 and 2) was recorded at 0.25 tCO<sub>2</sub>e/MT of product produced, representing a 7.60% increase compared to the previous year. This rise is primarily due to the expansion of the reporting boundary, which now includes fuel consumption from fleet vehicles.





## CASE STUDY

### Decarbonizing SADAFCO's Transportation Fleet

A good land logistics system is one of the key elements of SADAFCO's successful business. It operates over 1000 trucks to meet consumer needs. However, this is a significant source of GHG emissions. SADAFCO has identified it as one of the three pillars of its decarbonization strategy. The fleet decarbonization roadmap follows a four-phase approach that will be implemented by 2045.

#### Fleet baselining

In the initial phase, SADAFCO deployed its proprietary "Fleet Carbon Baseline Methodology" tool to estimate GHG emissions based on fuel consumption data accurately. This data-driven approach has provided crucial insights, such as variations in fuel consumption depending on vehicle type, age, and operational requirements, guiding the company's transition strategy. SADAFCO current fleet comprises primarily diesel-powered vehicles, with 1,053 trucks consuming approximately one million liters of diesel annually. In 2024 alone, this consumption resulted in nearly 24,940 tCO<sub>2</sub> emissions.

The company aims to transition up to **90%** of its baseline\* fleet to clean energy (non-internal combustion engine vehicles) by 2035 through a structured and multi-phased **"Fleet Decarbonization Roadmap."**



\* Baseline year 2023

#### Initiating transition to Electric Vehicle (EV)

A key milestone in this journey was the identification and testing of zero-emission alternatives for the existing fleet. SADAFCO became the first company in the Middle East to test an electric ice cream truck, introducing a 4MT Quantron EV into its fleet. To further accelerate electrification, SADAFCO plans to test additional electric vehicle (EV) models over the next two years. However, transitioning to a zero-emission fleet posed several infrastructural and technological challenges, particularly the lack of EV charging stations in Saudi Arabia. To address this, SADAFCO collaborated with the National Transport Solutions Company (NTSC) to establish charging infrastructure, ensuring the feasibility of EV deployment on a scale.

#### Exploring new alternative green fuel

In parallel, SADAFCO has partnered with HyperView to explore hydrogen-powered long-haul transportation. HyperView, an integrated part of Aramco's Global Mobility and Transportation Strategy, is focused on developing demand and supply infrastructure for green hydrogen. Hydrogen-powered heavy-duty trucks can achieve a range of over 1,000 kilometers per refill, making them a viable solution for SADAFCO's long-haul distribution. A pilot project is currently underway for ambient food distribution from SADAFCO's Dammam Factory to the Regional Distribution Center in Riyadh. These hydrogen-powered trailers are equipped with refrigeration functionality that relies on a fuel cell powertrain system, eliminating the need for additional battery capacity while maintaining optimal cooling conditions throughout the journey.

SADAFCO's fleet decarbonization roadmap aligns seamlessly with Saudi Arabia's ambition to achieve net zero emissions by 2060. The strategy not only addresses transition risks such as regulatory changes and shifting market dynamics by implementing a holistic decarbonization approach across the value chain but also mitigates physical risks associated with climate change through targeted adaptation measures for facilities and supply chains. By proactively investing in sustainable mobility solutions, SADAFCO is positioning itself as a leader in low-carbon transportation, reinforcing its commitment to environmental stewardship while driving innovation in the region's logistics sector.



# ACCELERATING ENERGY EFFICIENCY AND RENEWABLE ENERGY

The energy profile determines the success of the second pillar of SADAFCO's Climate Strategy. Two key components of energy are reducing consumption and switching to renewables. The company's current commitment is to increase renewable energy consumption to 20% of total energy consumption and achieve a 5% reduction in energy intensity.

To deliver on the strategy, SADAFCO's energy steering committee is responsible for identifying and implementing initiatives that enhance energy performance, reduce emissions, and expand renewable energy adoption. The committee comprises members from all areas of operation for inter-functional and interplant exchange and support.

SADAFCO uses energy for production, packing, refrigerating, warehouse, and transporting. Liquid Petroleum Gas (LPG), and diesel are used for steam generation and backup power. Electricity is sourced from the national grid and solar rooftop installations at SADAFCO. The highest electricity consumption is attributed to cooling processes, particularly in the ice cream hall and ammonia plants, which require substantial energy to maintain optimal production temperatures.

Enhanced fuel efficiency of the primary fleet by **12%\***

Energy intensity **2.26TJ/MT** of products produced.

\* Changes over 2023





## Enhancing Energy Efficiency

### Real time equipment energy tracking

SADAFCO has introduced advanced monitoring systems to track real-time energy consumption at the machine level. These systems facilitate the identification of optimization opportunities and enable data-driven decision-making. While some technological upgrades may lead to a marginal increase in electricity usage, the broader strategy focuses on reducing diesel and electricity consumption. SADAFCO has integrated intelligent systems to optimize energy usage across its operations. Smart lighting and motion sensors have been installed in warehouses and offices to eliminate unnecessary electricity consumption, while automated air conditioning controls regulate cooling and heating based on real-time needs.

### Reducing energy consumption for cooling

SADAFCO has invested in advanced cooling units designed to lower energy consumption by 30%, further optimizing operational efficiency. The company has added tractor units that come with built-in air conditioning systems that work without keeping the engine running while the vehicle is parked, which reduces idling and enhances overall fuel efficiency.

### Improving steam generation efficiency

A key initiative in energy efficiency at SADAFCO is the upgrade of the factory's boiler system. The current boiler, operating at less than 80% efficiency, is being replaced with a high-efficiency model exceeding 90% efficiency. This transition is expected to result in substantial energy savings, primarily by reducing diesel consumption.

### Waste Heat Recovery and Reuse

SADAFCO has implemented key measures, including heat recovery solutions. A notable initiative involves capturing waste heat from the ammonia compressor and repurposing it to preheat specific production processes. By reducing the need for steam generation typically reliant on diesel or other energy sources, this initiative significantly lowers diesel consumption, optimizing energy use and reinforcing SADAFCO's commitment to sustainability.

### Energy Management at Poland

Energy is sourced from LPG, HFO, and grid electricity, along with on-site solar generation. In 2024, the Poland operations consumed 4,962 MWh of grid electricity and generated 84 MWh of solar energy on-site. The energy intensity stood at 0.85 TJ/MT. Efforts to optimize energy efficiency and expand renewable energy adoption remain a priority to enhance sustainability performance.

### Renewable Energy

SADAFCO has been exploring a variety of renewable energy options to implement in different operational activities for the past few years. A few years ago, it started implementing solar panels on the rooftop of some non-production areas. With the success achieved, solar rooftop installation has also expanded to other areas. By 2025 SADAFCO plans to have solar roof-top installations in nine additional areas. With this, SADAFCO will have 6400 MWh of annual solar energy. This would contribute to 6.4 million kWh of total electricity consumption and result in 2800 MT per annum of GHG emission reduction. In addition to solar-based energy, SADAFCO has initiated a transition to alternate fuels to meet the energy demand of transportation fleets.

### Advanced Route Optimization for Decarbonization

At SADAFCO, sustainability is at the core of distribution operations, ensuring that efficiency and environmental responsibility go hand in hand. A key initiative driving this vision is the route optimization program, which leverages data-driven logistics planning to enhance distribution efficiency while minimizing the company's environmental footprint.

Traditionally, last-mile distribution followed fixed delivery patterns, often resulting in unnecessary fuel consumption and increased emissions. To address this, SADAFCO implemented an advanced route optimization system that prioritizes efficiency, cost-effectiveness, and sustainability.

This initiative has delivered significant sustainability benefits, including:

- ✓ **Reduced Carbon Emissions** – Optimized routing has led to a 39% reduction in travel distance and a 27% decrease in travel time, significantly cutting fuel consumption and associated emissions.
- ✓ **Enhanced Operational Efficiency** – Smarter routing has streamlined deliveries, reduced costs while ensuring timely and reliable distribution. By integrating innovative logistics solutions, SADAFCO continues to drive impactful sustainability outcomes, demonstrating that operational excellence and environmental stewardship can go hand in hand.



# MINIMIZING WASTE AND ENHANCING CIRCULARITY

Recognizing that waste generation is an undeniable reality for every company, SADAFCO has taken a proactive stance in managing this challenge. The Company believes that while waste is an inherent aspect of operations, adopting circular waste management can be acquired for the benefit of all stakeholders. By investing strategically across its business in increasing the circularity, SADAFCO is committed to handling waste in an environmentally responsible manner, maximizing resource value and minimizing its environmental footprint. The company stays ahead of evolving waste and recycling regulations, continuously adapting its operations to reduce waste.

SADAFCO aligns with international standards such as ISO 14001:2015 and ISO 45001:2018, as well as the Global Reporting Initiative (GRI) standards, ensuring transparency and accountability in waste-related practices. The company strictly follows its HSSE Procedure for Waste Management to maintain rigorous control over waste management systems and prevent cross contamination. The procedure document outlines the framework designed to minimize occupational health and safety risks and environmental impacts across all factories and warehouses, reflecting SADAFCO's unwavering commitment to sustainable and responsible operations.

## Structured Waste Management

SADAFCO adheres to a robust and structured waste management approach that prioritizes the approach to minimizing waste generation, promoting reuse and recycling, and responsibly disposing of non-recyclable waste. By continuously optimizing processes, enhancing segregation, and upholding strict regulatory compliance, the company aligns its practices with evolving local and international environmental standards.

Accounting of waste i.e. waste categorization, quantification, segregation, monitoring, and reporting, is the first key step SADAFCO is determined to establish across all its operations. Waste is systematically classified into hazardous and non-hazardous categories to ensure compliance with regulatory requirements and industry's best practices.







SADAFCO has identified various categories of waste generated as byproducts of its operations. Hazardous (chemical) waste primarily includes effluents such as ammonia. Universal waste, a subset of hazardous waste, poses a low risk to health and the environment during accumulation and transport; this category includes batteries, lamps, antifreeze, cathode ray tubes, pesticides, and mercury-containing devices. Biohazardous waste generally arises from laboratory activities, such as culture plates, and production processes, including the drainage of Laban. Additionally, medical waste is generated through clinic operations. General waste, categorized as non-hazardous waste, includes materials such as paper waste, hardboards, and wooden pieces.

The company facilitates systematic waste collection by providing sufficient, clearly labeled, and color-coded bins—each designated for general, hazardous, non-hazardous, and office-specific waste. Hazardous waste, such as used oils and chemical residues, are collected in designated containers and handed to certified waste management contractors in accordance with stringent environmental regulations safeguards. Industrial effluents are stored in underground tanks, monitored for pH levels, and discharged to MODON approved treatment facilities. First aid medical waste from any health injuries at clinic operations is sterilized and managed through specialized contractors, while sewage waste is handled via septic tanks connected to industrial city sewage lines for proper disposal. MODON approved contractors collect the waste from our operations for appropriate and safe disposal, according to specific regulatory requirements.

Non-hazardous waste, including packaging materials, organic waste, and recyclables is tackled through reduction strategies, recycling programs, and responsible disposal initiatives. Waste packaging with potential risks—like paper, plastics, and plastic cans—is segregated and sold to authorized contractors, along with steel drums and non-standard wooden pallets. Other dry waste is consolidated in specific areas for proper disposal.

**3299.13 MT\*** Diverted from Disposal

The company aligns both local and international waste management standards, conducting regular audits and assessments to ensure compliance, drive continuous improvement, and enhance overall waste management performance. In addition, SADAFCO invests in innovative waste solutions, reinforcing its commitment to minimizing environmental impact and fostering a more sustainable future.



\* KSA only

## Shift to Reusable Pallets

SADAFCO has successfully transitioned to using 100% reusable pallets for material transport as a part of its commitment to promoting circularity and sustainability. By collecting and reusing pallets—and shifting to enhanced, high reusability models—the company aims to increase the waste diverted from landfills. In 2024, the company achieved its target of 100% recycled pallet usage, a significant leap from 51% in 2023. This initiative not only reduces environmental impact by minimizing waste and resource consumption but also enhances operational efficiency and cost-effectiveness.



By extending the lifecycle of pallets through reuse, SADAFCO actively contributes to a circular economy, reducing the demand for new materials and lowering its overall carbon footprint.



## Waste Management at Poland

In 2024, the Poland operations generated 703 metric tons (MT) of non-hazardous waste, including paper, plastic, sewage residues and sediments. Additionally, 0.53 MT of hazardous waste was recorded, consisting of spent oil, packaging with hazardous residues, and other chemicals. The Poland operations remain committed to accurate waste reporting, effective segregation, and responsible disposal in line with environmental compliance efforts.



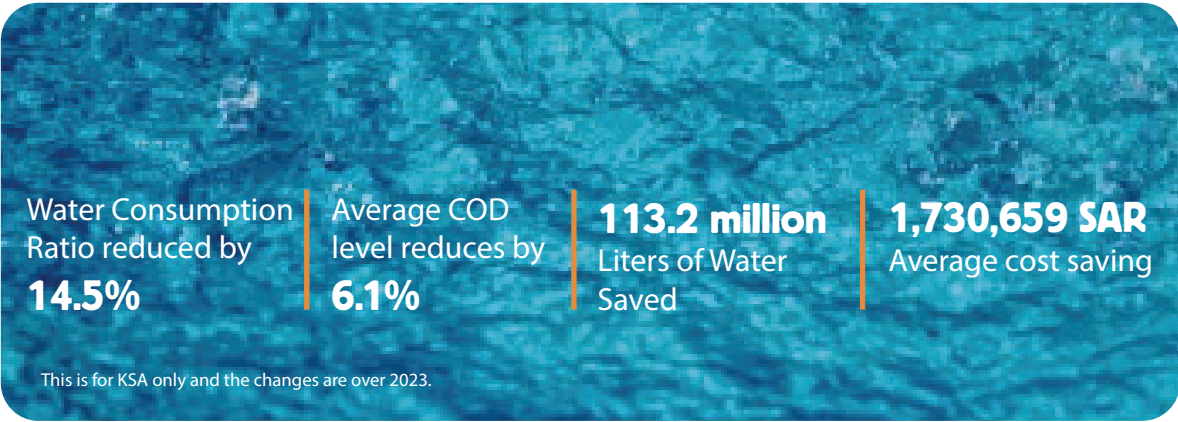
# RESPONSIBLE WATER MANAGEMENT

Water is a critical resource for food production, Saudi Arabia faces extreme water scarcity In line with SADAFCO's Three-Pillared Climate Strategy 2035, where water management is a key pillar, the company is committed to conserving 6 billion liters of potable water across all factories. This initiative is expected to significantly reduce both costs and emissions . SADAFCO has taken a holistic approach to water conservation, focusing on process optimization, recycling, and advanced treatment technologies.

SADAFCO's holds ISO 140001 certification, which guides the governance and processes and procedures for all water environmental activities. SADAFCO's has a dedicated Water Steering Committee in place to assess and implement strategies and initiatives towards better water management and reducing water-related risks.

Water is procured from government and third-party suppliers of desalinated water. SADAFCO's non-production water requirements are primarily for sanitation, drinking, and cleaning.

Saudia milk is continuously improving its water consumption ratio, achieving a **20%** reduction since 2019.







## Water Optimization for a More Sustainable Saudia Milk

In the heart of SADAFCO's production facilities, where efficiency and hygiene go hand in hand, a quiet revolution is taking place. The Cleaning-in-Place (CIP) system, an essential process that ensures the highest hygiene standards in food production, has undergone a transformation one that is redefining water conservation in the industry.

For years, the CIP process followed a strict routine: after hours of continuous operation, production lines for juices, tomato products, and other food items would pause every 24 hours for a deep cleaning. This rigorous process, spanning three to four hours, involved flushing the system with fresh water, followed by carefully controlled applications of acid and alkaline cleaning solutions at high temperatures. Only after a final rinse with fresh water was the system deemed clean and ready for production to resume.

Recognizing the need to maintain impeccable hygiene while using less water, SADAFCO implemented a series of innovative changes. By optimizing water circulation, reducing operation times, and adjusting cleaning cycles, the CIP system now operates with unprecedented efficiency. Cleaning time has been reduced, preventing unnecessary water drainage, and the final rinse once a significant source of water waste has been carefully fine-tuned. A conductivity monitoring system now assesses the purity of the final rinse water in real time. When the system detects that the water still contains residual



cleaning agents, it automatically diverts it to storage rather than letting it go to waste. This collected water is then reused in future CIP cycles, creating a continuous loop of efficiency and conservation.

These refinements have led to significant water savings, reinforcing SADAFCO's commitment to sustainability. Every drop conserved supports the broader goal of reducing environmental impact while maintaining top food safety standards. By integrating innovative water management practices, SADAFCO is not just optimizing its operations but also setting a new industry benchmark for responsible water use. As a result, the process water consumption ratio has improved from 3.2 to 2.8 L/MT during the year, making Saudia milk more sustainable than ever.

## Moving Towards Zero Liquid Discharge

Industrial effluent generated in all the manufacturing units of SADAFCO is discharged to the sewerage post treatment in the effluent treatment plant at each location. SADAFCO plans towards long-term vision of reducing wastewater discharge across all three manufacturing locations in Saudi Arabia.

Meanwhile, SADAFCO is making significant investment in advanced effluent treatment systems to enhance wastewater quality and make it fit for reuse in the plant. The treated effluent shall be used for activities which do not require high and portable or drinking quality water. This upgradation shall reduce the discharge outside the premise.

Simultaneously, Milk and Feta Cheese production lines/units in the factories are planned to implement filtration systems that will enable water recycling. This shall result in projected annual freshwater consumption of about 20 ML. SADAFCO will soon implement a reverse osmosis (RO) plant, to achieve high quality water treated. This water will

be usable in a larger number of activities and will further enhance recycling and minimize external discharge.

The company is also exploring the potential for using treated effluent for horticultural and domestic applications. Currently, all effluent from operations is processed at a centralized industrial treatment plant, where key quality indicators such as Chemical Oxygen Demand (COD), pH, and Total Dissolved Solids (TDS) are monitored daily to ensure compliance with regulatory standards. Technological advancements have already led to a significant reduction in COD levels, from 1,339 mg/l in 2023 to 1,256.5 mg/l in 2024.



## Water Management at Poland

In 2024, the Poland operations recorded a total water withdrawal of 126,699 L and achieved a water consumption ratio (WCR) of 6 L/MT. Through efficiency measures, the operation successfully reduced its WCR by 6.9% from 2023, reinforcing its commitment to sustainable water use.



# SUSTAINABLE SOURCING AND PACKAGING

SADAFCO integrates sustainability into its sourcing and packaging strategies, recognizing the significant impact that raw material selection, supplier partnerships, and packaging choices have on environmental and society. By embarking on journey towards adopting sustainable sourcing and packaging practices on an ongoing basis the Company ensures product quality and safety while minimizing its environmental footprint.

## Sourcing sustainably

SADAFCO's geographical locations pose several constraints on its ability to meet local raw material needs. Procuring certain products locally would further strain environmental resources like fresh water. Hence, SADAFCO sources some of the key perishable and edible raw materials, like dairy ingredients, milk, tomato paste, vegetable oil, etc. from multiple global suppliers. The Company's procurement strategy balances quality, sustainability, and resilience.

SADAFCO's sustainable sourcing practice aims at:

Minimizing or avoiding negative environmental impact on the sourcing geography

Geographical de-risking of raw material supplies

Minimizing climate impacts of global sourcing

## Minimizing or avoiding negative environmental impact on the sourcing geography

SADAFCO internally assesses the climatic conditions, production capacity, capabilities, and resources available in the geographies of its sourcing. Based on these criteria, along with other commercial sourcing criteria, SADAFCO's team chooses the geography for the supply of the required raw materials. For instance, SADAFCO has chosen countries some of the world's milk surplus countries like Poland, New Zealand, and America to procure milk-related raw materials. The climatic conditions and water resource availability of these countries provide the comfort of not depriving the local communities of these countries of potable water.

## Geographical de-risking of raw material supplies

Climatic, social and geopolitical issues often create sudden supply disruptions. Such a scenario would also undermine, SADAFCO's ability to live to its motto of "Customer delight" and derail its ability to provide healthy and nutritional products to its customers. In view of this, it is SADAFCO's continuous attempt to identify multiple geographies for sourcing key raw materials. SADAFCO sources 83% of its raw materials from diverse global locations, including Europe, North America, New Zealand, Australia, Chile, China, India, Malaysia, and Indonesia, ensuring a resilient and sustainable sourcing.

SADAFCO collaborates exclusively with suppliers certified under the ISO Food Safety Management System, guaranteeing responsible procurement in compliance with international safety and environmental regulations.

	Skimmed Milk Powder	Whole Milk Powder	Anhydrous Milk Fat	Tomato Paste	Butter Milk Powder	Milk Protein Concentrate 70	Veg Oil
 Europe (Poland and other)	✓			✓	✓		
 North America	✓			✓	✓		
 NZL / Australia	✓	✓	✓		✓	✓	
 Latin America (chile)				✓			
 China (tomato)/ India (AMF) - Malaysia / Indo (Oil)			✓	✓			✓

## Minimizing climate impacts of global sourcing

All our key raw materials are transported by ships from the respective countries. The process of transporting raw materials from various countries generates significant GHG emissions, negatively impacting the climate. SADAFCO is well aware of the impact created by shipping. To combat the pressing need for climate change, SADAFCO has analyzed, developed and tested methodologies for

reducing the impact of climate change due to its shipping activities in the last few years. (Details of our climate plan are available in other parts of this report) . SADAFCO has also re-evaluated the form of procuring its raw materials to reduce transport related emissions. Transporting tomato paste instead of tomato paste has been one such initiative, that reduces the total volume to be transported.



### Commitment to Sustainable Packaging

SADAFCO recognizes the critical role of packaging in ensuring product safety while minimizing environmental impact. All food items have three types of packaging: i.e. primary, secondary and tertiary packaging. As a food company, the quality of primary packaging remains paramount to ensure product safety. SADAFCO uses a diverse range of packaging materials such as paper, cardboard, plastic, and wood.

SADAFCO sustainable packaging aims:

To minimize packaging material use

To move towards plastic-free packaging

To maximize recovery of packaging waste

To reuse secondary and tertiary packaging

### Working towards a Plastic Free Future

SADAFCO has implemented initiatives to minimize plastic use in its packaging processes. Through targeted interventions such as reducing wrapper size and film microns on Baboo Ice Cream sticks, the company has successfully reduced 25 tonnes of plastic waste. Over the years, SADAFCO has significantly reduced plastic consumption through initiatives like adopting lighter stretch film, downsizing bamboo cups, and expanding bulk and reusable packaging solutions. The long-term goal remains the elimination of plastic in all forms, with ongoing assessments to shift toward reusable packaging options

**Goal:** Eliminate plastic in all forms



### Shifting Towards Reusable Packaging Solutions

Beyond eliminating plastic, SADAFCO is actively transitioning to reusable packaging options. SADAFCO recognizes the vital role of packaging in ensuring product safety and longevity while proactively addressing its environmental impact. Committed to reducing, reusing, and recycling materials, the company is enhancing the sustainability of raw material packaging by transitioning to reusable solutions such as Good Pack for tomato paste and Big Bag solutions for raw material imports. These initiatives not only optimize packaging efficiency but also contribute to the broader goal of waste reduction.

Continue assessing new opportunities to shift towards reusable packaging options

### Collaboration for Sustainable packaging Solutions

SADAFCO and Tetra Pak have collaborated on various initiatives to enhance recyclable packaging solutions and promote sustainability. Joint recycling efforts have led to improvements in recycling mechanisms for packaging materials, resulting in a 20% reduction in operational wastage over two years. The partnership also includes educational outreach, such as the “Go Green” initiative implemented across 250 schools in Saudi Arabia. This program engaged students through workshops and hands-on collection activities, leading to the collection of over 23,000 cartons. Additionally, both organizations have worked together on packaging waste management by developing solutions to reduce and repurpose waste from production sites and post-consumer levels, including recycling paper and packaging waste into high-quality recycled products. These efforts demonstrate a shared commitment to sustainability by SADAFCO towards developing recyclable packaging solutions in the region.

SADAFCO's collaboration with Tetra Pak represents a significant leap towards sustainable packaging. By introducing Tetra Pak's advanced recyclable materials, SADAFCO ensures that its products are packaged responsibly while maintaining quality and safety. This partnership goes beyond packaging it fosters environmental awareness by educating communities on the importance of recycling







# STRENGTHENING SUPPLY CHAIN RESILIENCE

The sustainability practices of SADAFCO's suppliers indirectly reflect its dedication and performance in sustainability too. For SADAFCO the responsibility towards sustainability does not start and end at its manufacturing gates. It extends all the way to its suppliers and their practices. Therefore, SADAFCO is committed to understanding the ESG implications of its supply chain and developing a supply chain that prioritizes resilience, ethics and environmental responsibility. As an enabler and starter, SADAFCO has in place a Code of Business Principle. It outlines the fundamental commitment of good business practices that a supplier must agree to adopt for a sustainable future. Therefore, recognizing the critical role of supply chain management in maintaining competitiveness.

## Suppliers' Code of Conduct

The code sets clear expectations for ethical sourcing, workplace safety, and fair-trade practices while requiring full compliance with all relevant laws and regulations. Suppliers are expected to uphold social responsibilities, protect health and the environment, and adhere to labor laws, including those related to non-discrimination and fair working conditions. All new suppliers will be required to sign the Code of Conduct, with specific ESG clauses .

The top **5 suppliers** by spend assessed for sustainability

## Supplier Audited and Collaboration

To achieve our sustainability commitments, especially on climate change, SADAFCO's key suppliers must be well aligned to its goals with well placed actions. To evaluate alignment and action, SADAFCO has initiated engagement with key suppliers' interaction and gathering formation on their ESG roadmaps and carbon neutrality plans.

**Environmental, social, and governance (ESG)** criteria to be integrated into supplier selection process



## Decarbonizing Ocean Freight in Partnership with Maersk

Ocean freight plays a major role in the total volume of materials transported by SADAFCO and represents a considerable share of its overall logistics emissions. SADAFCO recognizes the impact of traditional ocean freight, which heavily relies on fossil fuels. Therefore, the Company has now integrated reducing emissions from freight as a key priority in its sustainability strategy and decarbonization plan.

SADAFCO is set to strengthen its commitment to sustainability through a partnership with Maersk, implementing sustainable ocean freight solutions to reduce greenhouse gas emissions across its supply chain by utilizing Maersk's low-emission shipping initiatives. SADAFCO is utilizing/partnering with Maersk's ECO Delivery Ocean service, a pioneering initiative that enables cargo transportation using fuels with significantly lower carbon emissions, to achieve its ambition of green ocean freight. Maersk has invested in container vessels capable of operating on green methanol, a renewable fuel that dramatically reduces emissions compared to conventional shipping fuels. Maersk is various strategic partnerships to scale green methanol production, creating a more sustainable future for ocean freight.

Not all cargo ships operate 100% on biofuels, which means that not all cargo can be shipped in clean vessels, nor can entire cargo be considered green cargo. Therefore, SAFACO has chosen to utilize the ECO Delivery Ocean service of Maersk to receive credit certificates from lower GHG-emission fuels to offset the energy consumption of fossil fuels, thereby lowering its value chain GHG footprint. The ECO Delivery Ocean service is projected to reduce greenhouse gas (GHG) emissions by more than 80% compared to conventional fossil fuel-based shipping. Further, this partnership is projected to achieve savings of up to 800 tons of CO<sub>2</sub>e emissions, marking a significant step toward more sustainable supply chain operations.





# SUSTAINABLE SAUDIA PRODUCTS

SADAFCO is committed to producing Saudia milk sustainably. Entire lifecycle of the product is regularly reviewed for improving the sustainability quotient of the product. Two key thought processes that currently govern SADAFCO's sustainability actions in the lifecycle of Saudia include minimizing the GHG footprint and sustainable water use. At every stage actions are being embedded to achieve a carbon neutral product. Sustainable water use in production of Saudi is focused towards minimizing freshwater consumption from water stressed regions. Fresh milk is accordingly produced from regions with minimal or no water stress and excess or high milk production. SADAFCO plans to proceed with life cycle assessment to identify hotspots and implement targeted interventions that further enhance the sustainability of Saudia milk.



<sup>1</sup> The water Consumption Ratio is for Spray Drying Operations at Poland manufacturing facility

<sup>2</sup> The reduction in water consumption is calculated based on litres of water required for one kg of milk production





**Empowering People  
and Communities**



# MESSAGE FROM MANAGEMENT



**Nadia A. Malaika**

Chief Human Resources Officer (CHRO)

People's excellence is central to driving excellence in customer experience. SADAFCO's has been aware of this connection from inception. It has built it block by block to have a culture that allows people from diverse backgrounds to come together, operate in harmony and thrive. Community is never external to SADAFCO. We thrive and grow if the community stays healthy and happy.

I am proud to share our ongoing commitment to nurturing a workplace where every individual is valued, supported, and empowered to achieve their best. Our commitment to Diversity, Equity, and Inclusion is more than a policy, it is the cornerstone of our culture. A great place to work certificate is a testament of our actions.

Our approach ensures equal opportunities in hiring, career growth, and fair compensation, creating a workplace where talent flourishes. With a workforce representing over 49 nationalities and an inclusive mix of gender, age, and abilities, we continue to build a team that not only reflects our rich global heritage but also champions local talent. Now, Saudi nationals form more than one-third of our workforce. We are actively strengthening gender balance and have set ambitious goals to increase female representation. Initiatives such as childcare support for working mothers and inclusive hiring for individuals with special abilities are designed to support the evolving societal expectations.

Our commitment extends to the broader community and local economy. We actively support local procurement initiatives and community engagement programs, recognizing that our success is deeply intertwined with the well-being of the communities we serve. We continue to build on this strong foundation of people's excellence. Every factory and sales depot under SADAFCO holds ISO 45001:2018 certification, reflecting the highest standards in occupational health and safety management. Together, we are shaping a future where every individual can thrive and contribute to our shared success.



**SADAFCO's workforce represents over 49 nationalities and reflects a diverse mix of gender, age, and abilities.**





# FOSTERING DIVERSITY, EQUITY, AND INCLUSION



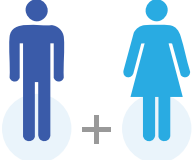
Diversity at SADAFCO is defined by having people of different nationalities, different genders, differently abled, and different age groups. The ability to cohesively work with this diversity is the expectation of inclusion at SADAFCO. We treat everyone equally. SADAFCO does not differentiate the capability to deliver work based on diversity. SADAFCO is dedicated to fostering an inclusive and dynamic workplace, for its workforce of over 3000 employees by integrating a culture that blends local and global strengths through shared values. SADAFCO nurtures talent and promotes a culture of belonging.

SADAFCO's Diversity, Equity, and Inclusion (DEI) Policy, provides a structure to the commitment on diversity, equity, and inclusion in the work environment. The policy also lays down the backdrop for attracting and supporting diverse talent, ensuring equal opportunities for hiring and career advancement. It also establishes clear procedures for feedback and addressing potential discrimination, with grievance mechanisms designed to ensure fairness and neutrality. Additionally, performance evaluations integrated into policy also help determine fair compensation across all levels for all employees.

Code of Conduct provides guidance to **“No harassment and discrimination”** at SADAFCO



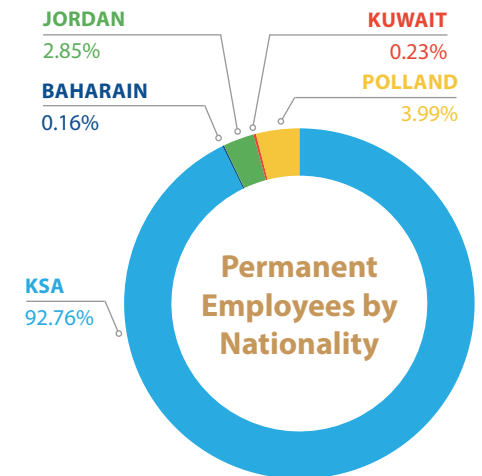
<sup>1</sup> This includes permanent employees from KSA, Bahrain, Jordan, Kuwait and Poland and contract employees. Employees from Poland have been included this year.

			
<b>MENA REGION</b>			
Under 30	254	37	<b>291</b>
30-50 years	1,719	142	<b>1,861</b>
Over 50 years	296	7	<b>303</b>
<b>POLLAND</b>	67	35	<b>102</b>
<b>TOTAL</b>	<b>2,336</b>	<b>221</b>	<b>2,557</b>

MENA Region includes employees from KSA, Bahrain, Jordan & Kuwait



The contract employees data is for KSA, Bahrain, Jordan & Kuwait.





## National Inclusion

Over the last 48 years SADAFCO has built an inclusive environment for individuals from over 49 nationalities, shaping a distinct SADAFCO culture. While striving for the best talent, SADAFCO remains committed to increasing the participation of local talent across its operations in all roles and at all levels.

In the past five years, the company has steadily increased the representation of Saudi nationals to more than one-third of its workforce. This demonstrates SADAFCO’s dedication to supporting Saudi nationalization goals while maintaining a global outlook.

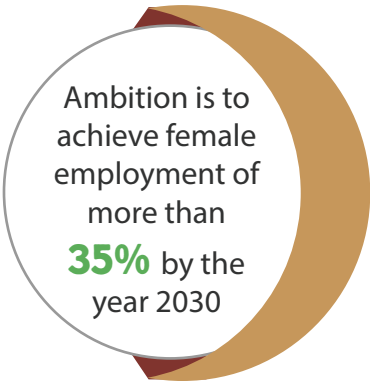
Saudization Rate is **39%**<sup>2</sup>





<sup>2</sup>This is calculated based on monthly average methodology. The figure covers Saudi nationals in MENA operations i.e. KSA, Kuwait, Jordan & Bahrain

## Strengthening Gender Balance

SADAFCO has consistently maintained female representation in its workforce, reaffirming its commitment to advancing towards a more gender-balanced workplace. The Company recognizes that gender diversity strengthens its culture by introducing varied perspectives and fresh ideas. A key initiative was the establishment of a childcare center near its ice cream factory, which continues to enable women to better balance their personal and professional responsibilities. Currently, women represent 7.5% of SADAFCO’s workforce. With an ambition to exceed 35% female employment by 2030, the company remains committed to fostering an inclusive environment that evolves in step with societal progress.



## Permanent Employees by Gender and Level

EMPLOYEES	TOP MANAGEMENT	MIDDLE MANAGEMENT	JUNIOR MANAGEMENT	NON-MANAGEMENT	TOTAL
	8	167	386	1708	2269
	1	18	45	122	186
TOTAL ▶	9	185	431	1830	2455

Details include employees of KSA, Bahrain, Jordan & Kuwait

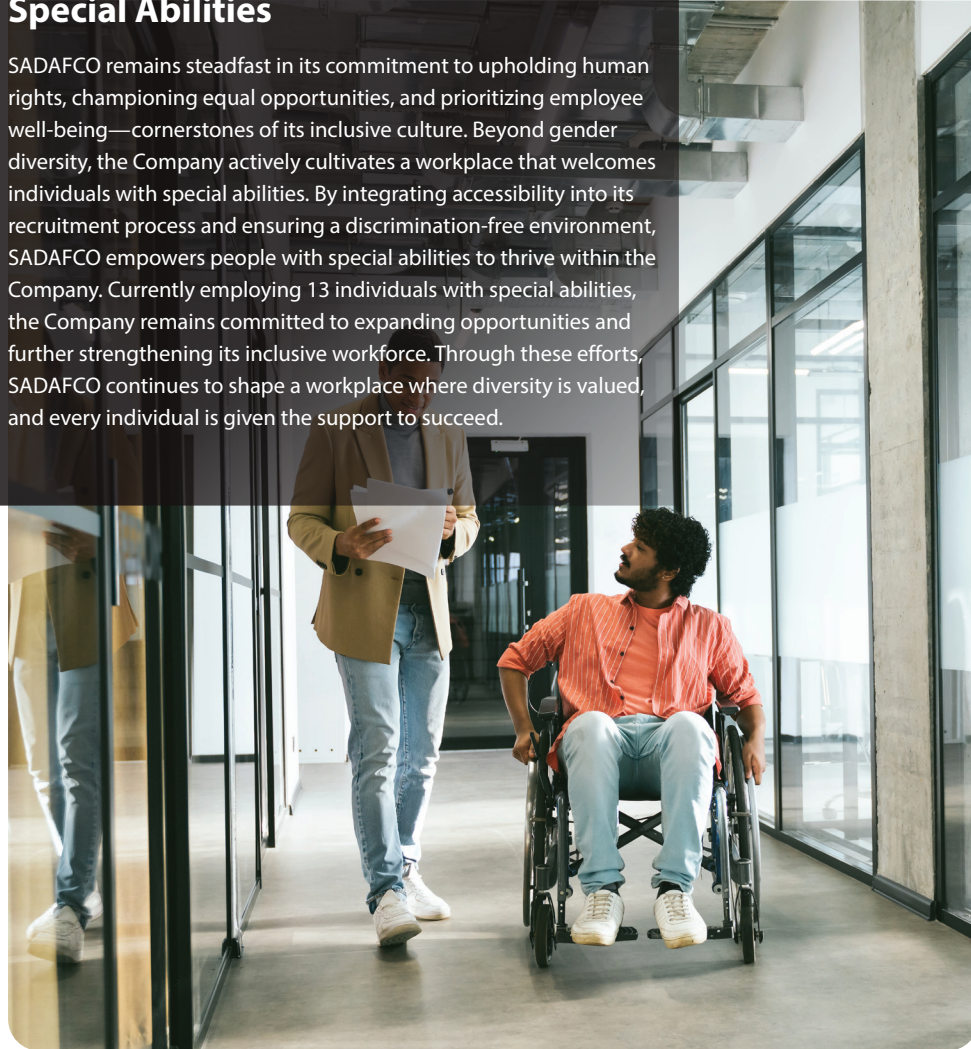






## Creating Opportunity for People with Special Abilities

SADAFCO remains steadfast in its commitment to upholding human rights, championing equal opportunities, and prioritizing employee well-being—cornerstones of its inclusive culture. Beyond gender diversity, the Company actively cultivates a workplace that welcomes individuals with special abilities. By integrating accessibility into its recruitment process and ensuring a discrimination-free environment, SADAFCO empowers people with special abilities to thrive within the Company. Currently employing 13 individuals with special abilities, the Company remains committed to expanding opportunities and further strengthening its inclusive workforce. Through these efforts, SADAFCO continues to shape a workplace where diversity is valued, and every individual is given the support to succeed.



## Learning and Development

SADAFCO remains committed to fostering a safe, inclusive, and engaging work environment that enables employees to perform their roles with purpose and energy. This commitment is reflected through robust policies, targeted awareness efforts, and structured training initiatives developed and led by the People Experience team. These efforts are supported by transparent communication channels that collectively contribute to a positive and cohesive organizational culture across all levels.

As part of its learning and development strategy, SADAFCO introduced training programs designed as comprehensive learning journeys, rather than standalone sessions. This approach ensures that knowledge is not only delivered but also absorbed, retained, and translated into practice.

The learning journeys were tailored to meet the distinct needs of various functions:

- ▶ Within the Supply Chain, the focus was placed on operational excellence, safety, and procedural consistency.
- ▶ In the Commercial function, training emphasized customer focus, sales capabilities, and market responsiveness.
- ▶ For Project Management, best practices were delivered through practical tools, frameworks, and applied methodologies.
- ▶ A specialized Leadership Program was implemented to enhance leadership capability, strengthen alignment with strategic objectives, and build future-ready talent.

These initiatives reflect the company's understanding of the critical link between employee well-being and organizational success. Continuous investment in such programs supports

workplace satisfaction, improves retention, and reinforces SADAFCO's standing as an employer of choice.

This people-centered approach has been recognized externally, contributing to SADAFCO's acknowledgment as one of the Great Places to Work, further validating the effectiveness of its cultural and developmental priorities

L & D Training hours:  
**15,749\***

Total number of trainings given:  
**162\***

\* KSA only



Average training hours for L&D per permanent employee: **6.41 hours**



# PRIORITIZING HEALTH AND SAFETY



At SADAFCO, the commitment to health and safety goes beyond regulatory compliance—it is deeply embedded in the company's core values, influencing its culture, practices, and future goals. SADAFCO is guided by its Health Safety and Environmental (HSE) Policy. HSSE procedure document for health and safety practices. SADAFCO's management shares a high level of commitment to ensuring that its employees are protected from the potentially dangerous consequences of workplace activities by identifying and controlling all environmental aspects to achieve excellence in compliance with the national occupational health, safety, and environmental regulations.

The Health, Safety & Environment (HSE) department plays a vital role in fostering a safe and healthy work environment.

Guided by an annual Health and Safety Roadmap, all efforts align with SADAFCO's governance framework and management systems. Every factory and sales depot under SADAFCO holds ISO 45001:2018 certification, reflecting the highest standards in occupational health and safety management. Health and safety risks are evaluated and documented for all critical procedures.



## A Review of Health and Safety Parameters

SADAFCO embarked on a transformative journey to elevate its Health, Safety, Security, and Environmental (HSSE) performance. With an unwavering commitment to safeguard its employees, operations, and the environment, the company integrated advanced training programs, cutting-edge technology, and robust safety protocols resulting in a series of groundbreaking achievements.



### Better Reporting with a Culture of Safety

8,094 near-miss reports recorded, fostering proactive hazard identification. Over 1,865 safety observations were reported by employees, underpinning a culture of safety vigilance.



### Fire Safety Enhancements

Enhanced fire safety by installing a new fire alarm system at the milk factory, upgrading firefighting systems at the Dammam factory, and improving fire prevention systems in 16 depots to comply with Civil Defense requirements.



### Upgrading Security Measures

Upgraded CCTV systems in 90% of facilities in alignment with Ministry of Interior requirements and obtained HSE approvals for 16 shortlisted security personnel.



### Safety Training and Drills

Accredited Safety Leadership training was conducted for all business and warehouse operation managers  
  
Delivered over 17,000 hours of HSE training  
  
Conducted 42 mock drills and 44 internal audits across all locations.



### Safety Performance

Achieved zero workplace fatalities and ended the year with an LTIFR of 0.15, surpassing the target of 0.16.





## Enhancing Safety Culture



**Lockout/Tagout (LOTO)** - equips employees with the knowledge to safely isolate hazardous energy sources, preventing accidental machine start-ups during maintenance



**First Aid**- Empowering employees with essential first aid skills for a safer workplace.  
First aiders: 239



**Heat Stress**- educates employees on recognizing, preventing, and managing heat-related illnesses to ensure safety in high-temperature environment



**Emergency Evacuation**- Ensuring swift, safe, and organized evacuation during emergencies



**Defense Driving**- Conducted 903 assessment completing 3198 driving training hours.



**OSHA** – 39 Programs designed in accordance with the Occupational Safety and Health Administration's guidelines to educate employees on identifying workplace hazards, preventing injuries, and ensuring compliance with national safety standards



**General Safety**-Training provides employees with essential knowledge on workplace hazards, risk prevention, and emergency response



### Fire Safety

- ▶ Installed a new fire alarm system at the milk factory.
- ▶ Upgraded firefighting systems at the Damman factory.
- ▶ Firefighting 284 people



**HSE Induction**- Equipping employees with essential health, safety, and environmental knowledge for a safe workplace





# STRENGTHENING LOCAL PROCUREMENT

Achieving the right balance between quality, speed, cost & compliance is key to procurement excellence. Sadafco recognizes its importance & has been working towards adapting its procurement strategies to create a more balanced system that promotes not just cost efficiency but also compliance, quality, ESG goals & OTIF efficiencies. Sadafco procurement is working to align itself with the country's Vision 2030 goals, which emphasize economic diversification & localization of goods and service industries.

### The road so far:

Since we operate in a vital sector such as food & beverages, one of our focus areas has been to create an interplay to drive our corporate goals through digitalization & enhancing efficiency, also by reviewing our raw and packaging material import formats that can support getting more products in less containers. We also are working to collaborate more and more with energy-efficient shipping lines to help reduce total carbon footprint.

Recent global events, including the COVID-19 pandemic and the Russia-Ukraine conflict, have underscored the need

for businesses to localize their supply chains. Localization offers significant advantages, such as cost reduction, faster delivery times, enhanced supply chain resilience, decreased reliance on overseas suppliers, and the development of a self-sufficient local ecosystem. Driven by external disruptions and vulnerabilities in global supply chains,

We have embraced every opportunity to introduce and use locally sourced (Saudi Made) ingredients such as sugar, fresh milk, oil, wheat flour, and many other ingredients in our portfolio and this approach strengthens our commitment to sustainability and reinforces our Saudia brand identity.

Sadafco is committed to fostering sustainable and inclusive growth with our suppliers through collaborative partnerships that create mutual benefits. Continuous improvement, transparency, and an entrepreneurial mindset form the foundation of our supplier engagement

strategy. As part of our efforts to enhance resilience and efficiency in our food supply, we are working with local agriculture producers to develop industrial-grade tomatoes that meet global and Sadafco standards.

Wherever possible, we actively seek opportunities to drive local innovation and solutions that generate high economic value while delivering positive social and environmental impact. Sadafco is also working to identify long term SLOB program partners that can help circular economy benefit through reselling assets, reducing corrective maintenance by working out creating a root cause analysis for identifying reasons for slob creating through OEM partners. Even

though our progress isn't where we should be, we are working in this direction to drive circular economic benefits.

### Greening of Logistics

As a ripple effect of our efforts to procure locally, the transportation distance also reduces. It also allowed us to partner more and more with local transportation companies. SADAFCO also worked towards implementing route optimization solutions that further assist the local transporters in utilizing the most efficient routes while reducing fuel consumption and greenhouse gas emissions.

### Locally sourced packaging

SADAFCO has been innovating packaging solutions to provide healthier, sleeker and environmentally friendly packaging. At the same time, it has collaborated with others, which has enabled the availability of its packaging requirements locally. Some locally sourced packaging is manufactured by local entities set up by large global packaging specialist companies. We take pride in having a part in supporting the development of the packaging industry sector in Saudi. Sadafco has strengthened its commitment to localization by increasing up to 87% local packaging materials sourcing.



Locally sourced packaging material:  
**87%**

Locally sourced raw material:  
**14%**



Enhanced ESG Compliance



Reduce Negative Impact



Quality Data Processing



Extensive Social Impact



Improved Investability



# STRENGTHENING THE LOCAL COMMUNITY ENGAGEMENT

SADAFCO is committed to being a responsible corporate citizen by actively managing its impact on local communities, including their economy, society, culture, and environment. Its CSR Policy aligns with international social responsibility standards aiming to drive sustainable development, strengthen stakeholder loyalty, and support various social initiatives.



26001

(for Social Responsibility)

The company has established a robust governance framework to maximise positive community impact. The Sustainability Steering Committee oversees the selection of the CSR taskforce responsible for executing various activities, initiatives, and programs aimed at community development. In 2024, SADAFCO invested in resources to support ongoing commitment to community programs.

The company has also signed a strategic partnership with the Social Responsibility Association, the first licensed

association dedicated to CSR in the Makkah Province—further strengthening its community engagement and impact.

SADAFCO's initiatives extend to volunteering programs such as hospital visits to spread happiness, tree replantation drives, and beach cleaning activities. Promoting both spiritual and physical well-being, SADAFCO supports activities such as Tadweem for cloth donations, KFSH&RC Volunteer Program and organizes recreational events like volleyball tournaments during Ramadan to foster employee engagement and community spirit.

## CSR Governance Structure



## SADAFCO & Modon Unite for a Greener Tomorrow

SADAFCO has fully invested SAR 1.5 million to develop MODON Park in the Modon Industrial Area, thereby enhancing green space and improving the quality of life for our community.



## Employee Volunteering

At SADAFCO, employees actively participate in the company's community initiatives. The company always encourages employees to participate in such volunteer activities. The employees devoted more than 1,000 hours towards community engagement. Employee participation brings added support and belonging.

## Blood Donation Drive to Support National Blood Banks

In collaboration with Supcentral Blood Bank and with the participation of King Abdulaziz Hospital at the First Health Cluster SADAFCO organized a blood donation campaign at its headquarters to encourage voluntary donations and support national blood banks as part of its corporate social responsibility efforts.







**Enhancing Customer  
Experience**



# MESSAGE FROM DIRECTOR MARKETING



**Amani Jamal**  
Director Marketing

Sustainability Is Not a Trend It's Our Responsibility. As Marketing Director at SADAFCO, I believe sustainability is no longer just a differentiator it's a fundamental obligation to our consumers, our communities, and our planet. At SADAFCO, we recognize that how we source, produce, and package our products directly impacts the world around us.

Our journey began with small changes: reducing added sugar and salt, minimizing plastic use, and optimizing our logistics for lower emissions. But today, we are pushing boundaries with purpose—relaunching key products like our flavored milk for kids using 100% natural colors and flavors, removing natural identical flavorings and colors without compromising taste or nutrition. This isn't just about clean labels. It's about clean impact. Every product we improve and every decision we make is a step toward a more circular, climate-conscious food system. Through responsible innovation, we are meeting the rising expectations of modern consumers who want their choices to reflect their values.

Therefore, Innovation continues to drive our approach delivering nutritious, great-tasting products while advancing our long-term vision of sustainable customer-centric growth. Our goal is clear: to ensure every SADAFCO experience contributes to a healthier, more informed, and more sustainable future. Sustainability is not a campaign. It's a long-term strategy embedded in every brand touchpoint, product pipeline, and partnership. It's how we build trust with our consumers. It's how we future proof our business.



**Sustainability Is Not a Trend It's Our Responsibility.**





# ELEVATING CUSTOMER DELIGHT AND SATISFACTION

SADAFCO's approach goes beyond meeting consumer expectations, it is about creating moments of delight. Rather than merely responding to market trends, the Company anticipates them, ensuring its products not only satisfy but elevate consumer experience. By continuously refining its offerings, SADAFCO aims to engage with its customers, delivering quality and enjoyment in every product. The Company primarily focuses on delivering safe, nutritious, and high-quality products that cater to changing market needs.

## Consumer Feedback: The Catalyst for Improvement

Listening to consumers is central to the company's continuous improvement process. Feedback on product quality, health, and nutrition is promptly addressed to ensure timely resolution. Over the years, the Company has enhanced its feedback collection system through a dedicated digital platform that enables seamless complaint tracking and management. While modern channels such as social media have been integrated, traditional touchpoints such as dedicated enquiry and complaint helplines continue to serve as reliable communication avenues. As a result of the enhanced ease of communication, the number of feedback and inquiries has significantly increased. SADAFCO's approach of providing robust solutions for complaints and preventing them from recurring continues to increase customer confidence on SADAFCO's feedback and grievance systems.

Total No. of complaints: **501**  
(include feedback and Inquiries)



## Elevating Consumer Experience through Golden Store

SADAFCO is committed to elevating consumer experience by expanding its network of Golden Stores outlets that offer superior visibility, customer service, and brand presence.

Golden Stores are premium outlets that go beyond traditional sales points by featuring interactive modern displays and engaging layouts. They showcase Saudia dairy products and innovative new offerings, creating an immersive brand experience that surpasses what many traditional outlets offer.

SADAFCO has reached over 1,000 Golden Stores. This initiative strengthened market penetration, optimized customer engagement, and reinforced SADAFCO's leadership in the dairy segment through premium store placement, improved merchandising, and superior service standards.



**Consumer Satisfaction Evaluation Rating** system enables data-driven insights to enhance consumer experience, ensuring products and services consistently align with evolving needs.



# PROMOTING HEALTH AND NUTRITION EXCELLENCE

SADAFCO remains committed to promoting societal health and well-being by encouraging healthier lifestyles. In alignment with Saudi Vision 2030, the Company continues to expand its portfolio with products made exclusively from organic and natural ingredients, ensuring they remain free from preservatives. As we innovate to meet our commitment to reducing unhealthy additives, SADAFCO continues to maintain exceptional taste and nutritional value.

**30%**

less added sugar in flavored milk

**20%**

less salt in snacks portfolio

## Nutritional Awareness

SADAFCO has intensified its efforts to promote nutrition awareness through educational initiatives. In 2024, the Company successfully met its target of reaching 1.5 million students in 2600 schools, raising awareness about the importance of milk and dairy as part of a healthy breakfast. This initiative received endorsement from regional ministries of education, further strengthening its impact.



## Health and Nutrition Pillar and achievement

**SUGAR  
REDUCTION**

- ▶ 15% sugar reduction in flavored banana and chocolate milk under testing
- ▶ Low and zero sugar products are being introduced
- ▶ 5% sugar in new product variants including kids flavored milk

**SALT  
REDUCTION**

- ▶ 20% reduction in sodium in snack portfolio with new SKUs

**GO  
NATURAL**

- ▶ 100% colors and flavors in kids' flavored milk portfolio
- ▶ Plant-based portfolio doubled from 2 to 4 SKUs.

**GO  
ORGANIC**

- ▶ Organic Tomato paste





# TRANSPARENT AND RESPONSIBLE MARKETING & LABELING

At SADAFCO, we recognize that while many individuals aspire to maintain a balanced diet, they often encounter challenges such as adapting to new tastes, limited time, or insufficient nutritional knowledge. To support our consumers in overcoming these obstacles, we are committed to providing transparent nutritional information and engaging educational programs.

Our efforts include clear nutrition labeling and comprehensive education programs that promote healthy lifestyles in an engaging format. Furthermore, our marketing activities adhere strictly to ethical standards, prohibiting false, misleading, or deceptive practices. Any incident of mislabeling commitment or quality issues is critical. It is governed by the Corporate Governance Code of SADAFCO. All our labelling practices follow local regulations.

To ascertain compliance with marketing and labelling guidelines, SADAFCO has advanced artwork approval software. This technology-driven solution streamlines the approval process, serving as a proofing tool to uphold accuracy and consistency in all product communications. This ensures that all marketing and labelling communications are aligned.



SADAFCO continues to maintain **zero incidents of non-compliance** with product labelling and marketing communication regulations





# ENSURING SUPERIOR PRODUCT QUALITY AND SAFETY

Several global and local frameworks and standards guide SADAFCO's product quality, safety systems, and measures. Quality Management System (QMS) is the foundation for maintaining product safety and regulatory compliance. All factories are certified by ISO 22000: 2018 Food Safety Management Systems. The factories strictly follow all food safety and quality protocols. Food safety audits are conducted regularly. Any gaps identified during the audits are addressed promptly to maintain compliance with the good practices and standards. As a responsible entity, SADAFCO fully complies with the regulations set forth by the Saudi Food and Drug Authority (SFDA) and the GCC Standardization Organization (GSO).



## Well-equipped infrastructure

SADAFCO has the infrastructure to support the quality control system set up for raw material and final product testing. This ensures that all raw materials are carefully analyzed while developing new recipes and designing product artwork. Extensive research is conducted on

various quality and safety aspects before product launches. Wherever required, tests are performed at specialized third-party laboratories for the product before launch for consumer consumption.

To maintain ongoing compliance, SADAFCO has implemented Hazard Analysis and Critical Control Points (HACCP) mandatory food safety protocols across all production facilities, conducts daily online checks and in-house product testing at SADAFCO laboratories. Additionally, the company maintains detailed documentation and records of testing processes, ensuring readiness for inspections or audits.

## Quality commitment by the supplier

All partners and suppliers to SADAFCO are mandated to provide adequate proof of adherence to food quality and safety protocols. The company implements this through a rigorous supplier approval process and supplier audits. To overcome any challenges in the supply chain, SADAFCO extends a collaborative and cooperative approach to suppliers.

## Labelling for consumer safety

Adequate, accurate, and reliable information on product packaging helps customers understand the health implications of the products based on individuals' needs and conditions. SADAFCO's labelling controls are designed to meet this need. All labels meet regulatory requirements, including product details, warnings, storage conditions, and consumption guidelines.

**Zero**

incidents of non-compliance with regulations related to food safety and product labelling standards





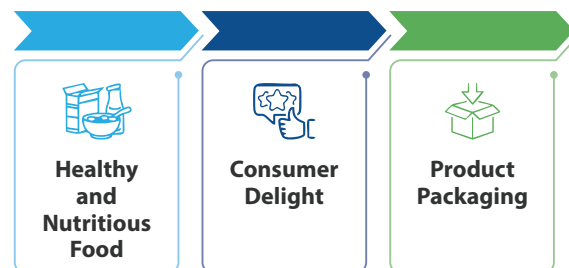


# DRIVING INNOVATION FOR A SUSTAINABLE FUTURE

This section outlines SADAFCO's commitment to driving innovation not only for product development but also for sustainability, ensuring a brighter future for our company and the environment.

In a fast-evolving market, staying ahead requires more than just keeping pace. It demands vision, agility, and an unwavering commitment to consumer needs. At SADAFCO, product innovation responds to industry shifts and a proactive strategy for long-term leadership. By continuously refining its product portfolio, SADAFCO delivers on its promise of superior taste, enhanced nutrition, and sustainable choices.

## Three Dimensions of Product Innovation



**SAR 11 million** spent on Research & Development to drive innovation



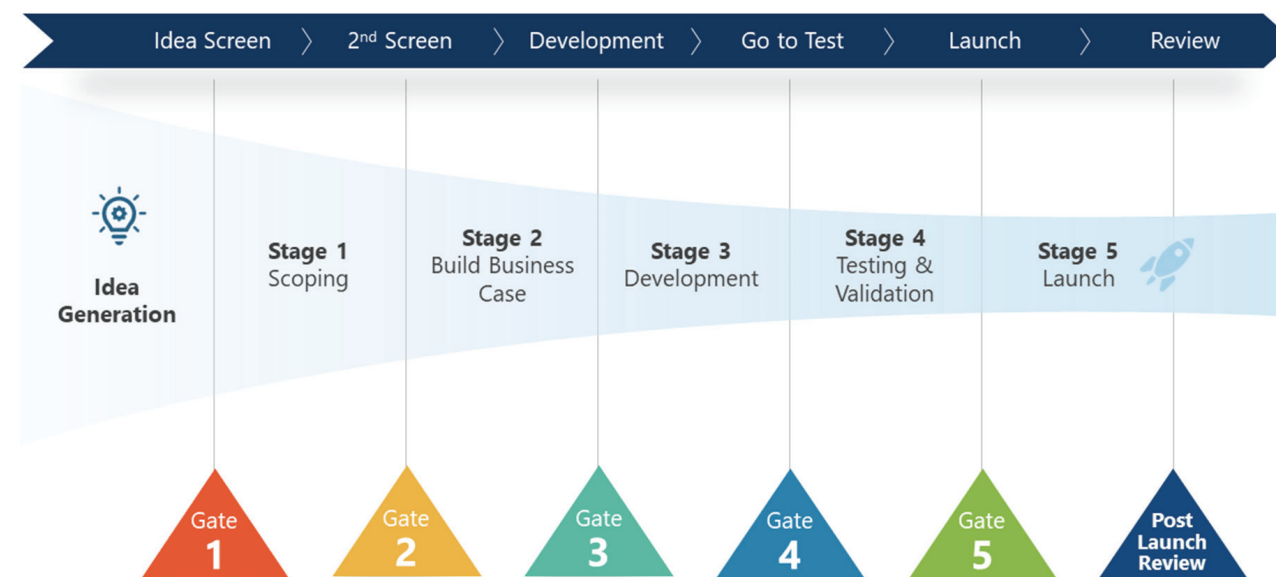
At SADAFCO, through innovation and technology, we enhance productivity while ensuring our products meet evolving consumer needs without compromising our social and environmental responsibility. In 2024, we introduced new products and refined existing ones, focusing on quality, nutrition, and waste reduction. With a strategic vision, we remain committed to driving transformation that balances progress with sustainability.

**Tanveer Hayat**  
Associate Director R&D

## Embedding Innovation Through the Stage-Gate® Process

In 2024, SADAFCO officially adopted the Stage-Gate® process to manage innovation projects more systematically and effectively. This recognized framework helps the company to evaluate, prioritize, and accelerate product development initiatives through clearly defined stages and decision gates.

The Stage-Gate® model empowers cross-functional teams to transform ideas into successful products by ensuring the right information is assessed at every step. This structured approach enhances the speed, quality, and efficiency of innovation while minimizing risks and optimizing resource use. By adopting this model, SADAFCO strengthens its commitment to delivering market-relevant, sustainable, and customer-centric solutions.





## Transforming Products

Innovation at SADAFCO combines developing new products while revisiting existing products to enhance them in all three dimensions of product innovation.

### Only Natural Flavors

SADAFCO became the first company to transition its flavored milk range from semi-natural to fully natural flavors, reinforcing its commitment to product excellence and consumer well-being. The reformulation of both Strawberry and Banana Flavored Milk not only enhanced the taste but also improved the nutritional profile, all while maintaining the trusted quality that customers have come to expect.



**0.30%** innovation rate<sup>1</sup> in the ambient categories in 2024

### New Creations

In 2024, the company introduced 9 innovative products, each crafted to meet evolving consumer preferences.

- ▶ Consumer delight through convenience: Ready-to-drink coffees in Latte, Caramel Macchiato, and Saudi Latte flavors
- ▶ Healthy and Nutritious products with natural flavors: Mango Flavored Milk
- ▶ Premium Indulgence: Launched in 5 New flavors of ice cream

**6.58%** innovation rate<sup>1</sup> in the frozen category in 2024

<sup>1</sup>Innovation Rate refers to the percentage of newly introduced or significantly improved frozen/ ambient categories products within a given period, typically a year, relative to the total frozen/ ambient categories product in portfolio.



#### Ready to Drink Coffee

- ▶ Latte
- ▶ Caramel Macchiato
- ▶ Saudi Latte



Ice cream with  
Dark Belgium  
Chocolate



Water ice with  
natural color,  
flavour



Mango  
Flavored Milk



Sandwich ice  
cream coffee



Cappuccino  
Cone



Water ice with  
cola flavour

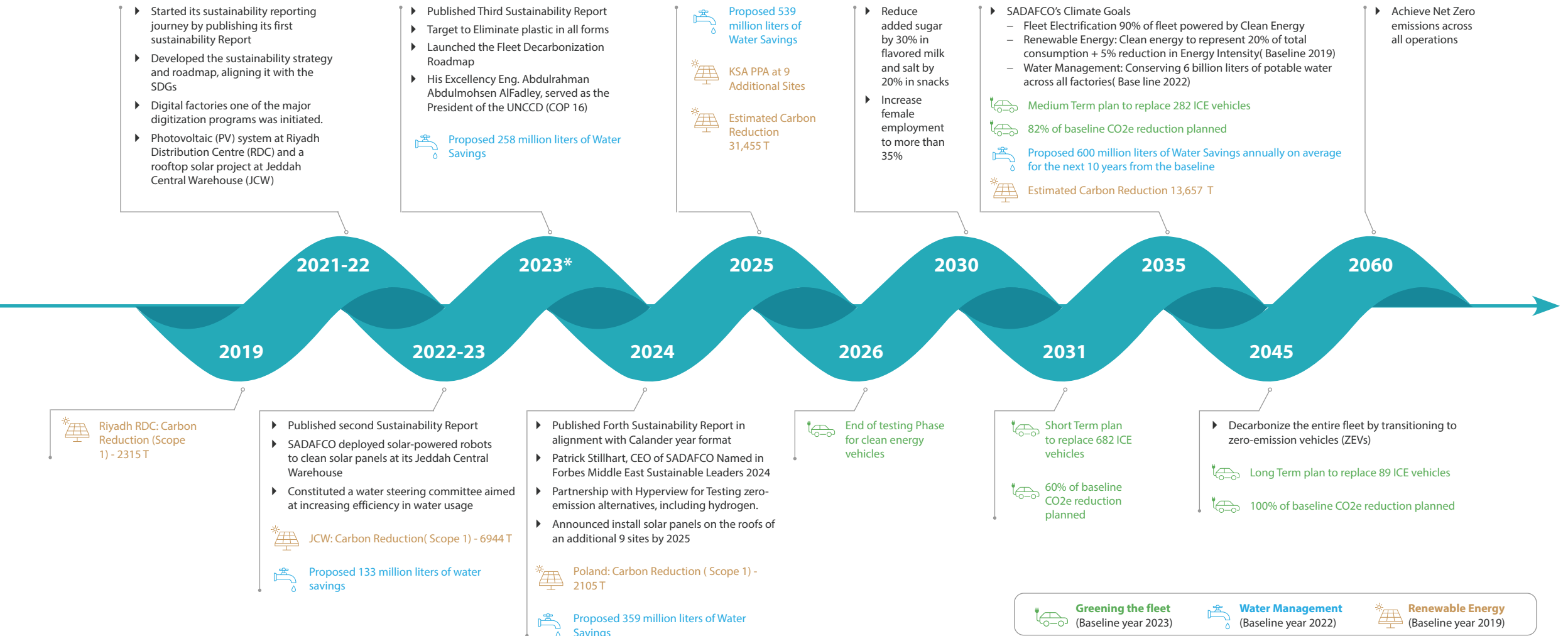




**Looking Ahead**



# BEYOND THE PRODUCT ON THE SHELF



\* April to December





# Measuring Impact






# KEY SUSTAINABILITY METRICS AND PERFORMANCE INSIGHTS

	Particulars	Unit	Year 2024	Year 2023	Year 2022
General Indicator	Production	MT	390,193	402,228	376,838
	Energy Consumption within the Organization	TJ	880	879	893
	Total Energy Intensity (within the organization)	TJ/MT	2.26	2.19	2.37
	Total Water Withdrawal	L	1,074,945	1,277,904	1,238,411
	Total Water Withdrawal / Production	L/MT	2.75	3.18	3.29
	Effluents Discharged (COD Level)	mg/l	1,257	1,339	1,938
	Scope 1 GHG Emissions	tCO <sub>2</sub> e	47,050	45,192	48,057
	Scope 2 GHG Emissions	tCO <sub>2</sub> e	49,333	47,062	42,835
	Total GHG Emission Intensity( Scope 1+ Scope 2)	tCO <sub>2</sub> e/MT	0.25	0.23	0.24
	Scope 3 GHG Emissions (Categories 6 & 9)	tCO <sub>2</sub> e	20,377	-	-
	Waste Generated - Non-Hazardous	MT	3,463	3,456	6,367
	Total Recycle Waste	MT	3,299	3,225	2,839
	Waste Recycle Rate	%	95.0%	93.3%	54.4%
Environment & Climate	POLAND OPERATIONS				
	Production	MT	21,060.53	21,023.55	25,052.72
	Energy Consumption within the Organization	TJ	18	16.61	19
	Total Energy Intensity (within the organization)	TJ/MT	0.85	0.79	0.76
	Total Water Withdrawal	L	126,699	135,868	139,656
	Total Water Withdrawal / Production	L/MT	6.00	6.50	5.60
	Scope 1 GHG Emissions	tCO <sub>2</sub> e	6,123	6,944	7,855
	Scope 2 GHG Emissions	tCO <sub>2</sub> e	3,474	3,230	3,704
	Total GHG Emission Intensity	tCO <sub>2</sub> e/MT	0.46	0.48	0.46
	Waste Generated - Non-Hazardous	MT	703	557	560
	Waste Generated - Hazardous	MT	0.56	0.83	1.69





	Particulars	Unit	Year 2024	Year 2023	Year 2022
 Consumer	Number of Consumer Complaints Received	#	501	197	470
	Complaint Resolution Rate	%	100.0%	100.0%	100.0%
	Recommended Order Compliance	%	96%	96%	97%
 People & Community	Saudization	%	39%	39%	38%
	Women in Workforce	%	7.5%	7.3%	7.2%
	Number of Special Need Employees	#	13	14	15
	New Employee Hires	#	212	308	309
	Total Employee Turnover	%	12.5%	8.7%	13.1%
	Near Misses Factory	#	8,094	2,348	1,711
	Work Related Injuries	#	11	14	15
	Lost Time Case Rate	Rate	0.15	0.19	0.30
 Governance	Cases of Non-Compliance	#	0	0	0
	Food and Safety ISO 22000:2018	#	Yes (100%)	Yes (100%)	Yes (100%)
	Environment ISO14001:2015	#	Yes (100%)	Yes (100%)	Yes (100%)
	Occupational Health ISO 45000:2018	#	Yes (100%)	Yes (100%)	Yes (100%)
	Corporate Governance ISO 37000:2021	#	Yes (100%)	-	-
	Quality of Legal Affairs Management ISO 9001:2015	#	Yes (100%)	-	-
	Information Security Management ISO/IEC 27001:2013	#	Yes (100%)	Yes (100%)	Yes (100%)
	Social Responsibility ISO 26000:2010	#	Yes (100%)	Yes (100%)	Yes (100%)
	Cases of Corruption	#	0	0	0
	Cases of Anti-Competitive Behavior and Anti-Trust	#	0	0	0
	Data Privacy Breach	#	0	0	0



# Appendix





# GHG QUANTIFICATION METHODOLOGY

This annexure details the methodologies used to quantify SADAFCO’s Greenhouse Gas (GHG) emissions for the reporting year, in accordance with the GHG Protocol Corporate. The approach aligns with the five principles of GHG accounting and reporting: Relevance, Completeness, Consistency, Transparency, and Accuracy.

## 1. Organizational Boundary:

The operational boundary for this GHG inventory includes SADAFCO’s Saudi Arabia and Poland operations including headquarters and its depots across KSA. This region serves as the foundational location for carbon reporting due to its significance in the SADAFCO’s operations.

## 2. Data Collection:

Activity data was collected from various functions within the SADAFCO. Scope 3 data selection was mainly based on spend analysis. No direct data was requested from third parties for this inventory exercise. Data collection templates were developed in Excel, and virtual sessions were conducted to support process owners in data collection. Collected data was reviewed for inconsistencies and errors, with clarifications sought from relevant stakeholders to ensure accuracy and completeness.

## 3. Emission Factors:

Emission factors were selected based on their relevance to the industry, consistency, comparability, and availability of up-to-date information. The latest emission factors available were utilized in GHG calculations.

## 4. Quantification Methodologies by Scope:

The GHG emissions were calculated for Scope 1, Scope 2, and Scope 3 using the methodologies outlined below:

### 4.1. Scope 1 Emissions: Direct GHG Emissions

Scope 1 emissions encompass direct GHG emissions from sources owned or controlled by SADAFCO. These include:

**Stationary Combustion:** Emissions from the combustion of fuels (e.g., diesel) in stationary sources such as boiler and generators (DG Sets).

**Methodology:** Fuel consumption data (e.g., Liters of diesel, HFO and kgs of LPG) was multiplied by the appropriate emission factors (kg CO<sub>2</sub>e/unit of fuel) from reputable sources i.e. Greenhouse gas reporting: conversion factors 2024; [DEFRA 2024](#) and [IPCC 2006](#) Guidelines for National Greenhouse Gas Inventories.

**Mobile Combustion:** Emissions from the combustion of fuels in mobile sources, such as company-owned vehicles.

**Methodology:** Fuel consumption data (e.g., Liters of gasoline, diesel) was multiplied by the appropriate emission factors (kg CO<sub>2</sub>e/unit of fuel) from reputable sources i.e. Greenhouse gas reporting: conversion factors 2024; [DEFRA 2024](#) and [IPCC 2006](#) Guidelines for National Greenhouse Gas Inventories.

### 4.2. Scope 2 Emissions: Indirect GHG Emissions from Purchased Energy

Scope 2 emissions include indirect GHG emissions from the generation of purchased electricity consumed by SADAFCO.

**Purchased Electricity:** Emissions associated with the generation of electricity purchased from the grid.

**Methodology:** Electricity consumption data (kWh) was multiplied by the location-based emission factor (kg CO<sub>2</sub>e/kWh) specific to KSA from [IPCC 2006](#) Guidelines for National Greenhouse Gas Inventories and Poland’s electricity grid from [Country 2024](#) Electricity Factor: Carbonfootprint.com.

The source of emission factor for the GHG emissions from the grid has been updated to the Carbonfootprint.com It has been changed to utilize the most recent emission factor available for the grid.

### 4.3. Scope 3 Emissions: Other Indirect GHG Emissions

Scope 3 emissions include all other indirect GHG emissions that occur in SADAFCO’s value chain.

**Category 6: Business Travel:** Emissions from transportation of employees for business-related activities.

**Methodology:** Distance travelled by employees using different modes of transport (e.g., air road) was multiplied by the corresponding emission factors (kg CO<sub>2</sub>e/km) from Greenhouse gas reporting: conversion factors 2024; [DEFRA 2024](#).

**Category 9: Downstream T&D:** Emissions from operation of downstream transportation and distribution was multiplied by the corresponding emission factors (kg CO<sub>2</sub>e/km).

**Methodology:** This included distance where data on distance travelled was available, multiplied by appropriate emission factors from Greenhouse gas reporting: conversion factors 2024; [DEFRA 2024](#)





# ABOUT THE REPORT

Saudia Dairy and Foodstuff Company (SADAFCO) is a listed Saudi Joint Stock Company incorporated in Saudi Arabia. The headquarters of SADAFCO is at Jeddah, Saudi Arabia. SADAFCO is listed on Tadawul Stock Exchange of the Kingdom of Saudi Arabia. We are pleased to present our fourth Sustainability Report highlighting our Environmental, Social, and Governance (ESG) performance.

This report adheres to the Global Reporting Initiative's (GRI) Universal Standards (2021) and considers the guidelines issued by the Tadawul Stock Exchange. Our reporting approach is guided by GRI's core principles Accuracy, Balance, Clarity, Comparability, Completeness, Sustainability Context, Timeliness, and Verifiability ensuring transparency in stakeholder engagement, materiality assessment, and report development. Furthermore, the report aligns with the United Nations Sustainable Development Goals (SDGs) and the National Transformation Program (NTP), which is part of Saudi Arabia's Vision 2030.

## Reporting Duration and Frequency

This report provides SADAFCO's performance for the period from January 1, 2024, to December 31, 2024. Our previous report covered the period from April 1, 2023, to December 31, 2023, as we were transitioning our financial reporting cycle from April–March to a calendar year format (January–December). This report encompasses a full year, with all data presented for this duration unless stated otherwise. SADAFCO publishes its sustainability report annually. All monetary disclosures are in Saudi Riyals (SAR), unless otherwise specified.

## Reporting Boundary

SADAFCO has manufacturing facilities in Saudi Arabia and Poland. The depots are spread across Saudi Arabia, Bahrain, Kuwait, Jordan and Qatar. This year we have extended our reporting boundary to cover selected environmental and social indicators from Poland and depots across Middle East and North African (MENA) region. The reporting boundary continues to provide extensive disclosure on data and performance of SADAFCO's two plants in Jeddah and one in Dammam, its depots, and distribution centers across Saudi Arabia. The reporting boundary has been extended to Poland to provide information on all our manufacturing locations. With the current boundary the reports represent progress of more than 90% of our business footprint. The report builds on Material topics outlined in the Approach towards Sustainability section. Specific material topics may have different scopes or boundaries due to data availability considerations. In such instances, explicit mention is made in the relevant sections or GRI Index of the report.

## Feedback

We encourage all the stakeholders to share their feedback, comments, and recommendations on our Sustainability Report and to support continuous improvement on [brian.strong@sadafco.com](mailto:brian.strong@sadafco.com).

## Assurance

This report has not yet undergone any external assurance. However, we have implemented various processes and procedures to collect and evaluate the data related to ESG parameters internally. Any financial information included in the report is taken from our Annual Report, which is externally audited by financial auditors. In the coming years, we plan to get independent assurance of our sustainability report.

## Restatement of Information

The data for 2022 and 2023 have been updated to reflect a calendar year format. This change replaces the previous formats, which were Financial Year 2022-23 for 2022 and a Short Financial Year 9-month financial year for 2023. All intensity figures have been calculated basis total production in MT.

## Forward-looking statements

The report contains forward-looking statements encompassing aspects such as financial position, business strategy, and management plans. The statements, with terms like 'beliefs', 'expects', 'may', 'will', 'plans', and 'outlook', regarding future operational and financial performance, are based on reasonable assumptions and data. These are not meant to be taken as predictions for the future. Actual results could significantly differ due to various factors.



# GRI INDEX

**Statement of use** - SADAFCO has reported the information cited in this GRI Content Index for the period 1st of Jan 2024 to the 31st of December 2024 ‘with reference’ to the GRI Standards

**GRI 1 used** - GRI 1: Foundation 2021

GRI Standard	Disclosure	Location	
		Section	Page no.
<b>GRI 2: General Disclosures 2021 1: The organization and its reporting practices</b>	2-1 Organizational details	Our Dynamic Business Landscape, About the Report	7, 63
	2-2 Entities included in the organization's sustainability reporting	About the Report	63
	2-3 Reporting period, frequency, and contact point	About the Report	63
	2-4 Restatements of information	About the Report	63
<b>GRI 2: General Disclosures 2021 2: Activities and Workers</b>	2-6 Activities, value chain and other business relationships	SADAFCO's Global Presence, Strengthening Supply Chain Resilience	8, 38
	2-7 Employees	SADAFCO's Global Presence, Fostering Diversity, Equity, and Inclusion	8, 41-42
	2-8 Workers who are not employees	Fostering Diversity, Equity, and Inclusion	41
<b>GRI 2: General Disclosures 2021 3: Governance</b>	2-9 Governance structure & composition	Sustainability Governance and Annual Report	13
	2-10 Nomination and selection of the highest governance body	Sustainability Governance and Annual Report	13
	2-11 Chair of the highest governance body	Sustainability Governance and Annual Report	13
	2-12 Role of the highest governance body in overseeing the management of impacts	Sustainability Governance and Annual Report	13





GRI Standard	Disclosure	Location	
		Section	Page no.
	2-13 Delegation of responsibility for managing impacts	Sustainability Governance	13
	2-14 Role of the highest governance body in sustainability reporting	Sustainability Governance	13
	2-15 Conflicts of interest	Available in Annual Report	
	2-16 Communication of critical concerns	Upholding Ethics, Integrity, and Accountability	20
	2-17 Collective knowledge of the highest governance body	Available in Annual Report	
	2-19 Remuneration policies	Available in Annual Report	
	2-20 Process to determine remuneration	Available in Annual Report	
<b>GRI 2: General Disclosures 2021 4: Strategy, policies, and practices</b>	2-22 Statement on sustainable development strategy communicating critical concerns	Message from Leadership, Sustainability Strategy: A Future Focused Approach	5, 12
	2-23 Policy commitments	Upholding Ethics, Integrity, and Accountability	20
	2-25 Processes to remediate negative Impacts	Upholding Ethics, Integrity, and Accountability, Proactive Risk Management	20-21
	2-26 Mechanisms for seeking advice and raising concerns	Promoting Ethics and Integrity	20
	2-27 Compliance with laws and regulations	Robust Governance and Regulatory Compliance	19
<b>GRI 2: General Disclosures 2021 5: Stakeholder Engagement</b>	2-29 Approach to stakeholder engagement	Engaging with Stakeholders	14



GRI Standard	Disclosure	Location	
		Section	Page no.
<b>GRI 3: Material Topics</b>	3-1 Process to determine material topics	Materiality Assessment	15
	3-2 List of material topics	Materiality Assessment	15
	3-3 Management of material topics	Alignment with SDGs	16
<b>GRI 204: Procurement Practices 2016</b>	204-1 Proportion of spending on local suppliers	Strengthening Local Procurement	46
<b>GRI 205: GRI 205: Anti-corruption 2016</b>	205-2 Communication and training about anti-corruption policies and procedures	Upholding Ethics, Integrity, and Accountability	20
	205-3 Confirmed incidents of corruption and actions taken	Upholding Ethics, Integrity, and Accountability	20
<b>GRI 302: Energy 2016</b>	302-1 Energy consumption within the organization	Key Metrics	59
	302-3 Energy intensity	Key Metrics	59
<b>GRI 303: Water and Effluents 2018</b>	303-1 Interactions with water as a shared resource	Responsible Water Management	33-34
	303-2 Management of water discharge related impacts	Responsible Water Management	33-34
	303-3 Water withdrawal	Key Metrics	59
	303-5 Water consumption	Key Metrics	59



GRI Standard	Disclosure	Location	
		Section	Page no.
<b>GRI 305:</b> <b>Emissions 2016</b>	305-1 Direct (Scope 1) GHG emissions	Key Metrics	59
	305-2 Energy indirect (Scope 2) GHG emissions	Key Metrics	59
	305-3 Other Indirect GHG Emissions	Key Metrics	59
	305-4 GHG emissions intensity	Key Metrics	59
<b>GRI 306:</b> <b>Waste 2020</b>	306-1 Waste generation and significant waste-related impacts	Minimizing Waste and Enhancing Circularity	31-32
	306-2 Management of significant waste related impacts	Minimizing Waste and Enhancing Circularity	31-32
	306-3 Waste generated	Key Metrics	59
	306-4 Waste diverted from disposal	Key Metrics	59
	306-5 Waste directed to disposal	Key Metrics	59
<b>GRI 401:</b> <b>Employment 2016</b>	401-1 New Employee hires and employee turnover	Key Metrics	60
<b>GRI 403:</b> <b>Occupational Health and Safety 2018</b>	403-1 Occupational health and safety management system	Prioritizing Health and Safety	44-45
	403-2 Hazard identification, risk assessment, and incident investigation	Prioritizing Health and Safety	44-45
	403-5 Worker training on occupational health and safety	Prioritizing Health and Safety	44-45





GRI Standard	Disclosure	Location	
		Section	Page no.
	403-7 Prevention and mitigation of occupational health and safety	Prioritizing Health and Safety	44-45
	403-8 Workers covered by an occupational health and safety management system	Prioritizing Health and Safety	44-45
	403-9 Work-related injuries	Key Metrics	60
<b>GRI 404:</b> <b>Training &amp; Education 2016</b>	404-1 Average hours of training per year per employee	Fostering Diversity, Equity, and Inclusion	41-43
	404-2 Programs for upgrading employee skills and transition assistance programs	Fostering Diversity, Equity, and Inclusion	41-43
<b>GRI 405:</b> <b>Diversity and Equal Opportunity 2016</b>	405-1 Diversity of governance bodies and employees	Fostering Diversity, Equity, and Inclusion	41-43
<b>GRI 413:</b> <b>Local Communities 2016</b>	413-1 Operations with local community engagement, impact assessments, and development programs	Strengthening the Local Community Engagement	47
<b>GRI 416:</b> <b>Customer Health and Safety</b>	416-2 Incidents of non-compliance concerning health and safety impacts of products and services	Ensuring Superior Product Quality and Safety	53
<b>GRI 417:</b> <b>Marketing and Labelling 2016</b>	417-2 Incidents of non-compliance concerning product and service information and labeling	Transparent and Responsible Marketing & Labeling	52
	417-3 Incidents of non-compliance concerning marketing communications	Transparent and Responsible Marketing & Labeling	52



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