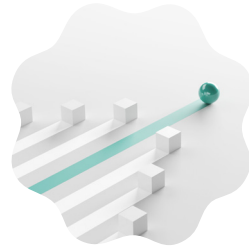




Sustainability Report 2025

Transforming Today, Impacting Tomorrow!

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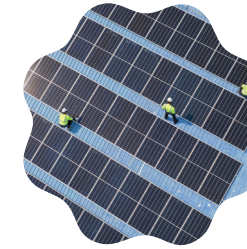
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MESSAGE FROM THE CHAIRMAN

Dear Shareholders and Stakeholders,

It is my privilege to present SADAFCO's 2025 Sustainability Report, themed "Transforming Today, Impacting Tomorrow". This theme reflects not only the progress we have achieved, but also the responsibility we carry as a leading dairy and food company operating in a rapidly evolving economic and environmental landscape.

Sustainability remains firmly embedded in our Board discussions and strategic deliberations. ESG considerations are not viewed as parallel to business strategy, but integral to it. Throughout 2025, the Board continued to provide proactive oversight of sustainability priorities, ensuring alignment with Saudi Arabia's Vision 2030, national net-zero ambitions, and the expectations of our stakeholders.

This year marked meaningful progress across our environmental transformation journey. We accelerated renewable energy adoption, strengthened water stewardship initiatives in a water-scarce region, and enhanced circular waste management practices across our manufacturing footprint. These actions are not isolated initiatives; they represent structured, long-term investments in operational resilience and responsible growth.

Equally important is our commitment to governance excellence. SADAFCO continues to uphold the highest standards of transparency, ethical conduct, and risk management. The

successful renewal of our ISO certifications without non-conformities and the strengthening of ESG oversight mechanisms reflect the maturity of our governance framework. As sustainability expectations evolve globally, we remain committed to maintaining disciplined oversight and strengthening accountability at every level.

Our people and communities remain central to our transformation. We continue to invest in workforce development, safety, and inclusion while contributing to national employment objectives and community development programs. Sustainable growth is only meaningful when it uplifts the broader ecosystem in which we operate.

As we look ahead, we recognize that transformation is not a destination but a continuous journey. The Board remains steadfast in guiding SADAFCO toward long-term value creation that balances profitability with environmental stewardship, social responsibility, and sound governance.

On behalf of the Board, I extend my appreciation to our employees, partners, shareholders, and customers for their continued trust and commitment. Together, we are shaping a resilient and responsible future.

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

MESSAGE FROM THE CHIEF EXECUTIVE OFFICER

Esteemed Stakeholders,

In 2025, SADAFCO demonstrated that transformation is most powerful when ambition meets execution. This year, we focused on translating our sustainability strategy into quantifiable, operational results, strengthening resilience while enhancing competitiveness.

Climate action moved from roadmap to delivery. Solar expansion across our facilities increased renewable generation capacity, while energy optimization initiatives reduced operational emissions. Our logistics transformation reduced average idling time by nearly 40%, directly lowering fuel consumption and emissions. Indicating our efforts toward decarbonization, our fleet fuel efficiency improved by 8.3%. Through sustainable ocean freight partnerships, including Maersk ECO Delivery Ocean, we avoided approximately 855 tCO₂e in shipping-related emissions. These initiatives demonstrate that value-chain decarbonization is achievable through innovation and collaboration.

Water stewardship remains a strategic imperative. Through process innovation, including Cleaning-in-Place optimization and closed-loop water reuse, we achieved a 33% improvement in Water Consumption Ratio and conserved approximately 242 million liters of water. In a resource-constrained environment, every drop saved strengthens our resilience. Circular waste management continued to deliver strong results. We carried out a 96% recycling rate and generated SAR 2.59 million in recycling revenue, reinforcing that sustainability and operational efficiency are closely linked.

Safety performance reflects the strength of our culture. Lost Time Injury Frequency Rate improved to 0.09, marking a

continued downward trend, while 12,169 near misses were reported, evidence of a proactive and engaged workforce. Zero workplace fatalities reaffirm our unwavering commitment to employee wellbeing.

Our people remain central to our growth. With approximately 2,500+ employees, 38% Saudization, and continued investments in learning and leadership development, we are building a workforce ready for the future. Community engagement reached new levels, with SAR 2.2 million invested across 219 initiatives and more than 1,050+ volunteer hours contributed.

Governance and assurance frameworks were further strengthened. ISO certifications were renewed without non-conformities, and independent assurance expanded across Scope 1 and Scope 2 emissions and selected Scope 3 categories, reinforcing transparency and credibility.

Sustainability for SADAFCO is a driver of efficiency, resilience and innovation. The progress achieved in 2025 strengthens our confidence that disciplined execution today will secure long-term competitiveness tomorrow. As we look ahead, we remain focused on scaling renewable energy, accelerating circularity, deepening ESG integration across our supply chain, and advancing our journey toward net zero by 2060. I extend my sincere appreciation to our employees, partners, customers and shareholders. Transformation is a collective effort, and together, we are building a future-ready SADAFCO.

Patrick Stillhart
Chief Executive Officer



About the Report

ABOUT THE REPORT

Saudia Dairy and Foodstuff Company (SADFACO) is a publicly listed Saudi Joint Stock Company headquartered in Jeddah, Kingdom of Saudi Arabia, and traded on the Tadawul Stock Exchange. This publication represents SADFACO's fifth Sustainability Report, outlining the Company's Environmental, Social, and Governance (ESG) performance and progress.

The report has been prepared in accordance with the Global Reporting Initiative (GRI) Universal Standards 2021 and takes into consideration the guidance issued by the Tadawul Stock Exchange. SADFACO's reporting approach is based on GRI's core principles: accuracy, balance, clarity, comparability, completeness, sustainability context, timeliness, and verifiability, ensuring that disclosures are transparent, well-structured, and reflective of the Company's engagement with stakeholders.

In addition, the report aligns with the United Nations Sustainable Development Goals (UNSDGs) and supports national targets under the National Transformation Program (NTP) of Saudi Arabia's Vision 2030.

Reporting Duration and Frequency

This report covers SADFACO's ESG performance for the period 1 January 2025 to 31 December 2025, representing the Company's second full sustainability reporting cycle aligned to the calendar year.

The 2023 sustainability report covered a shorter period, from 1 April 2023 to 31 December 2023, as the Company transitioned from a financial-year reporting format (April–March) to a calendar-year cycle (January–December).

SADFACO publishes its Sustainability Report annually. All monetary figures are disclosed in Saudi Riyals (SAR) unless otherwise noted.

Reporting Boundary

The reporting boundary reflects SADFACO's operational footprint across Saudi Arabia and Poland.

- The Company operates manufacturing facilities in Saudi Arabia (two plants in Jeddah and one in Dammam) and in Poland through its subsidiary.
- SADFACO's depot network spans Saudi Arabia.

The report builds on material topics outlined in the "Sustainability Strategy – Transforming Vision into Impact" section. For certain topics, the scope or boundary may vary due to data availability. Any such exceptions are clearly disclosed in the relevant sections or within the GRI Index.

Sustainability Report Boundary Grid

	Jeddah Milk Factory	Ice Cream Factory	Dammam Factory	Poland Factories	Jeddah Central Warehouse	Depots	Head Office	
Energy	●	●	●	●	●	◐	○	● Fully Covered
Water	●	●	●	●	○	○	○	◐ Partially Covered
Effluent	●	●	●	●	○	○	○	○ Not Covered
Waste	●	●	●	●	○	○	○	
Green House Gas	●	●	●	●	●	◐	○	



ABOUT THE REPORT



Feedback

SADAFCO welcomes feedback from all stakeholders and encourages comments, suggestions, and recommendations to support continuous improvement in future sustainability reports.

Feedback may be shared at:

Executive Director, Transformation: brian.strong@sadafco.com

Sustainability PMO Manager: ahowd.bahshwan@sadafco.com

Investors Relations: investors.relations@sadafco.com



Restatement of Information

There were no restatements of information reported in previous reporting periods during the reporting year.



Forward-Looking Statements

This report contains forward-looking statements that may include expectations regarding financial performance, strategic priorities, and management plans. Expressions such as “expects”, “may”, “will”, “plans”, “intends”, or “outlook” are used in this context. These statements are based on assumptions considered reasonable at the time of reporting, but actual results may differ due to various external and internal factors.

Forward-looking statements should therefore not be interpreted as guarantees of future performance.



Assurance

The assurance has been provided for selected sustainability performance disclosures presented in SADAFCO's Sustainability Report, in accordance with the ISAE 3000 (Revised) standard. The reporting boundary includes data and information for the period from 1st January 2025 to 31st December 2025 covering operations in Jeddah-Saudi Arabia (2 sites), Dammam-Saudi Arabia, and Poland.

The scope of assurance included the verification of data and information related to the selected disclosures summarized in the table below:

Topic Specific Disclosures

Environmental Disclosures

- Energy 2016: 302-1, 302-2
- Water and Effluents 2018
- Emissions 2016: 305-1, 305-2, 305-3, 305-4 – Scope 1, 2 and one category of Scope 3
- Waste 2020: 306-3, 306-4

Social Disclosures

- Employment 2016: 401-1
- Occupational Health and Safety 2018: 403-1, 403-2, 403-5
- Training and Education 2016: 404-1
- Diversity and Equal Opportunity 2016: 405-1
- Local Communities 2016: 413-1

The detailed assurance report is available within this report's Annexure and online in the Sustainability section of SADAFCO's website. Please refer to the [Assurance Statement here](#).

About SADAFCO



TRANSFORMING OUR FOUNDATIONS

Established in 1976, SADAFCO has become a leading food manufacturer, seller, and distributor based in Saudi Arabia with sales extending to the Gulf Cooperation Council (GCC) and selected export markets in the Middle East, Africa, Asia, and North America.

Our Vision

Everything is Possible: Biggest long-life product company in MENA

Our Mission

Delighting Consumers with Quality and Taste

Our Values

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

Cultural Framework

- Consumer Focus
- Highest Quality & Safety
- Accountability
- Efficiency
- Collaboration
- Learn & Develop

Leadership Elements

- Envision
- Engage
- Energize
- Enable
- Execute

Our Purpose

Sustainably Nurture and Connect Generations with Goodness and Happiness



Sustainably

Creating long-term value that balances economic performance, shareholder value, social responsibility, environmental and governance/compliance stewardship.



Connect generations

Being a trusted brand(s)/company that accompanies people across life stages, from childhood to adulthood, building emotional and cultural relevance over time and connects generations.



Nurture

Actively contributing to consumers health, wellbeing, development and enhancing quality of life, not just selling products. Contributing to the people in the Kingdom by offering opportunities to be developed and to grow.



Goodness

Delivering high-quality, safe, nutritious, ethically produced offerings and a safe and engaging working environment.



Happiness

Creating everyday moments of joy, trust, pride and convenience for consumers, employees, society and government.



STRENGTHENING OUR FINANCIAL PERFORMANCE

SADFACO's performance in FY 2025 reflects its ability to adapt to a dynamic business environment, achieving revenue growth across all operating geographies, with notable improvement in its Poland operations.

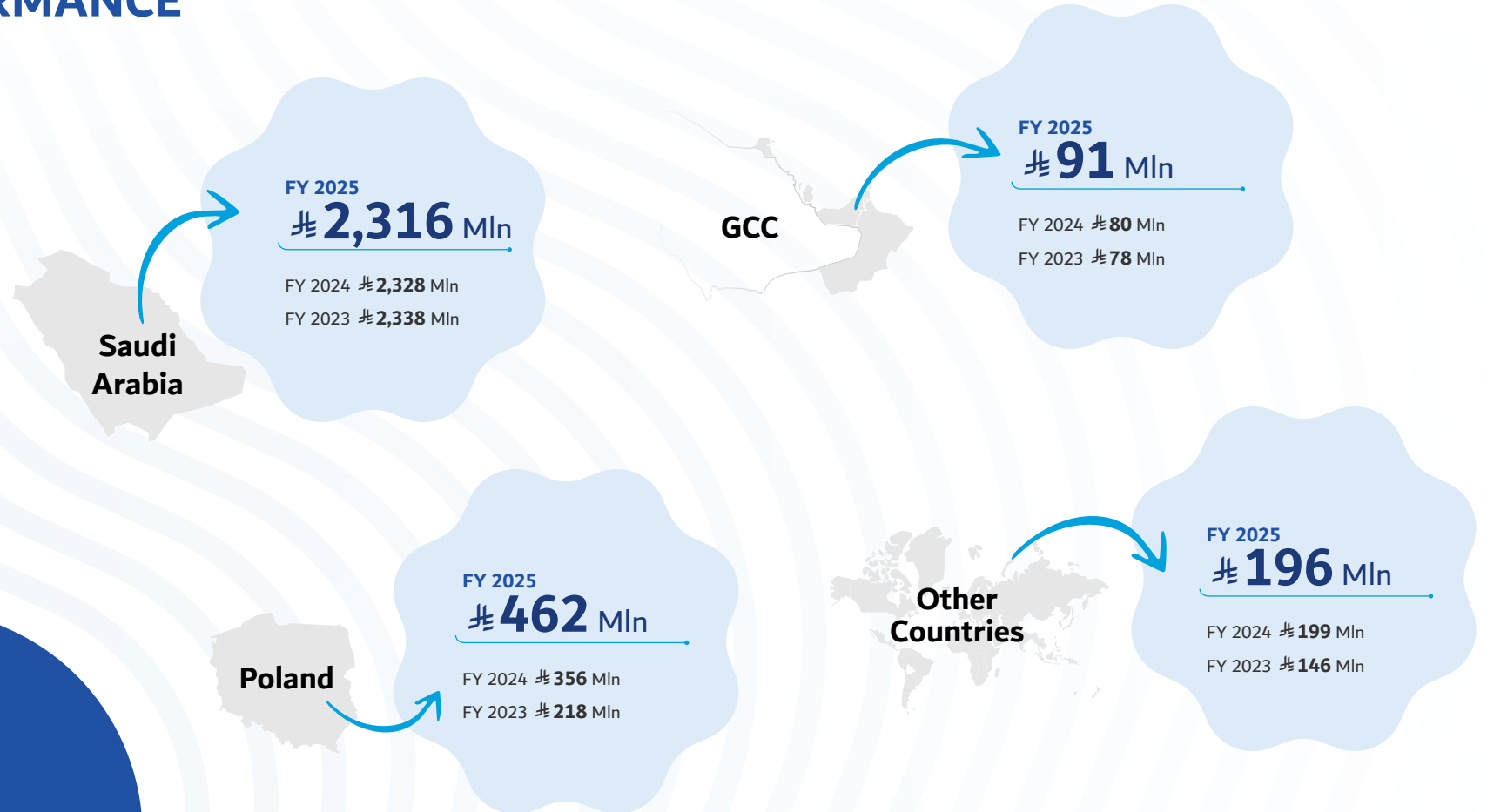
Our revenue over the years

Total

FY 2025
SAR 3,065 Mln

FY 2024
SAR 2,963 Mln

3.44%
GROWTH



*The main activities of SADFACO's subsidiaries in Kuwait, Bahrain, and Jordan (under liquidation) are selling and distributing SADFACO products in these countries. The subsidiary in Poland is manufacturing and distributing dairy raw materials in Europe and MENA.

** Revenue is presented as per actual reporting during the last 3 years.

SADFACO follows a financial reporting cycle from 1st January to 31st December each year.

OUR EXPANDING GLOBAL FOOTPRINT

Saudi Arabia remains SADAFCO's core market and production hub, supported by five manufacturing facilities, three regional distribution centers, and an extensive network of over 20 depots across the Kingdom.

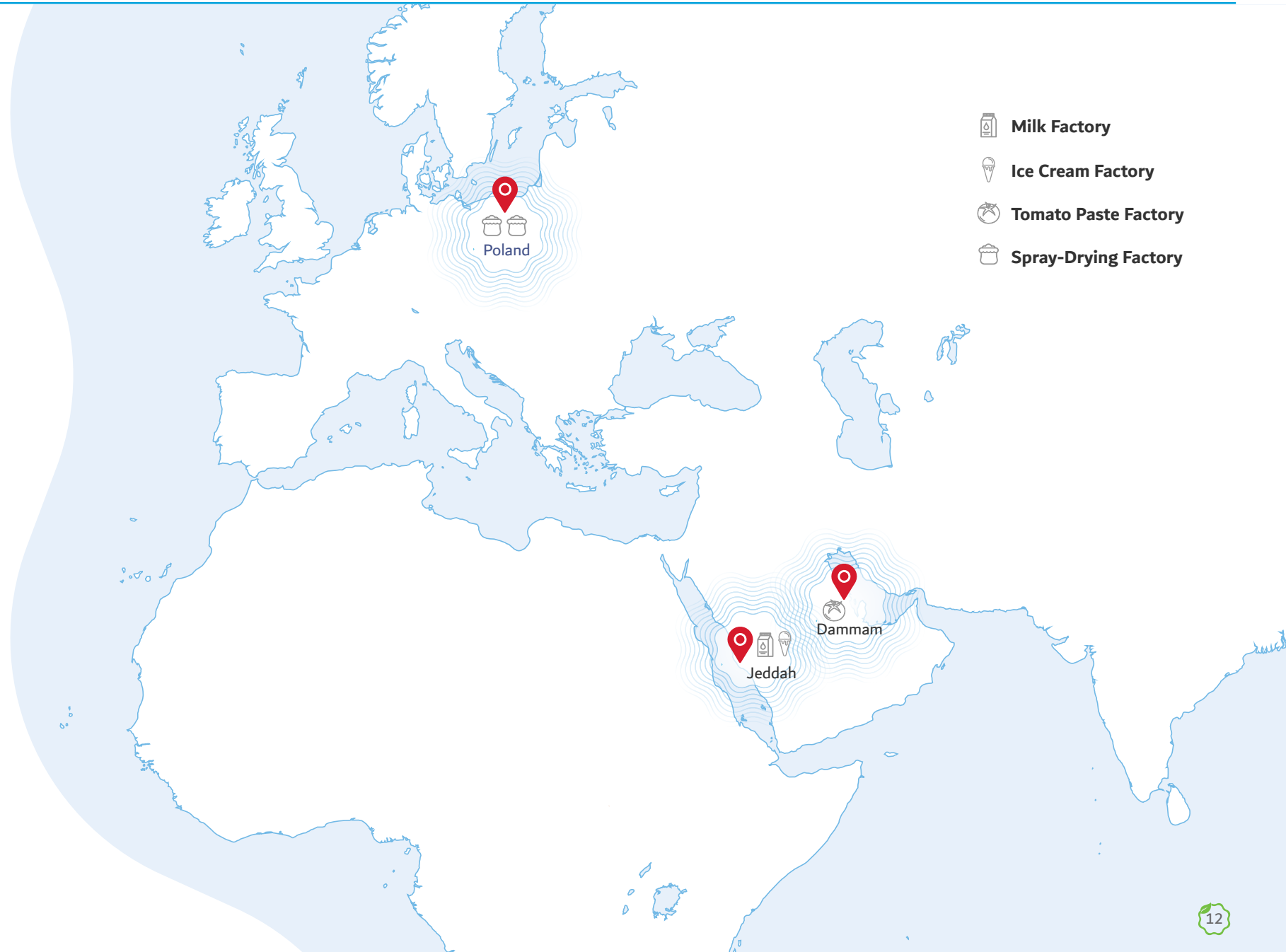
Internationally, Poland plays a strategic role in supporting the Company's supply chain and manufacturing operations.

5 Factories

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

20 Depots

1,053 Trucks and vans



EVOLVING OUR PRODUCT PORTFOLIO

SADFACO continues to evolve its portfolio of over a hundred products across Saudia, Crispy, Baboo and Sensations, aligning with changing consumer needs. Building on its strong heritage in long-life dairy and food, the Company is expanding into new formats, flavors, and packaging solutions. Saudia remains a market leader in Saudi Arabia, reflecting quality, trust and reliability across the region.



Dairy¹
₹ 2,199 Mln
 % of total sales **71.75**
 Growth² **5.42%**



Ice Cream
₹ 478 Mln
 % of total sales **15.58**
 Growth² **-0.09%**



Culinary³
₹ 302 Mln
 % of total sales **9.85**
 Growth² **-1.68%**



Others⁴
₹ 86 Mln
 % of total sales **2.82**
 Growth² **-5.97%**

1 Dairy includes Plain Milk, Flavored Milk, GUM, Milk Powder, EVAP, Cream, Coffee, Cheese and Mlekoma sales.
 2 Comparison is for FY2024 vs. FY2025.
 3 Culinary includes Tomato Paste, Mayonnaise, Ketchup, Honey & Mezete.
 4 Others include Snacks & French Fries.

RECOGNITIONS, AWARDS, AND INDUSTRY MILESTONES

SADFACO continues to earn recognition for its strong governance practices, brand strength, and commitment to social responsibility. These recognitions reflect the Company’s dedication to maintaining high operational standards while creating sustainable value for customers, communities, and stakeholders.



CG Excellence Certificate

Governance is integral to SADFACO’s operations and responsible decision-making. This commitment is reflected in its Excellence in Corporate Governance Award at Alfaisal University.



CSR Award 2025

SADFACO was recognized at the national level with the Silver CSR Award from the Ministry of Human Resources and Social Development.



IPSOS 2024 Survey

SADFACO’s flagship brand Saudia was ranked among Saudi Arabia’s top 10 most influential local brands, securing 9th place in the 2024 IPSOS survey.



MODON Award

SADFACO received the 2025 recognition from MODON for its environmental and community initiatives enhancing quality of life across the Kingdom, reinforcing its commitment to a sustainable future.



MUSE Creative Award

Saudia Sandwich campaign “The Twins” won Platinum at the MUSE Creative Awards.



Scouts Hajj Recognition

SADFACO was honored by the Saudi Arabian Scouts Association for Supporting 1445H Hajj Public Service Camps.

ESG HIGHLIGHTS

ENVIRONMENT

2,141 MWh

solar power generated in 2025

40%

reduction in vehicle idling time compared to 2024

8%

improvement in fleet fuel efficiency

855 tCO₂e

emissions avoided (Maersk ECO Delivery)

33%

improvement in water consumption ratio based on 2022 baseline

242

mln liters of water conserved in 2025

96%

recycling rate achieved

₹ 2.6 Mln

revenue from recycling

SOCIAL

~2,500+

total employees

38%

Saudization

≤ 0.09

Lost Time Injury Frequency Rate (LTIFR)

Zero

workplace fatalities

21,049

HSSE training hours

~10%

attrition

₹ 2.2 Mn

CSR investment

1,052

volunteering hours

GOVERNANCE

ISO 37000:2021

guidance adopted in 2025

ISO 14001 & ISO 45001

renewed (zero NCRs)

Independent Assurance

Scope 1, 2 & partial Scope 3 (Intertek)

Reporting coverage extended to Saudi Arabia & Poland operations

Attendance rate of board and committee meeting was 95%



Sustainability Strategy

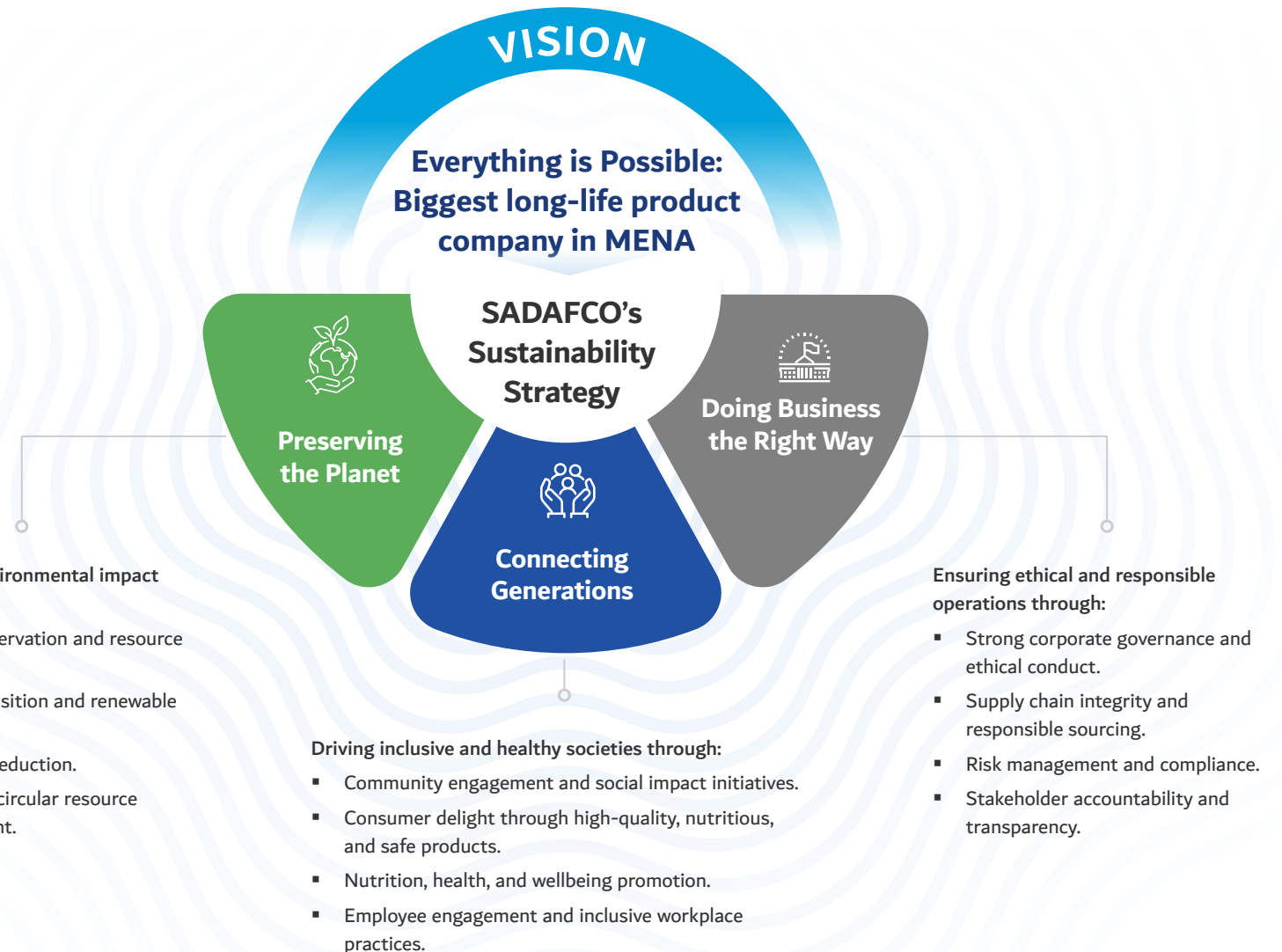
TRANSFORMING VISION INTO IMPACT

Our holistic transformation approach

SADFACO integrates sustainability into its core operations, growth, and value creation, using it to guide decision-making, investments, and long-term performance across regional and international markets. The strategy focuses on responsible growth, value chain integration, and transparency, supported by strong governance and stakeholder engagement. Aligned with ESG principles, **Saudi Arabia's Vision 2030 and National Transformation Program, GRI Standards (2021), and the SDGs**, sustainability is embedded across the value chain, from responsible sourcing and resource efficiency to product innovation, workforce engagement, and community impact, ensuring measurable and credible progress.



SADFACO's sustainability strategy is built around a multi-pillar framework that guides its transformation across the business



STRENGTHENING SUSTAINABILITY GOVERNANCE

SADAFCO follows a **three-tier sustainability governance structure** ensuring clear oversight, strategic direction, and effective ESG execution. Anchored by the Board and supported by committees and cross-functional teams, it integrates sustainability across the business, with regular updates to the Board and Steering Committee. The Sustainability Steering Committee met regularly, convening **12 times** in 2025 to enable timely decisions and effective oversight.

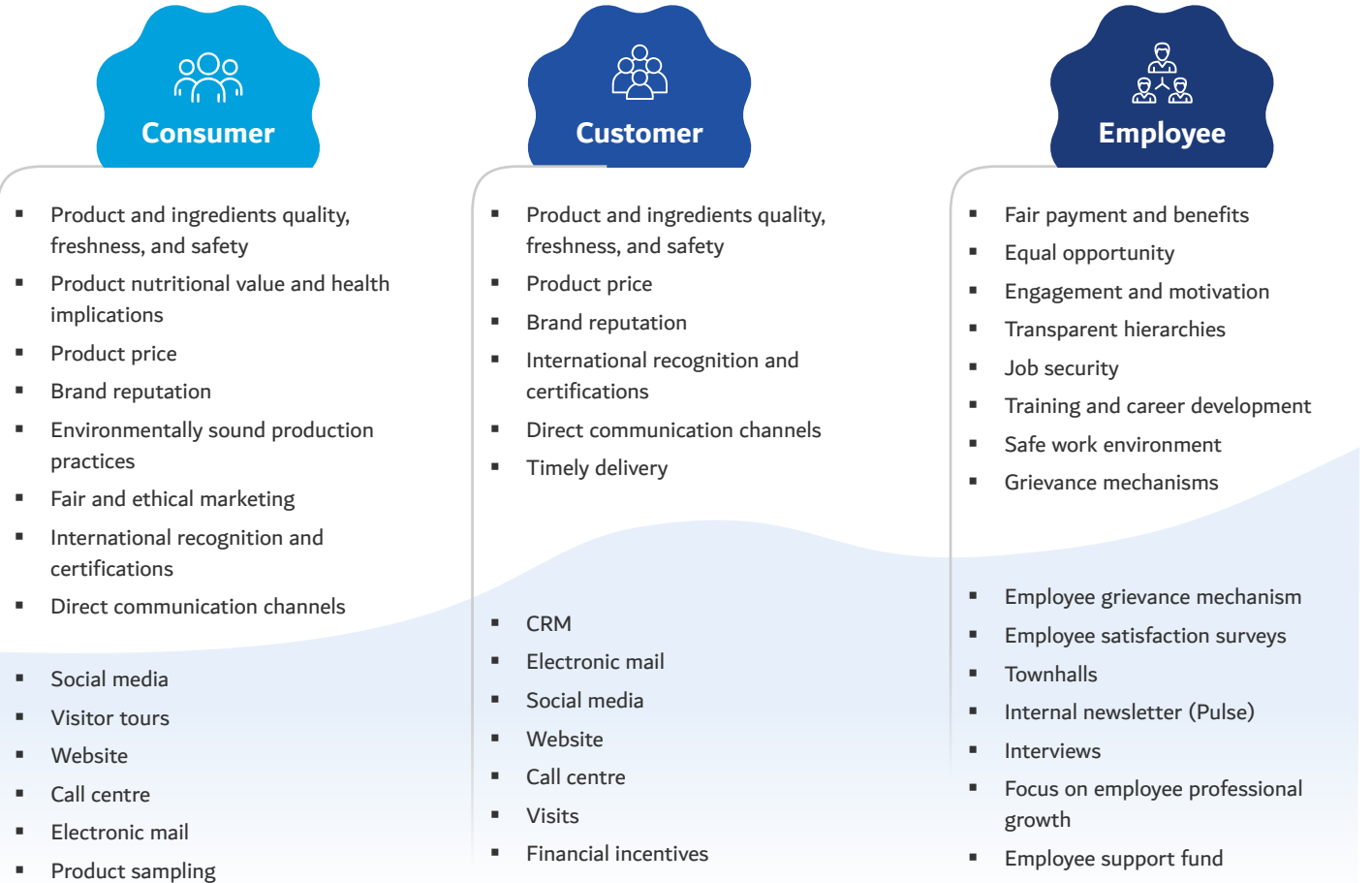


ENGAGING STAKEHOLDERS FOR COLLECTIVE IMPACT

Stakeholder engagement at SADAFCO plays an essential part in understanding and responding to the expectations of groups that influence and are influenced by the Company's operations. Recognizing that each stakeholder group has its own priorities, SADAFCO adopts an attuned engagement approach that supports open dialogue, cultivates trust and strengthens long-term relationships. This inclusive process helps ensure that decisions are informed by diverse perspectives and that the Company's actions contribute meaningfully to shared economic, social and environmental outcomes.



Needs & Expectations



ENGAGING STAKEHOLDERS FOR COLLECTIVE IMPACT



Supplier

Needs & Expectations

- Brand reputation
- International recognition and certifications
- Direct communication channels
- Timely payment
- Ethical & fair practices

Engagement Modes

- Regular supplier interactions by concerned departments
- Supplier feedback
- Supplier grievance mechanism
- Supplier meets
- Visits to supplier facilities

Community

- Corporate Social Responsibility (CSR) and engagement
- Funds and financial support
- Data disclosure and credibility
- Environmentally sound production practices
- Contribution to social and economic development

- CSR activities
- Student learning opportunities
- Community interventions & partnerships
- Social media
- Donations
- Social volunteering
- Sponsoring sports and social activities

Investor & Regulator

- Financial performance, efficient production and growth
- Dividends
- Share price growth
- Transparent financial and non-financial disclosure and credibility
- Market share
- Compliance with national legislation and regulation
- Contribution to economic development
- Environmentally sound production practices
- GHG emissions and impact on climate change
- International recognition and certificates

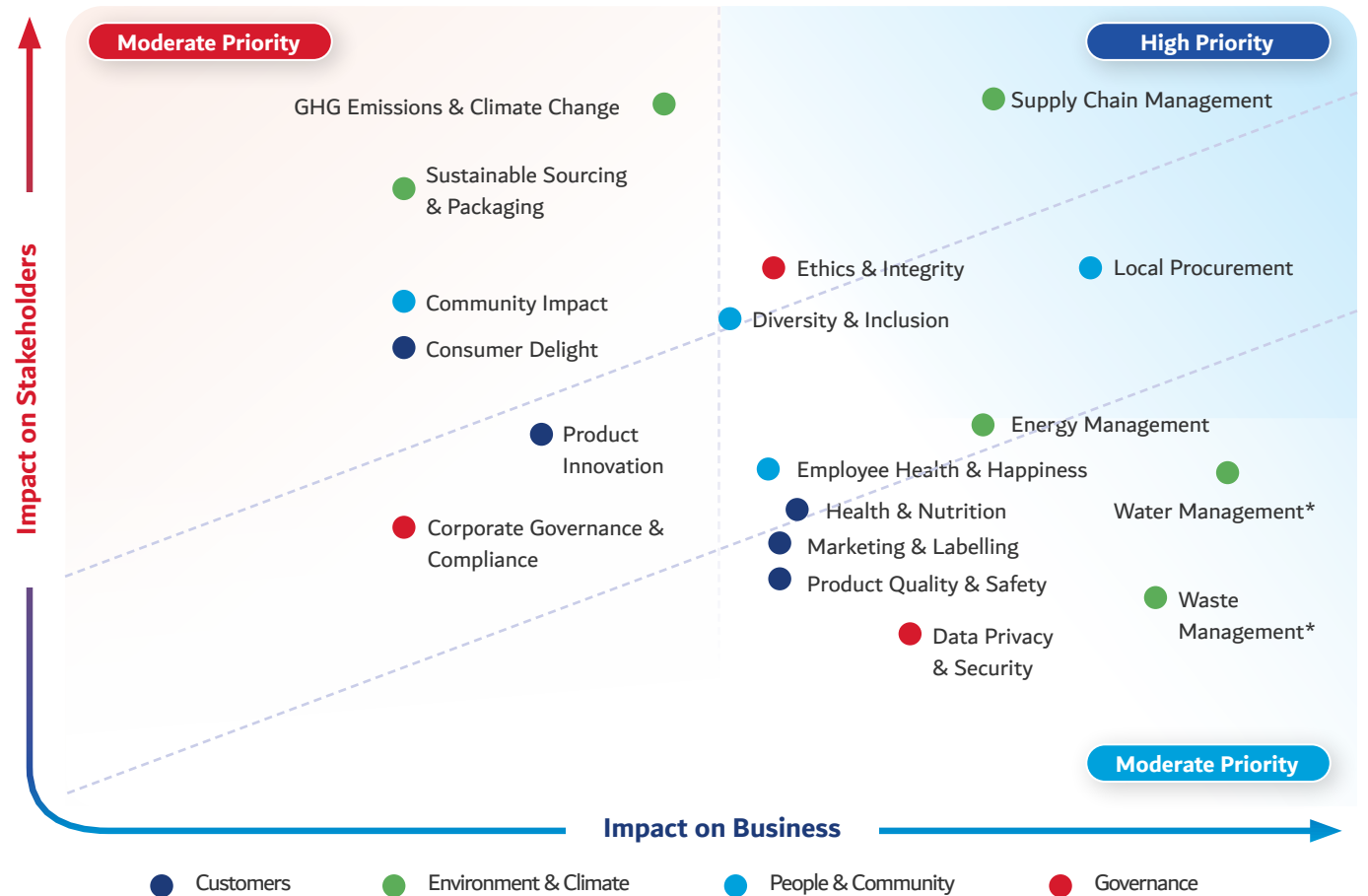
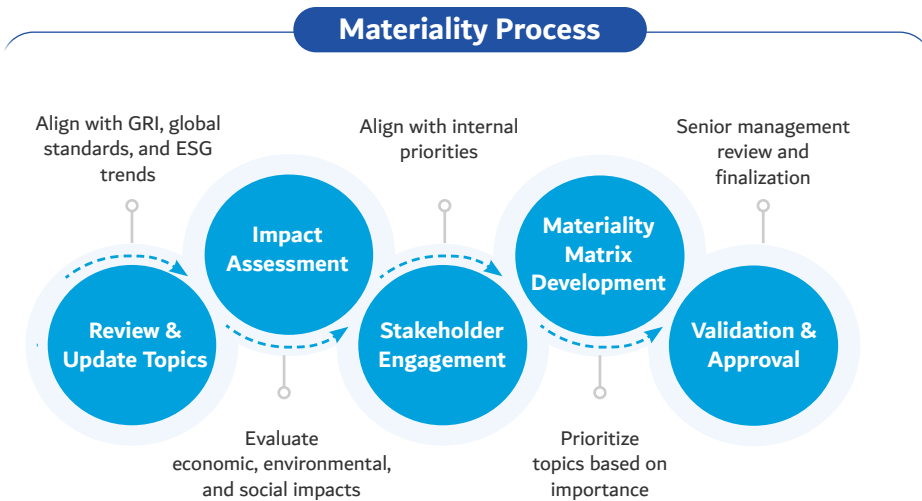
- Board of Directors meetings
- Public reports & periodic disclosures
- Press releases
- Investor relations
- Annual General Meetings (AGM) / Extraordinary General Meetings (EGM)
- Internal audit
- Stakeholder meetings and open dialogue
- Working closely with regulators to develop improved standards

MATERIALITY ASSESSMENT FOR IMPACTFUL ACTION

SADAFCO conducts materiality assessments to identify ESG topics with the highest impact on its business, stakeholders, and the environment, ensuring its strategy remains aligned with evolving expectations and value creation priorities. The latest assessment was conducted in FY 2022–23 by an independent third party, in line with GRI Universal Standards 2021, identifying **18 material ESG topics categorized as high and moderate priority.**

Approach and Methodology

The process includes reviewing and updating topics based on global standards such as GRI and ESG trends, followed by assessing their impacts on the economy, environment, and society. Internal stakeholder inputs are used to align priorities and develop a Materiality Matrix, with final topics refined through an impact and risk-based lens and validated by senior management.

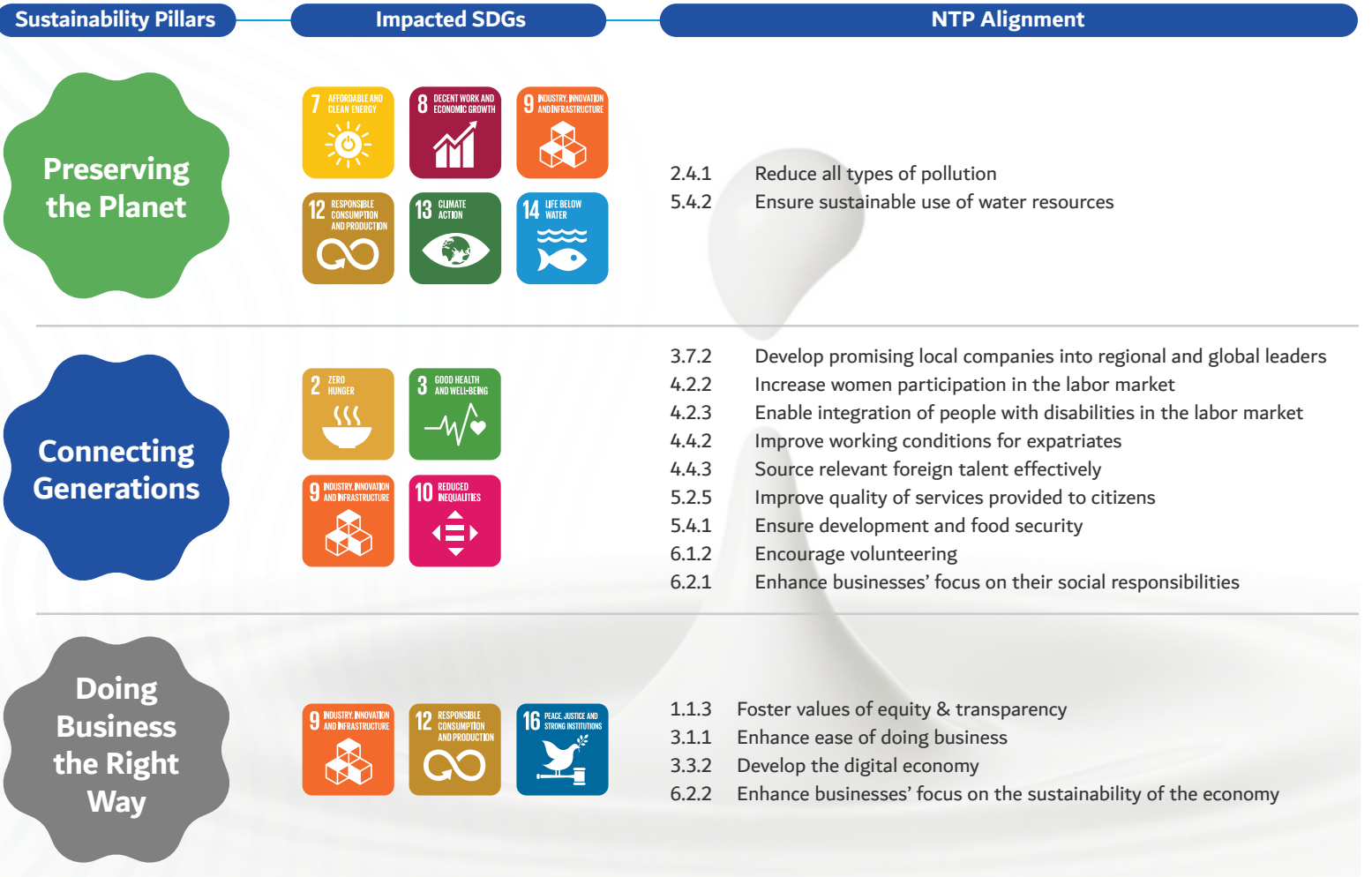


* As part of strengthening its resilience-driven approach, SADAFCO has reassessed moderate-priority areas such as water and waste management, aligning them more closely with evolving business requirements.

ALIGNING TRANSFORMATION WITH NATIONAL & INTERNATIONAL DEVELOPMENT FRAMEWORKS

SADAFCO's sustainability framework is anchored in three core pillars: Governance, Social, and Environment & Climate, guiding its long-term priorities and evolving material topics in line with global standards and stakeholder expectations. The Company remains aligned with the **SDGs and the National Transformation Program (NTP)**, while continuously monitoring ESG performance, strengthening impact across material topics, and advancing transparent reporting to create long-term value and support community wellbeing.

SADAFCO's sustainability efforts remain aligned with the UNSDGs and NTP, ensuring that its initiatives contribute to both national objectives and global sustainability progress



Preserving the Planet

Preserving the Planet represents SADFACO's commitment to environmental stewardship and responsible resource management across its operations and value chain. Operating in a resource-constrained context, the Company recognizes the importance of addressing climate change, conserving water, reducing waste and enabling circular practices.

Through climate-positive action, energy transformation, water stewardship, sustainable sourcing and packaging, and resilient supply chain practices, SADFACO works to minimize its environmental footprint while supporting long-term ecological balance. This pillar reflects a continuous journey toward reducing impact, improving efficiency and contributing to a greener and more sustainable future.



UNSDGs Alignment



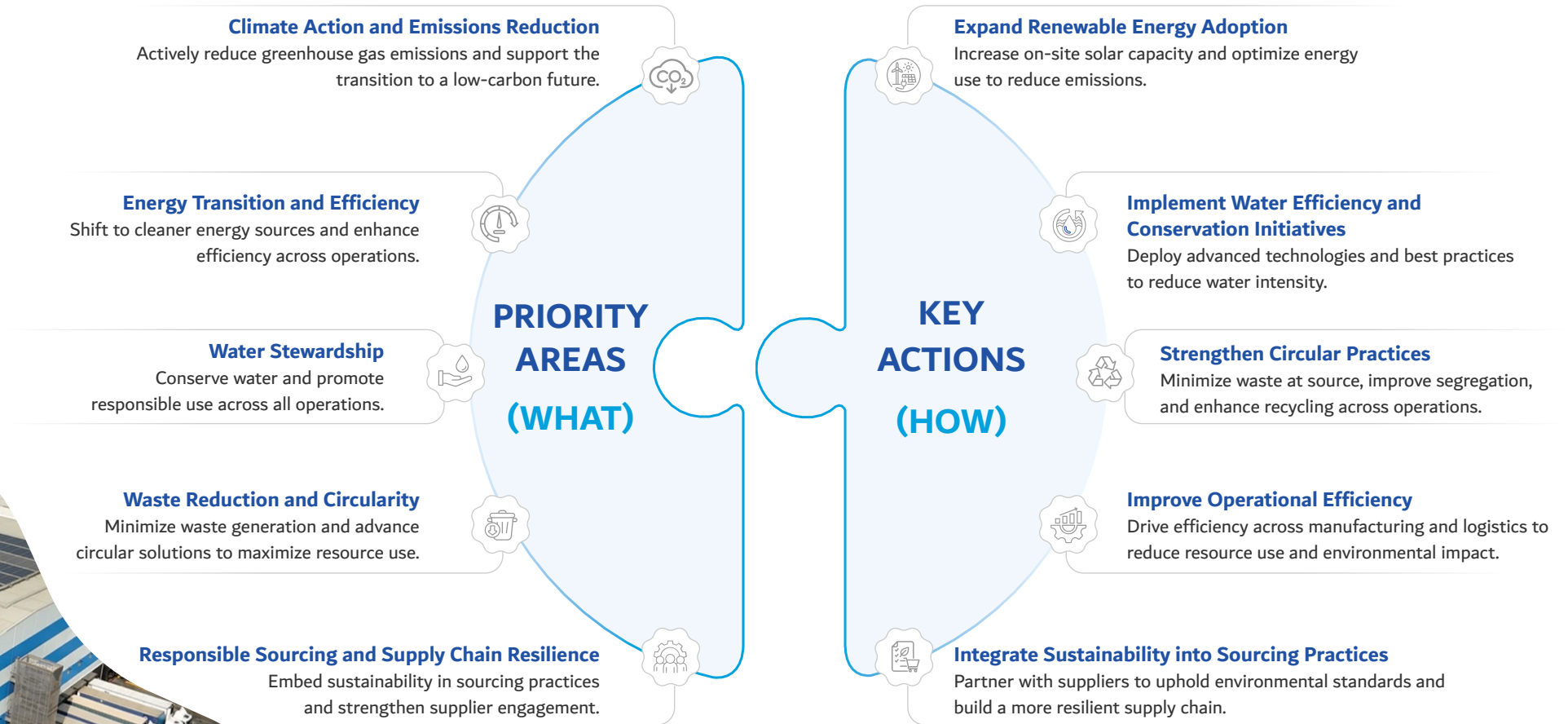


Advancing Environmental and Climate Action

TRANSFORMING FOR A GREENER FUTURE

Strategic Approach

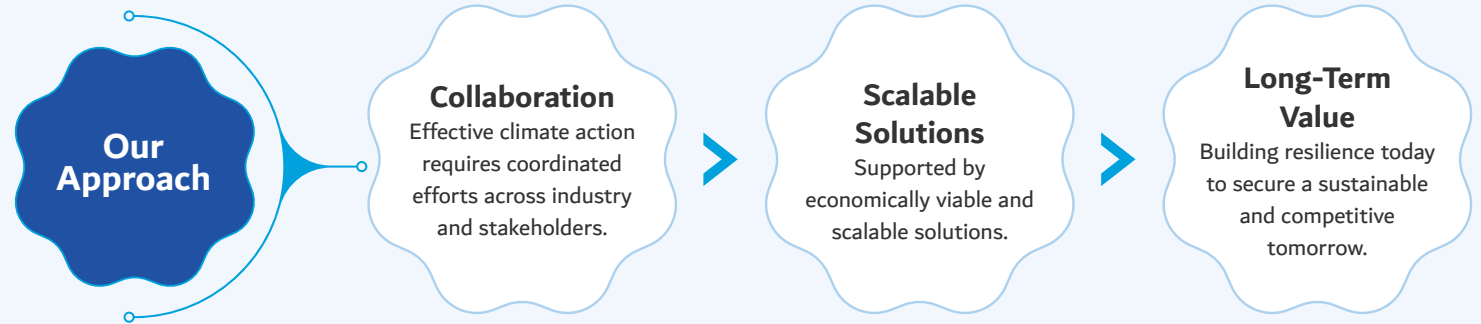
SADAFCO integrates environmental sustainability into its core operations and decision-making, embedding it across the value chain to reduce environmental impact while strengthening long-term resilience. The Company focuses on improving resource efficiency, advancing climate action, and promoting responsible practices across sourcing, manufacturing, and logistics, ensuring that sustainability supports both operational performance and future readiness.



DRIVING CLIMATE-POSITIVE ACTION

Climate change is no longer a distant or abstract risk; it is a present-day challenge with direct implications for businesses, communities and ecosystems. In recognition of this urgency, Saudi Arabia has set an ambitious national target to achieve net-zero GHG emissions by 2060. With key sectors such as road transport, renewable energy production, and water desalination together accounting for nearly 70% of national CO₂ emissions, they will play a decisive role in achieving this ambition.

SADFACO acknowledges that addressing climate change requires coordinated action across government, industry and society, while also ensuring that responses remain economically viable and support long-term business continuity.



SADFACO treats climate change as a strategic priority so that it can continue living its business motto of consumer delight.

SADFACO to achieve Net Zero by 2060



Climate risks across the value chain

GHG emissions arise across multiple stages of SADFACO's operational footprint. **Manufacturing, storage and refrigeration** activities are energy-intensive, while **transportation, logistics and supply chain** operations rely significantly on fossil-fuel-based systems. Rising temperatures further intensify cooling requirements, leading to increased energy consumption and operating costs. In addition to direct emissions, SADFACO recognizes indirect climate-related risks, including **water scarcity, water quality challenges and evolving regulatory requirements** that may influence manufacturing processes and supply chain dynamics.



Interconnection between climate change and business resilience

Climate change is intrinsically linked to SADFACO's operations and long-term resilience. As a company that supports daily nutritional needs, SADFACO relies heavily on products derived from natural resources. The availability, quality and consistency of key raw materials, particularly milk and tomatoes are increasingly influenced by **changing weather patterns, rising temperatures and climate-related disruptions**. These factors can affect agricultural productivity, supply stability and product quality. As a result, building resilience to climate risks across the value chain has become a strategic imperative that SADFACO continues to assess and address with increasing focus.



SADFACO's climate response strategy

To advance its climate ambitions, SADFACO has developed a focused response strategy centered on **three core pillars: fleet electrification, renewable energy adoption and improved water management**. Together, these initiatives aim to reduce the Company's carbon footprint while strengthening operational efficiency and climate resilience. Achieving decarbonization requires embracing new technologies and alternative fuels, some of which are still emerging within the Saudi context. SADFACO recognizes the associated technical and financial risks and has therefore adopted a structured transition approach that includes piloting, testing and phased replication before full-scale implementation.



Decarbonization as a strategic priority

SADFACO treats climate change as a strategic priority, enabling the Company to continue delivering on its commitment to consumer delight while contributing to national and global climate goals. The central objective of SADFACO's climate strategy is to **decarbonize its operations in alignment with Saudi Arabia's net-zero ambition for 2060**. Decarbonization is viewed not only as an environmental responsibility but also as a pathway to operational efficiency, resilience and long-term value creation.

DRIVING CLIMATE-POSITIVE ACTION

Innovation, collaboration and long-term value

SADFACO's climate strategy is supported by collaboration with government entities, technology providers and global partners to accelerate learning and reduce transition risks. By combining innovation with disciplined execution, the Company believes its decarbonization initiatives will not only deliver measurable GHG reductions but also unlock long-term business opportunities through energy savings, operational efficiencies and enhanced competitiveness. Through this approach, SADFACO continues to strengthen its contribution to climate-positive action while building a more resilient and future-ready business.



SADFACO continues to strengthen its contribution to climate-positive action while building a more resilient and future-ready business



Greening the Fleet

90% of fleet powered by non-ICE engines



Renewable Energy

20% of total consumption to come from clean energy



Water Management

4.8 Bln liters of potable water conserved across all factories

DRIVING CLIMATE-POSITIVE ACTION

GHG emission footprint and management approach

Accurate measurement of GHG emissions underpins SADAFCO's decarbonization strategy and alignment with Saudi Arabia's net-zero 2060 ambition. The Company has strengthened its emissions accounting by enhancing Scope 1 and 2 measurement and including selected Scope 3 categories, following the GHG Protocol to ensure consistency, transparency, and effective tracking of progress.



Standards and Frameworks

SADAFCO's GHG emissions inventory is prepared in accordance with internationally recognized standards, including the GHG Protocol (Corporate Standard, Scope 2 Guidance, and Scope 3 Standard), IPCC Guidelines (2006 and 2019 Refinement), and UK DEFRA conversion factors for business travel. The inventory primarily focuses on CO₂ emissions, as other gases are considered immaterial.



Organizational Boundary and Scope

The inventory follows an operational control approach, covering all relevant operations under SADAFCO's control.

- Scope 1:** Direct emissions from fuel combustion (diesel, LPG, gasoline, natural gas).
- Scope 2:** Indirect emissions from purchased electricity (location-based approach).
- Scope 3:** Selected category – business travel.



Data Collection

Activity data is collected monthly from internal systems and relevant departments. Key inputs include fuel consumption (liters/kg), electricity consumption (kWh), and business travel distances (km), ensuring consistency and completeness of reporting.



Calculation Approach

- Scope 1:** Emissions are calculated by converting fuel consumption into energy units using calorific values and applying IPCC emission factors.
- Scope 2:** Emissions are calculated using electricity consumption multiplied by grid emission factors under a location-based approach.
- Scope 3: Business Travel** Emissions are calculated using a distance-based method, considering travel mode and distance.



Emission Factors and Assumptions

Emission factors are sourced from IPCC guidelines for fuel combustion, IEA or national grid factors for electricity, and DEFRA factors for business travel. Standard conversion factors such as fuel density and net calorific values are applied to convert activity data into emissions.



Inclusions and Exclusions

The inventory includes all major emission sources from fuel use, electricity consumption, and business travel. Refrigerants and additional Scope 3 categories are currently excluded and will be incorporated in future reporting cycles. All gases other than CO₂ are excluded due to immaterial impact.

CLIMATE ACTION - GREENHOUSE GAS EMISSIONS

We measure and manage our GHG emissions across our operations to reduce environmental impact and support a low-carbon future.



TOTAL EMISSIONS (SCOPE 1 & 2)

91,038
(tCO₂e)



SCOPE 1 EMISSIONS

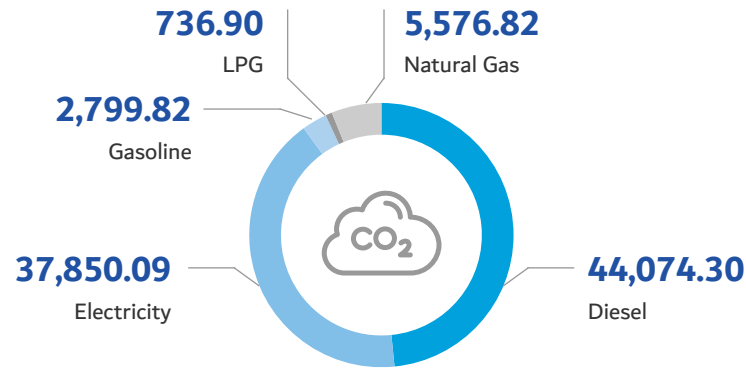
53,188
58% of total emissions



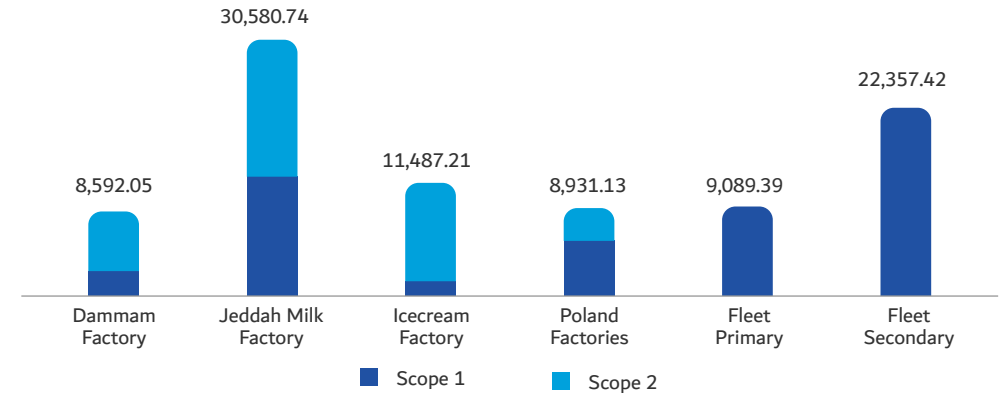
SCOPE 2 EMISSIONS

37,850
42% of total emissions

GHG Emissions by Source (tCO₂e)



GHG Emissions by Site (tCO₂e)



GHG Emissions Summary (tCO₂e)

2025	GHG Scope	DF	Fleet Primary	Fleet Secondary	ICF	JMF	Poland-blending facility	Poland-spray dyer facility	Grand Total
	Scope 1	2,536.09	9,089.39	22,357.42	1,497.71	12,117.23	17.50	5,572.50	53,187.85
	Scope 2	6,055.96	-	-	9,989.50	18,463.50	174.44	3,166.69	37,850.09
	Grand Total	8,592.05	9,089.39	22,357.42	11,487.21	30,580.74	191.94	8,739.19	91,037.94

	Scope 1	Scope 2	Scope 3	Total
2024	53,173.00	52,807.00	381.49	106,361.49
2025	53,187.85	37,850.09	225.34	91,263.28
Reduction	14.20%			

Notes:

- Emissions are reported in metric tons of carbon dioxide equivalent (tCO₂e).
- Scope 1 includes direct emissions from owned or controlled sources.
- Scope 2 includes indirect emissions from the generation of purchased electricity, steam, heating and cooling.



We remain committed to improving our data accuracy, enhancing efficiency, and reducing our emissions.

ACCELERATING ENERGY TRANSFORMATION AND RENEWABLES

Energy efficiency systems

Improving energy efficiency remains a key focus area. SADFACO has introduced advanced monitoring systems that enable real-time tracking of energy consumption at the machine level. These systems support data-driven decision-making and allow the identification of optimization opportunities across operations.

Digital & Smart Systems

Smart Energy Management

- Real-time monitoring at machine level improves visibility and control.
- Enables data-driven decisions and identification of optimization opportunities.
- Strategy focuses on reducing both electricity and diesel consumption.

Building Optimization

Intelligent Infrastructure

- Smart lighting and motion sensors reduce unnecessary electricity use.
- Automated HVAC adjusts cooling and heating based on real-time demand.
- Improves energy efficiency while maintaining operational comfort.

SADFACO will continue to explore additional sites to further expand its solar footprint and increase clean energy generation. This expansion supports the Company's long-term decarbonization ambitions, including the potential supply to EV fleet trucks and other clean energy applications.



Fleet Cooling and fuel optimization

Recognizing the energy-intensive nature of cooling operations within its logistics fleet, SADFACO continues to invest in innovative technologies that enhance energy efficiency while maintaining operational performance.

Reducing Energy Demand in Cooling & Logistics

- Advanced cooling solutions improve efficiency in temperature-controlled logistics.
- Parking coolers reduce energy use and improve operational performance.
- Independent cabin cooling systems reduce engine idling and fuel consumption.

IMPACT:

Reduced fuel use, lower idling, and improved energy efficiency across fleet operations

Thermal efficiency & heat recovery

SADFACO's approach focuses on two complementary priorities: reducing overall energy consumption and progressively increasing the share of renewable energy in its energy mix.

Steam Generation

Boiler Efficiency Upgrade

- Transition from <80% to >90% efficiency systems.
- Reduces diesel consumption.
- Improves reliability and operational performance.

Waste Heat Recovery

Heat Recovery Systems

- Captures waste heat from ammonia compressors.
- Reused in production processes.
- Reduces dependence on fuel-based steam generation.

ACCELERATING ENERGY TRANSFORMATION AND RENEWABLES

Journey (Past - Present)

- Initial rooftop solar installations across key facilities.
- Jeddah Central Warehouse, Riyadh Depot, and Poland factory.
- Successful implementation enabled further expansion.

Expansion Plan

- Expansion to multiple facilities across the Kingdom.
- Solar systems being deployed across new operational sites.
- Supporting transition to cleaner energy mix.



Expanding Renewable Energy Adoption

Scaling solar energy to reduce emissions and support long-term decarbonization.

CAPEX OF ₪4.3Mln (Scope 1)

Carbon Reduction **136 tCO₂**

Equivalent in # of trees: **4,566**

2019
Riyadh RDC

Carbon Reduction **1,097 tCO₂**

Equivalent in # of trees: **36,762**

2022
JCW

Carbon Reduction **245 tCO₂**

Equivalent in # of trees: **8,220**

2024
Poland

PPA (Zero CAPEX - Scope 2)

Carbon Reduction **3,905 tCO₂**

Equivalent in # of trees: **130,816**

2026
Kingdom of Saudi Arabia
PPA @ 7 Additional Sites

By 2026, SADAFCO plans to install a total of 2.9 MW of solar PV across seven facilities in six cities within the Kingdom, expected to generate approximately 4.9 Mln kWh of clean solar energy annually



SADAFCO 2035 plan is to achieve a total carbon reduction of **56,000 tCO₂**.

Achieved Projects

3 projects have already been implemented in Riyadh RDC, JCW, and Poland.

On-Plan Projects

Use PPA contracts (to avoid CAPEX) in competitive tariffs Vs. electrical grid for all Saudi Arabia sites.

ACCELERATING ENERGY TRANSFORMATION AND RENEWABLES

Transitioning to Cleaner Energy: Natural Gas Shift

SADAFCO continues to advance its environmental performance by transitioning toward cleaner and more efficient energy sources across its operations. As part of this commitment, the Company is undertaking a strategic shift from **diesel-based boilers to natural gas systems at its Dammam factory**, supporting both operational efficiency and emissions reduction objectives.

Implementation Progress and Timeline

In June 2025, SADAFCO initiated operations of a new boiler system as part of its energy transition roadmap. Building on this progress, the Company plans to convert to natural gas by June 2026, **replacing approximately 16% of total factory fuel consumption**. This transition marks a significant step toward reducing reliance on conventional fossil fuels and lowering the environmental footprint of manufacturing operations.

Environmental and Operational Benefits

The adoption of natural gas is expected to deliver multiple environmental and operational benefits. Compared to diesel systems, natural gas boilers offer higher thermal efficiency, enabling more effective energy utilization. In addition, the shift is **projected to result in 25–30% lower CO₂ emissions**, alongside a significant reduction in particulate matter and SO_x emissions, contributing to improved air quality.

Operational benefits – maintenance, efficiency

Operationally, natural gas systems require lower maintenance due to cleaner combustion, reducing issues such as soot buildup and enhancing equipment reliability. Furthermore, access to pipeline-based fuel supply provides greater cost stability and predictability compared to market-driven diesel pricing.

Conclusion – commitment and alignment with sustainability goals

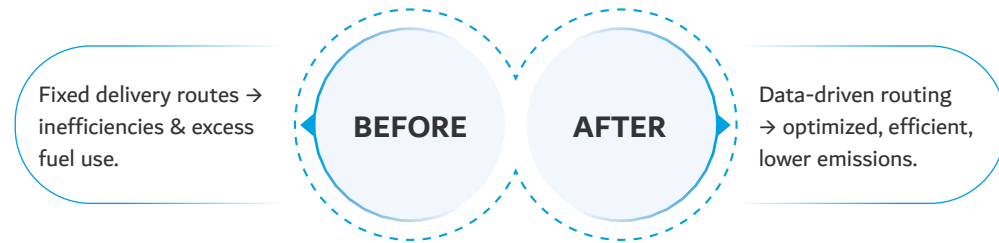
Through this transition, SADAFCO is strengthening its commitment to cleaner energy adoption, improving operational efficiency and contributing to broader decarbonization efforts aligned with national sustainability ambitions.



ACCELERATING ENERGY TRANSFORMATION AND RENEWABLES

Decarbonizing logistics through route optimization

Sustainability is embedded within SADFACO's distribution operations through the adoption of advanced route optimization solutions. Traditionally, last-mile distribution relied on fixed delivery routes, often leading to inefficiencies and excess fuel consumption.



Data-Driven Optimization

- Advanced routing system replaces static delivery planning.
- Prioritizes efficiency, cost effectiveness, and environmental performance.
- Enables smarter route planning across distribution operations.



IMPACT:

Reduced fuel consumption, lower emissions, and improved delivery reliability

Fuel Efficiency

SADFACO continues to strengthen the environmental performance of its logistics operations through targeted investments in fleet optimization, operational efficiency, and sustainable transport solutions. By improving vehicle performance and adopting advanced fleet management practices, the Company aims to reduce fuel consumption while maintaining operational reliability across its long-haul frozen distribution network.

9.50 Mln km
Distance travelled (+6% YoY)

3.08 Mln L
Fuel consumption (-5%)

0.36 → 0.33 L/km
Efficiency (+8.3%)

8,720 → 8,330 tCO₂
Fleet emissions reduced (2024 → 2025)

Operational activity increased, while fuel use declined

Drivers for operational improvements

- Independent cabin cooling reduces engine idling.
- 40% reduction in idling (48% → 29%).
- Fleet renewal with high-efficiency, lower-emission trucks.
- Advanced fleet management improves performance and reliability.

Future Transition

- Exploring electric trucks for long-term decarbonization.
- **Target: 33% clean-energy fleet by 2035.**



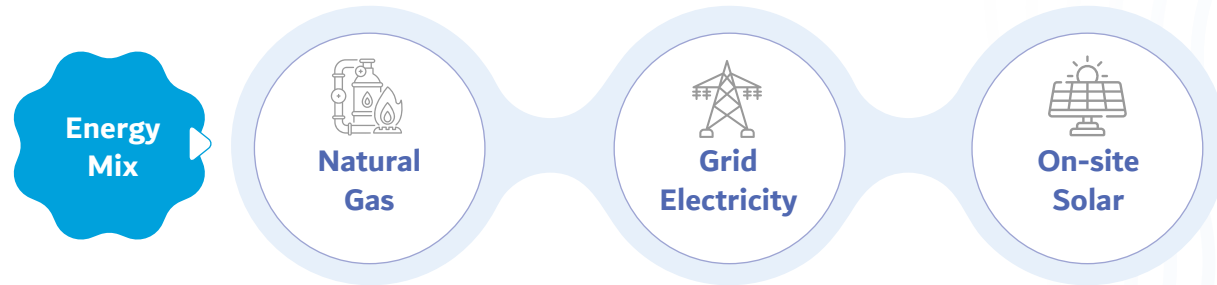
IMPACT:

Improving efficiency while reducing fuel use and emissions across logistics operations

ACCELERATING ENERGY TRANSFORMATION AND RENEWABLES

Energy management at Poland operations

Energy management is also a priority at SADAFCO's Poland operations, where energy is sourced from natural gas, grid electricity and on-site solar generation.



Performance Metrics

5,019 MWh
Grid electricity consumption

86 MWh
On-site solar generation

4.45 GJ/MT
Energy intensity

Efficiency & Improvement Focus

- Enhancing energy efficiency across operations.
- Expanding renewable energy adoption.
- Improving overall environmental performance.



IMPACT:

Supporting emissions reduction, operational resilience, and long-term sustainability



REDUCING WASTE AND ENABLING CIRCULARITY

Embedding circular waste management into operations

Waste generation is inherent to industrial operations; however, SADAFCO adopts a proactive approach to manage waste responsibly and enhance circularity across its operations.

Waste cannot be eliminated, but its impact can be minimized through circular practices and responsible management



Approach

Circularity & Resource Value

- Strengthening circular waste management practices.
- Maximizing resource recovery and value.
- Reducing overall environmental footprint.

Operational Integration

- Strategic investments to improve waste management.
- Embedded across factories and warehouses.
- Continuous improvement across operations.

Compliance & Adaptation

- Aligned with evolving waste and recycling regulations.
- Ensures regulatory compliance and readiness.
- Supports forward-looking waste management practices.

Governance & Standards

Standards & Frameworks

- ISO 14001:2015
- ISO 45001:2018
- GRI Standards

Internal Control

- HSSE Waste Management Procedure.
- Prevents cross-contamination.
- Reduces health, safety, and environmental risks.



IMPACT:

Driving disciplined, transparent, and accountable waste management across operations

REDUCING WASTE AND ENABLING CIRCULARITY

Structured waste management systems

SADAFCO implements a structured waste management system focused on minimizing waste, maximizing reuse and recycling, and ensuring responsible disposal across operations.

Approach

Waste Minimization & Circularity

- Prioritizes reduction, reuse, and recycling.
- Minimizes waste sent for disposal.
- Enhances resource efficiency.

Operational Excellence

- Continuous process optimization.
- Improved waste segregation practices.
- Embedded across all operations.

Compliance & Standards

- Aligned with local and international regulations.
- Ensures responsible waste handling.
- Supports environmental compliance.



Waste Accounting System



REDUCING WASTE AND ENABLING CIRCULARITY

Managing diverse waste streams responsibly

SADAFCO manages multiple waste streams generated across its operations through defined procedures, ensuring safe handling, segregation, and compliant disposal.



Segregation System

Segregation & Storage

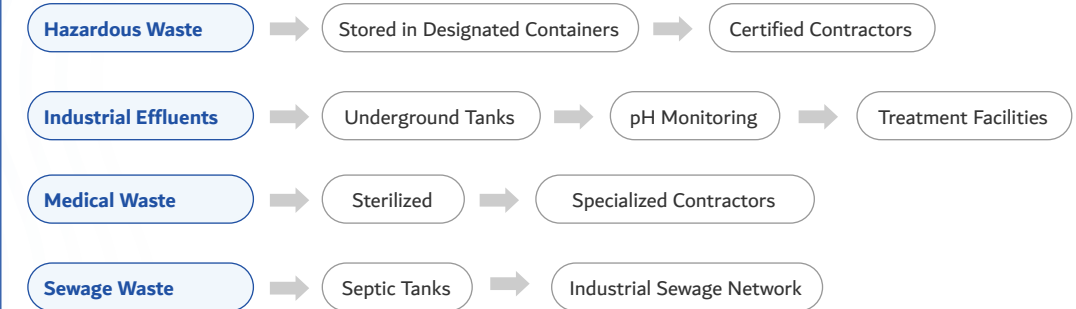
- Color-coded and clearly labelled bins.
- Separate collection for general, hazardous, and office waste.
- Ensures safe handling and effective segregation.

Compliance

- Disposal through MODON-approved contractors.
- Adherence to environmental and regulatory requirements.
- Ensures safe, compliant waste management.

Handling & Disposal Flow

Waste Handling Pathways



REDUCING WASTE AND ENABLING CIRCULARITY

Reducing Waste & Strengthening Circularity

SADAFCO focuses on reducing non-hazardous waste and enhancing recycling practices, supported by continuous improvement and strong compliance mechanisms.

Waste Reduction & Recycling

Reducing Non-Hazardous Waste

- Targeted reduction strategies for packaging, organic waste, and recyclables.
- Segregation of paper, plastics, containers, steel drums, and pallets.
- Materials sold to authorized contractors for recycling and reuse.
- Dry waste consolidated for proper handling and disposal.

Continuous Improvement & Compliance

Continuous Improvement & Assurance

- Aligned with local and international waste management standards.
- Regular audits and assessments ensure compliance.
- Ongoing investment in innovative waste management solutions.
- Strengthening circularity across operations.



REDUCING WASTE AND ENABLING CIRCULARITY

Waste management performance across operations

SADFACO continues to strengthen waste management across its operations through improved tracking, segregation, and responsible disposal practices, supporting circularity and resource efficiency.



Saudi Arabia Operations

- Structured waste monitoring improves reporting accuracy.
- Enhanced segregation supports resource recovery.
- Continuous process improvements minimize waste generation.

96% Recycling Rate

Maintained consistently across operations

ﷲ 2.59 Mln

revenue from recyclable materials

ﷲ 1.90 Mln

profit generated

Poland Operations

Poland Waste Snapshot (2025)

586.52 MT

non-hazardous waste (paper, plastic, sewage residues, sediments)

0.81 MT

hazardous waste (oil, chemical residues, packaging waste)

Management Approach

- Strict segregation protocols
- Disposal via authorized contractors
- Compliance with environmental regulations



IMPACT:

Improving resource efficiency, reducing environmental impact, and strengthening circular waste management across operations

ADVANCING WATER STEWARDSHIP

Water is a critical resource for food production, and in water-scarce regions, responsible management is essential for both environmental sustainability and operational resilience.

Our Target

4.8 Bln Liters

of Potable Water Conservation in the Saudi Milk Factory by improving WCR to 1:1 by 2035



Reducing operational costs and associated emissions

Water Consumption Ratio

2.15 → 1.45 L/MT

33%

improvement (since 2022)

WCR reduced by 5.84% compared to 2024 (from 1.54 L/MT to 1.45 L/MT)

COD Levels

(Chemical Oxygen Demand)

1,291 mg/L

(2024)

737 mg/L

(2025)

43% reduction

Our Approach

Process Optimization

- Improving water efficiency across operations.
- Reducing consumption intensity.

Water Recycling

- Reusing water within production processes.
- Reducing reliance on freshwater sources.

Advanced Treatment

- Deployment of treatment technologies.
- Enhancing water quality and reuse potential.

SADFACO is improving water efficiency across Saudia Milk operations through process optimization, recycling, and advanced treatment technologies.

Water Sourcing & Use



Sourced from desalinated water via government and third-party suppliers.



Used across production and non-production activities (cleaning, sanitation, drinking).



Reducing freshwater consumption is critical to lowering environmental impact.

Optimizing Cleaning-in-Place (CIP) Systems

Before

- Cleaning every 24 hours.
- 3 - 4 cycles.
- High water, chemical, and energy use.

After

- Reduced cleaning time and water usage.
- Optimized water circulation and process parameters.
- Eliminated unnecessary water drainage.

Innovation Highlight

- Real time conductivity monitoring system.
- Detects residual chemicals in rinse water.
- Water diverted to storage and reused in future cycles.
- Closed-loop system improves efficiency and reduces waste.

Water Management at Poland Operations

Water stewardship at SADFACO's Poland operations focuses on improving efficiency and reducing consumption through structured monitoring and targeted initiatives.

134,30 m³

total water withdrawal

6.91 m³/MT

water consumption ratio

5.70%

reduction in water consumption ratio (vs 2024)

Ongoing Focus

- Strong governance and process optimization.
- Continued investment in water efficiency and reuse.
- Enhancing sustainable water management practices.

Why Water Matters

- Core pillar under Climate Strategy 2035.
- Critical for food production and operations.
- Supports long-term sustainability and resilience.

Governance & Oversight

- Guided by ISO 14001 environmental management system.
- Water Steering Committee oversees performance.
- Focus on risk assessment and efficiency improvement.

In 2025

241.9 Mln Liters

water saved

₹ 4.95 Mln

cost savings

Water Management Key Performance Indicators

1,186.20 ML

potable Water from desalination

732.50 ML

total water discharge

723.50 ML

total water discharged from desalination

1,051.90 ML

total water consumption from water stress areas excluding Poland consumption

Progressing Towards Zero Liquid Discharge

Current state

- Effluents treated on-site via treatment plants.
- Discharged to sewer systems after treatment.

Future Initiatives

- Advanced filtration for milk and cheese lines.
- Reverse osmosis (RO) for higher-quality reuse.
- Reuse of treated water for non-potable applications.

Projected Impact

- 20 ML annual freshwater savings.

Monitoring & Compliance

- Daily monitoring of COD, pH, and TDS.
- Ensures compliance with environmental standards.

SUSTAINABLE SOURCING AND PACKAGING

Integrating sustainability into sourcing and packaging decisions

SADAFCO integrates sustainability into sourcing and packaging decisions to reduce environmental impact while ensuring product quality and supply chain resilience.



Sourcing, partnerships, and packaging choices directly influence environmental and social impact



Driving responsible resource use, minimizing environmental footprint, and creating long-term value



SUSTAINABLE SOURCING AND PACKAGING

Balancing quality, sustainability and resilience in sourcing

SADAFCO adopts a balanced sourcing strategy that ensures product quality while managing environmental constraints and strengthening supply resilience.

Operating Context

- Local sourcing constraints due to limited natural resources.
- Risk of increased pressure on freshwater availability.
- Need to ensure consistent supply of key raw material.

Sourcing Strategy

- Sourcing from multiple global suppliers.
- Covers key materials: dairy, milk derivatives, tomato paste, vegetable oil.
- Balances quality, sustainability, and supply continuity.



IMPACT:

Enabling responsible sourcing while ensuring product quality and supply resilience

Core Focus Areas

Environmental Responsibility

- Minimizing environmental impact in sourcing regions.
- Avoiding stress on resource-constrained geographies.

Supply Risk Management

- Geographic diversification of suppliers.
- Reducing dependency on single sourcing regions.

Climate Impact Reduction

- Managing emissions linked to global sourcing.
- Improving sustainability across the value chain.



SUSTAINABLE SOURCING AND PACKAGING

Minimizing environmental impact in sourcing geographies

SADAFCO evaluates sourcing locations to minimize environmental impact while ensuring sustainable and reliable supply of raw materials.

Assessment Framework

Climate Conditions

- Suitability for large-scale production.
- Long-term sustainability of sourcing.

Resource Availability

- Water availability and environmental capacity.
- Avoiding pressure on local ecosystems.

Production Capacity

- Ability to meet supply requirements efficiently.
- Alignment with quality and commercial criteria.

Dairy Sourcing Approach

- Sourced from milk-surplus regions.
- Includes Poland, New Zealand, and the United States.
- Regions with favorable climate and water availability.
- Supports large-scale production without stressing local resources.



IMPACT:

Ensuring responsible sourcing while protecting local resources and meeting supply needs

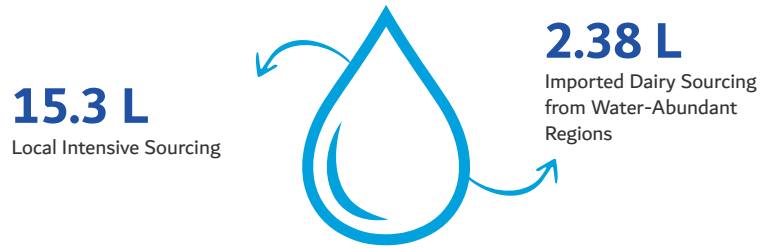
SUSTAINABLE SOURCING AND PACKAGING



Case Study : Reducing Water Stress through Responsible Dairy Sourcing

SADAFCO evaluates sourcing decisions to reduce water stress, particularly in water-scarce regions such as Saudi Arabia.

Water Use per liter of UHT Milk



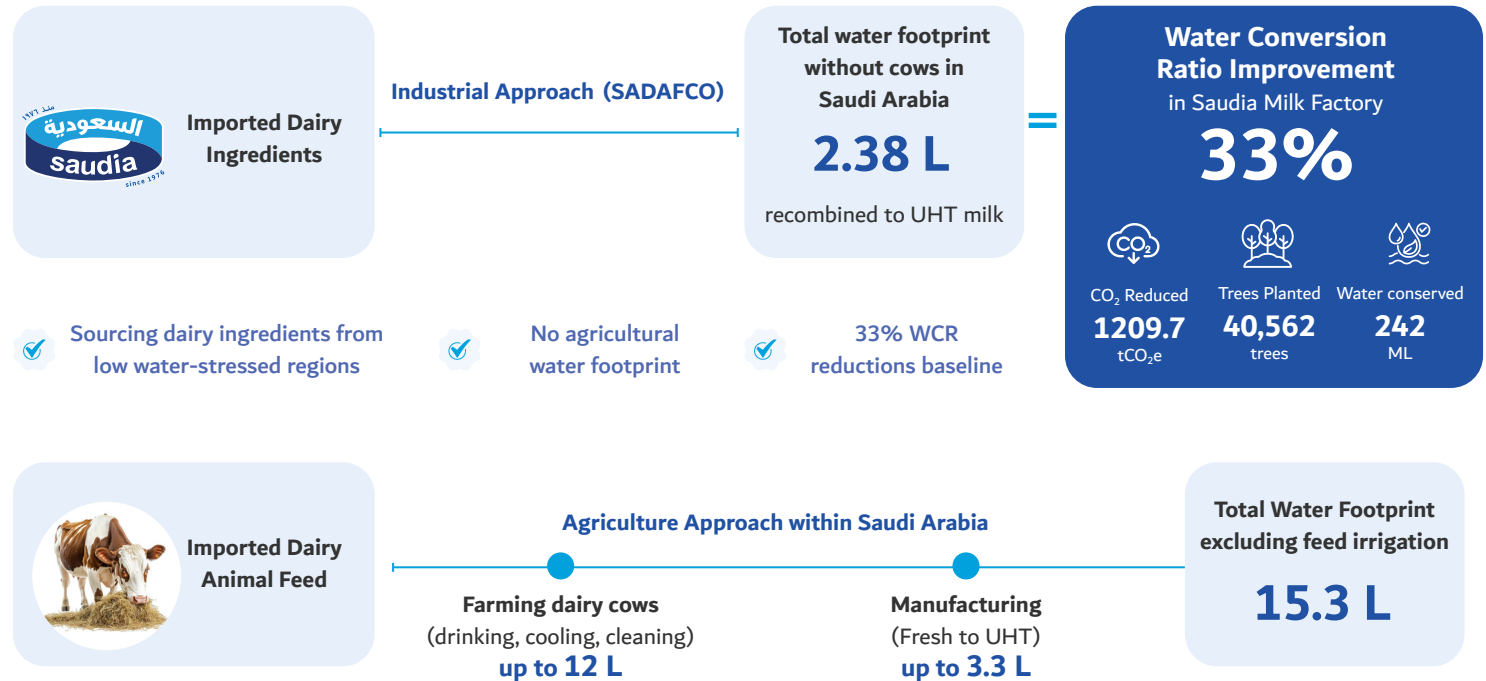
Strategic Impact

- Reduces overall water footprint.
- Optimizes resource use across value chain.
- Strengthens supply chain resilience.
- Supports sustainable sourcing strategy.



Strategic sourcing can significantly reduce water consumption while maintaining product quality and supply reliability

How Agriculture and Industrial Approaches Differ in Producing 1L of UHT Long-Life Milk within Saudi Arabia?



Source: FAO livestock water-use guidelines; MDPI Water (2024) dairy processing study; SADAFCO internal metered data (2025)

SUSTAINABLE SOURCING AND PACKAGING

Strengthening Supply Resilience & Reducing Climate Impact

SADAFCO manages supply risks and climate impacts through diversified sourcing and targeted strategies to reduce emissions across its global supply chain.

Geographic Diversification

Risk Context

- Climate variability, social and geopolitical factors can disrupt supply.
- Risk to availability of key raw materials.

Strategic Response

- 83% of raw materials sourced globally.**
- Regions include Europe, North America, Asia-Pacific, and Latin America.
- Reduces dependency on single sourcing regions.

Quality & Compliance

- Suppliers certified under **ISO Food Safety Management Systems.**
- Ensures responsible, safe, and reliable procurement.



IMPACT:

Building resilient supply chains while reducing emissions across global sourcing

Geographical de-risking of raw material supplies

Region	Skimmed Milk Powder	Whole Milk Powder	Anhydrous Milk Fat	Tomato Paste	Butter Milk Powder	Milk Protein Concentrate	Veg Oil
Europe (Poland and other)	✓			✓	✓		
North America	✓			✓	✓		
New Zealand / Australia	✓	✓	✓		✓	✓	
Latin America (Chile)				✓			
China (tomato) / India (AMF) / Malaysia / Indonesia (Oil)				✓	✓		✓

SUSTAINABLE SOURCING AND PACKAGING

Sustainable Packaging Transformation

Packaging is critical to product safety, and SADAFCO is transforming its packaging approach to reduce environmental impact while maintaining quality and supply chain efficiency.

Core Strategy

Minimize material use

Reduce plastic

Increase reuse

Improve recyclability



IMPACT:

Reducing environmental impact while ensuring product safety, circularity, and supply chain resilience

Transformation Pillars



Material Optimization

- Reduced packaging material across formats.
- Optimized primary, secondary, and tertiary packaging.
- Improved efficiency while maintaining product safety.



Plastic Reduction

- Reduced wrapper size and film thickness.
- Lightweight stretch films and optimized packaging formats.
- Progress toward plastic-free alternatives.



Reusable Packaging

- Adoption of reusable containers (Good Pack, Big Bags).
- Extended lifecycle of packaging materials.
- Reduced waste generation and improved logistics efficiency.



Responsible Sourcing

- FSC-certified packaging materials.
- 1,821 MT sourced from certified suppliers.
- Strengthened traceability and sustainable procurement.

25 MT

plastic waste reduced

1,821 MT

FSC-certified materials

252.6 Mln

units certified packaging

20%

reduction in packaging waste

Driving Innovation through Partnerships

- Collaboration with Tetra Pak to improve recyclability.
- Development of recyclable packaging solutions.
- Recycling initiatives across production and post-consumer stages.

Community Impact

- “Go Green” initiative across 250 schools.
- **23,000 cartons** collected and recycled.

BUILDING A RESILIENT SUPPLY CHAIN

Extending Sustainability Across the Value Chain

SADAFCO extends its sustainability commitment beyond operations, integrating responsible practices across its supply chain to strengthen resilience and accountability.

Value Chain Coverage

- Sustainability embedded across the entire supply chain.
- Includes suppliers, logistics partners, and service providers.
- Focus on ESG risks, ethical sourcing, and environmental stewardship.

Supplier Expectations & Standards

- Code of Business Principles defines minimum standards.
- Covers ethics, compliance, and responsible conduct.
- Serves as a baseline for supplier alignment.

Strengthening Supplier Engagement

- Continuous engagement to align with sustainability goals.
- Enhancing supplier accountability and performance.
- Supporting long-term resilience and competitiveness.



IMPACT:

Sustainability extends across suppliers, logistics partners, and service providers chain resilience.



BUILDING A RESILIENT SUPPLY CHAIN

Suppliers' Code of Conduct

SADFACO's Suppliers' Code of Conduct establishes clear expectations for ethical, social, and environmental responsibility across its supply chain.



ESG Integration & Supplier Engagement

SADFACO integrates ESG considerations into supplier selection while strengthening engagement and collaboration to drive continuous improvement across its supply chain.

Embedding ESG in Procurement

- ESG criteria integrated into supplier selection and evaluation.
- Top suppliers assessed for sustainability performance.
- Supports informed, responsible procurement decisions.
- Enhances transparency across the supply base.

Supplier Engagement & Alignment

- Structured engagement with strategic suppliers.
- Focus on ESG roadmap and carbon neutrality plans.
- Knowledge sharing and alignment of sustainability goals.
- Identifying opportunities to reduce environmental impact.

Accountability & Improvement

- Supplier audits and performance monitoring.
- Ongoing dialogue with key suppliers.
- Driving continuous improvement across the supply chain.

BUILDING A RESILIENT SUPPLY CHAIN

Decarbonizing Logistics and Ocean Freight with Maersk

Ocean freight is a major source of logistics emissions, and SADAFCO is reducing its impact through lower-emission shipping solutions and strategic partnerships.



Challenge

- High emissions from conventional marine fuels.
- Significant footprint from global freight operations.



Solution

- Partnership with Maersk **ECO Delivery Ocean**.
- Use of lower-emission fuels in shipping operations.
- Integration into value chain decarbonization strategy.



Lower-Emission Shipping

- Use of vessels powered by green methanol and alternative fuels.
- Reduced emissions compared to conventional marine fuels.
- Supports transition to next-generation maritime solutions.



Impact

- Collaboration with Maersk to decarbonize logistics.
- Supports value chain emissions reduction.
- Accelerates transition to sustainable shipping.

364.5 FFEs*

Containers shipped (2025)

855 tCO₂e

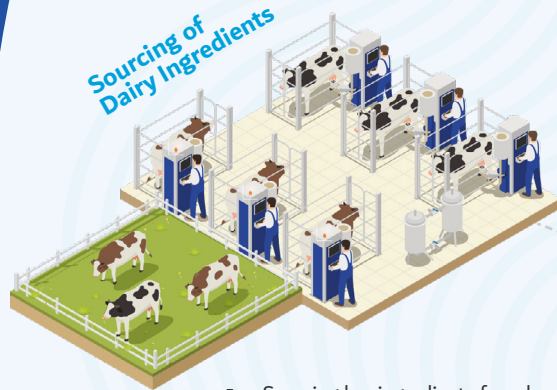
Total emissions reduced

*Forty-Foot Equivalent Unit



SUSTAINABLE SAUDIA PRODUCTS

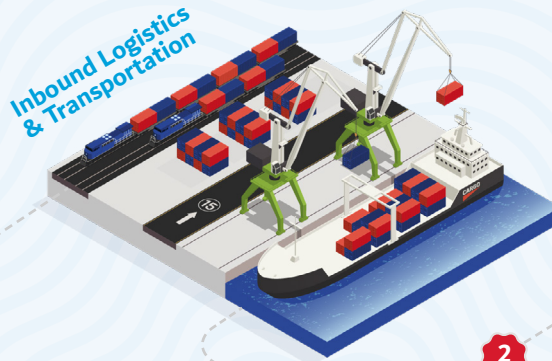
SADFACO is committed to producing Saudia milk sustainably. Entire lifecycle of the product is regularly reviewed for improving the sustainability quotient of the product. Two key thought processes that currently govern SADFACO's sustainability actions in the lifecycle of Saudia include minimizing the 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 Saudia milk 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. SADFACO plans to proceed with life cycle assessment to identify hotspots and implement targeted interventions that further enhance the sustainability of Saudia milk.



Sourcing of Dairy Ingredients

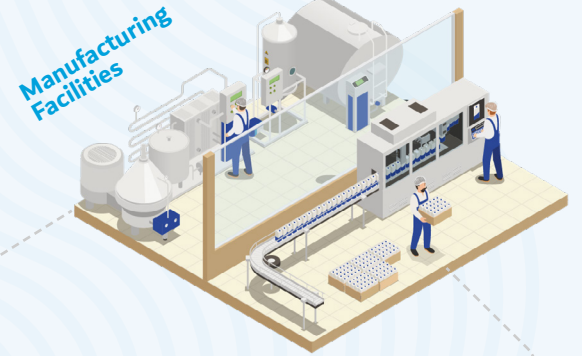
GLOBAL SOURCING

- Sourcing key ingredients from low water-stress regions.
- Supporting the reduction of Saudi Arabia's water footprint.
- Water use efficiency¹ 2.57 L/MT of milk produced.



Inbound Logistics & Transportation

- Shifting towards green logistics.
- Only ocean freight is used.
- 855 tCO₂e emissions saved through ECO Delivery Ocean.



Manufacturing Facilities

- >11,000 tCO₂/annum saved with solar rooftop.
- > 45,000 tCO₂/annum to be avoided with solar rooftop by 2035.
- Planned for energy efficiency.
- 28.37% reduction in water consumption (UHT Milk Factory)² over three years.
- 33% improvement in WCR compare to baseline 2022.
- Accelerate water savings to achieve a 1:1 ratio within 3-5 years at the Jeddah milk factory. Conserving 4.8 Bln liters of potable water across all factories by 2035.



Retail Stores and Consumers Presence

- 1,000+ Golden Stores enhance customer experience.
- Strengthening sustainable retail experiences.
- Reduced 25 tonnes of plastic waste by optimizing wrapper size and film microns.
- Shifting to bulk, reusable, and revised package sizes.
- Improving freezer efficiency by transiting to R290 refrigerant.



Distribution and Logistics

- Decarbonizing with Smart Logistics system.
- Seamless delivery to customers with 20 depots.
- 100% shift to reusable pallets.



Outbound Logistics

- In 2025, fuel efficiency improved by 8.3% by cutting 619 tCO₂e.
- Testing EV in logistics - 33% of the fleet to be Decarbonized by 2035.
- Collaborating for hydrogen-powered vehicles.
- Targeting a reduction of CO₂ by 24%.

Scan QR for Saudia Milk Documentary Journey



¹ The water Consumption Ratio is for Spray Drying Operations at Poland manufacturing facility

² The reduction in water consumption is calculated based on liters of water required for one kg of milk production

Connecting Generations

At SADAFCO, sustainability is rooted in people who work within the organization, the consumers it serves, and the communities it touches. The pillar of Connecting Generations reflects the Company's commitment to creating shared value across its workforce, customers and society at large.

By adopting an inclusive workplace, supporting employee well-being, enabling community development and delivering safe, nutritious and high-quality products, SADAFCO aims to positively impact lives today while building a stronger, more resilient future for generations to come. This pillar brings together efforts to empower people, strengthen communities and continuously enhance consumer experience, ensuring that growth remains inclusive, responsible and human-centric.

UNSDGs Alignment





Empowering People and Communities

TRANSFORMING LIVES AND LIVELIHOODS

People and communities are at the heart of SADAFCO's long-term success. Sustainable growth depends on empowering employees, fostering safe and inclusive workplaces, and actively engaging with the communities we serve.

Through its social sustainability approach, SADAFCO focuses on employee wellbeing, health and safety, diversity and inclusion, responsible sourcing, and community engagement, contributing to improved quality of life and supporting Saudi Arabia's Vision 2030.

Our approach is built around four key pillars



ADVANCING DIVERSITY, EQUITY, AND INCLUSION

Strategic Approach

SADAFCO fosters a diverse and inclusive workplace, supported by a structured Diversity, Equity and Inclusion (DEI) framework that ensures fair recruitment, equal opportunities, and inclusive practices across all operations.

Workforce Diversity Snapshot




-  **2,500+ employees** across operations
-  **46+ nationalities** represented
-  Presence across **Saudi Arabia, Bahrain, Jordan, Kuwait and Poland**
-  **38%** Saudization rate

Inclusion and Equal Opportunities

SADAFCO promotes inclusive employment practices, including workplace accessibility and equal participation opportunities, with **10 employees with special abilities** currently part of the workforce.

Workforce Composition

The workforce is distributed across age groups and geographies, reflecting a balanced mix of experience and emerging talent.

		Saudi Arabia, Jordan, Kuwait, Bahrain			Poland	
		Under 30 years	30-50 years	Over 50 years	All Ages	Total
Male		232	1,802	288	62	2,384
Female		40	133	6	33	212
Total		272	1,935	294	95	2,596

By Geography		Leadership Representation*			
		Male	Female	Total	
Saudi Arabia	2,427				
Poland	95	Top Management	12	1	13
Jordan	69	Middle Management	185	23	208
Kuwait	4	Junior Management	413	47	460
Bahrain	1	Non-Management	1,712	108	1,820
Total	2,596	Total	2,322	179	2,501

* excluding Poland

In addition, SADAFCO engages **411 third-party contract workers**, supporting operational flexibility across the region.

Localization and National Development

The Company continues to strengthen local workforce participation, with Saudi nationals representing **38%** of employees, supporting national development priorities and Vision 2030.

IMPACT:



Strengthened a diverse and inclusive workforce

Enhanced equal opportunity and employee wellbeing

Increased local workforce participation aligned with Vision 2030

LEARNING, DEVELOPMENT & ENGAGEMENT

SADFACO invests in structured learning and development programs to enhance employee capabilities, support career growth, and foster an engaging and inclusive workplace.

Training Performance Highlights



Workplace Culture & Recognition

SADFACO promotes a supportive and inclusive work environment, with strong employee engagement practices and a continued focus on wellbeing.

Strong employee engagement and communication practices.

Focus on wellbeing and safe working environments.

Recognized as a **Great Place to Work.**



Key Focus Areas

Operational excellence, safety and efficiency

Leadership development and strategic alignment

Customer engagement and commercial capabilities

IMPACT:



Enhanced employee capabilities through structured training and continuous learning

Strengthened employee engagement and workplace culture

Improved leadership and functional competencies

Reinforced SADFACO's position as an employer of choice



PRIORITIZING HEALTH, SAFETY, AND WELL-BEING

Strategic Approach

Health and safety is embedded as a core value at SADAFCO, supported by a structured health, safety, security, and environment (HSSE) framework, clear policies, and leadership accountability to ensure safe operations and effective risk management across all sites.

Performance Snapshot

LTIFR: 0.09 (↓ from 0.15 in 2024)

~40% year-on-year reduction | ~65% reduction since 2022

21,049

training hours delivered

12,169

near-miss reports recorded

ZERO

environmental incidents reported

HSSE Performance Trend

	2023	2024	2025
LTIFR	0.21	0.15	0.09
Training Hours	3,909	14,137	20,302
Near Misses	1,769	8,094	12,169

These trends reflect continuous improvement in safety performance, increased workforce competency, and a stronger preventive reporting culture.

Employee Trainings

LOTO

Fire Safety

Defense Driving

Heat Stress

HSSE Induction

Emergency Evacuation

General Safety

First Aid

OSHA 30 hrs

Governance & Operational Oversight

SADAFCO ensures strong HSSE governance through structured oversight and leadership engagement.

- Annual Health & Safety roadmap aligned with business strategy.
- Integration into executive committees and site leadership teams.
- Regular performance reviews and risk discussions.
- Clear accountability across operational levels.

Building a Culture of Safety

SADAFCO promotes a proactive safety culture through transparency, reporting, and employee engagement.

- 12,169 near-miss incidents reported in 2025.
- Reporting exceeded targets by 140%.
- All cases investigated and closed with corrective actions.

This reflects strong employee trust, early risk identification, and continuous improvement in workplace safety.

HSSE Risk Management & Certifications

SADAFCO's HSSE systems are aligned with international standards to ensure consistency and effectiveness across operations.

- All facilities certified under ISO 45001:2018.
- Environmental systems aligned with ISO 14001:2015.
- Certifications renewed in 2025 with zero non-conformities (NCRs).

Risk management is supported through hazard identification, risk assessments, Job Safety Analysis (JSA), and Management of Change (MoC), with performance monitored through audits, inspections, and digital tracking systems.

ENABLING LOCAL PROCUREMENT

SADAFCO continues to strengthen local procurement to support supply chain resilience and contribute to Saudi Arabia's Vision 2030 localization objectives.

Local Sourcing Highlights

local packaging sourcing

87%

14%

locally sourced raw materials

Locally sourced inputs include

Sugar

Fresh milk

Oil

Wheat flour

Driving Local Impact

Through increased local sourcing, SADAFCO supports domestic industries, reduces supply chain dependency on imports, and contributes to national economic development while maintaining consistent product quality

Balancing Cost, Quality, ESG and Resilience in Procurement

Supporting localization and long-term value creation

Our Procurement Journey

ESG Compliance

Impact Reduction

Data & Efficiency

Social Impact

Investment Value

Driving Localization

- Local sourcing strategy.
- Support for local producers.
- Reduced dependency on imports.



Impact on Logistics & Emissions

- Shorter transport distances.
- Lower fuel consumption.
- Reduced emissions.



Circular Economy & Partnerships

- Inventory optimization (SLOB)
- Efficient delivery
- Lower carbon footprint



TRANSFORMING COMMUNITY ENGAGEMENT

SADFACO actively engages with local communities through structured programs that support social development, strengthen relationships, and contribute to long-term value creation.

Governance & Oversight

Community engagement is supported by a structured governance framework, with oversight from the Board of Directors, Sustainability Steering Committee, and CSR Taskforce, ensuring alignment with business priorities and effective execution.

Employee Engagement & Participation

- **1,052+** volunteer hours contributed.
- Active employee participation in community programs.
- Strengthened employee engagement and sense of belonging.

Community Engagement Coverage

Total operations assessed	3 Saudi Arabia factories, 2 central warehouses, Poland
Operations covered by community engagement programs	83%
Operations covered by social impact assessments	83%
Operations covered by environmental impact assessments	83%
Operations covered by stakeholder mapping	100%
Operations covered by consultation committees	67%

Driving Community Impact

Through structured engagement, SADFACO integrates stakeholder feedback, assesses community needs, and aligns its initiatives with national priorities and long-term sustainability goals.

Supporting Health Awareness

Breast Cancer Campaign

- Promoted early detection and health awareness in collaboration with Makkah Health Cluster and Saudia Airlines.
- Reached employees and local communities across Saudi Arabia.



IMPACT:

- Improved community health awareness and access to preventive care.

Greening Industrial Cities

Employee Volunteering

- Participation in MODON “Green Cities” initiative.
- 92 employees contributed ~400 volunteer hours.
- Activities included tree planting and afforestation.



IMPACT:

- Enhanced environmental sustainability and employee engagement.

Encouraging Innovation

Future Industrialists Initiative

- Participation in national innovation program with UBT.
- Contribution through judging and evaluating student projects.



IMPACT:

- Supported youth talent development and future industry capabilities.

Supporting Community Welfare

Preserving Blessings Initiative

- Distributed 6,619 bundles (158,856 units) across 20 locations.
- Collaboration with government entities and NGOs.



IMPACT:

- Strengthened community welfare and responsible resource distribution.



Enhancing Customer Experience

TRANSFORMING VALUE FOR CONSUMERS

SADAFCO is committed to delivering high-quality, safe and innovative products that meet evolving consumer needs, while strengthening trust through transparency, responsiveness and continuous improvement.

Elevating Customer Delight and Satisfaction



Feedback-Driven Excellence

SADAFCO leverages consumer feedback to continuously enhance product quality and customer experience through an integrated and responsive system.



Key Channels Include

- Digital complaint management platform.
- Social media engagement channels.
- Dedicated enquiry and complaint helplines.



Continuous Improvement

- Timely resolution of customer concerns.
- Root-cause analysis for recurring issues.
- Preventive actions to minimize future complaints.



Customer Performance

- **100%** complaint resolution rate.
- **650** total customer interactions (complaints, feedback, inquiries).

Consumer Insight in Action

Reviving Consumer Nostalgia: Original Recipe Relaunch—Ice Cream Sandwich

SADAFCO continues to translate consumer insights into impactful product experiences. A key example is the relaunch of its flagship Ice Cream Sandwich, bringing back the original recipe cherished by consumers for decades.

The initiative was driven by extensive consumer feedback and supported by a nationwide 360-degree campaign, reinforcing emotional connection and brand recall.



Key Highlights

- Relaunch of original recipe based on consumer demand.
- Introduction of a 2-in-1 vanilla & chocolate variant.
- Nationwide integrated marketing campaign.

IMPACT:



Double-digit sales growth in Q3 2025

Sustained sales momentum post-launch

Strong consumer recognition and preference

TRANSFORMING VALUE FOR CONSUMERS

Advancing Health and Nutrition Leadership

SADFACO is committed to promoting healthier lifestyles by offering products that support consumer well-being, aligned with Saudi Vision 2030 and evolving dietary needs.

Product & Nutrition Strategy

SADFACO integrates health and nutrition into product development while maintaining taste, quality and accessibility.



Key Priorities

- Expanding products based on natural and organic ingredients.
- Reducing unhealthy components across product formulations.
- Enhancing nutritional value while preserving taste.
- Ensuring safe, high-quality and accessible offerings.

Promoting Inclusive Nutrition: Lactose-Free Program

SADFACO has introduced a dedicated Lactose-Free Program to address the dietary needs of consumers with lactose intolerance, which affects an estimated 60–70% of the population across Saudi Arabia and the GCC.

The program offers dairy products that

- Retain essential nutrients such as calcium, protein and vitamins.
- Provide improved digestibility for lactose-sensitive consumers.
- Maintain the taste and quality expected from dairy products.

IMPACT:



Expands access to dairy nutrition

Supports inclusive and accessible product offerings

Enhances consumer well-being and quality of life

TRANSFORMING VALUE FOR CONSUMERS

Responsible and Transparent Marketing & Labeling

SADFACO ensures clear, accurate and accessible product information to support informed consumer choices, while maintaining the highest standards of transparency and integrity.

Transparent Communication & Ethical Marketing

SADFACO provides simple, reliable and consistent product information across all consumer touchpoints, supported by responsible marketing practices.

Key Principles

- Clear and accessible nutritional labeling.
- Simple and easy-to-understand product information.
- Educational initiatives supporting informed choices.
- Consistent communication across all consumer touchpoints.

Governance & Compliance

SADFACO maintains strict controls to ensure accuracy and integrity in all marketing and labeling practices.

- Zero tolerance for misleading or exaggerated claims.
- Strict prohibition of deceptive marketing practices.
- Immediate action on any mislabeling or product concerns.
- Full alignment with Corporate Governance Code and regulatory requirements.

Digital Quality Control

SADFACO utilizes a digital artwork approval system to enhance accuracy, consistency and compliance across all product labeling and marketing materials.



TRANSFORMING VALUE FOR CONSUMERS

Ensuring excellence in product quality and safety

Ensuring the highest standards of product quality and safety is a fundamental responsibility at SADAFCO and a core expectation of the consumers who rely on its products every day. The Company follows a disciplined and proactive approach, guided by the best global practices and stringent local regulations.

This commitment ensures that every product consistently meets expectations for safety, quality and reliability.



ZERO

incidents of non-compliance for food safety and product labeling regulations

Our Quality Management Framework



Quality Management System

SADAFCO's Quality Management System (QMS) provides a structured framework to maintain product safety, consistency and regulatory compliance across all operations.

- All manufacturing facilities certified under ISO 22000:2018.
- Alignment with internationally recognized food safety standards.
- Standardized processes across production, testing and distribution.



Audits & Regulatory Compliance

SADAFCO maintains strict compliance with national and regional regulatory requirements, supported by continuous monitoring and verification processes.

- Regular internal and external food safety audits.
- Full compliance with SFDA and GSO requirements.
- Immediate resolution of identified gaps.
- Pre-launch quality and safety assessments for new products.
- Testing at accredited third-party laboratories when required.



HACCP & Quality Control Systems

SADAFCO applies robust quality control measures across all production stages, supported by advanced testing infrastructure and strict process monitoring.

- Implementation of HACCP protocols across all facilities.
- Daily online checks and continuous monitoring.
- In-house laboratory testing for raw materials and finished products.
- Detailed documentation ensuring full traceability.
- Validation and testing before product launches.



Supplier Assurance & Collaboration

Product quality extends beyond internal operations to SADAFCO's supply chain. The Company maintains stringent supplier standards while fostering collaborative relationships.

- Supplier compliance with recognized food safety standards.
- Robust supplier approval and audit processes.
- Continuous monitoring and evaluation of supplier performance.
- Collaborative engagement to improve quality across the value chain.



Labeling & Consumer Safety

Transparent and accurate labeling supports informed consumer choices and reinforces product safety.

- Clear product information, warnings and storage guidance.
- Compliance with all local regulatory labeling requirements.
- Consistent and reliable communication across packaging.

TRANSFORMING VALUE FOR CONSUMERS

Driving Innovation for Sustainable Impact

SADFACO leverages innovation to enhance product offerings, improve sustainability performance, and deliver long-term value to consumers.

Innovation Performance

Snaks sales innovation rate

8.95%

Reflecting the Company's ability to translate innovation into measurable commercial success

Ice cream sales innovation rate

7.83%

Expanding Consumer Offerings

SADFACO continues to expand its product portfolio to meet evolving consumer preferences and drive market growth.

Key Highlights

- Launch of natural potato chips in multiple flavors.
- Introduction of ABC Cheese and Sweet Chili Rings.
- Expansion into the salty snacks category.
- Growth across discount retail and e-commerce channels.

Sustainable Cooling Innovation

R290 "Planet-Friendly" Freezers

- SADFACO is integrating environmentally friendly refrigeration technologies to reduce environmental impact across its operations.

Technology highlights

- Use of R290 refrigerant.
- Significant reduction compared to R404A.

Operational benefits

- Improved energy efficiency.
- Enhanced temperature control.
- Better product preservation.

Deployment strategy

- Ongoing rollout across markets.
- Target to transition full fleet by 2035.

IMPACT:



Reduced greenhouse gas emissions

Improved energy efficiency

Enhanced customer experience at point of sale



Doing Business the Right Way

Strong governance and ethical conduct form the foundation of SADFACO's approach to sustainability. Under the pillar of Doing Business the Right Way, the Company reaffirms its commitment to transparency, accountability and integrity in all business practices. By maintaining strong governance structures, strengthening ethics and compliance, managing risks proactively and safeguarding data privacy, SADFACO seeks to build trust with all stakeholders.

This pillar ensures that sustainability is guided by sound decision-making, responsible leadership and adherence to the highest standards of corporate governance, enabling the Company to operate with credibility and confidence over the long term.

UNSDGs Alignment



Strengthening Governance and Trust

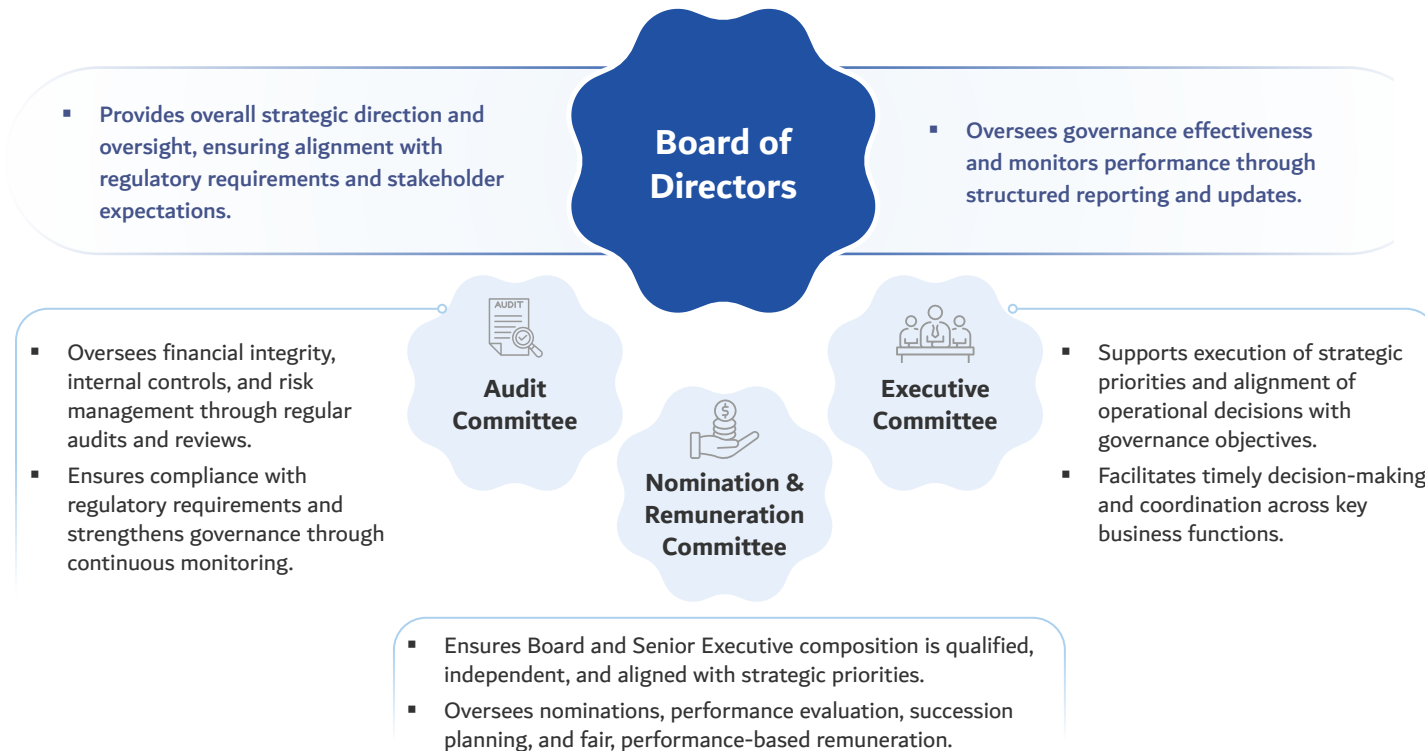
TRANSFORMING SYSTEMS FOR IMPACT

SADFACO’s governance framework is built on clear principles of **transparency, accountability, ethical conduct, and strong oversight**, ensuring responsible decision-making and long-term value creation. The framework integrates structured leadership oversight, robust controls, and continuous improvement to support a dynamic business and regulatory environment.



BOARD OVERSIGHT AND COMMITTEE STRUCTURE

The Company’s governance framework defines the relationships among the Board of Directors, executive management, and various committees. It establishes rules, policies and procedures that streamline decision-making processes with the aim of safeguarding the rights of all shareholders and stakeholders. Furthermore, it promotes the values of integrity, fairness, transparency in the Company’s operations.



SADFACO maintained zero incidents of regulatory non-compliance and zero governance-related cases during the reporting year, reinforcing its commitment to integrity, accountability, and trust.

- ### Management Execution and Risk Management

Management is responsible for implementing governance policies and decisions, supported by an integrated risk management framework that enables the identification, assessment, and mitigation of risks. Strengthened internal controls ensure that the Company remains responsive to evolving regulatory requirements and business challenges.
- ### Monitoring, Compliance and Audit

SADFACO conducts regular internal audits and control assessments, alongside continuous monitoring of compliance with regulatory and internal requirements. Governance mechanisms are periodically reviewed and enhanced to ensure effectiveness and alignment with best practices.
- ### Continuous Improvement

The Company continuously evolves its governance practices in response to regulatory developments and stakeholder expectations. Ongoing enhancements in oversight, controls, and data governance strengthen resilience and reinforce accountability across the organization.

IMPLEMENTING STRONG SAFEGUARDS

SADFACO remains committed to safeguarding shareholder rights and upholding the highest standards of fairness and transparency in its interactions with investors. The Company complies fully with all laws governing shareholder communications and engagement. The AGM serves as the primary platform through which shareholders exercise their rights by voting on key matters, engaging in dialogue with Board members and Senior Executives and approving dividends when applicable.

SADFACO upholds shareholder rights through Board-approved governance policies, including those on **conflicts of interest, dividends, stakeholder engagement, and**

insider trading. Shareholders are empowered to engage with the Board and exercise their voting rights at the AGM, including on Board nominations. These policies ensure transparent engagement, protect shareholder interests, and enable timely and informed participation in governance decisions.

SADFACO's insider trading policy prohibits the misuse of material non-public information (MNPI) by Board members and Senior Executives, ensuring compliance with CMA Market Conduct Regulations. The policy safeguards public disclosures, protects market integrity, and reinforces investor confidence through transparent and responsible governance practices.

“ SADFACO's insider trading policy prohibits the misuse of MNPI by Senior Executives and Board members, ensuring compliance with CMA Market Conduct Regulations.

CMA Disclosure Protection

Ensures full compliance with Capital Market Authority Market Conduct Regulations.

Public Disclosure Protection

Safeguards accurate, timely, and comprehensive public disclosures.

Market Integrity

Prevents unfair trading practices to protect market integrity and reinforce investor confidence.

Strengthening Ethics, Integrity, and Accountability

SADFACO is committed to fostering a culture of ethics, integrity, and accountability across its operations and value chain. Through a strong governance framework, effective implementation mechanisms, and measurable outcomes, the Company ensures that ethical principles are consistently upheld, risks are proactively managed, and stakeholder trust is strengthened.

Governance Framework for Ethical Conduct

- Ethical conduct embedded through Board-approved policies and Code of Conduct.
- Applies across all employees and the broader value chain.
- Oversight strengthened via Board Audit Committee.
- Enhanced whistleblowing mechanism in place.
- Clear expectations on compliance, conflict of interest, and anti-bribery.
- Promotes responsible business practices aligned with regulation.

Embedding Ethics into Operations

- Ethical standards reinforced through structured training programs.
- Ongoing employee awareness initiatives in place.
- Mandatory Code of Conduct acknowledgment by all employees.
- Multiple accessible reporting channels available.
- Includes ethics hotline and independent third-party platforms.
- Enables confidential and anonymous reporting.
- Ensures safe escalation and effective resolution of concerns.

Performance and compliance Outcomes

- 100% employee sign-off on Code of Conduct achieved.
- Zero reported cases of corruption.
- Anonymous reporting channels fully operational.
- Strong implementation of ethics framework.
- High levels of accountability across the organization.

PROACTIVE RISK MANAGEMENT

SADAFCO's approach to risk management is structured, proactive and grounded in strong governance oversight. The process is supervised by the **Audit Committee**, under which a **dedicated Risk Management Committee** operates to ensure that risks are identified, evaluated and addressed in a timely and systematic manner. Working closely with the Governance, Risk, and Compliance (GRC) and Internal Audit departments, the Committee undertakes comprehensive reviews of the adequacy, efficiency and effectiveness of internal controls, risk protocols and governance processes.

SADAFCO's **Enterprise Risk Management (ERM) framework** encompasses both financial and non-financial risks, as well as emerging ESG risks such as cybersecurity challenges, health and safety concerns and broader sustainability-related exposures. As ESG risks continue to evolve globally and across industries, SADAFCO recognizes the importance of a more comprehensive assessment and plans to undertake a formal ESG risk assessment exercise in the coming years. This forward-looking approach supports the Company in strengthening resilience and preparing for a risk landscape that is increasingly shaped by climate, digital and social dynamics.

Risk Identification and Management Process



Risk Identification

Risks are identified across functions through cross-functional inputs and systematically documented in centralized risk registers.



Assessment

Identified risks are evaluated based on impact and likelihood, along with a review of existing controls.



Mitigation

Appropriate controls and action plans are developed and implemented to address identified risks.



Monitoring

Risks and mitigation measures are reviewed on a quarterly basis, with mechanisms in place for timely escalation of critical issues.



Reporting

Risk registers and key updates are reported to the Board Audit Committee for oversight and decision-making.



Through the integration of structured risk management into its operations, SADAFCO enhances its ability to maintain business continuity and build organizational resilience

SAFEGUARDING DATA SECURITY AND PRIVACY

As digital systems become increasingly integral to business operations, safeguarding information has become an essential component of SADFACO's governance and risk management practices. Protecting data is not only a regulatory responsibility but also a matter of operational integrity and stakeholder trust. Although SADFACO does not manage large volumes of sensitive consumer data due to the nature of its business, the Company is responsible for safeguarding proprietary product information as well as financial and employee data, which require strong and disciplined protection measures. As SADFACO advances its digital transformation agenda, the importance of anticipating cybersecurity risks and strengthening defenses becomes ever more critical.

To support this, SADFACO continues to reinforce its information security systems to protect against cyber threats, prevent data breaches and maintain business continuity. The Company's cybersecurity and data protection practices are aligned with major regulatory and national frameworks. These frameworks guide SADFACO's approach to securing sensitive information through **structured data management processes, encryption techniques and Data Loss Prevention systems.**



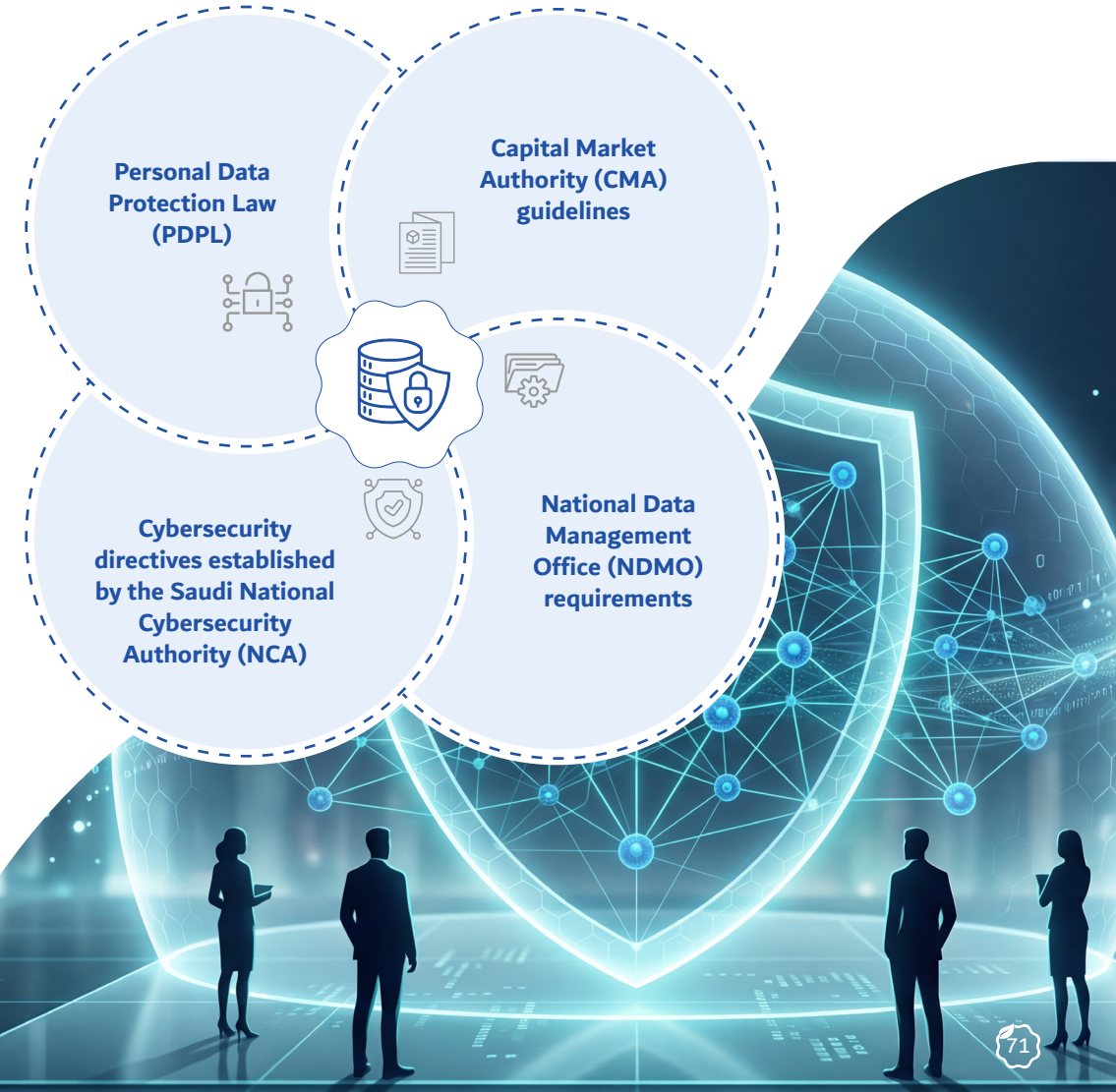
ZERO

Data Security Breaches during the year

Data protection at SADFACO also emphasizes the role of people in maintaining a secure environment. Employees receive ongoing training on cybersecurity awareness, data handling protocols and incident response strategies, ensuring they remain equipped to support the Company's security posture. SADFACO conducts regular IT reviews, risk assessments and penetration testing to evaluate system vulnerabilities and proactively strengthen defenses in line with industry's best practices.

In 2025, the Company continued to reinforce its information security and data protection practices in line with applicable Saudi regulatory and national cybersecurity requirements. This ongoing alignment reflects the strength and maturity of SADFACO's governance, risk management and control environment, and its commitment to safeguarding information assets amid evolving regulatory expectations, technologies and cyber threats.

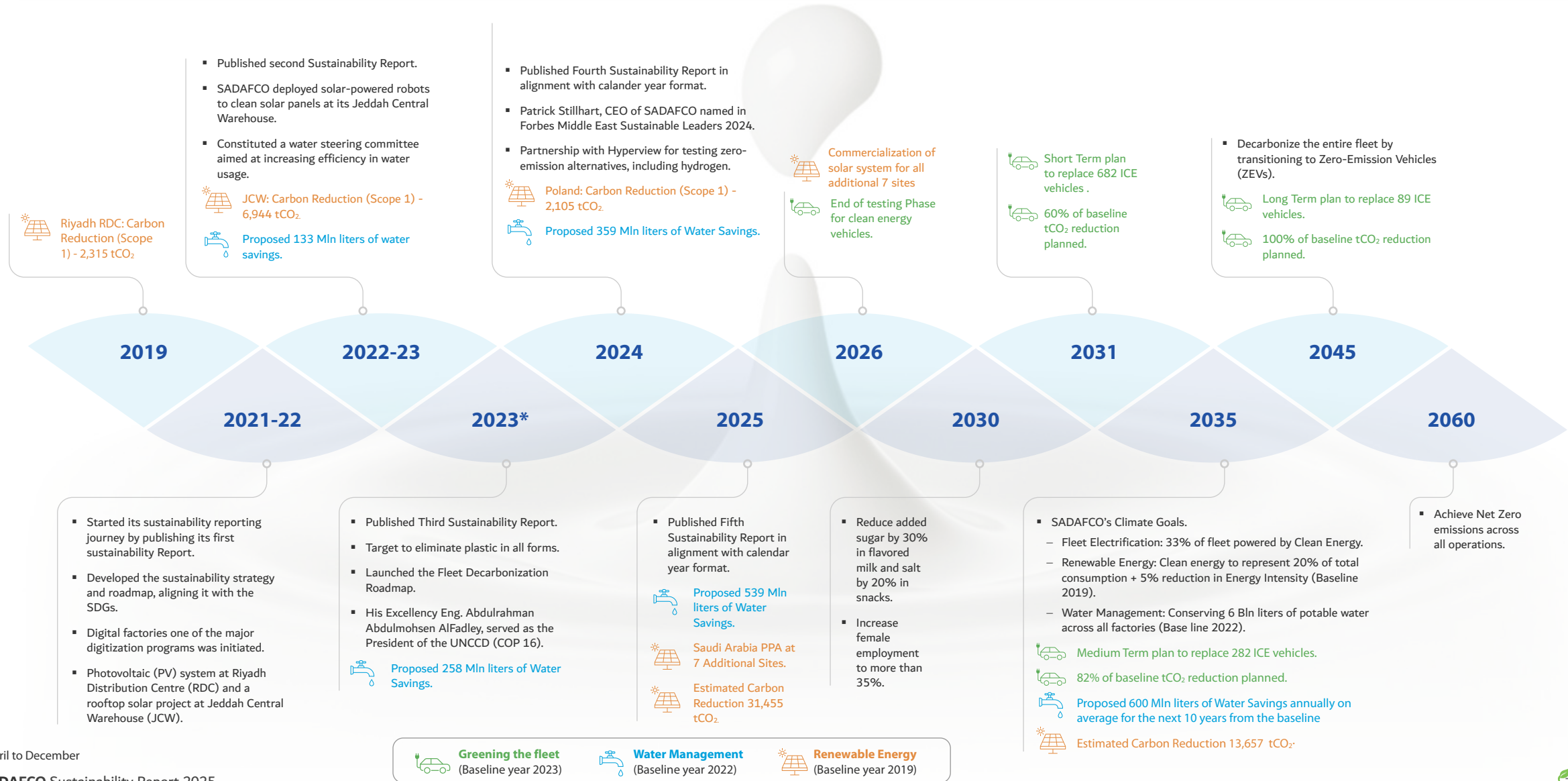
Through a balanced focus on regulatory compliance, technical controls and workforce awareness, SADFACO maintains a resilient and adaptive information security posture. This structured and proactive approach ensures that data privacy, cybersecurity and IT security risks remain proportionate to enterprise risk levels, supporting stakeholder trust and enabling the secure and responsible progression of the Company's digital transformation initiatives.





Looking Ahead

TRANSFORMING THE FUTURE



* April to December



Measuring Impact

KEY SUSTAINABILITY METRICS AND PERFORMANCE INSIGHTS

Environment & Climate - Saudi Arabia Operations

Particulars	Unit	Year 2025	Year 2024	Year 2023
Production	MT	406,112	390,193	402,228
Energy Consumption within the Organization	TJ	901.51	880	879
Total Energy Intensity (within the organization)	GJ/MT	2.22	2.26	2.19
Total Water Withdrawal	M ³	1,051,893	1,074,945	1,277,904
Total Water Withdrawal / Production	M ³ /MT	2.59	2.75	3.18
Effluents Discharged (COD Level)	mg/l	737	1,257	1,339
Scope 1 GHG Emissions	tCO ₂ e	47,598	47,050	45,192
Scope 2 GHG Emissions	tCO ₂ e	34,509	49,333	47,062
Total GHG Emission Intensity (Scope 1 + Scope 2)	tCO ₂ e/MT	0.20	0.25	0.23
Scope 3 GHG Emissions (Categories 6 & 9)	tCO ₂ e	225.34	20,377	-
Waste Generated - Non-Hazardous	MT	3453	3,463	3,456
Total Recycle Waste	MT	3,350	3,299	3,225
Waste Recycle Rate	%	96%	95.0%	93.3%

KEY SUSTAINABILITY METRICS AND PERFORMANCE INSIGHTS

Environment & Climate - Poland Operations

Particulars	Unit	Year 2025	Year 2024	Year 2023
Production	MT	26,536.70	21,060.53	21,023.55
Energy Consumption within the Organization	TJ	118.3*	18	16.61
Total Energy Intensity (within the organization)	GJ/MT	4.45	0.85	0.79
Total Water Withdrawal	M ³	134,302	126,699	135,868
Total Water Withdrawal / Production	M ³ /MT	6.38	6.00	6.50
Scope 1 GHG Emissions	tCO ₂ e	5,590	6,123	6,944
Scope 2 GHG Emissions	tCO ₂ e	3,341	3,474	3,230
Total GHG Emission Intensity	tCO ₂ e/MT	0.42	0.46	0.48
Waste Generated - Non-Hazardous	MT	586.5	703	557
Waste Generated - Hazardous	MT	0.81	0.56	0.83

* The increase in total energy consumption and intensity in 2025 is due to an expanded reporting boundary in Poland, now including diesel and natural gas alongside electricity and solar energy; these metrics are being reported for the first time.

KEY SUSTAINABILITY METRICS AND PERFORMANCE INSIGHTS

Consumer

Particulars	Year 2025	Year 2024	Year 2023
Number of Consumer Complaints Received	475	501	197
Complaint Resolution Rate	100%	100.0%	100.0%
Recommended Order Compliance	96%	96%	96%

People and Community

Particulars	Year 2025	Year 2024	Year 2023
Saudization	38%	39%	39%
Women in Workforce	8.1%	7.5%	7.3%
Number of Special Need Employees	10	13	14
New Employee Hires	266	212	308
Total Employee Turnover	8.82%	12.5%	8.7%
Near Misses Factory	12,169	8,094	2,348
Work Related Injuries	7	11	14
Lost Time Case Rate	0.09	0.15	0.19

KEY SUSTAINABILITY METRICS AND PERFORMANCE INSIGHTS

Governance

Particulars	Year 2025	Year 2024	Year 2023
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%)	Yes (100%)	-
Quality of Legal Affairs Management ISO 9001:2015	Yes (100%)	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

GHG INVENTORY STRUCTURE

Scope Classification	Classification	Total Emissions (tCO ₂ e)
Scope 1	Diesel	44,074.30
	Gasoline	2,799.81
	LPG	736.90
	Natural Gas	5,576.82
	Total Scope 1	53,187.85
Scope 2	Electricity consumption - Saudia	34,508.95
	Electricity consumption - Poland	3,341.13
	Total Scope 2	37,850.08
Total	Total Scope 1 & 2	91,037.94
Scope 3	Scope 3	225.34
Grand Total	Total Scope 1, 2 & 3	91,263.28

LIST OF EMISSION FACTORS

Emission Factors-Scope 1

Emission Source	Parameter	Unit	Value
Diesel	Diesel Density	kg/L	0.84
	Net Calorific Value	GJ/MT	43.0
	Emission Factor	kgCO ₂ /TJ	74,100.0
LPG	Net Calorific Value	GJ/MT	47.30
	Emission Factor	kgCO ₂ /TJ	63,100

Emission Factor-Scope 2

Emission Source	Parameter	Unit	Value
Electricity consumption - Location-based approach	Emission Factor - Saudi Arabia	kgCO ₂ /kWh	0.6540
	Emission Factor - Poland	kgCO ₂ /kWh	0.6540

Emission Factor-Scope 3

Emission Source	Parameter	Unit	Value
Domestic	Any Distance	kg CO ₂ e / km	0.1500
International – Short haul	< 3,700 km	kg CO ₂ e / km	0.1400
International – Long haul	≥ 3,700 km	kg CO ₂ e / km	0.1100

APPENDIX



Appendix

GRI CONTENT INDEX

Statement of use - SADAFCO has reported the information cited in this GRI Content Index for the period 1 January 2025 to 31 December 2025, **with reference to** the GRI Standards

GRI 1 used - GRI 1: Foundation 2021

General Disclosures

GRI Standard	Disclosure	Section	Page no.	Status
	2-1 Organizational details	About the Report; About SADAFCO	7, 10	Disclosed
	2-2 Entities included in the organization's sustainability reporting	About the Report; About SADAFCO	7, 12	Disclosed
	2-3 Reporting period, frequency, and contact point	Reporting Duration; Feedback	7, 8	Disclosed
	2-4 Restatements of information	About the Report	8	Disclosed
	2-5 External assurance	About the Report	8	Disclosed
	2-6 Activities, value chain and other business relationships	About SADAFCO; Global Footprint	12, 13	Disclosed
	2-7 Employees	ESG Highlights, Advancing Diversity, Equity, and Inclusion	15, 54	Disclosed
	2-8 Workers who are not employees	Advancing Diversity, Equity, and Inclusion	54	Disclosed
	2-9 Governance structure and composition	Sustainability Governance	18, 69	Disclosed; Detailed in Annual Report
	2-10 Nomination and selection of highest governance body	Governance structure	18, 69	Partially disclosed; Detailed in Annual Report
	2-11 Chair of the highest governance body	Chairman Message	4	Disclosed
	2-12 Role of highest governance body in overseeing impacts	Strengthening Sustainability Governance	18	Disclosed; Detailed in Annual Report
	2-13 Delegation of responsibility for managing impacts	Strengthening Sustainability Governance	18	Disclosed; Detailed in Annual Report
	2-14 Role of highest governance body in sustainability reporting	Strengthening Sustainability Governance	18	Disclosed
	2-15 Conflicts of interest	Implementing Strong Safeguards	69	Partially Disclosed; Detailed in Annual report

GRI 2: General Disclosures 2021



GRI CONTENT INDEX

GRI Standard	Disclosure	Section	Page no.	Status
GRI 2: General Disclosures 2021	2-16 Communication of critical concerns	Implementing Strong Safeguards	69-71	Disclosed
	2-17 Collective knowledge of highest governance body	Board Oversight and Committee Structure	68	Partially disclosed; Detailed in Annual report
	2-18 Evaluation of performance of highest governance body	Board Oversight and Committee Structure	68	Partially disclosed; Detailed in Annual report
	2-19 Remuneration policies	Board Oversight and Committee Structure	68	Partially disclosed; Detailed in Annual report
	2-20 Process to determine remuneration	Board Oversight and Committee Structure	68	Partially disclosed; Detailed in Annual report
	2-22 Statement on sustainable development strategy	CEO Message; Transforming Vision into Impact	5, 17	Disclosed
	2-23 Policy commitments	Implementing Strong Safeguards	69	Disclosed
	2-24 Embedding policy commitments	Implementing Strong Safeguards	69	Partially disclosed
	2-25 Processes to remediate negative impacts	Implementing Strong Safeguards	69	Partially disclosed
	2-26 Mechanisms for seeking advice and raising concerns	Implementing Strong Safeguards	69	Disclosed
	2-27 Compliance with laws and regulations	Implementing Strong Safeguards	69	Partially disclosed
	2-29 Approach to stakeholder engagement	Engaging Stakeholders for Collective impact	19-20	Disclosed

GRI CONTENT INDEX

Material Topics Disclosure:

GRI Standard	Disclosure	Section	Page no.	Status
GRI 3: Material Topics 2021	3-1 Process to determine material topics	Materiality Assessment for Impactful Action	21	Disclosed
	3-2 List of material topics	Materiality Assessment for Impactful Action	21	Disclosed
	3-3 Management of material topics	Transforming Vision into Impact	17–21	Disclosed

Economic Disclosure:

GRI Standard	Disclosure	Section	Page no.	Status
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	Materiality Assessment for Impactful Action	21	Disclosed
GRI 205: Anti-corruption 2016	205-3 Confirmed incidents of corruption and actions taken	Implementing Strong Safeguards	69	Disclosed

Environmental Disclosure:

GRI Standard	Disclosure	Section	Page no.	Status
GRI 302: Energy 2016	302-1 Energy consumption	Key Sustainability Metrics and Performance Insights	75-76	Disclosed
	302-2 Energy consumption outside of the organization	GHG Inventory Structure	79	Disclosed
	302-3 Energy intensity	Key Sustainability Metrics and Performance Insights	75-76	Disclosed

GRI CONTENT INDEX

GRI Standard	Disclosure	Section	Page no.	Status
GRI 303: Water and Effluents 2018	303-1 Water as shared resource	Advancing Water stewardship	40	Disclosed
	303-2 Water discharge impacts	Advancing Water stewardship	40	Disclosed
	303-3 Water withdrawal	Advancing Water stewardship	40	Disclosed
	303-5 Water consumption	Advancing Water stewardship	40	Disclosed
GRI 305: Emissions 2016	305-1 Scope 1 emissions	Climate action, Key Sustainability Metrics and Performance Insights	29	Disclosed
	305-2 Scope 2 emissions	Climate action, Key Sustainability Metrics and Performance insights	29	Disclosed
	305-3 Scope 3 emissions	GHG Inventory Structure	79	Disclosed
	305-4 Emissions intensity	Key Sustainability Metrics and Performance Insights	75-76	Disclosed
GRI 306: Waste 2020	306-1 Waste generation impacts	Reducing Waste and Enabling Circularity, Key Sustainability Metrics and Performance Insights	37-39, 75-76	Disclosed
	306-2 Waste management	Reducing Waste and Enabling Circularity, Key Sustainability Metrics and Performance Insights	37-39, 75-76	Disclosed
	306-3 Waste generated	Reducing Waste and Enabling Circularity, Key Sustainability Metrics and Performance Insights	37-39, 75-76	Disclosed
	306-4 Waste diverted	Reducing Waste and Enabling Circularity, Key Sustainability Metrics and Performance Insights	37-39, 75-76	Disclosed
	306-5 Waste to disposal	Reducing Waste and Enabling Circularity, Key Sustainability Metrics and Performance Insights	37-39, 75-76	Disclosed
GRI 401: Employment 2016	401-1 New hires and turnover	Key Sustainability Metrics and Performance Insights	77	Disclosed

GRI CONTENT INDEX

Social Disclosure

GRI Standard	Disclosure	Section	Page no.	Status
GRI 403: Occupational Health and Safety 2018	403-1 OH&S management system	Prioritizing Health, Safety, and Well-Being	56	Disclosed
	403-2 Hazard identification	Prioritizing Health, Safety, and Well-Being	56	Disclosed
	403-5 Training	Prioritizing Health, Safety, and Well-Being	56	Disclosed
	403-7 Prevention measures	Prioritizing Health, Safety, and Well-Being	56	Disclosed
	403-9 Work-related injuries	Prioritizing Health, Safety, and Well-Being	56	Disclosed
GRI 404: Training & Education 2016	404-1 Training hours	Learning, Development & Engagement	55	Disclosed
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity	Advancing Diversity, Equity, and Inclusion	54	Partially disclosed
GRI 413: Local Communities 2016	413-1 Community engagement	Transforming Community Engagement	58	Partially disclosed
GRI 416: Customer Health and Safety	416-2 Non-compliance incidents	Transforming Value for Consumers, , Key Sustainability Metrics and Performance Insights	62, 67	Disclosed
GRI 417: Marketing and Labelling 2016	417-2 Labeling non-compliance	Transforming Value for Consumers, , Key Sustainability Metrics and Performance Insights	62, 67	Disclosed
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	Key Sustainability Metrics and Performance Insights	78	Disclosed

Independent Limited Assurance Statement to SADAFCO on selected sustainability metrics within their Sustainability Report 2025

To the Management of SADAFCO Company, Saudi Arabia

Introduction

Intertek Saudi Arabia Ltd. ("Intertek") was engaged by SADAFCO Company ("SADAFCO") to provide an independent limited assurance on the selected consolidated environmental and social disclosures listed in the scope ('the selected disclosures') presented in the Sustainability Report for 2025 ('the Report'). In preparing and presenting the selected disclosures, SADAFCO applied the 2021 Global Reporting Initiative Standards ("GRI Standards"). The assurance was performed in accordance with the requirements of International Federation of Accountants' (IFAC) International Standard on Assurance Engagements (ISAE) 3000 (Revised), Assurance Engagements Other than Audits or Reviews of Historical Financial Information.

Objective

The objectives of this limited assurance exercise were, by review of objective evidence, to confirm whether any evidence existed that the selected disclosures, as declared in the Report, were not accurate, complete, consistent, transparent, and free of material error or omission in accordance with the criteria outlined below.

Intended Users

This Assurance Statement is intended to be a part of the Sustainability Report for 2025.

Responsibilities

The management of SADAFCO is solely responsible for data collection, preparation and presentation of the selected disclosures aligned with selected criteria for reporting. Management is also responsible for the design, implementation, and maintenance of internal controls relevant to the preparation of the Report so that it is free from material misstatement, whether due to fraud or error.

Intertek's responsibility, as agreed with the management of SADAFCO, is to provide assurance and express an opinion in the Assurance Statement based on our verification following the assurance scope and criteria given below. Intertek does not accept or assume any responsibility for any other purpose or to any other person or organization. This document represents Intertek's independent and balanced opinion on the content and accuracy of the information and data held within the report.

Assurance Scope

The Assurance has been provided for selected sustainability performance disclosures presented by SADAFCO in the Report. The reporting boundary included data and information for the period 1st January 2025 to 31st December 2025 for the operations in Jeddah - Saudi Arabia (2 sites), Damman - Saudi Arabia and Poland.

Our scope of assurance included verification of data and information on the selected disclosures reported as summarized in the table below:

Topic Specific Disclosures

Environmental Disclosures

- Energy 2016: 302-1, 302-2,
- Water and Effluents 2018
- Emissions 2016: 305-1, 305-2, 305-3, 305-4 – Scope 1, 2 and 1 category of scope 3
- Waste 2020: 306-3, 306-4

Social Disclosures

- Employment 2016: 401-1
- Occupational Health and Safety 2018: 403-1, 403-2, 403-5
- Training and Education 2016: 404-1
- Diversity and Equal Opportunity 2016: 405-1
- Local communities 2016: 413-1

Assurance Criteria

Intertek conducted the assurance work in accordance with the requirements of 'Limited Assurance' procedures as per the following standards:

- International Standard on Assurance Engagements (ISAE) 3000 (revised) for 'Assurance Engagements other than Audits or Reviews of Historical Financial Information'.

A limited assurance engagement comprises of limited depth of evidence gathering including inquiry and analytical procedures and limited sampling as per professional judgement of assurance provider.

A materiality level of 10% was applied. Assessment of compliance and materiality was undertaken against the stated calculation methodology and criteria.

Methodology

Intertek performed assurance work using a risk-based approach to obtain the information, explanations and evidence that was considered necessary to provide a limited level of assurance. The assurance was conducted by desk review with regard to the reporting and supporting records for the fiscal year 2025. Data and information supporting the Statement were historical in nature and proven by evidence. Our assurance task was planned and carried out during January 2026 to April 2026. The assessment included the following:

- Reviewed the processes and systems used to gather and consolidate data.
- Examined and reviewed documents, data, and other information made available digitally.
- Conducted virtual interviews with key personnel responsible for data management and consolidation.
- Assessed the appropriateness of various assumptions, estimations, and thresholds used by SADAFCO for data analysis.
- Reviewed sustainability disclosures on a sample basis for the reporting period of 1st January 2025 to 31st December 2025. This review was carried out remotely through virtual interactions and screen sharing tools.

This limited assurance engagement focused on aggregated data and processes at the corporate level rather than physically checking source data at individual sites.

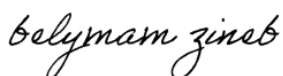
Conclusions

Intertek reviewed the selected disclosures provided by SADAFCO in the Sustainability Report 2025 for the reporting period from 1st January 2025 to 31st December 2025. Based on the procedures performed and the evidence obtained, Intertek concludes with limited assurance that nothing has come to our attention that causes us to believe that the selected disclosures presented in SADAFCO's Sustainability Report 2025 are not fairly stated, in all material aspects, based on the reporting criteria.

Intertek's Competence and Independence

Intertek is a global provider of assurance services with a presence in more than 100 countries employing approximately 44,000 people. The Intertek assurance team included competent sustainability assurance professionals, who were not involved in the collection and collation of any data except for this Assurance Opinion. Intertek maintains complete impartiality towards any people interviewed.

For Intertek



Zineb Belymam, Verifier
Senior Sustainability Consultant

5 May 2026



Elizabeth Mielbrecht, Reviewer
Project Director

5 May 2026

No member of the verification team (stated above) has a business relationship with SADAFCO Company, its Directors or Managers beyond that is required of this assignment. No form of bribe has been accepted before, throughout and after performing the verification. The verification team has not been intimidated to agree to do this work, change and/or alter the results of the verification. The verification team has not participated in any form of nepotism, self-dealing and/or tampering. If any concerns or conflicts were identified, appropriate mitigation measures were put in place, documented and presented with the final report. The process followed during the verification is based on the principles of impartiality, evidence, fair presentation and documentation. The documentation received and reviewed supports the conclusion reached and stated in this opinion.



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