

# CARING EVERYDAY



**Juhayna Food Industries**  
SUSTAINABILITY REPORT  
2017-2018





## SALMA SHAKER

Team Leader - PR, CSV & Sustainability  
Salma.Shaker@JUHAYNA.com

Statements contained in this Business Review that are not historical facts are based on current expectations, estimates, projections, opinions and beliefs of Juhayna Food Industries. Such statements involve known and unknown risks, uncertainties and other factors, and undue reliance should not be placed thereon. Certain information contained herein constitutes "targets" or "forward-looking statements," which can be identified by the use of forward-looking terminology such as "may," "will," "seek," "should," "expect," "anticipate," "project," "estimate," "intend," "continue" or "believe" or the negatives thereof or other variations thereon or comparable terminology. Actual events or results or the actual performance of Juhayna Food Industries may differ materially from those reflected or contemplated in such targets or forward looking statements. The performance of Juhayna Food Industries is subject to risks and uncertainties.

Corporate and Registered Head Office<sup>1</sup>  
Building no. 2 Polygon Sodici West, Sheikh Zayed -  
Giza, Egypt

## FOR FURTHER INFORMATION<sup>6</sup>:

Passant Fouad  
External Communication Associate Director  
Passant.fouad@Juhayna .com  
Building no. 2 Polygon Sodici West, Sheikh Zayed Giza

Salma Shaker  
Team Leader - PR, CSV & Sustainability  
Salma.Shaker@Juhayna .com  
Building no. 2 Polygon Sodici West, Sheikh Zayed Giza

## REPORT OUTLINE

On this report<sup>2</sup>, "JUHANYA", "the group" or "we" are referring to the JUHANYA GROUP.

Juhayna Food Industries is an Egyptian Joint Stock Company, and it performs under the provisions of the Investment Law No.(230) of 1989 as replaced by the investment incentives and guarantees law No.(8) of 1997 and the decree of the Minister of Economic and Foreign Trade No. (636) of 1994 approving the company establishment. The company is registered in the commercial registry under No.100994 on 10/1/1995

## REFERENCED REPORTING GUIDELINE<sup>3</sup>

The report is prepared according to the Global Reporting Initiative Sustainability Reporting Standards: Comprehensive Option.

## SCOPE OF THE REPORTING PERIOD AND CYCLE COVERED<sup>4</sup>

The report covers fiscal years 2017 & 2018 ( January 2017 to December 2018 ); content that describes efforts outside this period is indicated in the respective sections.

## DATE OF PREVIOUS SUSTAINABILITY REPORT<sup>5</sup>

JUHANYA publishes this 1st Sustainability Report as a way of sharing information on its sustainability-related activities with stakeholders.

This year's report reviews the results achieved in fiscal years 2017 & 2018, focusing on JUHANYA GROUP's Value Chain, Innovation and its CSV Strategy.

## FORWARD-LOOKING STATEMENT

The GROUP Report SR2017-2018, " CARING EVERYDAY", contains various forward-looking statements about future developments which are based on the current status of the Group's assumptions and forecasts. Subject to any number of predictable or unpredictable risks or challenges, the current outcome, its future development or performance could considerably change.

1. (102-3)

4. (102-50 / 102-52)

2. (102-1) - (102-5)

5. (102-51)

3. (102-54)

6. (102-53)





View our report: [CARING EVERYDAY](#)  
We provide our Sustainability Report online, which allows us to reduce the amount of paper we print and distribute.



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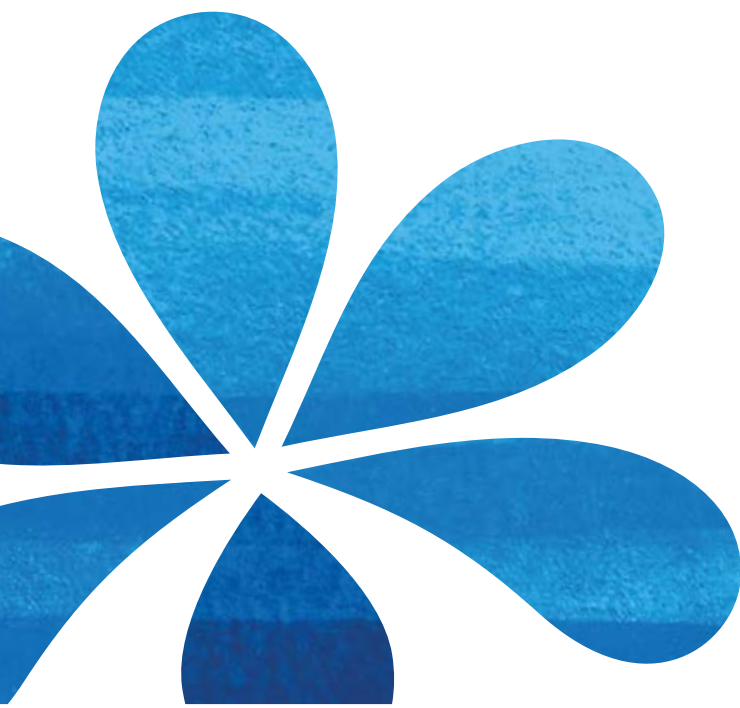
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"WE HAVE ALWAYS  
BEEN AND WE WILL  
ALWAYS REMAIN CHANGE  
ADVOCATES."



## ENG. SAFWAN THABET

Juhayna was founded with an idea and vision to change the market landscape to the favor of a healthier generation. Today, more than 35 years later the company has defined its mission clearly and has been operating to introduce a new business model for food production that holds innovation at its core. Embedded in our future plans is the belief that today's consumers cannot be benefited on the expense of future ones.



factors we should celebrate and be grateful for, however in parallel we should explore areas of improvement that we can further enhance to be able to realize our full potential.

Our approach at Juhayna has always focused on three key elements, namely, growing our business safely and ethically, while increasing our positive social impact and decreasing our environmental footprint. In each of these three aspects, we must aim for improvement, which in turn will lead to the excellence we strive for. In the attempt to grow our business, we must not neglect the responsibility that comes alongside our status as a reliable product, present in every Egyptian fridge. Running a responsible, ethical and a profitable business, means that we, not only protect but constantly add value to all our stakeholders. From our employees, investors, partners and our consumers to developing the industry at large. People rely on what we produce every single day and we must be responsible stewards for these products.

Amidst our consideration to individual consumer needs, we must also adopt a wholesome approach towards society. Making a positive contribution to society entails paying taxes, boosting local economies, investing in critical areas like health, as well as developing talents and empowering women and youth to inspire new generations with innovative ideas.

## MR. SEIF THABET

Juhayna was introduced to the market with a lineage that focused primarily on creating a landscape that paves the way for a healthier, future generation. Today, more than 35 years later the company has defined its mission clearly and has been operating to introduce a new business model for food production that holds innovation at its core. Embedded in our future plans is the belief that today's consumers cannot be benefited on the expense of future ones. The findings of our first Sustainability Report for 2017-2018 show the true commitment in our approach to sustainability, and prove our relentless efforts to embed our core vision within our practices. This report highlights Juhayna's current status and the steps we aim to take as we continue to move forward. There are many success

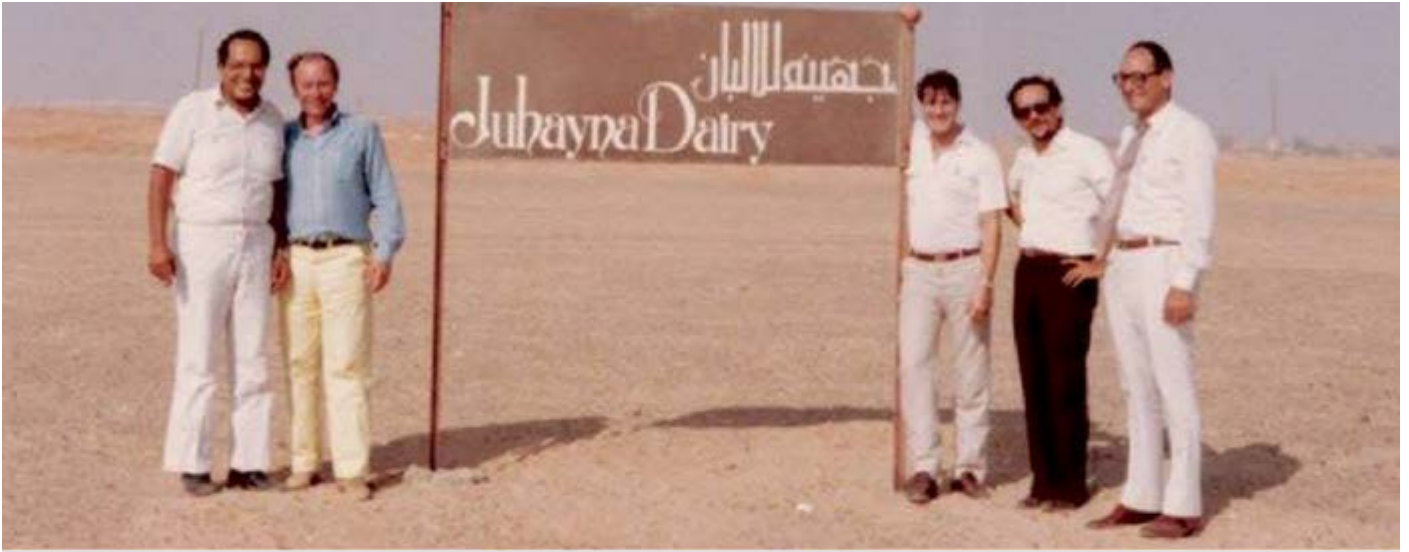


The aforementioned practices cannot be perfected without putting global environmental issues that affect us domestically at the forefront of our decisions. Hence, we must do the right thing on climate change by reducing the environmental impact that results from our farming, manufacturing and distribution operations. If Egypt is to meet the aims of the Paris Agreement, there is a lot of work to do to cut global greenhouse gas emissions, while meeting the rising nutritional demands of our people. Finding and applying new energy resources to aid us through the shift to cleaner power is currently at the top of our priority list. It is very important though not to limit sustainability to adopting the latest energy-efficient solutions or turning to renewable sources of power. Energy sustainability is essential, but the word has a much broader meaning. It must span to include how we manage our business, invest in social spending and plan for the future. This must not solely be designed for leaders, it is the responsibility of every individual every single day. It is about changing our mindsets and behaviors to protect the future of our children.

We have always been and we will always remain change advocates. Change that has constantly put us in a stronger position to help the growing needs of our society - yet with one essential value for how we do business - sustainability. Let us all join forces to maintain and exceed our sustainability potential.



# CHALLENGING THE NORMS



At the remote suburbs of West Cairo, the dream of a visionary businessman- Safwan Thabet- came to life. A tale of 35 years of growth that had its share of turmoil and success. It is a vibrant journey of building a National Brand through learning more, doing better, growing stronger, and caring deeper.

The founder of Juhayna had a very straightforward vision: being healthy should be affordable, accessible, safe, and tasty for all ages to enjoy and nourish. But with a market adapted to consuming loose milk, the mission of fulfilling the growing demands that has stretched across the nation, had faced hazardous factors in transportation and storage given the lifespan of safe consumption.

And here, we have challenged the norms. We introduced a new business model to the market that sustainably caters for the 2.8% annual

population growth of the 80's.

The model was designed to reach-out to the new clusters of citizens that had started to expand-away from the River Nile further to the east, west, and south of the capital and major cities.

Since our inception, we have been one of the leading providers of packed milk and the first to partner with the Global Packaging Giant Tetra Pak. Tetra Pak remains our partner till day, sharing our voice in our ongoing public awareness campaigns to highlight the hazards of loose milk in an effort to promote healthy living and improve health standards. We are proud that those campaigns have successfully dropped loose milk consumption to nearly half over the years.

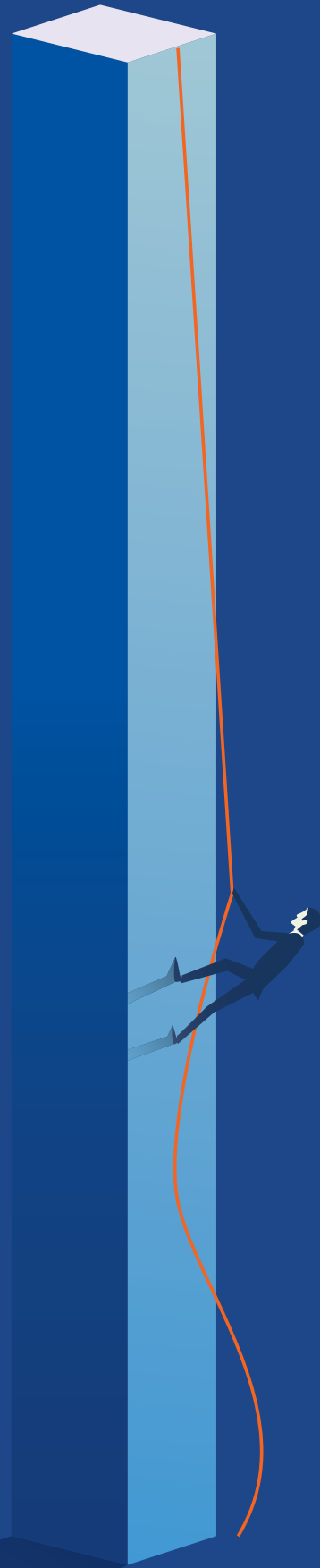


A TALE OF

35

YEARS OF

GROWTH





## 1987 PRODUCTION STARTS

Juhayna introduces the 1st high-quality packaged milk, yoghurt and juice in the Egyptian market.



## 1991 TAPPING NEW HORIZONS

Juhayna expands its reach by becoming an exclusive dairy supplier for airlines, hotels, and other fast food chains, and the start of the 25 years partnership of unparalleled success with MacDonal'd's, leading to a full integration of global requirements and innovative products.



## 2000-2001 ZABADO, INNOVATION FOR PURPOSE

With a focus on Nutrition, Juhayna introduces Zabado, the healthy energy product that fits a charged lifestyle, offering the maximum calories with minimum fat. Zabado rapidly becomes a best-seller and the first innovative drinkable yoghurt produced in Egypt.

## THE COOKING CREAM LINE, THE INGREDIENTS FOR A FAMILY CONNECTION

Juhayna launches the first of its kind cooking and whipping cream in Egyptian markets, gaining instant success which steps beyond the basic need for nourishment, into the joy of seeking the delight of new experiences of trying new dishes and gathering for social/family connection.

## PURE JUICE, THE RICH FLAVORS WITH HEALTHY CHOICES

Always with healthy life-style in mind, Juhayna launched its PURE Line of a 100% natural juice with no sugar, no additives and no preservatives, coupled with the benefits of all the popular flavors with quality richness of the fruit-based vitamin.



## 2003 BEKHERO MILK & JUICE, OUR EMBLEM OF SOCIAL

### HEALTH AND INCLUSIVITY

Our Production line of BEKHERO Milk & Juice, re-packaged to the off-set premium price and provide affordable quality nutrients at low cost to our vulnerable consumers in low income cities. BEKHERO, which stands for "WHOLESOME GOOD", is a product for the GOOD of our Communities.



## 2007 TIBA - THE NEW FRONTIER IN THE STORY OF PEOPLE WE SERVE

Juhayna established TIBA for trade and distribution, as new a transformational milestone of our Supply Chain' Vertical Integration, ensuring that healthy safe nutrition is accessible in all areas across the country.



## 2008 AL MARWA - UNPRECEDENTED EXPANSION

The colossal site and its technological transformation supported Juhayna's expansion. Our new production capacity provided us with a strong footing to promote the circular motion



## 2012 0% - THE MILK OF HEALTH-CONSCIOUS MINDS

Juhayna launched the only 0%-fat Milk in the national market, a new benchmark and an ultimate choice for the "extra cautious" who are looking to minimize their fat intake while maintaining a rich supply of vitamins to ensure a healthy lifestyle.



EBRD

## 2013 EBRD - DEVELOPING THE AGRIBUSINESS SECTOR

The Cooperation Protocol with EBRD (the European Development Bank) supported the roll-out of Juhayna's program to local farms through technical training, transfer of knowledge and financial support. The partnership impacted our entire value chain and helped boost agricultural production in Egypt and long term sustainable development.



## 2016 KARM SOLAR - OUR ENVIRONMENTAL FOOTPRINT AT DAIRY FARMING

The first of its kind in Egypt, Juhayna established its own solar energy station at Al Enma' farm, representing another milestone of our Sustainability Practices by decreasing our dependency on diesel and reducing our carbon footprint

## JUHAYNA'S INNOVATION CENTER THE FUTURE OF DAIRY PRODUCTION

The state-of-the-art facility, and the first of its kind in the MENA region, the center houses 4 central labs to nurture, and evaluate the feasibility of new Products and Packaging Development and their scalability for commercial production.

## FAWRY - THE FINTECH SOLUTION FOR THE DAIRY SECTOR

With the Innovative Culture surging the alleys of Juhayna's entire Supply Chain, we deployed a full-ledged new relationship model with our customers to address challenges at the intersection of supply and demand chain by building creditworthiness and facilitate digital payments.

## A MILESTONE IN EMPOWERING OUR FEMALE CAREER DEVELOPMENT

The First long-term Development Program entirely dedicated to Women in the industry through a protocol with the German Agency for International Cooperation (GIZ). Over two years, 10 selected Female participants received support on exploring their development path in Juhayna for the aim of improving their career opportunities.



## 2017 UNGC MEMBERSHIP - BUSINESS PRACTICES MEETS GLOBAL FRAMEWORKS

Joining the United Nations' Global Compact Network and progressing towards fully-embedding its 10 principles into our business strategy and operations on Humans Rights, Environmental Footprint and Governance



## 2018 ADDRESSING THE LACTOSE INTOLERANT

Juhayna launched Lactose-free milk that caters to lactose intolerant consumers, made with 100% natural milk nutrient and cause no discomfort.



# OUR vision!

To stand out as the leading source of a healthier and tastier quality of life, for you.



# OUR MISSION!

Crossing barriers and traditional consumption habits was no easy task, nor a smooth journey, but with a set of robust un-shifted values, Juhayna mission was clear:

“To provide quality products that enrich the lives of our people and support the development of our community seeking a healthier & a better tomorrow”.

“Caring Every Day Since 1983” has been our mission and promise to our consumer. And as we grew, our dreams and commitments have expanded to create shared value to our stakeholders.

Therefore, at the core of our Business Strategy, three pillars have paved the way to success: best international practices, innovation and sustainability; all of which were the footings of the Juhayna Brand, where employees, suppliers, and partners have collectively pledged caution and care to our consumers, communities, and the environment. Through our stakeholders’ engagements we have discussed, exchanged and concluded our most critical issues and material topics to drive our business to a responsible and sustainable growth.

[Read: Reality to Materiality](#)

# CREATING SHARED VALUE CSV



With the complexity of our industry, many sectors and practices are tangled and intersected to introduce a harmonic Value Chain that caters for the most fundamental need: Nutrition.

Throughout this report, we share with our readers our successes and challenges, our practices and impacts, the values we abide-by, and the values we aspire to create.

Our story captures how we have continuously reshaped our business from traditional practices to a responsible business that operates 'for purpose' to improve the quality of lives within our communities, addressing social change, and enhancing our portfolio for healthier choices.

Our journey reports on how promoting sustainability and fostering innovative solutions was key to overcome challenges and seize opportunities.

As we are committed to delivering our promise for quality and value, we took ownership of our entire value chain by mobilizing our investments towards owning our own farming and distribution channels, allowing us to provide an expanded set of value propositions to retailers, consumers, farmers, external suppliers, and setting best international practices in motion.

None of the success would have been possible without our Employees. At the back-stage lies the true stories of our Juhayna FAMILY, where we value our Human Capital beyond the traditional lens of acquiring the best talents and expertise.

We are proud of succeeding in creating a collective-minded environment that fosters societal well-being both internally and externally, operating through the morals of taking care of people.

CARING  
EVERYDAY  
SINCE 1983







# Setting our Sustainability in Motion

“Caring Everyday Since 1983”



The Food & Beverage Industry is no longer a local bassinet, but rather a global arena where every wave of disrupted supply and demand has a ripple effect somewhere else in this world, one way or the other.

Therefore, we recognize the importance of Sustainability Efforts and the role it plays in creating shared values to both the business and our stakeholders.

The F&B Industry and the dairy sector have the tremendous ability to bring the SDGs to life. Its engagement around the SDGs is a pathway to fostering partnerships and strengthening the contribution to sustainable food security and nutrition. With regard to environmental impacts, the SDGs create a platform where the industry and the dairy sector can highlight its advancement in sustainability efforts, its commitment to minimizing environmental degradation and its endeavors in the reduction in greenhouse gas emissions.

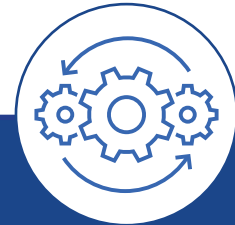
On a national scale, we have directed our sustainability strategy to align to the priorities of Egypt's sustainable development strategy (Egypt Vision 2030).

We engaged with ministries, civil society organizations, industry associations, and many more

stakeholders to identify the areas to which Juhayna could contribute and lead a true change. We share a responsibility for the development of our country; hence, we will continue supporting national endeavors to achieve Egypt's sustainable development targets. We have also become an active member of the United Nations' Global Compact Network "UNGC" in 2017 and progressing towards fully-embedding its 10 principles into our business strategy and operations.

Read: Human Rights, From Land to Sky , Our Corporate Governance.

The Egyptian dairy community must continue to work together to follow the contributions of the global dairy sector to the achievement of key Sustainable Development Goals. Addressing these universal challenges requires complex and comprehensive approaches. Finding more opportunities to work together and across various sectors, will help us promote a healthy and sustainable food system that includes nutritious products to nourish the coming generations.



“Advocating the National and Global Agendas have become a necessity for the responsible and sustainable continuity of our business.

Since the launch of the United Nations' Sustainable Development Goals (UN SDGs) in 2015, and its rigorous framework for companies seeking to operate sustainably, the SDGs have offered an unparalleled opportunity by aligning to common causes and closing the financing gap to achieve the SDGs in developing countries that has reached an estimate of US\$ 2.5 - 3 trillion per year”

(\*UNCTAD World Investment Report, 2014).



# JUKAYNA PLEDGES TO CONTINUOUSLY MAKE CONTRIBUTIONS AND DEMONSTRATE ACTION TOWARDS ACHIEVING THE SDGs.

We have given a keen attention to a number of Goals that are core to our Industry and we have placed them at the heart of our business and across our Value Chain:

<p><b>2 ZERO HUNGER</b></p>  <ul style="list-style-type: none"> <li>• Eliminating Hunger</li> <li>• Building Food Security</li> <li>• Animal Care</li> <li>• Food Price Volatility</li> </ul>	<p><b>3 GOOD HEALTH AND WELL-BEING</b></p>  <ul style="list-style-type: none"> <li>• Contribution to Healthy Choices</li> </ul>	<p><b>6 CLEAN WATER AND SANITATION</b></p>  <ul style="list-style-type: none"> <li>• Sustainable Management of Water</li> </ul>	<p><b>7 AFFORDABLE AND CLEAN ENERGY</b></p>  <ul style="list-style-type: none"> <li>• Sustainable Management of Energy Resources</li> </ul>
<p><b>8 DECENT WORK AND ECONOMIES GROWTH</b></p>  <ul style="list-style-type: none"> <li>• Promote Inclusive &amp; Sustainable Economic Growth</li> <li>• Decent Employment</li> </ul>	<p><b>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</b></p>  <ul style="list-style-type: none"> <li>• Build Resilient Infrastructure</li> <li>• Promote Sustainable Industrialization</li> </ul>	<p><b>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</b></p>  <ul style="list-style-type: none"> <li>• Ensure Sustainable Production Control</li> <li>• Food Loss</li> </ul>	<p><b>13 CLIMATE ACTION</b></p>  <ul style="list-style-type: none"> <li>• Take Urgent Action to Combat Climate Change And Its Impact</li> </ul>

We also contribute to the other SDGs through various practices, initiatives, and efforts. Read: [Our Global Value Creation- the SDGs Map](#)

# JUHAYNA AT A GLANCE

## Juhayna - Insights and Inspirations\*1

Inspired by 'Our Consumers' Everyday life', Juhayna's brand strategy has led the company to become one of Egypt's most loved household brands. Our healthy, age-specific products and family-friendly brand has stretched across the market in various categories, including plain and flavored milk, spoonable and drinkable yoghurt, premium-quality juices, specialty drinks, and Cooking Cream Range.

Today, our products are enjoyed across the nation, reaching homes and families in all Egyptian Governorates, delivered with care and respect to all the citizens and indigenous peoples of our communities through our continuous commitment to positively impact the health, the economy and the environment of our Nation through our products\*2.



### OUR HUMAN CAPITAL

4,239 full-time permanent Contracts' employees led by 30 senior managers across all functions

### LEADING POSITION

1#

in Market  
Share across our 3 categories of dairy, yogurt and juicoe products

### PIONEER STATUS

We are the

NUMBER 1 AND ONLY PRODUCER

in the national market of the Lactose Free and %0 Milk  
We are the

1<sup>st</sup> PRODUCER

in the national market of the Happy Ktichen Range, Rayeb, Zabadoo and the Mix Chocolate

### PRODUCTION CAPACITY



packs per day in 4 factories

WITH



skus

(stock keeping units)

### 2018 SALES GROWTH

(2018 vs. 2017)  
An increase of production



21%  
Milk



15%  
Juice



19%

Drinkable & spoonable Yoghurt

### NEW PRODUCTS

Bringing new products every year

2017



TOMATO PUREE

2018



LACTOSE FREE MILK

2019



CLASSIES junior juice

1. (102-2 / 102-6 / 102-7)

2. (411-1)



## ON WHEELS

A Distribution Fleet of

992  fully-owned vehicles

3<sup>RD</sup>  largest fleet in the F&B Sector in Egypt

## OUT-REACH

38  distribution centers across Egypt


In-stores  
You find us in

136,000 retail outlets



## A NATIONAL BRAND WITH GLOBAL REACH

26  Exports reaching Countries for our finished products (milk, yogurt, juice and kitchen/cooking range).


30  Countries for our line of Juice concentrates, fruit purées and fruit pulps.



## A PIONEER DAIRY FARMING MODEL ENMAA

145  experts in Dairy Farming

5000 Feddans (5189 Acres ) of land

7000  cows of the best breed (Bredd holistien and Simmental)



## SUSTAINABLE MILK SOURCING

85% of Juhayna's milk supply is collected directly from local farms under long-term collaboration contract



## ECONOMY DRIVER

Mentoring and supporting

107  local farms under our care through our Sustainable Farming Strategy "KAFAA"




## TRUSTED WITH ANIMAL WELFARE

%100 of our own cows and those at our suppliers follow Quality and Health assessment.

6  certifications WITH 90  audits in Quality, Food Safety, Health & Safety and Environment



## A PARTNER IN HARDSHIP

38M <sup>EGP</sup>  in financial support to farms through a one-of-a-kind contractual model of advance-financial support for purchasing cows (3eglat 3oshar) and installation of advanced cooling system for the cows.



## MEMBERSHIP 102-13

Global Dairy Farming Federations of Egyptian Industries Egyptian Export Council



## ENVIRONMENT FRIENDLY

Through our energy saving policies in our factories , we achieved a reduction of

16% in natural gas &

19.5% on our electricity in our factories in 2018



## COMMUNITY

A total of EGP 37,350 millions of social investments to our local communities, supporting national medical care, health initiatives and entrepreneurial innovations 1-201



## NEW PACKAGING 2018



MIX PACKAGING AND BRAND REVAMP "طول عمر مكس اجمد"



PLAIN YOGHURT 180 GM UPSIZE "اكبر و اوفر"



BEKHERO JUICE PACKAGING REVAMP



MULTIPACK CARTON PACKAGING FOR FULL CREAM, HALF CREAM, SKIMMED: TO PUSH SALES ON EACH SKU



2018 RAYEB PACKAGING CONSUMER CAN NOW EASILY DIFFERENTIATE BETWEEN EACH SKU (PLAIN, LIGHT, GREEN TEA AND LEMON FLAVOR)



# OUR SUBSIDIARIES

Masreya Dairy Company (El Masreya)

International Company for Modern Food Industries (El-Dawleya)

The Egyptian Company for Food Industries (Egyfood)

El-Marwa Food Industries and Modern Concentrate

Tiba for Trade & Distribution

Al-Enmaa for Agriculture Development and Livestock Company

## NEW FRONTIERS OF VERTICAL INTEGRATION<sup>\*1</sup>

Looking at Global and National challenges and opportunities unfolding within the industry, market volatility required savvy measures to maintain business resilience and adding value to both our business and our stakeholders.

Through vertical integration, we asserted control over successive stages of the entire production process, leading to a lessened risks of:

- Cost increases
- Disruption of critical material supplies
- Control of quality standards
- Reduction of transportation costs and out-reach to all geographical sales points

We affirm our Brand Excellence and our vision of providing affordable, safe, enjoyable, high quality, inclusive products, and accessible to all. We are proud that each phase of our Supply Chain has created a Shared Value to the Community, and the Environment.



“ OUR VERTICAL  
INTEGRATION OF OUR SUPPLY CHAIN WAS A KEY  
TRANSFORMATIONAL MILESTONE ”

1. (102-2/ 102-9)



# AND THIS HOW WE DID IT...

## The Arching Supply Chain

A fundamental Business Model Innovation that delivers a diverse range of healthy & tasteful choices of high quality products, serving all segments. The Model ensures and boosts the continuous delivery of unique value-of-ferings to our consumers along each phase of the Model:



AFFORDABLE



SAFE  
& CONVENIENT



ACCESSIBLE



ENJOYABLE &  
HIGH QUALITY

### enma'

Our very own Dairy Farm Model, supported by OUR SUPPLYING NETWORK of 107 local farms. They provide a sustainable supply and maintain lower cost of inputs towards more affordable products to our consumers.

### AL MASREYA

Juhayna's largest production capacity

### EgyFOOD

Juhayna's renowned line of high-quality yoghurts and spoon-able yoghurt

### AL DAWLEYA

The largest industrial complexes in Egypt and the MENA region. A Packaging Model that drives time and packaging efficiency. Through partnership with Combibloc, its latest advanced equipment provides flexibility and adaptability of packing to multiple sizes.

### AL MARWA

Our Pilot Model for our Circular Economy Practices. HAACP-certified, it features the most globally advanced manufacturing technologies & produces our very own concentrates.

### TIBA

Distribution Model with 992 vehicles, the 3rd largest fleet in the F&B Sector in Egypt, reaching 136,000 retail outlets across the nation

### ARJU

The joint venture of ARLA and Juhayna in a Global Partnership for distribution of ARLA products



# WE GOT THE FORMULA

With great achievements, comes greater responsibilities

Taking control over our entire supply chain entailed more obligations and commitment to those who are under our care: Taking control over our entire supply chain entailed more obligations and commitment to those who are under our care: employees, consumers, suppliers, business partners, customers, farmers, local communities and the environment.

With a dynamic governance, our strategies continue to adapt to those needs, and a new model of doing business unfolds.

In 2015, we undertook a robust venture that has re-defined our Business Strategy into a full-fledged value-creation approach, announcing the re-birth of Juhayna 's Value Chain and CSV Strategy that have set new benchmarks for the years 2016 and onwards, in terms of adding value to the economy, the community and the environment. It is the formula of a Business Built to CARE.

OUR MESSAGE  
WHY CSV?

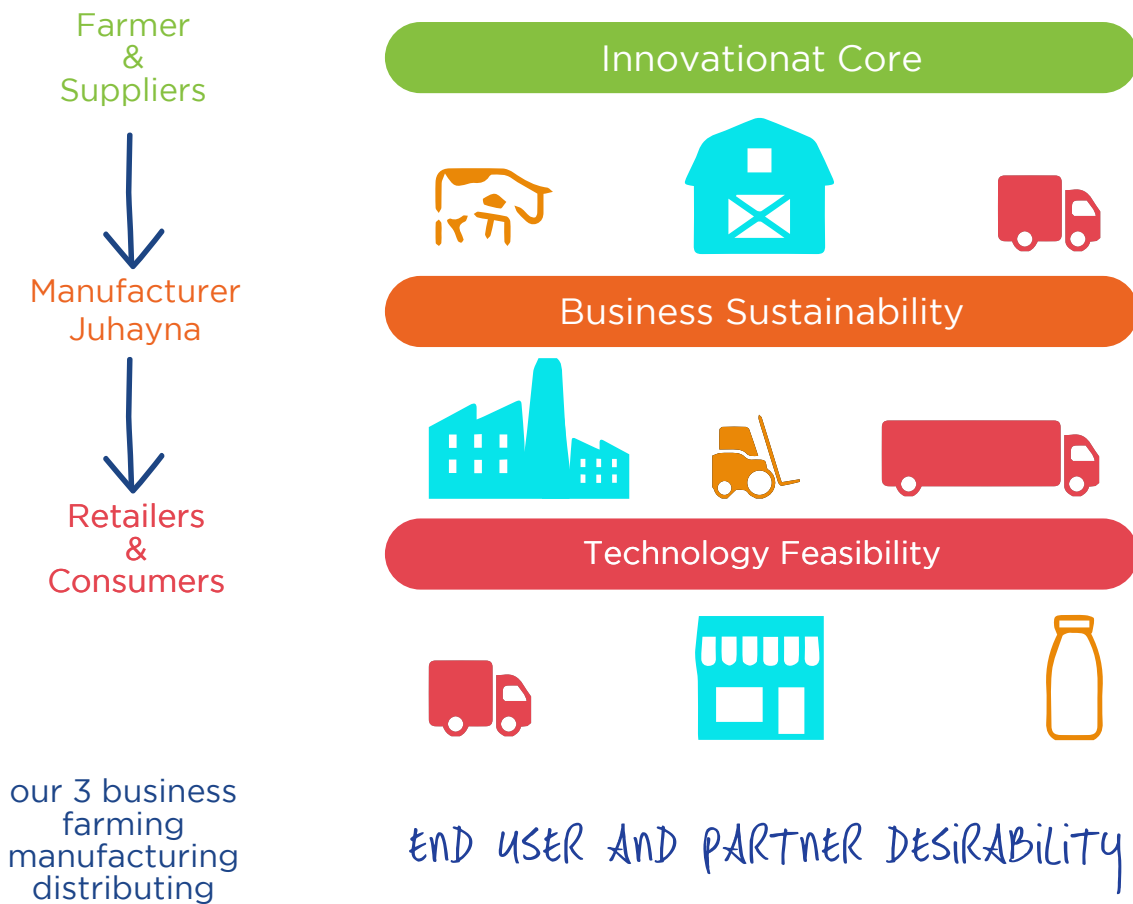
A NEW MODEL FOR DOING  
BUSINESS UNFOLD





OUR CSV STRATEGY IS THE COMPASS THAT ALLOW US TO LEAD  
WITH EXCELLENCE, SERVE WITH CARE

## OUR INTELLECTUAL CAPITAL



CREATING SHARED VALUE (OUR CSV STRATEGY)

# OUR

natural capital caring for the environment

Social Capital Caring For The Community

human capital the engine behind brand

# OUR COMPASS (OUR SPHERE OF IMPACTS)<sup>\*1</sup>

While our business has started with the establishment of our Manufacturing Facilities, our subsidiaries later expended by owning our distribution establishment, followed by developing our very own Farm and a network of 60 supplying farms, inclusively under our care.

Read: Challenging the Norms,

It is our faith that our success lies in the Value that we created along our supply chain. So, through the coming sections, we accompany our readers through the lifecycle of our products, from Farm to Table, while sharing with them, not only “how it all started”, but more on “where we stand today” in the lives of the people we serve,

the community we belong to, the future we aspire for, and the Nation that housed our past and drives our future.

“

It is our  
FAITH THAT  
OUR SUCCESS  
LIES IN THE  
VALUE THAT  
WE CREATED  
ALONG OUR  
SUPPLY CHAIN.

”





Our Vertical Integration Business Model	Our Commitments	Caring for Egypt	Caring for People	Caring for the Community	Caring for the Environment	Caring for the Future
<p><b>Farming</b></p> <p>Read on: (Dairy Farming Development)</p>	<ul style="list-style-type: none"> <li>› Rural Development through Dairy Farms</li> </ul> <p>(Read On: Developing Egypt's Dairy Farms )</p>	<ul style="list-style-type: none"> <li>› Driving social wellbeing</li> </ul> <p>(Read on: KAFA-AA – Juhayna Farming Inclusion Program)</p>	<ul style="list-style-type: none"> <li>› Driving economic wellbeing</li> </ul> <p>(Read on: Our Impact)</p>	<ul style="list-style-type: none"> <li>› Energy Efficiency &amp; Emissions</li> <li>› Soil fertility</li> <li>› Biodiversity and Environmental Resources</li> </ul> <p>(Read on: Our Environmental FootPrint)</p>	<ul style="list-style-type: none"> <li>› Animal Welfare &amp; Sourcing Quality</li> </ul> <p>(Read on: Responsible Farming Practices)</p> <ul style="list-style-type: none"> <li>› Technical Innovation</li> </ul> <p>(Read on: Tech on Farms)</p>	
<p><b>Manufacturing (Processing &amp; Packaging)</b></p> <p>Read on: (Bridging to Tomorrow)</p>	<ul style="list-style-type: none"> <li>› Food Security</li> <li>› Exporting</li> </ul> <p>(Read on: Sharing the Wealth)</p> <p>Read on: "National Brand, on Global Horizon"</p>	<ul style="list-style-type: none"> <li>› Healthy &amp; Diverse Choices of specialized products</li> </ul> <p>(Read on: Choices that Matters)</p> <ul style="list-style-type: none"> <li>› Ethical Labeling</li> </ul> <p>(Read on: A Code of Trust)</p>	<ul style="list-style-type: none"> <li>› Affordable, healthy, safe products</li> <li>› our CSV activities</li> </ul> <p>(Read on: Sharing the Wealth)</p>	<ul style="list-style-type: none"> <li>› Circular Economy</li> <li>› Energy, water &amp; waste Management</li> </ul> <p>(Read on: Waste to Wealth)</p>	<ul style="list-style-type: none"> <li>› Our Facilities and Production</li> <li>› Products Safety &amp; Quality</li> <li>› Innovation &amp; Automation</li> </ul> <p>(Read on: Responsible Production &amp; Our Global Partners)</p>	
<p><b>Distribution</b></p> <p>Read on: (Our Brand in Motion)</p>	<p>Availability &amp; accessibility of convenient and safe nutritious products</p> <p>Read on: (Nutrition in Dispatch)</p> <p>Also Read on Food security on "Sharing the Wealth"</p>	<p>Road Safety and wellbeing for our drivers</p> <p>Read on: (At the forefront)</p>	<p>Convenient and safe Payment Model that alleviate economic limitations and drive businesses sustainability, and increase road safety against cash theft</p> <p>Read on: (The Digital Express)</p>	<p>Towards low-carbon business: Fuel and energy Consumption</p> <p>Read on: (On ECO-route)</p>	<p>Supporting Financial Inclusion through Fintech and the National Cashless Economy</p> <p>Addressing future needs and supporting the growing generation of online payments through our presence on e-commerce platform</p> <p>Read on: (The Digital Express)</p>	

# ACKNOWLEDGING CHALLENGES AND EFFORTS

Our line of business has a delicate characteristic as it impacts Health and Nature, the most valuable assets on earth. Responding to risks and finding solutions is thus a dynamic process that requires continuous industry' knowledge. As the dairy sector is currently dealing with numerous challenges and emerging consumer trends, we must be cautious on how we answer to those changes, and maintain the balance from start to end: from securing responsible sourcing, to generating nutrients on tables.

Our strategic plan prioritizes decisive actions that resolve legacy issues and build on our existing competitive advantages, allowing our business to seize opportunities and secure sustainable levels of profitability. Read: Stakeholders and Materiality.

We faced many significant hurdles and limitations after the Egyptian economic reform program in 2016. These included increasing exchange rates & interest rates, high energy prices, and production costs; resulting in higher operating and financing costs. This negatively impacted our financial performance during 2016. Our annual net profit declined by 80%, and our stock market value by 22%.

Despite those challenges in 2016, we remained resilient and succeeded in making prudential decisions to improve our financial performance: precautionary policies towards exchange rate changes, cost reduction, and efficiency improvement of assets management which have allowed us to gradually raise our market prices resulting in a clear improvement in our financial performance through 2017 and 2018 (improved net profit, stock market value and performance of liquidity and profitability ratios, as well as rates of return on investment and equity).



## DAIRIES from a GLOBAL LENS:

According to Deloitte's, the global dairy sector is currently experiencing a period of transition and agitation. The dairy industry has long had to manage fluctuations in the market. Weather, geopolitical events, over-production, under-production, changing consumer tastes—these are all factors in driving up and down costs. More recently, however, the peaks and troughs have been more extreme and occurred in closer succession. The market has never been more unpredictable than it is now.

The industry may be able to produce more products at a faster rate than ever before, but they still don't have the levers available for them for complete control over where the market is going. This has significant consequences downstream as farmers are continually being asked to moderate or increase their production levels, sometimes with unattainable lead times.

Despite all of the challenges listed above, the long-term prospects for the dairy sector remains bright. Rising populations and changing diets are increasing demand for dairy. As reported by Rabobank, global demand for dairy is expected to increase by 2.5 per cent per annum until 2020.

The dairy industry has already started to address many of these challenges. The hope is that they can look at these challenges as opportunities and develop solutions that will benefit not just their businesses, but also the wider global community as well

## DAIRIES in Egypt

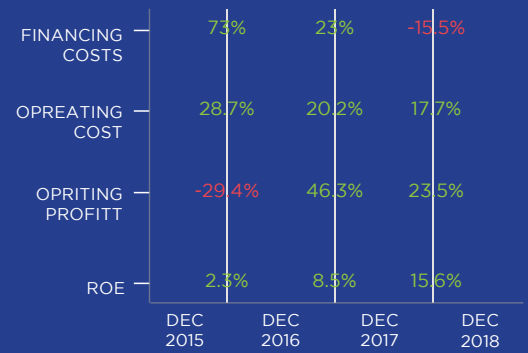
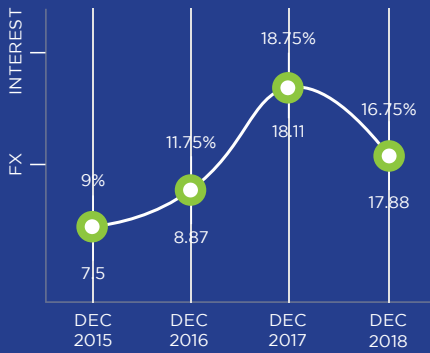
In 2018, Egypt imported 51,000 tons of powdered skimmed milk and 8,000 tons of powdered full milk, with an increase of imported volume from the European Union increased by 23% compared to 2017.

The volume of Egypt's import amounts to about 166 thousand tons of children's and powdered milk, while the total of its exports abroad for dairy products is 45 thousand tons.

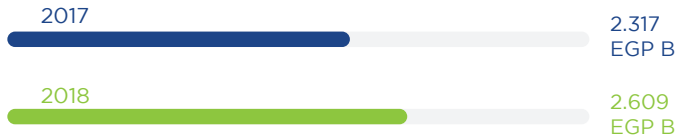
The latest reports indicate that the volume of total milk production for global consumption purposes in the world reached 5 million tons, and that the per capita share in Egypt increased from 23 kilograms annually to 50 kilograms annually, while per capita consumption worldwide is about 100 kilograms annually.



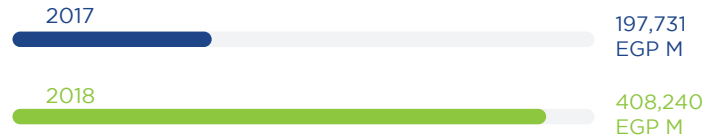
# An outlook on our financial performance



## EQUITY



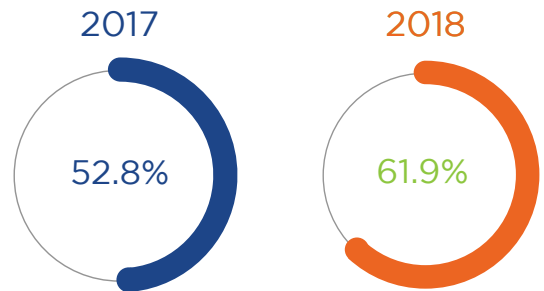
## NET PROFIT



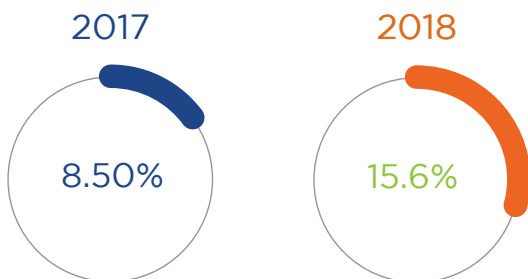
## GROSS PROFIT



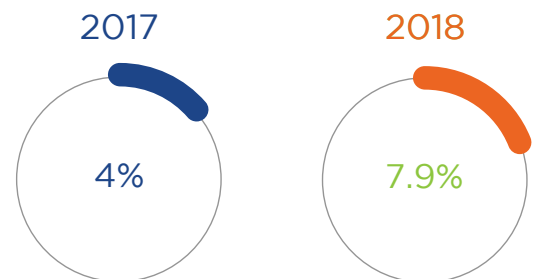
## SHORT-TERM DEBT



## ROE %



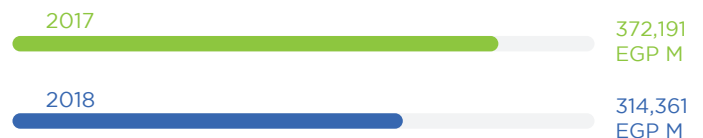
## ROI %



LISTED IN  
EGX 30 S&P ESG INDEX



## NET FINANCING COSTS



# OUR SHAREHOLDERS\*1

## Ownership Profile

- Juhayna began trading on the Egyptian Stock Exchange in June 2010, offering 205,972,632 shares for the sale of the company's (at the time) paid up capital of 520,443,700.
- The shares were offered in both a public and private placement followed by a capital increase of 205,972,632 shares.
- Juhayna's paid up capital was increased from 520,443,700 to 726,416,332 distributed over 726,416,332 shares with a par value of EGP1.00/share.
- On February 5th 2012, Juhayna through an Extraordinary General Assembly Meeting canceled 20,362,521 treasury shares reducing its paid up capital to 706,053,811 shares.
- On March 27th 2014, Juhayna through an Extraordinary General Assembly Meeting increased the company's issued capital by EGP 235,351,271 through a stock dividend by one share per each three shares financed from the company's profits.

## OUR STOCK PERFORMANCE\*2

### Juhayna Stock vs. EGX30 and the Index of Food & Beverages Sector

During the various recovery waves of the Egyptian stock exchange since 2016, Juhayna stock achieved higher rates compared to

the EGX30 index and also the Food & Beverage Sector Index, which reflects a positive and stable performance for the stock.



DURATION	JUFO	(%)	FOOD & BEVERAGE INDEX	(%)	EGX30	(%)
Oct-16	3.92		723.59		8,386.03	
Apr-18	13.6	246.9%	1922.51	165.7%	18,295.57	118.2%
Oct-18	9.6	-29.4%	1382.11	-28.1%	13,250.29	-27.6%





CIB is considered the leading bank for Juhayna Group, maintaining a corporate relationship dating back to 1990s. Since the inception of Juhayna's operations, CIB took the leading role for supporting the group in achieving all strategic expansion goals, paving the way for Juhayna to become the leader in the Egyptian Dairy and Juice Market. Throughout the relationship, CIB acted as the group financial advisor, assisting in the group's debt restructure and offering financial solutions solutions to ensure the smooth flow of business operations. Juhayna was the leading client to adopt the digital integration strategy with CIB as all the companies perform all the daily financial operations through CUB's online platform. CIB was engaged in the group's vertical integration strategy to finance Enmaa for Livestock ,which is a state of the art Milk producing farm, aiming to supply the sister companies in the dairy production process.

CIB will always be supporting Juhayna in all future business opportunities to maintain the solid partnership moving to thirty years of success.



"I am writing your this email to thank you on behalf of HSBC Egypt for your business and express our pleasure for being one of your main banks in the last 13 years. We appreciated your business model and proud to be your partner in the past years.

Your cooperation has helped our business to run smoothly and has led to a respectful business relationship between the two entities.

We look forward to many more years of mutually beneficial cooperation and we wish your company more success in the future."

FARMING



# DAIRY FARMING DEVELOPMENT

## Our Responsible Sourcing



Egypt, a fertile land with an annual population growth rate of 2.45%, was at a soaring level of 97 million citizens by mid-2017.

With almost 43% below the maiden age of 24 (33% under 14 years-old), efficient nourishment (not only empty-food feeding) is a societal challenge in light of the available resources, a market gap, and a business opportunity under the growing demands of the population. Accordingly, securing a sustainable supply of raw milk was a necessary step that Juhayna had to take. And thus was the establishment of our first fully-owned Sustainable Dairy Farm, Al Enma' Livestock Company, in the Bahareyah Oasis (El Essila)

With 5000 Feddans (5189 Acres) of land, our farm accommodates a herd size of 7000; enough to supply 15% of our daily needs. Going forward, we are looking to develop our farms even further as the farm will help us ensure supply and quality and allow us to increasingly contribute to Food Security needs in Egypt.

Through Enma', we honor our commitments to consumers for high-quality affordable products, by maintaining and conducting sustainable farming practices, quality standards and safety measures which are governed by Sustainable Farming Strategy "v'a" Read: Juhayna Sustainable Farming

With over 145 workers at the farm, we set a benchmark for the well-being of our farming-community. We ensure equitable salaries on contract-basis, maintain standards of workers sanitation and housing, and educate workers on the culture of "impact" and "value" raising their awareness that their training program goes far beyond quality control for commercial soundness, but that it raises their attributes and sustain their value as experienced workers in the farming-community.



The vision of our leader continues to echo across all our facilities: At Juhayna, the Well-being of Human Kind is the ultimate uncompromised value that must and shall be sustained as a core belief among all our employees and workers.

By setting the standards in Enma', we have paved the way to transfer knowledge and benchmark the Dairy Farming in Egypt to a new threshold of quality and equity.

5000

FEDDANS

(5189 ACRES)

OF LAND,

OUR FARM

ACCOMMODATES

A HERD SIZE

OF 7000

WELL-BEING OF HUMAN KIND IS THE  
ULTIMATE UNCOMPROMISED VALUE THAT MUST

# DEVELOPING EGYPT'S DAIRY FARMS

## Caring for Egypt

### Material Issue:

- Rural Economies & Market Development
- Sustainable Sourcing

With the traditional farming population aging and growing smaller, global and national concerns continue to arise, putting Dairy Farming and Agribusiness at risks. So today, the collective efforts of businesses of the Dairy Sector have become a necessity for Rural Development and Food Security.

Recognizing our role in proactively contributing to the National Sustainable food system, Juhayna's commitment extended to developing rural areas through national farmers by establishing Juhayna Farms Network, which includes all our supplying farms that have reached a total of 107 farms, all operating under our Sustainable Farming Strategy "Kafa'a", and building on the knowledge, practices and standards that we have successfully established on our farm Enma'.<sup>1</sup>

Kafa'a is the first of its kind strategy for Developing Egypt's Dairy Farms and is part of our Shared Value Strategy that fosters for our Business Performance and our Sustainability Commitments.

Kafa'a was established with two distinct objectives:

- Set and maintain the standards (Sustainable Farming Standards) at our farm Enma' and all of our supplying-farms under Juhayna Farms Network
- Act as a comprehensive Farming Inclusion Program to train, support and assess local farms to become eligible to join Juhayna Farms Network.

Kafa'a Farming Inclusion Program is targeted for small- and medium-sized dairy farms in Egypt.

The program started with 25 farms in 2015, and currently fosters and cares for a total of 60 farms in the areas of Gharbia - Behaira - Sharkia - Fayom. Our target is to increase the number of farms joining our Farming Inclusion Program in 2019 by 15-20%.

During its first phase, the Cooperation Protocol with EBRD (the European Development Bank) was signed during the launch of the 25 farms in the areas of technical training and transfer of knowledge, in addition to a financial support from EBRD that enables Juhayna to advance on its environmental targets and resource efficiency plans<sup>2</sup>.

JUHAYNA FARMS NETWORK  
REACHED 107 SUPPLYING  
FARMS

## EBRD

Developing the agribusiness sector is one of the EBRD's priorities in Egypt.

As part of these activities, the Bank provided a 53.65 million (EGP 500 million) loan to Juhayna Food Industries and subsidiary companies, the largest dairy producer in Egypt, to boost milk production, introduce new products, and support the company in meeting high environmental standards and levels of resource efficiency which went significantly beyond currently prevailing levels in the sector.

The financing provided was to invest in dairy production capacities, juice production capacities, and distribution and logistics assets in addition to balance sheet restructuring.

EBRD and Juhayna designed an innovative training programme to support local farmers in the Nile Delta and the rest of Egypt. Juhayna selected several of their small and medium-sized milk suppliers to undergo an audit and receive advice on how to improve their performance.

In total, dozens of farmers have participated in the training. Together with EBRD, Juhayna also organized two seminars for the dairy farm managers so that they could share their experience and learn more about the latest farming techniques.

Additionally, the project helped make the company's distribution system more effective. Consumers benefited from the increased local production of milk and juices through better access to high-quality, fresh dairy products and juices.

EBRD works together with its partners to involve the whole value chain- from the farmer to the end consumer- to help boost agricultural production in Egypt and long term sustainable development.

1. (102-10)

2. (102-10)

# KAFa'A FARMING INCLUSION PROGRAM OBJECTIVES ARE



Transfer knowledge from our Enma' Farm to all other farms under the Kafa'a Program



Track and Monitor farmers' performance on Sustainable Farming Standards



Provide access to credit and increase the financial capital of families and securing their livelihood



Help famers face critical challenges such as milk quality, low milk yield of local breeds/ crossbreds, small herd size , inadequate feed in terms of quality and quantity due to high cost , market access , expensive animal health care , milk collection, cooling, and transporting facilities.

[Read: Kafa'a - Juhayna Farming Inclusion Program](#)

As a result, the program has markedly increased milk production, especially in summer when supply typically drops by up to 30% with a total of 14400 cows, producing an average daily supply of 460 tons of milk, all of which have a secured demand from Juhayna.

The Program is expected to continue to enhance the increase in productivity by at least 2 liters per cow during summer seasons, equivalent to a 50-ton daily increase in supply.

By establishing Kafa'a, we have managed to build a long-lasting connection with a wide range of farmers as strategic partners, by securing their economic growth for the farms and promoting social well-being, while maintaining Juhayna's high quality milk product and drive environmental-cautious practices.

[Read: Kafa'a - Juhayna Farming Inclusion Program.](#)

## SAFI EAL-MENOUFY FARMS

Safi Egypt Farm for Livestock Development values the role that Juhayna Industries Company undertakes and offers, particularly in the Management of Farms' Development, by providing continuous support to all its milk-supplying farms. Juhayna's efforts are particularly recognized in relation to the overall development of farms' performance through Kafa'a Program that entails all farms' activities, which positively impacts the productivity and quality of raw milk supplied through our farms to Juhayna's factories.

We acknowledge its support to ensure continuous advancement by raising farms' performance and providing financial support with a unique re-payment model.

We appreciate Juhayna's full commitment in maintaining fair pricing of the supplied raw milk produced from our farm.

Juhayna's direct and continuous monitoring of the dairy production, along with its advisory, guidance, and solutions have led to a true development and improvement of production and in facing various challenges, resulting in a raised productivity and production quality, which brings value to our farms, Juhayna, and the consumers.

Safi Egypt is thankful and grateful to Juhayna for their momentous effort towards a true leadership in the Egyptian dairy market.

M. Fahmy Abdel-Al  
Safi Egypt Farm for Livestock Development

I extend my thanks and appreciation to Juhayna, and particularly the Farms Development Department, for its contribution towards developing our farms in terms of providing us with financial support to purchase new milking cows of different breeds (including the local breed from Juhayna's farm), which has greatly contributed to raising our efficiency and the volume of production.

Our utmost appreciation...

Hisham Al-Menoufy  
Al-Menoufy Farm



# KAFSA Juhayna's Farming Inclusion Program

## Caring for Egypt

Material Issue:

- Rural Economies & Market Development
- Responsible Sourcing
- Pricing Volatility

### BUSINESS

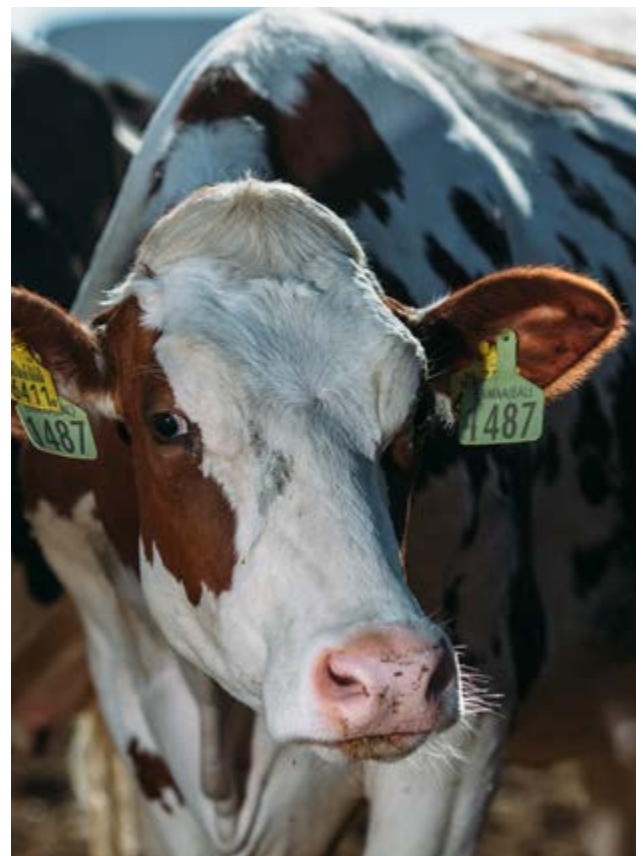
Responsible farming practices

Animal welfare is a key aspect of our excellence. where it improves animal life expectancy, less drugs intake and efficiently maintains milk supply

Ensure lower cost of inputs

Ensure quality milk supply

Value to our consumer more affordable healthy & safe products



### sustainability

contributing to economy, communities & environment

1 Farmers economic sustainability safety, quality of products, financial stability, market accessibility, reduction of market risk

2 Social sustainability

3 Environmental sustainability

# FINANCIAL SUPPORT



A one-of-a-kind contractual model that allows eligible farms receive financial support as an advance-capital to support their farms needs in two areas:

- Increase production capacity (purchase of cows 3eglat 3oshar)
- Purchase and install advanced cooling systems for the cows.

Accordingly:

- 40 farms were supported with Total of EGP 30 million for the purchase of cows (3eglat 3oshar) to increase farms production capacity and acquire opportunities arising from increased demand.
- 21 farms were supported with Total of EGP 8 million to purchase and install advanced cooling systems for the cows

The repayment of the financial support is not cash-based. The farms pay back their due amount by providing milk to Juhayna at a contractual fair market price, until the total value of the supplied milk pays-off the entire amount due to Juhayna from the farm.

It is also notable that the financial support is non-profitable (Qard Hassan with no interest rate imposed by Juhayna)

# TESTS FOR HERDS

We conduct tests to all 60 farms (for Mycoplasma - Staph - SCC - PARA)

We conduct yearly Quality control, to ensure proper vaccination was done to control outbreaks



# PRICING FORMULA

We work closely with EMPA (EGYPTIAN MILK PRODUCERS ASSOCIATION) to set a fair price formula against supply risks and to allow them face milk price volatility and meet demand on quality milk

# TECHNICAL TRAINING

We conduct training for all 60 farms (2-3 trainings yearly) management - fertility - lames - milk quality & cow nutrition



To achieve its objectives of long-term supply, and maintain quality standards, Kafa'a established two sets of criteria that the Farms have to comply to, to be selected and remain under the stewardship of the Inclusion Program:<sup>1</sup>

1. For Elementary Eligibility: the farm must have mixer - vet -sheds -cooling - data - comp. parlors
2. For continuation in the program: the farm must maintain a score above 75 credit points, that are earned according to several criteria that includes, but is not confined to:

- The number of employees/workers
- Parlor design, hygiene, management
- Farming Management system, and connectivity with Parlor Registration system
- Number of milking cows
- Milk production capacity ( ton/yr.)
- Milk Production/cow (305 days)
- Feeds quality and management
- Vaccinations
- Ratio of animal disease infections
- Herd Breeding Capabilities
- Milking production equipment/ cooling/storage

On attaining a score below the 75, a sanction is applied and support is provided , until progress and standards are restored. Failure to comply or the exhibition of a repetitive pattern may put the farm under the risk of elimination from the Inclusion Program, and possibly from Juhayna Supply Network where quality can never be compromised.





# OUR IMPACT AT FARMS\*1

## Caring for Community

Material Issue:

- Rural Economies & Market Development
- Decent Employment

Achieving a consistent change required Knowledge, patience and determination, until we can observe a true impact, by advancing the Kafa'a Inclusion Program to become a true Sustainability Model.

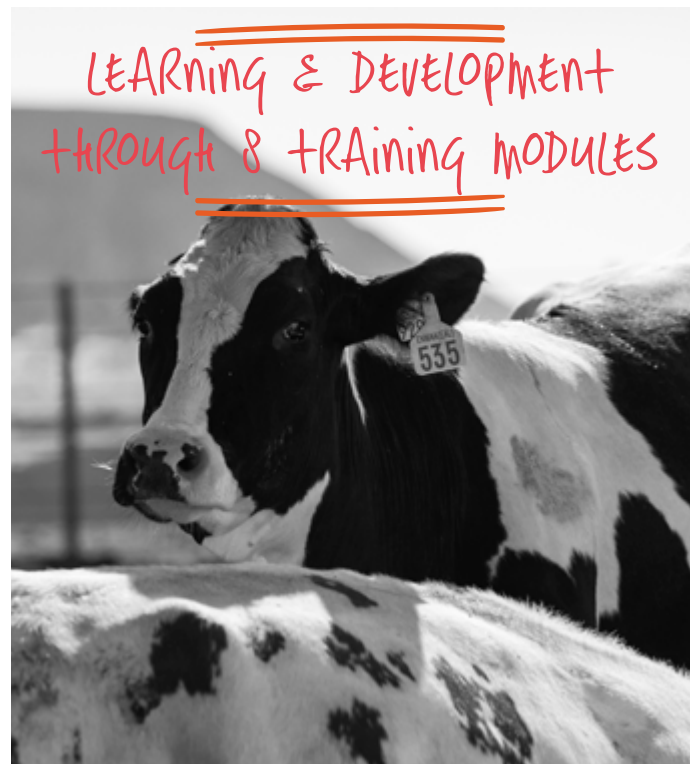
Under the Strategy of creating shared value, we are proud that Kafa'a has driven our farms to a multitude of benefits on many levels and aspects, by setting policies, standards, audits and monitoring visits, that have all ultimately led to a true impact in all the farms:

### FARMERS ECONOMICS SUSTAINABILITY

1. Market Accessibility and Advantageous Competition  
Pricing is a key element in establishing a fair value for the farms in the supply chain and market. To support our farms in accessing the market inefficiently and enabling sound decision-making for negotiating attractive prices, Juhayna has created a Pricing Formula that takes into account risk factors and supply/demand forces. We continue to revisit the Pricing Formula on a yearly basis or at emerging disruptions, to enable fair and competitive revenue streams to our farmers.
2. Reduction of Market Risk through Diversification  
To increase farm income and to reduce the risk linked to market price fluctuations, farms were encouraged and supported to diversify into other farming activities and possible non-farming activities.
3. Financial stability  
Supporting the selected farms with financial support had a major contribution in alleviating the financial limitations on the farmers to reach an economically viable cycle of production (and supply) and ensure their financial sustainability for a long-term milk production.

In addition, securing a stream of demand from Juhayna has guaranteed that the farms do not get trapped in a loop of low and uncertain revenue.

A PRICING FORMULA  
THAT ENABLES A  
SUSTAINABLE BUSINESS  
FOR OUR FARMERS



### SOCIAL SUSTAINABILITY

1. Aimed to create an environment of social equity and economic stability, one of Kafa'a's requirements was that all workers acquire legal and fair contracting with the farms.
2. Development and training were fundamental to ensure sustainable success and proper implementation of farming practices for our farms. We conduct 8 training modules in each farm for an average of 180 workers. Training focuses on improvement in management, fertility, lames, and milk quantity.
3. Suitable sanitary and housing were established for the farmers.

# OUR ENVIRONMENTAL FOOTPRINT

## Caring for Environment

### Material Issue:

- Water and Energy Efficiency
- GHG Emission
- Soil Nutrients and Biodiversity



## OUR FOOTPRINT AT OUR FARM ENMA' ENERGY EFFICIENCY & EMISSIONS\*1

The first of its kind in Egypt, Juhayna established its own solar energy station at Al Enma' farm in Al Wahat Al Bahareyah, representing another milestone of our Sustainability Practices of the company.

Through cooperation between Juhayna and KarmSolar, the station was established on the farm and helped us decrease our dependency on diesel by 600,000 liters annually, simultaneously lowering our operational costs as well as reducing our carbon footprint (approximately 1.62 tons of CO2 per year).

With a capacity of 1MW, the station secures 15% of Enma's needs. The station alleviates the burden of consumption and decreases stress on the National Grids and drives cost reduction within the company.

Moving forward, Juhayna has also become the first to sell/supply electricity to the private sector through the first Purchase Power Agreement (PPA) in Egypt in cooperation with KarmSolar

We are very proud of the journey that we have started with KarmSolar at the very early stage of their business which has developed into a long term collaboration and a new and leading national benchmark through this agreement\*2.

OUR OWN SOLAR ENERGY  
STATION WITH A  
CAPACITY OF 1MW

1. (302-4)  
2. (102-10)

# ELECTRICITY, DIESEL in 2018 in ENMA' (EL ESSILA)



Energy Consumption Kw/yr.  
4,962,160.00



Maintenance  
1,441,991.95



Diesel  
3,371,082.00



Annual Consumption kg  
meat/yr.  
147,825.00 M3



Annual Consumption for  
milking/yr.  
635,830.00 M3

# OUR FOOTPRINT THROUGH JUHAYNA FARMING INCLUSION PROGRAM (60 FARMS)\*1

Soil fertility is maintained by the usage of cow's wastes (natural fertilizers), which is obtained by separation of fecal matter of the cow through the automatic cleaning of the cow yard.

## PRESERVING THE LAND, BIODIVERSITY AND ENVIRONMENTAL RESOURCES

Aiming for the Integration of Agriculture and Livestock, we take into account that the grazing of dairy animals helps preserve the ecosystem. Juhayna has thus planted the land with a green feed that integrates livestock and agricultural production, where high-quality green feed and corn are planted, grown, and converted into silage as a food source for the animals.

In addition, to manure-fertilize the cropland and grassland, and to improve biodiversity and top-

soil formation, our barns' washing process transfers water to a large lake where the disposition of solid materials (fertilizer) is to be relocated to agriculture.

Accordingly, agricultural cost and industrial fertilizers' use is reduced where the latter is critical to ensure environmental conservation.

For all our Environmental efforts in our factories and distribution

read : ['Towards Green Growth'](#) and ['On ECO Route'](#)





# RESPONSIBLE FARMING PRACTICES

## Caring for the Future

### Material Issue:

- Animal Care & Welfare

Our Responsible Farming Practices extends to all our 108 farms (Enma' and the 107 supplying-farms under Juhayna Farms Network)

To ensure compliance with our standards, our farms are monitored and evaluated under the Juhayna Farm Development Department that has a team of the best expertise in the field in cooperation with industry consultants :

Dr. Mohamed Hegazy, Deputy Head of Egypt's Animal Production Research Institute (APRI).

Dr. Mohmoud Hussien, Professor of Gynae veterinary medicine.

Two annual meet-ups are held with our industry consultants and our network of experts, professors and milk industry advocates, to discuss the global practices on milk

production and Juhayna 's progress to further advance the practice.

Our Farms development team assesses meeting our animal welfare standards and monitors animal health with regular audits to better identify concerns and recommend improvements. This also guarantees disease-free production in our farms. On the hand, Quality Team has been supported by an advanced world class laboratory to analyze the food provided to the cows and the milk produced, checking its quality and counting the number of bacteria in each millimeter for diseases (M1) that might badly affect cows.

On a yearly basis, two External Audits and two consultation visits by our farming experts are conducted in all farms

OUR DIARY FARMING PRACTICES HAS GONE THROUGH PROGRESSIVE LEVELS THAT INCLUDED

at base level: FAO good diary farming practices

at sustainable level: sustainable farming practices



## ANIMAL HEALTH

Through our health management program:

- We prevent the entry of diseases onto the farm.
- We have secure boundaries/fencing.
- We avoid direct contact of visitors with animals and take safety measures in precaution of spreading of diseases.
- We conduct bio security measures to minimize the risk of spread of disease within the farm and between other farms.

## MILKING HYGIENE AND PROCESS

- We conduct milking routines that avoid and prevent injuring to cows or introduction of contamination to milk.
- We separate harvested milk from sick or treated animals for appropriate disposal.
- We provide state-of-art coolers to minimize spoilage of milk after harvesting
- We consistently train and audit to ensure that milk harvest is under hygienic conditions



## nutrition (Feed and Water)

We ensure that the nutritional needs of our animals are met.

- We use separate feeds for milking stage
- We use safe chemicals on pastures and forage crops
- We work with one of the best suppliers in feed stuff in Egypt.



## ANIMAL BREED

- Our selection of breeds takes into account market requirements, feed availability, and resistance to diseases and environmental conditions.
- We select the best breed of livestock and import the Friesian Holstein and the Simmental breed that has a dual purpose for dairy production, ensuring a great ability to endure tough environmental conditions



## OUR ANIMAL WELFARE

Our Farmers Training on Herds Management is conducted to sustain the following 'five freedoms as promoted by the FAO:



### FREEDOM FROM DISCOMFORT

- Our farms (buildings, Yards and handling facilities) to be free of obstructions and hazards.
- We protect our cows from adverse weather conditions and ventilation
- We protect animals from injury and distress during loading and unloading Safe Environment

### FREEDOM FROM THIRST, HUNGER AND MALNUTRITION

- We manage and adjust stocking rates and/or supplementary feeding to ensure adequate water, and feed
- We conduct checks to protect animals from toxic plants Healthy, productive animals

### FREEDOM FROM FEAR

- We conduct training on competent stock handling and husbandry skills which results in our animals are less fearful of people, their handling facilities and their environment Safety of animals

### FREEDOM FROM PAIN, INJURY AND DISEASE

- We follow appropriate birthing and weaning practices
- We protect our animals against lameness
- We process Milk lactating animals regularly
- We forbid poor milking practices that may injure our cows.
- We conduct proper procedures for marketing our young cows

### NORMAL PATTERNS OF ANIMAL BEHAVIOR

Our herd management takes in to account:

- Husbandry procedures and Freedom of movement
- Preserve gregarious behavior



# TECH ON FARM

## Caring for the Future

Material Issue:

• Animal Care & Welfare



## AN ADVANCED LABORATORY TO ENSURE THE PRODUCTION DISEASE FREE FEED AND DAIRY

To guarantee disease-free production on our farms, an advanced world class laboratory was established to analyze the food provided to the cows and the milk produced, checking its quality and counting the number of bacteria in each millimeter in the prevention of diseases that might badly affect cows.



## EFFICIENCY AND COW HEALTH

**Sprinklers to Maximize Cows' Dairy Productivity**  
Juhayna has introduced a cooling system (sprinklers) to face a regional climate of high temperatures, and low humidity levels through the placement of water fans that are big in size and energy, with pumps to spray water on the cows to cool them. This simple but innovative cooling system ensures high productivity and plays a great role in stabilizing production rates in summer and winter.

## A HIGHLY EFFICIENT ROTATING MILKING PARLOR TO MONITOR COWS HEALTH

The company has chosen a state of the art rotating milking parlor where automatic registration takes place. It uses 80 milking points, in order to achieve the highest possible milking efficiency. In addition to milking about 450 cows per hour followed by a giant cooling system that can cool 10 thousand liters of milk per hour to be loaded directly into the company's equipped cars and delivered to Juhayna's factories.



# KNOWLEDGE TRANSFER AND INDUSTRY COLLABORATION

Material Issue:

- Governmental & Industry Collaboration

## JUHAYNA ANNUAL CONFERENCE FOR DAIRY FARMS DEVELOPMENT



Juhayna organizes the Annual Conference for Dairy Farms Development for six years in a row in 2018 as part of its commitment to creating a real value in the industry and its belief in the role of the dairy sector in the growth of food industries through collaboration and exchange of expertise.

The event hosts industry experts, farmers, and key players in the sector, to exchange experience.

In 2018, the Conference tackled two main issues for developing the sector:

- Discussing the latest practices to overcome dairy farms challenges.
- Possible collaboration to push-forward the production process to reduce imports, leading to a reduction in the food gap.

As a yearly main objective, the conference included awareness-raising session to raise the farmers' knowledge on the latest dairy industry development. Lectures are conducted by invited panels of specialists and experts in animal production.

## INDUSTRY COLLABORATION

Our close collaboration with EMPA (EGYPTIAN MILK PRODUCERS ASSOCIATION) to set a fair price formula against supply risks is one of our most tangible roles that we commit to in support of the industry in facing milk price volatility and a securing quality milk supply. This ensures safety to our consumers and meeting the demand on quality milk.

SIX YEARS  
OF INDUSTRY  
COLLABORATION  
AND EXCHANGE OF  
EXPERTISE.

## KNOWLEDGE TRANSFER

Farms Development is considered a value of common benefit among all parties contributing to the increase in milk productivity and livestock & raw milk provision, reducing imports and boosting national food security.

Juhayna's leadership in owning its Specialized Unit and teams for farms development, and applying latest international standards and technologies through Kafa'a Strategy has allowed the transfer of knowledge and providing support for other organizations in the sector.

In line with the cooperation protocol signed between the Food Bank and Juhayna in 2014, the Food Bank depends on Juhayna as a consultant to manage its farms and apply the latest scientific methods, provide support and technical supervision in the aim to establish the "Wafra Farms" which specializes in animal production. Hence, Juhayna has been given the priority to purchase the farm's milk production<sup>1</sup>

COLLABORATION  
with the  
EGYPTIAN FOOD  
BANK AT its  
"WAFRA FARMS"





MANUFACTURING



# BRIDGING TO TOMORROW

With Over 35 years in business, we at Juhayna , always had our eyes on long-term impacts. Taking chances, building big, partnering strong, and connecting our present to the next leading leap, giving our communities, our consumers and our country, the best of our minds and hearts.

With the SDGs and CSV well-placed at the core of our Strategy, Juhayna has the tools to make significant future impacts in hunger and health initiatives, responsible consumption and production by revamping innovation and technological transformation through its Processing and Production.



# RESPONSIBLE PRODUCTION

## Caring for the Future

Material Issue:

- Responsible Production

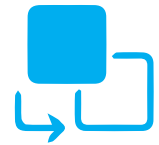
In the F&B Industry (our dairies and juice), traditional challenges are commonly known and pressure points are often well recognized, but 'doing business as usual' has become an era from the past. With new opportunities and challenges in the industry for the best interest of producers and consumers, we have evolved into a path that entrenches long-term industry's commitment and viability.



Sustainability has become a leading edge of innovative thinking, and core responsibility where stakeholders are looking for products that promote and demonstrate purpose, 102-11 by being:



LOCALLY PRODUCED



TRANSPARENTLY PROCESSED



SOCIALLY RESPONSIBLE



ENVIRONMENTALLY CONSCIOUS



NUTRITIONAL AND SPECIALIZED

By factoring those emerging drivers, the Manufacturing phase is critical for our business growth and its future capacity to contribute to the SDGs ( increased production towards food security, better control of price volatility , energy and water efficiency , increase local sourcing, of milk and fruits) Such commitments would not have been possible without securing the highest quality of raw materials and establishing state of the art production facilities and advanced technologies.



# STATE OF THE ART PLANTS AND FACILITIES

Juhayna 's 4 factories, each specializes in a unique line of products to drive business efficiency and automation

to its optimum levels; thus allowing implementation of effective development and screening process.



AL MASREYA	AL DAWLEYA	AL MARWA	EGYFOOD
<p>Acquired in 20005, is now Juhayna 's largest production capacity for Milk , dedicated to increase and optimize our production in line with growing demand for Juhayna products.</p> <p>Read: Our Global Partners</p>	<p>Operational since 2009., is one of the largest industrial complexes in Egypt and the MENA region. It is primarily used for the packaging of fresh juices and drinks.</p>	<p>Initially established in 1998, it has been upgraded and modernized and acquired one of the most globally advanced manufacturing technologies (HAACP-certified) The plant has an expanded production of nine natural flavors under 3 fully customizable categories ( fruit purées, concentrates, and pulps)</p>	<p>It represents Juhayna 's renowned line of high-quality yoghurt products. The establishment of Egyfood was a direct response to the rising local demand for Juhayna's popular yogurt and spoonable yogurt products.</p> <p>Read: Sharing the Wealth &amp; Choices that Matters</p>
<p>It is the third globally ranked company to use the new TBA-Edge packaging technology, which guarantees the highest quality of milk products.</p> <p>Read: Our Global Partners</p>	<p>The plant is fully automated and employs the latest technologies, with operations resulting in minimal waste. This flagship manufacturing facility features the best in Packaging Technologies and Quality that ensure the safety of the final phase prior to products distribution.</p> <p>Read: Our Global Partners</p>	<p>The Plant boosted Juhayna 's position as the largest juice manufacturer in Egypt. With 75% of its concentrates production used in Juhayna 's juice manufacturing and a trusted supplier to other national and global producers.</p> <p>Read: National Brand, on Global Horizon</p>	<p>The factory extends on 35,000 sq. in Sixth of October City, and houses state-of-the-art equipment and manufacturing capacity.</p>
<p>Al Masreya plant has received the ISO 22000/2005certificate which ensures the plant's abidance to the food safety regulations and certifies the high quality and safety of the products.</p>	<p>Al Dawleya holds several global and local quality certificates including ISO:14000, ISO:18000, ISO:22000, ISO: 50001 and FSSC.</p>	<p>It also received 8 other certificates including the SGF certificate from IRMA, the EU supplier certification, OHSAS-18001/2009 and ISO-22000/2011, and the SEDEX membership based on the advanced systems used by staff.</p>	



# PRODUCTS QUALITY & FOOD SAFETY

Material Issue:

- Products Quality & Food Safety
- Quality Control
- Vocational and Quality Training

## QUALITY GOVERNANCE\*1

With this simply-put, but sharp mission, QUALITY in Juhayna Group embarked on a journey to embed Quality Culture & mind-set across the Group.

As a core practice in the F&B Industry, quality standard is fundamental. Critical Control Points (CCP) is the norm in identifying risks and establishing control measures that are crucial to maximizing food safety at each stage in the production process

Owning our entire supply chain represents both a quality challenge and an opportunity. On one hand it opens doors for innovation, introducing state-of-the-art control measurements to guarantee food safety & quality throughout the chain while at the same time breaking all the boundaries across departments as operating in silos is no longer an option.

A step change was made by setting a plan to transfer Quality Teams from operating as single entities across the group. A Corporate structure was put in place to develop a unified system for implementing required International Standards, which aligns all Control measurements needed and owns the Audit portfolio of the Group. This structure hubs expertise from different disciplines.

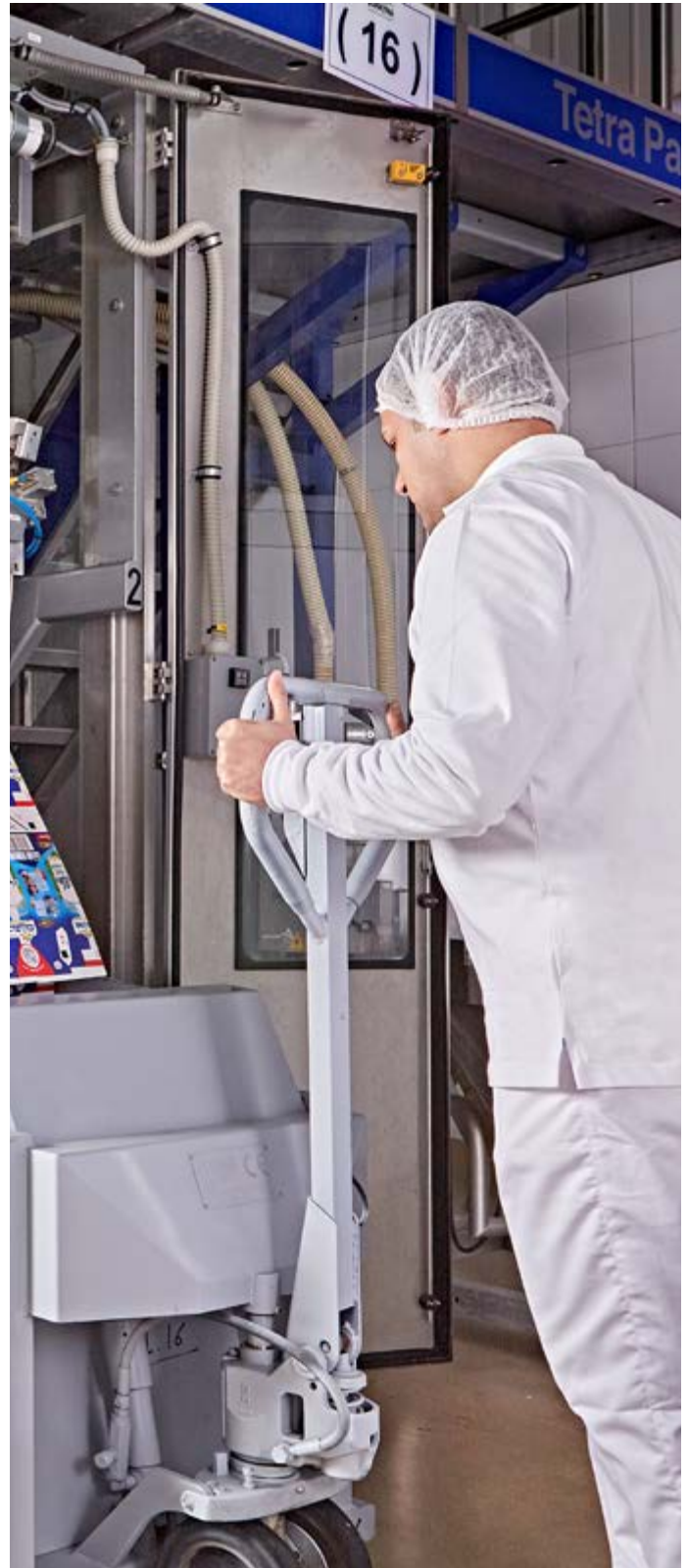
Corporate Quality is the Custodian and Governor of good manufacturing practices/good lab practices/good warehouse practices/good hygiene practices etc. and is responsible for cascading these practices across all sites.

Trainings and awareness sessions are carried out regularly in order to engage all employees in the different departments to secure Quality along the product's life cycle within Juhayna.

A total of 8000 tests/day are carried out in order to ensure that the best quality is delivered to our customers. These tests cover; (1) checks made on the incoming raw & packaging materials, (2) monitoring all processing steps (semi-finished to finished products) and (3) following all handling steps (storage/transport and distribution).

8000 TESTS/DAY ARE  
CARRIED OUT TO ENSURE  
BEST QUALITY IS DELIVERED

AT JUHAYNA, QUALITY  
IS EVERYONE'S JOB EVERYDAY



# Digitization

With our colossal production volume and testing requirements, centralization and digitization of our Quality System was an imperative step.

Over a span of 2 years, we developed the "Juhayna Corporate Quality Management System" (JCQMS) that embeds all International Standards, Clients' Requirements and Legislations on this Digital Automated Platform that guarantees full compliance with food safety/quality standards and provides working conditions that are safe & healthy while abiding by all Environmental regulations.

Since 2017 the JCQMS is being put to the test during the various audits that cover Food Safety, Health & Safety and Environment and are being carried out by independent 3rd party certification body (SGS), Egyptian National Food Safety Authority and a long list of customers (McDonald's, Egypt Air, Coca Cola, Nestle... etc.). We have been successfully passing approximately 90 audits/year.

Continuous improvement projects generated cost savings of a min of 50 million EGP across factories & branches year-on-year.

# "Juhayna Corporate Quality Management System" (JCQMS)



## communication

Share IMS with all Departments



## cost saving

75% Decrease of paper work



## unification

Unify IMS among factories



## enhancement of Audit process

Decrease Time of Retrieving data during Audits

AUDITS ON FOOD SAFETY, HEALTH & SAFETY AND ENVIRONMENT THROUGH JUHAYNA CORPORATE QUALITY MANAGEMENT

# PROACTIVE TRAINING<sup>\*1</sup>



8,602

TRAINING HOURS

Employees' capabilities of using technology were one of the main challenges in the industry on a global level. For a long time, it has remained segregated into a two-stream approach, particularly in the Dairy Sector:

- Dairy farming: entailing Animal Breeding/Care practices
- Dairy processing: entailing technology/science.

As a successful business, we understand that the notion of digital skills goes beyond merely knowing how to use Information and communication technologies (ICT), and that digital transformation and technology must be embedded in all our functions to ensure suitable growth.

With generations 'Y' and 'Z' continue to grow within the work environment, the bandwidth gap is closing-up, but still requires a focused attention from our part, where our skills development must emphasize on the ability to use information proactively (seeking, processing and evaluating data critically) to resolve arising issues and ensure QUALITY Compliance

Accordingly, on 2015, we have set-up the Juhayna Quality Training Academy as a technical platform that offers core programs designed to build competence and confidence to serve both leadership development practices and quality mind-set. So far, we have developed 24 tailor made topics focusing on "Best Industry Practices" and techniques that drive continuous improvements. On an annual level we approximately train 1747 employees across different departments in 4 factories and 28 Branches (Production, Maintenance,



1747

EMPLOYEES

Quality, Warehouses, Operations, Health & Safety, and Sales). This adds up to approximately 8,602 training hours.

We continuously recognize and reward our outstanding performers and together with HR have set their development career path. [Read: The Stewards of Excellence.](#)

To ensure sustainable growth of the program we have selected and developed 16 teams from the Quality Department to become on-the-job trainers.

The trainings and tools given to address non-conformities and define improvement areas have delivered costs savings of approx. 200 million EGP over 3 years through reductions of scrap rate across factories and branches, reduction of variances in productions, and harmonization in the product's portfolio.

Finally, it is notable to highlight that with the transition to a greener economies, an expected impact of environmental and climate change policies has already surfaced the recruitment ecosystem and future skills demand, particularly in our industry. Anticipating and analyzing evolving needed skills has also been on our radar. In collaboration with the Human Resources Department, training and employment policies will enable and accelerate the impact that Training Academy aims for.

[Read: The Stewards of Excellence.](#)

COSTS SAVINGS OF EGP 200 MILLION OVER 3 YEARS THROUGH REDUCTIONS OF SCRAP RATE ACROSS FACTORIES AND BRANCHES



# FULL IMPLEMENTATION OF ALL GLOBAL STANDARDS

Our Integrated Management System for Quality, Food Safety, Health & Safety and Environment according to the Requirements of:

- ISO 9001: 2008,
- RC Food ver.7
- FSSC 22000: 2013
- ISO 22000:2005
- ISO14001:2004
- OHSAS 18001:2007

Implementing “Quality and Food Safety Management Standards”

- GMP: Good Manufacturing Practices
- GLP: Good Laboratory Practices
- GWP: Good Warehouse Practices
- GHP: Good Hygiene Practices and GAP: Good Agricultural Practices.



# INNOVATING FOR EXCELLENCE\*1

Material Issue:

- Industry Innovation Leadership



In such a technologically sophisticated industry, only continuous innovation can advance a business.

Set to lead, our INNOVATION STRATEGIC FRAMEWORK encompasses:

- Pursue Emerging Segments
- Boost Our Brand Equity
- Provide a Top Line Revenue Growth

With 30 million EGP investment throughout 2017 & 2018, the realization of our Innovation Strategic Framework has come to reality with the launch of Juhayna Innovation Center, a state-of-the-art facility, the first of its kind in the MENA region, this center acts as a hub for Product & Packaging Development.

Scalable Innovation Capability	Decentralized management capacity	Real-time information
<ul style="list-style-type: none"> <li>➢ Joined by the Corporate Quality Team, the Center houses 4 central labs and the 'Pilot Plant' that is equipped to produce both dairy and juice products. This is where our innovative ideas are nurtured to evaluate their feasibility.</li> <li>➢ The Pilot Plant is pivotal to the decision making process during our Products Development Cycle. At the Plant, the new product's innovation is being tested at a small scale, and then evaluated at each stage of its development cycle, to assess the viability of scalability for commercial production.</li> <li>➢ Trials conducted at the Pilot plant saves 95% of the cost of the same trials when conducted on our industrial factory.</li> </ul>	<p>We apply 'Innovation Funnel' in order to develop processes/products that meet the market needs and comply with the financial constraints. The funnel comprises 3 stages:</p> <ul style="list-style-type: none"> <li>➢ Data collection phase (market, competitors and consumer insights); where all ideas are collected.</li> <li>➢ Screening exercise phase is carried out in order to evaluate, refine the selection, and define the concept(s) that will be tested. During the process the developed product(s) will be tested with consumers and an assessment on Risks and Returns will be made.</li> <li>➢ 'Go to Market' preparation starts across the entire supply chain (from securing all material, process up-scaling and market launch).</li> </ul>	<p>All projects are managed through multidisciplinary teams /sub-teams representing the different departments. This is crucial for the flow &amp; sharing of information, bottom-up, to promptly addressing challenges and alignment throughout the different development phases.</p>

# 360-DEGREE SUSTAINABILITY

At the threshold of all the new global changes, Innovation can only be sustainable when it is coupled with long-term social and environmental impacts.

'Caring Everyday' is our business culture that continued to thrive and never failed us through our challenges nor our successes.

At Juhayna, our Sustainability-driven innovation goes beyond the boundaries of driving efficiency, generating market differentiation, or sheltering the business from risks. For each of our innovation categories, a shared value is created where social impacts are entailed and circular business is adopted beyond recycling and reusing.

Read: Waste to Wealth

So at the heart of the World-class Innovation Center, our R&D takes place through our In-house industrial and lab trials and focus groups empowered by the findings of global researches. This scales our R&D to a mature cycle towards a diverse landscape of innovations, spanning from ingredients, process, products, packaging, strategic, technical and other types of innovation across our Value Chain.

## QUALITY INNOVATION

We improved the nutritional profile, by removing artificial colors, flavors and preservatives (using less fat and sugar where applicable in specialized products)

Juhayna is the only Food Company in Egypt that has an automated pilot plant line, with the flexibility to produce UHT products for Dairy, Juice and concentrated fruits.

## PROCESS INNOVATION

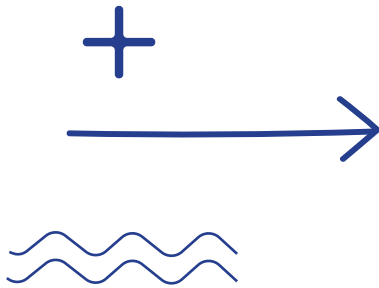
Applying a modern version of the fermentation process in which we counter bacterial infections in both humans and animals to prevent antibiotics resistance, helping us develop new healthy products.

The fermentation process is the process where foodstuff is broken down by bacteria or another microorganism with the benefit of improving its quality, digestibility and tolerance.

## PRODUCTS INNOVATION

Over the years we have expanded and introduced several specialized products and new flavors that have reserved a place in refrigerators and shelves across the region. They have succeeded to address customers' needs and to become the first consumers' choice

Read: Choices that Matters



## STRATEGICAL BUSINESS INNOVATION

Our Vertical Integration and owning our entire Supply Chain was a radical innovative change in our Business Model

Forward Integration was a leading strategic innovative partnership that started 25 years ago, and would only have been possible by a processing that is able to capture and adopt to our partners requirements.  
Read: Our Global Partners

## TECHNOLOGICAL INNOVATION

With our fully-owned in-house process technologies, we have maintained our pioneering position in the market and our partnership with world-class suppliers that continuously innovate and drive for excellence in manufacturing. Read: Our Global Partners

## SERVICES INNOVATION

Our pioneer new e-payment model has served thousands of our customers (retailers and wholesalers), and helped them to increase sales and maintain business viable and competitive  
Read: The Digital Express & Sustainability at our Farms

The scale and scope of our operations have given us a wealth of knowledge that is well respected across the industry. Accordingly, our R&D department functions as a key lobbyist and policy influence for the industry as part of the Food Safety Council. Juhayna, in collaboration with the Egyptian National

Research Center, is an active organizer and participant in an annually-held dairy science and technology conference which highlights and promotes Juhayna's core belief in the necessity of Public Private Partnerships (PPP) to upgrade industry standards.



# OUR GLOBAL PARTNERS

Material Issue:

- Food Safety
- Food Waste and Circular Economy
- Responsible and Quality Packaging

## TETRA PAK

Packaging plays an integral role in our commitment to reducing food wastage, with a true circular business practices of minimum climate impact across the food value chain.

Packaging can significantly reduce food waste by keeping dairy products fresh and safe for longer durations (during handling at production, in transportation and in the consumer's home). This can only be achieved with the right packaging that safeguards the products from external influences, while remaining as light and practicable as possible. We also sought the newest technologies to reduce our environmental and emission footprint.

The Strategic partnering with Tetra Pak, the leading packaging company, ensures that our commitment is met beyond the business need, and into a joint cooperation towards Sustainability efforts.

Tetra Pak's sustainability approach is shaped on its brand promise 'Protects What's Good', and the three pillars on which it stands: Protecting Food, People, and Futures. This is achieved through providing packaging solutions that are fully recyclable and renewable. Tetra Pak has been a supplier and a strategic partner of Juhayna for many years, a partnership built on collaboration and trust and through which Juhayna continuously adopt new technologies and operates under state of the art packaging equipment and materials.

Today, Juhayna is using packaging material sourced from Tetra Pak that are 100% FSC\* labeled \*(forest stewardship council), which in its turn guarantees that from raw material sourcing, to final product, the entire value chain is certified to be compliant with responsible forestry practices and forest management. Having those packages 100% FSC labeled, demonstrates the Juhayna brand responsibility to its consumers, of preferring sound environmental practices.

In our journey forward, we have acquired the latest of Tetra Pak fully renewable packaging solutions:

- Tetra Rex, currently used for Juhayna's Rayeb products
- Tetra Brik Ultra Edge and Tetra Brik Edge packages, used for Juhayna milk, Happy Kitchen.

To support Protecting People and Futures, Juhayna is utilizing new packaging line technologies of the A3/Flex O600 filling line for Juhayna milk brands in 1.5 liter formats (TBA 1500 Edge with one step opening). When compared to an earlier version of the same product size, the new line can reduce the environmental Carbon footprint of packing 1000 liters of product, by 25%.

This Sustainability Value is what Juhayna seeks from a strategic supplier like Tetra Pak. With both Juhayna and Tetra Pak both supporting many common Sustainability practices (responsible



sourcing, increased use of renewable materials, energy and water management, efficient processing, packaging and filling equipment), they support each other in a way that creates shared value.

## TETRA PAK

We believe that the economy of the future must be circular, low carbon emission with a minimum climate impact across the food value chain. This Sustainability value is what Juhayna seeks from a strategic supplier like Tetra Pak.

Juhayna's Sustainability strategy encompasses the entire value chain, from the Dairy farming to energy and water efficient production of products, supplying nutritional and high-quality products that satisfy the needs of millions of consumers in Egypt and many other countries globally. Juhayna is also guided by the Sustainable Development Goals and supports many of the goals that Tetra Pak supports. In many aspects the Sustainability Strategies of both Juhayna and Tetra Pak support each other in a way that creates shared value.

Our journey of Sustainability continues.....



## SIG COMBIBLOC

Our Sustainability Journey also extends in our Juice Packaging Production Lines by partnering with GEA for processing and SIG Combibloc for filling at AL Dawleya Factory, where we seek the reduction of the amount of material used in their packaging materials including recycling aluminum. They also work on innovations to reduce the use of glue and systems for recycling of H2O2 by Combibloc. Supportive in the reduction of waste, our partner-suppliers are changing from a tray with shrink wrap to a wraparound tray with no shrink, machine- built to European standards this requires only one stream of packaging waste.

With Al Dawleya operating on full- automation where all raw materials are processed via an aseptic process, filled through aseptic fillers, into aseptic packaging (from incoming raw material all the way till final packaging), this represents a true model of the highest standards of product safety and quality through Innovation and Automation. And as we move to a more connected world via IOT, we are working closely with Combibloc to have a completely connected factory, resulting in a great ability to monitor and detect downtime causes across the plant and areas where time can be saved, with future possibility to equally monitor energy consumption.

Coupled with Combibloc filler ability to fill different sizes, it would all be resulting in higher operational efficiency, energy efficiency, cost saving and stronger returns for our business.

Those two legends, Combibloc and Tetra Pak, being world-class leaders in food packaging, they have a wealth of industry-mastering that will enable our strategic partnership to make a collective impact on People and Planet.

HIGHEST STANDARDS  
OF PRODUCT SAFETY  
AND QUALITY THROUGH  
INNOVATION AND  
AUTOMATION

## ARLA- THE INTERNATIONAL DAIRY COMPANY



Reinforce our pledge to deliver new quality dairy products in all corners of Egypt, our partnership with ARLA ascertains foreign investors` confidence in the Egyptian market and confirms Juhayna`s success to operate in accordance global standards, reaching over 136,000 retailers.

Read: [Our Brand in Motion.](#)

The joint venture, entitled "ARJU, is mainly capitalizing on our deep market dynamics knowledge and enormous distribution capacity, in addition to ARLA's technical expertise and its products' strong global reputation." ARLA owns 49% of the new venture and Juhayna owns the remaining 51%, with expected generated returns of around EUR 100 million by 2020. We will continue to find opportunities that target the advancement of the Egyptian Food & Beverage industry and contribute to healthier future to our people.

ARJU has made ARLA International Products widely available for our Egyptian consumers through a new range of butter, cheese and cream, which ARLA has specialized in across the Middle East and Africa.

ARJU BRINGS THE BEST INTERNATIONAL PRODUCTS TO OUR EGYPTIAN CONSUMERS

# McDONALD'S Egypt

For 25 years, Juhayna and McDonald's have engaged in one of our most successful and strategic forward integration partnerships.

As the first national company to supply McDonald-Egypt with its needs of dairy drinks and juice, our collaboration has progressed along the years to accommodate McDonald's global requirements and its innovative products that has marked an unparalleled success in the Egyptian Market since the opening of its first branch in 1994.

With nutritional requirements specific to McDonald's famous Sundae Mix, Our strength in innovation, quality milk supply and manufacturing capabilities were reliable assets that enabled Juhayna to regularly optimize product formulations and meet the request of our partner's taste profile.

Together, Sundae Mix has gained its place as one of Egypt's most popular soft serve.

Mutually focused on high quality healthy offerings to our consumers, McDonalds and Juhayna embarked on another collaboration to substitute the fizzy drinks and deliver a superior taste and texture that provides a 100% freshness in juices. Upon McDonald's request,

Juhayna tailored the new McDonald's Juice Range, with four flavors making their ways to the market(Orange Peach , Mango, Mandarin and Orange 100%)



25 YEARS  
OF STRATEGIC  
PARTNERSHIP AND  
GLOBAL QUALITY  
STANDARDS

## McDONALD'S

Juhayna is the first local supplier for McDonald's Egypt in 1994. Throughout our Journey of the past 25 years from 2 stores to 125 stores in 2019, we have experienced the evolution in manufacturing our Sundae/Shake mixes. At Juhayna, sustainability projects start at the Farms to deliver best quality and value of Raw Milk producing more efficiently and optimizing the utilities consumption reducing waste. This reflects on our product allowing us to deliver the best product value and quality to our consumers making Sundae the most favorite soft serve in Egypt."



# WASTE TO WEALTH

## Circular Economy

Material Issue:

- Food Waste and Circular Economy
- Responsible and Quality Packaging



The goal of Circular Economy is to retain as much value as possible from resources, products, parts and materials to create a system that allows for long life, optimal reuse, refurbishment, re-manufacturing, and recycling.

Kenniskaarten: <https://kenniskaarten.Hetgroenebrein.nl/en/knowledge-mapcircular-economy/definition-circulareconomy>)

The Dairy & Agri food sector is at the root-history of Circular Economy (CE) by retaining as much value as possible from resources, such as their value in providing reliable source of manure or naturally converting consumed non-human-edible food to nutritious protein through milk production .

Mankind has built-up on these historical practices, and leaped into more resource-efficiency management of natural inputs or waste materials. Respecting the limits of our planet in natural resources and acknowledging the impact of food waste have lead initiatives and practices within the F&B Industry. This has created new economic value across a production life-cycle or across industries.

And while resource management is an approach for business efficiency and makes economic sense, it has now become a basic principle that underpins the entire circular economy strategy. CE has now transitioned into a fundamental practice that drives social and environmental gains.

With a clear awareness of the wide CE framework , this task was a daunting challenge, and required a fundamental re-thinking of how Juhayna designed its farming and manufacturing stages to operate on a day-to-day basis, and execute long term business strategy with economic benefits. This has to be achieved

while contributing to the pursuit of SDG12 and its vision of sustainable production and consumption. We have taken many steps in integrating CE into our practices through distinct areas:

1. Farming. [Read: Our Environmental Footprint](#)
2. Usage of Renewable Energy and water management. [Read: Green Growth and Pledging Commitment.](#)
3. Minimizing Waste and food loss. [Read: From Hand to Hand.](#)
4. Storage and Packaging. [Read: Our Global Partners.](#)
5. Process, products and business model innovation [Read: Innovating for Excellence & across the report.](#)

Our biggest CE practice has been developed as a Pilot Model at Al Marwa Factory, where we have gained more experience and identified our strength, while we prepare our business to more practices across its other functions and factories. [Read: Juhayna's Pilot Circular Economy Model](#)

We aim to a sustainable green and circular growth while we remain competitive, by getting more out of each tonne of materials, each feddan of land, each liter of water and each joule of energy.

## We Aim to:

COLLECT AND RECYCLE our packaged products and materials at the end of their current life to close the loop.

By unleashing circular innovation, we can join other leading companies in boosting global economy's resilience, supporting people and communities around the world and helping fulfill Paris Agreement and the UN Sustainable Development Goals.



It's been estimated that the transition to the circular economy could unlock USD \$4.5 trillion of GDP growth worldwide by 2030.1 The societal benefits are also numerous—making it easier to shelter, feed and clothe the 8.5 billion people expected to inhabit the planet by 2030. Lacy, Peter; Rutqvist, Jakob (2015): Waste to Wealth - The Circular Economy Advantage, New York/London: Palgrave Macmillan.

Reducing worldwide resource use by only 1% could save approximately 840 million tons of metals, fossil fuels, minerals and biomass annually—as well as 39.2 trillion liters of water. That is estimated to translate into potential savings of approximately \$80 billion for the global economy.

<https://www.bcg.com/publications/2017/sustainability-operations-urgency-opportunity-smart-resource-management.aspx>



# CHOICES THAT MATTERS

## Caring for People

Material Issue:

- Consumer Health
- Food & Nutrition Security



## A BRAND FOR PURPOSE\*

With a focus on Nutrition, consumers are factoring more than just taste and price into their buying decisions and choices. Often overlooked, new dietary habits are now also perceived as a preventative care model under the increased direction of health care costs. Societies are tending towards a Model of Preventive Health Self-Management.

The association of dietary habits with nutrition, is one area where more several current vectors in the F&B industry intersect, particularly in the New Dairy Era. A renewed focus on global nutrition presents scalable opportunities for the dairy industry. Juhayna is proud to have introduced an affordable portfolio of nutrient-rich products where Product Innovation leads the way during our Manufacturing/ Processing Phase.



### DAIRY

Juhayna's dairy segment focuses on the production of plain and flavored milk, cooking cream, as well as specialty products for global manufacturers, retail outlets, and leading restaurant chains.

### YOGURT

Juhayna's yogurt segment has three categories (Rayeb and Zabado and yogurt) with over (11) flavors ranging in size from single serving to restaurant bulk use, all of which are successful and highly recognizable in the Egyptian market.

### JUICE

Juhayna's juice segment holds a leadership position in the highly competitive juice market in Egypt by developing flavorful and healthy beverages that have become iconic in the region and a staple in Egyptian households. The fruit pulps and concentrates used to make our juices are manufactured from the highest quality fresh fruits, squeezed and distilled using the most up-to-date technology in accordance with global standards.

## COOKING PRODUCTS

Juhayna's Cooking Range Products is the first of its kind in the national market. Our Happy Kitchen Range provides an array of Sour Cream, Whipping Cream, Cooking Cream, and tomato puree and big sized Plain Yoghurt. Giving inspiration to create dishes of one's dream.



Our innovation abilities are clearly observed and established through our unique products. We were the first to launch UHT packed milk, flavored milk (Mix); probiotic fermented milk (Rayeb), 100% Fruit Juices (Pure); lactose free milk and many more. Those particular innovations were tailored as part of our commitment to address the particularity of our consumers' needs and to provide those market segments with products that were

not covered by any other local Brand/producer.

Moving towards a more rigorous quality, Juhayna adopted the 'Clean Label' to ensure healthier products throughout all market segments by achieving the following products' criteria:

- Natural Ingredients
- Free from Preservatives
- GMO-free
- Reduced Sugar where applicable

Our products emphasizes our CARE by bringing comfort to our consumers as part of their overall well-being and social inclusion where they can enjoy the benefits of those rich nutrients within their fast-paced life, or under health-issues limitations, or simply with the famously-resistant segment of children.



## FOR THE 'DAILY ENERGY BOOST' SEEKERS

For a charged lifestyle, convenience is key. ZABADO is a healthy energy product that fits easily to this pace. It offers the maximum calories with minimum fat (only 1.5%) per 100gm. It awakens body senses, replenishes the mind, and can be consumed on the go (offered in an individual in-take as a nutrient snacking options (220 ml) and a larger for the older (440ml).

Its smooth creamy flow gives sense of ease, yet a feeling of fullness. Rich with the balance dose of protein and fibers to boost energy

For the many acquired tastes of our consumers it comes in 4 different flavors: Strawberry, peach, mango, and mixed berries.

Only matched by its counterpart in our Yogurt category, our Mix range of flavored spoonable yoghurt combines the health benefits of plain yoghurt while adding the blend of our infamous Strawberry taste.



## FOR THE SENSITIVE STOMACH

Having a sensitive stomach should never be at the expense of giving-up the nutrients of cow milk. Our consumers can now have a great sense of comfort with RAYEB by aiding the digestion process, protecting the stomach from harmful bacteria, or simply save it for after a meal to savor on one

of our innovative delicious flavors of green tea, while going easy on the body.

Boosted by our Quality Innovation, our Rayeb bottle (440g) provides 76% of Phosphorus recommended daily intake



## FOR THE HEALTH-CONSCIOUS MINDS:

- > While skimmed milk in the market has 0.4% fat, our 0%-fat Milk is a new benchmark and an ultimate choice for the “extra cautious” who are looking to minimize their fat intake while maintaining a rich supply of vitamins to ensure a healthy lifestyle.
- > We also offer skimmed milk as the ideal choice for weight conscious consumers looking to maintain a healthy lifestyle.
- > Full Cream UHT Milk provides 12% of Protein recommended daily intake.
- > Chilled, our mixed Yogurt with its nice creamy sensation, rich in fibruline for daily intake, has become a healthy alternative to regular ice-cream. It is also for kids who shy away from plain yogurt, our added strawberry flavor gives them the stimulant needed to ensure a healthy alternative gladly offered by their mothers.



The availability of our products for a family or individual intakes (1L and 235 ml) has both a social and economic objectives.

The two sizes-option provides our consumers with a choice that meets their financial abilities according to their patterns of consumption. It also allows us to offer discounts, which is economically beneficial for both the consumers, and the retailers. In addition, the products' shelf -life of nine months allows a prolonged periods of discounted offerings.

By driving economic well-being, we are able to continuously promote the social value of healthier consumption choices in society.

Notable to say is that our 235ml pack of Pure Pineapple provides 108% of Vitamin C recommended daily intake.

And if in the mood for a wider variety of flavored drinks, while staying on the cautious side of sugar intake for a healthy lifestyle, our PURE juice, made from 100% natural juice with no sugar, no additives and no preservatives, couples the benefits of all the popular flavors with quality richness of the fruit-based vitamin.

Packed for a whole family or individual intake (1L and 235 ml), it comes with 10 highly popular flavors, all with a shelf life of nine months that makes it appealing to many consumers and agreeable for retailers in remote areas and a great product where we can offer discounts along its shelf period to promote healthier consumption trends in the society.



# FOR LACTOSE INTOLERANCE CONSUMERS

At Juhayna, we made it a necessity to provide this Lactose-free Product as a Social Commitment to a segment that it is often not heard nor observed well enough for the social suffering they endure.

According to research studies\*, approximately 68% of the Egyptian population have a reduced ability to digest lactose (i.e. main carbohydrate in milk) after infancy.



RESULTS OF A RESEARCH STUDY CONDUCTED BY THE FOOD & AGRICULTURE ORGANIZATION (FAO):

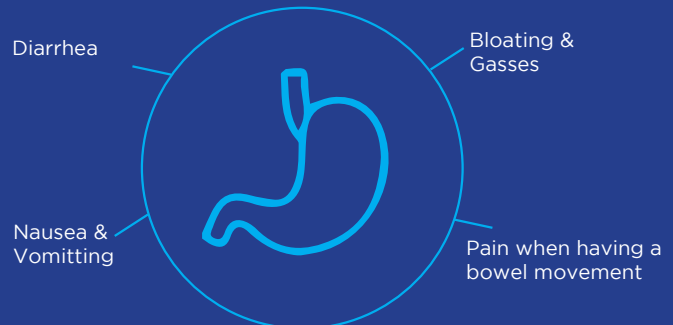
APPROXIMATELY 68% OF THE POPULATION IN EGYPT HAS A REDUCED ABILITY TO DIGEST LACTOSE AFTER INFANCY.

oral lactose intolerance test was performed on a total of 100 cases of normal egyptian infants and children aged 6 months to 12 years

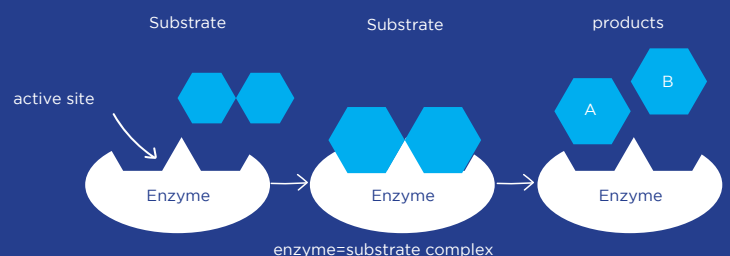


And with a rising population rates, near 2 % in Egypt in 2018, it is evident the irreplaceable need for a free-lactose Milk for this segment of the population who are medically suffering health difficulties, where digestive disorder causes discomfort upon consumption of the normal milk.

Adding "Lactose" enzyme and breaking down the lactose; that causes discomfort to provide a natural lactose free milk and enjoy all benefits of juhayna milk



People with LACTOSE INTOLERANCE are unable to fully/digest the sugar (lactose) in the milk





More critically, we took into consideration other reasons and impacts which are often overlooked: Without a free-lactose milk product, this population has reported and tested for suffering of their cognitive abilities, less ability to undertake sports activities and an increased social withdrawal.

Human well-being is not only measured by evaluating their medical or physical Health, but also by evaluating their mental and social health (a person's status and his/her social functioning in the surrounding society with full competency).



Since most of the dairy products available in the market contain lactose, the avoidance of such products would lead to a complete change in lifestyle. That may not be practicable for everyone as that requires constant monitoring and a sense of social isolation and pressure.

We took it upon ourselves to make every effort to provide our consumer with the Lactose-free product that alleviate this great exclusion they might face when they are in need of their milk nutrients. We have partnered with global experts, the National Research Center, and our Egyptian Regulatory Authority to develop our product.

We are also proud that through this collaboration, we have managed to develop the first Egyptian Standard for the Lactose-free Milk and setting a new millstone for the Dairy Sector in our Nation.

Today, Juhayna is the first and only company to locally introduce lactose-free 100% natural cow milk, and we target an increase of minimum 60% in production and availability of the product for our consumer in 2019.

## FOR THE FOODIES :

In this day-and-age, cooking is no longer reserved to the passion of chefs nor the mastering of mums. Foodies have come to the rivalry.

Foodies are the new "Food ZENs & Adventurers" who have stepped beyond the basic need for nourishment, into the joy of seeking the experience of trying new dishes, or searching for new recipes, or gathering for social/family connection.

While studies by international food marketing agencies have revealed that over 75% of 'Global' foodies cooked at home multiple times a week, our Egyptian Market has this natural inclinations since the dawn of time. Culturally, we are festive traditional adventures around every meal and at the celebration of every feast and holidays.

As a National Brand, we couldn't be happier as a business, and that was the Birth of 'Juhayna Happy

Kitchen' with its array of Sour Cream , Whipping Cream, Cooking Cream, Tomato Puree, and big Sized Plain Yoghurt. Giving inspiration and unmatched opportunities in this fast-paced new era that required read-to-go cooking products to create dishes of one's dreams.

As leading players in the industry, the clock doesn't stop there. Our innovation Team geared up for new product and quality Innovation, introducing our latest:

We introduced this light variant that is approximately 25% less fat to address the market segment seeking healthier lifestyle. Together with our suppliers we developed ingredients that resulted in delivering a light product but with comparable texture, mouth-feel, creamy taste and stability as the full fat one. 100% natural tomato puree without any added preservatives. A natural addition to 'Happy Kitchen' portfolio with all the naturalness and freshness of tomato, just fresh tomato squeezed and packed.



### Light COOKING CREAM

We introduced this light variant that is approximately 25% less fat to address the market segment seeking healthier lifestyle. Together with our suppliers we developed ingredients that resulted in delivering a light product but with comparable texture, mouth-feel, creamy taste and stability as the full fat one.



### TOMATO PUREE

100% natural tomato puree without any added preservatives. A natural addition to 'Happy Kitchen' portfolio with all the naturalness and freshness of tomato, just fresh tomato squeezed and packed.

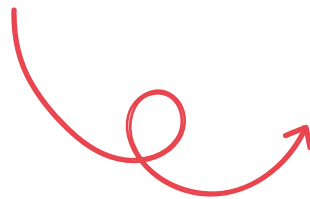


The “Happy Kitchen” APP was designed and launched to provide additional support to all families by helping consumers plan their meals over the week by generating individualized customized recipes especially tailored to the need of the consumer and based on his/her set of data-entry.

## FOR THE BLOSSOMING GENERATION OF CHILDREN

With 33.29% of Egypt population under the age of 15 (as of mid-2017), a dire need for easy and concentrated intake of nutrient (proteins and vitamins) are a priority in our line of business. Addressing the need of this age is fundamental for long-term prevention care of their health and at the base of the society well-being.

Our products are produced in their most favorite flavors, and packed with attractive labeling and practical easy-to-carry sizes for the delicate hands of our growing champs.



Mix Milk is available in three flavors: Chocolate, Strawberry and Banana size 200ml.

Mix Yogurt is available in Strawberry in two packaging sizes: 75 & 105g.

We ensure continuous supply to the market with such important products. We provide 51% of the market demand size Flavored Milk (Juhayna Mix), and 25% of our Flavored Yoghurt (Juhayna Mix).

Given the moderate weather that Egypt enjoys almost 9 months of the year, our latest products innovation has brought to life dedicated product to children for a burst of fresh flavors with a range of four fruity variants, Orange, Mango, Guava, and Apple. According to research, these are the favorite flavors for children.



# A CODE OF TRUST

Material Issue:

- Ethical Labeling, Marketing and Communications

Our culture of ethical practices extends to our Labeling Standards that are driven to create a shared value. We empower our consumers to make informed purchasing choices by providing them with relevant information, in an open and transparent manner, as part of our Values and Codes.

As a National pioneer and an Ambassador-Brand abroad, our labeling standards investment are always front-and-center as material topics.

Our focus on Ethical Labeling Standards is part of Juhayna 's Good Will in the Community and as a Code of Trust that governs our relationships.



## COMPLIANCE

All our products' information and labeling are rigorously regulated according to national standards and corporate requirements prevent any non-compliance with the country and corporate regulations and/or voluntary codes. 417-1



## NUTRITION VALUE

- (GDA) guideline daily intake (% of calories per day) are featured on our products
- (MIX in 2018 and Zabado, followed in 2019) 417-1



## TRACEABILITY FOR QUALITY AND COMPLAINTS

Batch number is added to our packs for traceability ( which was initiated in Juhayna prior to regulator required it)



## GLOBAL STANDARDS

- All our Milk and Juice products are certified by the Forest Stewardship Council certification (FSC).
- The FSC certification ensures that Juhayna uses paper packaging that has been sourced in an environmentally-friendly, socially responsible and economically viable manner.

(materials used, sources of Paper used in our primary packaging materials, types of Plastics used, Recycling grade of each plastic material and the Packaging supplier information) 417-1

In addition to official regulatory channels through which our compliance is regulated and monitored, we equally monitor our performance on monthly basis through

complaints from consumers, with a performance rate under 1 complaint for each ONE million units sold, Read: Consumer Voice



# OUR CONSUMER VOICE

Material Issue:

- Ethical Labeling, Marketing and Communications

Our Consumer Voice is always a key-driver, not only for our market strategy, but more importantly, to continue building a long-lasting relation with our communities as part of our external stakeholder engagement to improve

performance and guide our future plans. Channeling their voices is always a phone call away through our Hotline which is featured on all our packs.

## OUR CALL CENTER AND COMPLAINTS MANAGEMENT:

Built on Trust, our consumer satisfaction is a reflection of our quality standards and compliance.

Our Quality Management System and Traceability System, ensured a swift response to complaints and reliable traceability.

Managed by our dedicated Customer Service team, our Call Center Hotline receives around 23,000 yearly calls, with complaints do not reach over a 10% (only 7% are consumer complaints in 2018, while the 93% constitute consumers inquiries or Traders/shop owners and customers calls)

Consumer complaints per million units sold "CPMU" is < 1 for juice, fermented, flavored milk.

To ensure that our complaints and inquiries are managed to a satisfaction level, Juhayna's customer satisfaction is being measured by initiating follow-up calls (closure calls):

Abandoned Calls Rate:

- 2016: 35%
- 2017: 31.2%
- 2018: 19.8%

In addition, Juhayna's factories are open to the public (particularly complaining callers) to make visits our factories with a dedicated technical tours of all manufacturing phases.

[Read: Share Industry Knowledge](#)

CONSUMER COMPLAINTS  
PER MILLION UNITS SOLD  
"CPMU" IS 1 FOR JUICE,  
FERMENTED,  
FLAVORED MILK

## TRAINING:

Our Team receives continuous training and update on products to ensure appropriate responses to callers, and proper channeling of consumer-voice to our

Manufacturing Teams. Our response to complaints also takes into consideration its urgency and/or severity.

## REPORTING AND MEASUREMENTS:

Through our monthly "Availability report", we track our "Distribution Network Performance" by measuring consumer satisfaction through complaints received on the availability of the products in markets.

The outcome is formulated in an absolute number of complaints per region per product.

Through our monthly "CBMU" report, we track our "Product Performance" by measuring consumer satisfaction through complaints vs. volume of sales.

The outcome is formulated in Consumer complaints per million units sold rate per product per size (CPMU)

CPMU is measured by conducting comparison analysis of our volume of sales & volume of complaints for the same product during the same period.

Example:

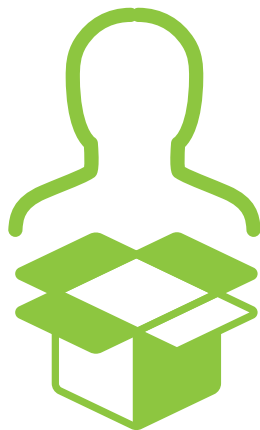
Sales Volume of SKU - Pure Apple 1 L in April vs. complaints received on SKU - Pure Apple 1 L in April

Consumer complaints per million units sold "CPMU" is < 1 for juice, fermented, flavored milk.

# OUR RESPONSIBLE MARKETING & COMMUNICATION

Material Issue:

- Ethical Labeling, Marketing and Communications



Our Consumer Voice continues to make its way across Juhayna and to its Marketing Team through a quarterly issued report the 'Marketing Insights Report' produced by our Call Center. The report delivers a listing of all common/repeated inquiries, recommendations & requests received from the consumers, where the list is further prioritized based on the most frequent.

This open in-coming channel for our consumer plays a considerable role in self-monitoring our Marketing Activities, as it reflects the degree by which our outgoing information are communicated in a responsible manner by the business( including social media platforms and our ethical labeling standards which we

consider the first and most significant visual to our consumer)

The rapid evolution of digital media has created great new opportunities, yet it has laid greater responsibilities upon the

shoulder of our leaders and the teams leading our External Communication and Marketing, where we set our voluntary standards of practice that go beyond the legal obligations, and extend to assure the trust with the consumers.

To conduct our business responsibly, our Marketing and Communication are aligned under our first two core values: Integrity & Transparency

## INTEGRITY & HONESTY:

We communicate and deal with all of our stakeholders with complete fairness and honesty. It's our unyielding commitment to uphold the highest level of integrity that has enabled our brands to become trusted household names, and our reputation to remain unscathed over our decades of operation.

## TRANSPARENCY & TRUST:

Timely disclosures and accountability are essential components to the success of any organization. At Juhayna, we are particularly mindful of delivering the highest quality products in a timely fashion, while establishing meticulous protocols that record every step of the process in order to maintain our high standards and ensure the safety of our products.

Our responsible marketing is practiced through a number of channels and guided by the International Chamber of Commerce (ICC)'s Consolidated Code of Advertising and Marketing Communication Practice, with an

objective to develop our future internal policy to map our practices and policies to the articles of the Code.



ICC's Articles in relation to F&B	Juhayna's Responsible Practices
<p><b>Article 1 Basic principles</b>            Nutritional information and claims about nutrition and health benefits should have a sound scientific basis.            Should not encourage or condone excess consumption and portion sizes should be appropriate to the setting portrayed.</p>	<p>All our communication are aligned and articulated exactly as scientifically featured on our packaging and under our Ethical Labeling.            Read: Code of Trust</p> <p>Our new packages labeling is deployed in 2019 to feature more.</p>
<p><b>Article 4 Honesty</b>            Where claims or terminology used in marketing communications might reasonably be interpreted by a consumer as health or nutrition claims, they should be supportable with appropriate scientific evidence.</p>	
<p><b>Article 5 Truthfulness</b>            Characteristics of the product which are material, i.e. likely to influence the consumer's choice, such as: nature, composition, method and date of manufacture, range of use, efficiency and performance, quantity, commercial or geographical origin or environmental impact.</p>	<p>Our visual presentations accurately represent the material characteristics of our product such as taste, size, content nutrition, or health benefits</p> <p><a href="http://www.Juhayna.com/en/brands/">http://www.Juhayna.com/en/brands/</a></p>
<p><b>Article 9 Use of technical/scientific data</b>            Marketing communications should not:</p> <ul style="list-style-type: none"> <li>- misuse technical data, e.g. research results or quotations from technical and scientific publications;</li> <li>- present statistics in such a way as to exaggerate the validity of a product claim;</li> <li>- use scientific terminology or vocabulary in such a way as falsely to suggest that a product claim has scientific validity.</li> </ul>	<p>All our nutritional and health-benefit information and claims have a proven and certified scientific basis.            In addition, all our quality certification reflects our compliance to global and national regulatory standards, which we ensure that they are all featured on our website <a href="http://www.Juhayna.com/en/quality/">http://www.Juhayna.com/en/quality/</a></p> <p>Consumer taste or preference tests are not used in a way that might imply statistical validity if there is none, but they are internally used as part of our market research and product improvements or innovation plans.</p>
<p><b>Article 18 Children and teens</b>            Special care should be taken in marketing communications directed to or featuring children or teens. Such communications should:</p> <ul style="list-style-type: none"> <li>-Not undermine positive social behavior, lifestyles and attitudes,</li> <li>-Not to create a sense of urgency, or an inappropriate price minimization,</li> <li>-Not to exploit a child's imagination in a way that could mislead him/her about the nutritional benefits of the product involved.</li> </ul>	<p>Our marketing communications directed to children are visually design to encourage them to joyfully consume their needed nutrient intakes in an attractive manner that speaks their minds.</p> <p>Our indirect audience, to whom nutritional benefits are promoted, are the caregivers.</p>
<p>We consider our website as the 'glass-door' through which our consumers can conveniently find all types of information about our business, our products, our standards, and our performance. It is the bridge that brings them closer to our culture and practices, and conveniently provides reliable information.</p> <p>We equally depend on un-traditional pathway to find our way to consumers' minds and hearts through our close relationship with our retailers who are proficiently and repeatedly educated on our products portfolio to ensure that our consumer across the nation can also have an instant inquiry answered where possible.</p> <p>Needless to say our consumers were never closer to firsthand information that individual tours are welcome, and can be requested and experienced at our factories.            Read: <a href="#">Share Industry Knowledge</a>.</p>	<p>All details about the tour is transparently featured on our website <a href="http://www.Juhayna.com/en/factory-tours/">http://www.Juhayna.com/en/factory-tours/</a></p> <p>Last but not least, we consider this sustainability report a major milestone and the largest communication under our responsible marketing, where we are proudly reaching all our stakeholders and transparently communicating our economic, environmental, and social impacts across our entire value chain.</p> <p>We are proud that Juhayna always sets rigorous standards to ensure self and regulatory compliance in all its marketing communications<sup>1</sup></p>



# SHARING THE WEALTH

## Caring for the Community

### Material Issue:

- Consumer Health
- Food & Nutrition Security
- Affordable Products



Food security exists when all people at all times have physical, social and economic access to sufficient, safe and nutritious food to meet their dietary needs and food preferences for an active and healthy life.

Food Security relies on four main pillars:  
Food Availability, Access to Food, Utilization and Stability

A “secure supply” of food also encompasses :  
adequacy of food to the society, equitable distribution, confirmed supply, fair access, and sustained sources.

## FOOD SECURITY

There are no better times than those when business and production decisions are based on Creating Shared Value, where market strategies demonstrate our Corporate Values and the true ethos of our Leadership

As a responsible business, we pledged Care and Attention to the less fortunate in our communities with a lack of nutritious food and financial capabilities that have a larger long term impact , ranging from health issues building-up due to mal-nutrition to the inability of retaining educational momentum.

In areas or families where food is at the lower-end of their financial abilities, cow milk and natural fruit intakes are delivering improved

nutrition to families and communities

And while the mass-production of traditional dairy and juice products tick the nutrition box they are also associated with higher water and land usage rates. For that reason, our processing standards and responsible production practices have been scoring highest on our Social Commitment Radar. In a country with the land and population size as Egypt, we are adamant that the large mass of low-income households are not denied of their rights to access to nutrients at affordable cost, and products that are safely packed to endure transform and weather.

While some of the underlying causes of food insecurity (population growth and poverty) are out of our

control and requires collaboration on a National Level and across the entire sector of the F&B Industry, we proactively and consistently consider it as one of our social priorities where the ‘adequacy of food to society and confirmed supply’ are in areas where we spare no efforts to achieve for the vulnerable segments of our consumers through our continuous mass production of Juhayna Plain Milk and Classic Juice, and our low-cost affordable Production Line of BEKHERO Milk & Juice.

[Read our distribution capabilities: Our Brand in Motion.](#)

WE PLEDGED CARE AND ATTENTION  
TO THE LESS FORTUNATE IN OUR  
COMMUNITIES

## BEKHERO 'WHOLESOME GOOD'<sup>1</sup>



Our Production line of BEKHERO Milk & Juice, re-packaged to the off-set premium price and provide affordable quality nutrients at low cost to our vulnerable consumers in low income cities.

Availability of Bekhero Milk and juice in 1 liter ensures another threshold to pricing that is adequate for household-family consumption while our smaller package of 200ml is part of our conscious attention to facilitate and promote nutrition and energy in-takes that are easy to carry for school. The long-term impact we seek, is that our children everywhere are able to acquire their needed daily-education, and for BEKHERO stands as an emblem of social health and inclusivity for those thriving generation.

Our packaging standards for this low-cost product still remain a key value and commitment to food safety [Read: Our Global Partners and Quality.](#)

BEKHERO, which stands for “WHOLESOME GOOD”, is a product for the WHOLESOME GOOD of our Communities.

## By EGYPTIANS, FOR EGYPTIANS

Our choice of facilities' location has helped both the business and the community:

Establishing our factories at the 6th of October City was a visionary decision and a long-term investment.

Their close proximity to raw materials, enabled Juhayna to drive both cost and quality to our desirable benchmark.

We decreased transport-time between harvesting and processing to ensure products' freshness, and the dry

ports in the vicinity minimized export logistics and transactions.

And along our journey of growth, we also took care of our employees, and we drove social and economic well-being:

# WE



paved roads around and leading to our facilities, for our commuting and transportation, leading to boosted mobility in the area.

provided security services around our establishment which enhanced social comfort and ease to residents of that neighborhood.

ensured availability of stable power and water supply for our manufacturing which augment national attention to the infrastructure of the district..

established residential accommodations for our employees to facilitate their daily routines and ease their daily commuting time and expenses.

As a result, the area blossomed along with Juhayna 's Family, leading to apparent growth and economic welfare to this once-remote area.

1. (102-2/102-6/203-2)

# FROM LAND to SKY

## Caring for Environment

### Material Issue:

- Water and Energy Efficiency
- Energy Transition

Cleaner Production  
Cleaner Production is defined as the continuous application of an integrated, preventive, environmental strategy applied to processes, products and services to increase overall efficiency and reduce risks to humans and the environment.

The challenge to meet the demand of the growing population while meeting environmental standards is by far one of the most persistent key indicators in our industry.

Impacting land, water and air drive us to explore new technologies and practices to reduce our environmental footprint across the value chain, without compromising the quality and nutritional needs.

The key environmental issues associated with our industry's high consumption of water, the generation of high-strength effluent streams, the consumption of energy and the generation of by-products.

For improving our environmental performance, particularly during the processing phase, we are in a constant watch to apply Cleaner Production\*, which entails efficient and responsible environmental management that aims to economic savings and improvement of

environmental performance by focusing on the causes of environmental problems rather than the symptoms.

Part of our leadership and history in the industry is reflected in our 'anticipate and prevent' philosophy, which allows us to be proactive to challenges rather than the "after-the-event-control".

Applying a "Cleaner Production' approach is best fit for our production processes by bringing about the conservation of resources, and the reduction of wastes and emissions.

At Juhayna, safeguarding the environment is part of shared value creation.

Through our commitment, contribution and compliance with the SDGs, we strive to improve operational efficiency, responsible water stewardship, and the use of sustainable renewable resources.



CLIMATE  
ACTION



AFFORDABLE  
AND  
CLEAN ENERGY



LIFE ON  
LAND



RESPONSIBLE  
CONSUMPTION  
AND PRODUCTION



# TOWARDS GREEN GROWTH



We worked on some energy saving practices including recovering waste heat from air, major maintenance for ammonia, and compressors and homogenization pressure optimization per SKU.

We formulated a plan to boost energy efficiency in our operations, reducing the amount of energy we consume and saving costs while reducing emissions that will facilitate our transition to lower emission energy sources.

We apply Environmental Impact Assessment "EIA" on all our operations, extending our environmental compliance activities to our suppliers, ensuring they are fully compliant with environmental national laws and regulations.

In addition our regular internal and external audits on various business activities (labor practices, health & safety), [our manufacturing facilities are audited under the ISO14001](#) (international Standards on Environmental Management system).

Our energy management system in [ELDAWLEYA is certified to the ISO 50001](#), demonstrating our commitment to shift to renewable energy sources. All other 3 factories are planned to pass ISO 50001 audit by end of 2019

## Energy consumption in Manufacturing in 2018 302-1

	Natural Gas: m3	Electricity: KWh
AL DAWLYA	860,676	14,783,910
AL MASREYA	2,646,459	16,212,739
AL MARWA	3,330,700	5,802,530
EgyFOOD	1,290,278t	18,628,607

## Energy Intensity in Manufacturing / Ton Production in 2018 302-3

	Natural Gas: m3/ 1 Ton	Electricity : KWh / 1 Ton
AL DAWLYA	7.5 m3	105 KWh
AL MASREYA	10.42 m3	63.48 KWh
AL MARWA	135 m3	235 KWh
EgyFOOD	14.7 m3	213 KWh

## Reduction of Energy Consumption in Manufacturing in 2018 302-4

	Natural Gas	Electricity
AL DAWLYA	9% saving	7.5% saving
AL MASREYA	2% saving	9 % Saving
AL MARWA	plan to implement saving projects 2020	
EgyFOOD	5% saving	3% Saving
TOTAL REDUCTION	16%	19.5%

WE APPLY ENVIRONMENTAL IMPACT ASSESSMENT "EIA" ON ALL OUR OPERATIONS

# OUR CARE FOR WATER



## 1. Our Interactions with water<sup>\*1</sup>

Egypt is a country where water scarcity is on a national watch and careful considerations. With our entire Operations taking place in Egypt, and sourcing our water is from external public network, this required attentive and responsible measures as the true environmental costs of fresh water are proportionally increasing to its scarcity.

In the dairy processing industry, water is used principally for cleaning equipment and work areas to maintain hygienic conditions, which also accounts for a large proportion of total water use.

Therefore, in parallel to our policy to optimize our energy practices, we equally worked to make the best use of resource-efficient technologies. We continue to invest in improving our treatment facilities, aiming to raise the quality of returned water. Read: Management of water discharge

Our manufacturing facilities measure water use and monitor water quality, leading to:

- Greater water efficiency.
- Less wastewater to treat before discharge
- Water is discharged and treated effectively

As a water intensive industry, we have made investments in our factories, capacity building and awareness raising to bring together more efficient operations as part of the commitment to Responsible Production Goals. We are also in the process to start a collective target-setting for water use.

We are proud that throughout our value chain, we will continue to improve our water management in a manner that can positively affect both the quality as well as the availability of water under the larger context of our National water issues

\* (comply with Egyptian government law for industrial water discharge ( BOD < 600 gm/l , COD <1100 gm/l)

## 2. Management of Water Discharge<sup>\*2</sup>

Most water consumed at our plants (particularly dairy) ultimately becomes effluent, which can represent a significant load on sewage treatment plants.

All of the group's sewage treatment plants/stations have been established and operate in strict accordance with the requirements of environmental protection authorities.

Juhayna Group has invested in state-of-the-art technologies for the treatment of wastewater before its disposal into the public sewer system\*, and to raise the quality of returned water. In cooperation with TIA Germany, Juhayna purchased construction and operation equipment worth EGP 50 million in 2017 to effectively treat factory wastewater (in both El Dawleya and EgyFood Factories) and convert it to clean water. The equipment pumps more than 1 million liters of clean water per day. The reclaimed water after treatment is reused, which reduces the volume of sewage effluent and saves water at the same time.

Our plan is to invest in waste water treatment units in Al Marwa and Al Masreya in 2020

OPERATION EQUIPMENT WORTH  
EGP 50 MILLION IN 2017 TO  
EFFECTIVELY TREAT FACTORY  
WASTEWATER

WE OPTIMIZE OUR ENERGY  
PRACTICES AND USE RESOURCE-  
EFFICIENT TECHNOLOGIES

### 3. Water Discharge in Manufacturing in 2018<sup>1</sup>

U m / m <sup>3</sup>	2018
EL DAWLEYA	542,348
EGYFOOD	277,205

Quantifying the volume of our water discharge was the first step to understand its impacts on the receiving waterbody. Our future plans include cauterizing water discharge by the level of treatment, so we can set targets to improve the quality of our water discharge through our investment in our new equipment.

### 4. Our Water Consumption in 2018<sup>2</sup>

By 2025, it's estimated that two-thirds of the world's population are estimated to face water shortages.

Source: <https://www.worldwildlife.org/threats/water-scarcity>

Our water consumption has mounted to 5% reduction in our operations (factories, farm and distribution operations) during the reporting cycle:

- We use continuous rather than batch processes to reduce cleaning frequency.
- We use automated cleaning-in-place (CIP) systems for cleaning to control and optimize water use.
- Leaks are promptly reported and fixed.

We are starting the pre-soaking floors and equipment to loosen dirt prior to the final clean.



CITY WATER

AL DAWLEYA	245,946,212 m <sup>3</sup>
AL MASREYA	282,997 m <sup>3</sup>
AL MARWA	381,942 m <sup>3</sup>
EGYFOOD	299,947 m <sup>3</sup>

1. (303-4)  
2. (303-5)



# WASTE: OPTIMIZING OUR OPERATIONS

## 1. Compliance:<sup>1</sup>

At Juhayna, we comply with the national laws and regulations for the disposal of waste gas and solid waste, with no accidents nor fines imposed.

By applying a Waste Optimization Cycle, our waste management system ensures that waste materials are

identified, collected, removed and disposed of in a manner which prevents contamination of the environment and complies with legislations:



- PM WASTE WIYH JUHAYNA'S LOGO BASKET
- FG WASTE WIYH JUHAYNA'S LOGO BASKET
- HAZARDOUS MATERIAL WASTE BASKET
- PLASTIC WASTE BASKET
- PAPER WASTE BASKET

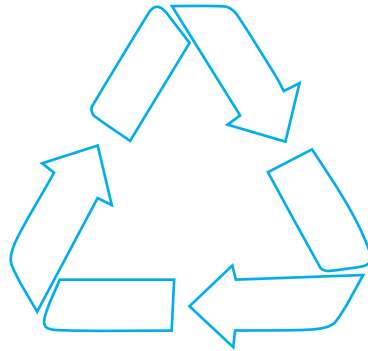
### WASTE IDENTIFICATION

Waste is collected and segregated in bins as indicated below:



### WASTE COLLECTION & REMOVAL

Our operations team uses closed, clean rubbish bins with foot paddles to collect the waste from different locations to segregated waste areas.



### WASTE DISPOSAL

Juhayna Group has contracts with licensed waste disposal companies by the "Environmental Agency". This secures the proper disposal and tracking of waste.

## 2. Our Waste Management

We follow international practices and standards (ISO14001) in disposal methods according to waste type<sup>2</sup>

(ISO14001) FOR DISPOSAL BY WASTE TYPE

	Hazardous Waste/ Amount	Non- Hazardous Waste/Amount
EGYFOOD	<ul style="list-style-type: none"> <li>• Empty Chemical Containers: 105kg</li> <li>• Micro Glass plates: 240 kg</li> <li>• Bulb &amp; Transformers: 180kg</li> <li>• Battery: 275kg</li> <li>• Sludge: 367kg</li> </ul>	<ul style="list-style-type: none"> <li>• Scraped Products: 387.2 ton</li> <li>• Carton &amp; Paper: 282.5 ton</li> <li>• Plastic: 49 ton</li> <li>• Wood: 152.8 ton</li> <li>• Steel: 9.2 ton</li> </ul>
AL DAWLEYA	<ul style="list-style-type: none"> <li>• Caustic Soda: 130 kg/year</li> </ul>	<ul style="list-style-type: none"> <li>• Plastic: 376,992 Ton</li> <li>• Paper: 143,485 Ton</li> <li>• Wood: 164,600 Ton</li> <li>• Drums: 20212 Drum</li> </ul>

1. (307-1)  
2. (306-2)



## Automation AND MAINTENANCE

The processing of milk to produce dairy products is a significant contributor to the overall environmental load produced over the life cycle of milk production and consumption. Therefore, the application of Cleaner Production in this phase of the life cycle is significantly important.

Approximately 80% of a dairy plant's energy needs are met by the combustion of fossil fuels (oil or gas) to generate steam and hot water for evaporative and heating processes. The remaining 20% is met by electricity for running electric motors, refrigeration and lighting.

For that, the level of automation and maintenance must be rigorous and prudent for our cost efficiency and our environmental footprint.

Energy is an area where substantial savings can be achieved almost immediately with no capital investment, through simple housekeeping efforts through infrastructure improvement which include: preventive maintenance and equipment replacement (when equipment retirement is feasible). Those are two key factors for the reduction of leaks and emissions.

We apply the ISO 50001 where leaks are detected and measured (air and steam) to ensure non-interruption of production (its relevant cost consequences) and to secure safety and avoid increased emissions. Juhayna maintains a Zero Leak status in during production, and only leaks occur during maintenance routines.

We also conduct measurement analysis as per & ISO 14001 to track costs associated with maintenance and repair operations to facilitate decision-making where installing new equipment may be seen needed.

AL DAWLEYA 0% REFRIGERANT NH3

EGYFOOD 0% REFRIGERANT NH3

WE MAINTAIN  
**ZERO**  
LEAK STATUS DURING  
PRODUCTION

# NATIONAL BRAND, ON GLOBAL HORIZON

## Caring for Egypt

### A Proud National Brand

Born, established and grown on the fertile land of Egypt, Juhayna was determined to establish a National Brand with International Expertise and Global Outreach.

In the early days of our business, we captured every opportunity for success:

- We optimized culture readiness for a shift to packed milk,
- We expanded business proportionally to our population growth, and
- We were inspired by its tropical weather; a weather with a unique ecological diversity that stands the test of time and seasons; and paving the way to endless Exporting Opportunities through.

One of the most rewarding returns to Juhayna was the international recognition of our achievement and expertise, and the confidence in our business as a World

Class Egyptian Manufacturer.

We are proud that we are now entrusted by numerous Global Industry-leading companies as a global exporter.

Our exports structure has two pillars:

- Juice concentrates, fruit purées and fruit pulps (through the production of Al Marwa Factory)
- All Juhayna Finished Products (through the production of all other 3 factories)

Today we are a key supplier to prominent food and beverage manufacturers in Europe, the GCC, Africa, the Middle East, and Asia.

We equally take pride in our Egyptian Identity and in the growth and wealth that exporting has brought to the welfare of our employees and suppliers that are serving the Exporting Productions lines in Juhayna .

WE ARE SUPPLIER TO EUROPE, THE GCC, AFRICA, THE MIDDLE EAST, AND ASIA.



### A GEOGRAPHICAL STRENGTH

As a National Brand operating from Egypt, we are ideally located at the crossroads of two continents; a unique geographical advantage, which strengthen our position as an International Exporter.

Thanks to its warm climate and plentiful water from the Nile River, Egypt is blessed with exceptionally fertile soil. Egypt's temperate climate also gives us the competitive advantage of having two complimentary growing seasons: summer and winter.

Multiple Free trade agreements such as the Egypt-EU, Agadir, GAFTA\*, COMESA\*\*, and Egypt-- Turkey agreements allow Egyptian products such as ours to gain better access to consumer markets numbering in the hundreds of millions, and which is particularly beneficial and applied to our exports from Al Marwa Factory.

\* Greater Arab Free Trade Agreement

\*\*Common Market for Eastern and Southern Africa



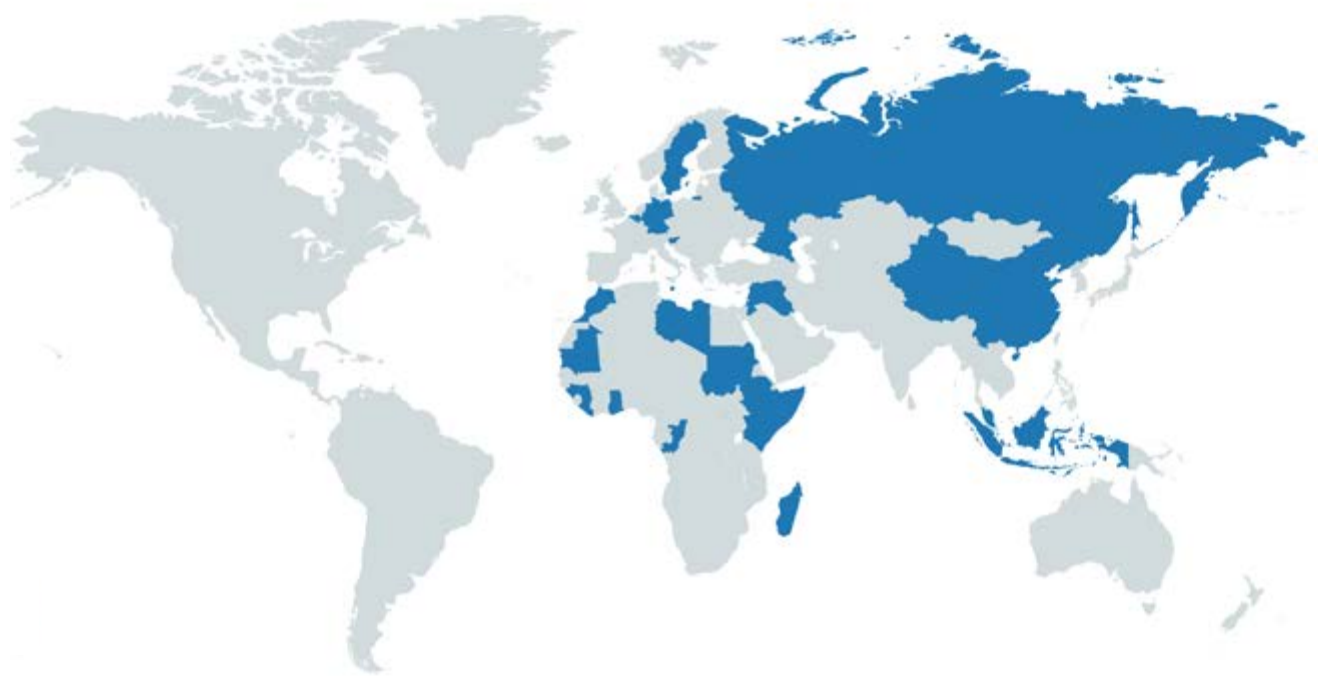
# MADE IN EGYPT, SAVORED ABROAD (ACROSS THE GLOBE)\*

Our brand has expended to serve markets abroad. We are present in 26 markets for our finished products (milk, yogurt, juice and kitchen/cooking rage), and 30 markets for our line of Juice concentrates, fruit purées, and fruit pulps .

Our top packaging machinery does not only secure processing efficiency, but also filling mechanism\* and quality that extend the shelf-life of our products to 24 months, allowing the freshness and longevity of our products from our ports to our clients.

## OUR PRODUCTS IN 26 INTERNATIONAL MARKET

26 markets for our finished products ( milk, yogurt, juice and kitchen/cooking rage)



30 markets for our line of Juice concentrates, fruit purées and fruit pulps .



# JUHAYNA'S PILOT CIRCULAR ECONOMY MODEL

Material Issue:

- Food Waste and Circular Economy

“According to the FAO, around 1.3 billion tons of food are wasted across the globe”, a statement that leaves responsible businesses unable to overlook nor underestimate.

Committed to lead change in the Egyptian F&B Industry, we deployed our efforts to Al Marwa Factory, setting it as our Pilot Circular Economy Model and an emblem of our determination to create value as a true driver of Circular Economy in our sector, where every drop, core to shell is re-produced, re-cycled, re-engineered into new value to business, partners, suppliers and economy.

## OUR FACILITY

Al Marwa has been developed to capture every possible advantage, and the best that Egypt can offer on its soil; placing us at an established position to undertake the commitment of this pilot project.

We capitalized on the distinct quality and array of products that Juhayna is able to produce through Al Marwa Plant since it was founded in 1998, followed by the establishment of the Modern Concentrates Factory in 2007. The Factory was further revolutionized by a technological revamping that extended on 17,000 m<sup>2</sup> area located in the Sixth of October city.

It has an expanded production of nine natural flavors under 3 fully customizable categories (fruit purées, concentrates, and pulps)

A STATE-OF-  
ART FACILITY  
ON 17,000 M<sup>2</sup>





## CORE TO SHELL

The colossal site and its technological transformation supported the expansion of our citrus extracting capacity from 300 to 700 tons per day. This production capacity provided us with a strong footing to promote

the circular motion, where our fruits start their journey of processing and recyclability; from the fruit's core to its shell (as concentrates, Peels, Fiber, Seeds, Pomace)



### PRODUCTION OF PURÉES AND CONCENTRATES

- Up to 25,000 tons of tropical fruit purées “single strength” and concentrates (mango, strawberry, guava, etc.)
- Up to 10,000 tons of citrus concentrates (orange, grapefruit, and lemon)

Read: Fruitful Inspirations



### SOURCING-OUT FRUIT WASTE TO OTHER BUSINESSES.

The end-of-cycle of our fruits is turned into secondary raw materials (peels, fiber, seeds, pomace, stones) by sourcing it out to other businesses, which resulted in selling almost 48,000 tons of resourced waste, achieving revenue of 2.5 million pounds in 2018.

Read: Hand to Hand

Our Equipment are also carefully selected to support our Pilot Model. We consider our state-of-the-art JBT T.A.S.T.E. Evaporator as our eco-friendly machinery, that while removing water and concentrating flavor and nutrients from the fruit, allows us to conserve energy while maintain the natural characteristics of fresh fruits.

## FRUITFUL INSPIRATIONS



Capitalizing on the advantage of our climate temperature, we are empowered with a competitive advantage. The abundance diversity of our harvest has inspired us to expand our products types: Nine (9) natural flavors under three fully customizable categories (fruit purées, concentrates, and pulps).

These are orange, grapefruit, lemon, pomegranate and carrot concentrates, tomato paste cold break and hot break, tomato and pizza sauces, compounds, syrups,

fruit preparations with fruit pieces and cold press citrus oil, as well as apple, peach, apricot, strawberry, guava and mango purées and all kind of purée concentrates.

There is a huge market appetite for our goods both domestically and internationally, thanks to their wide application in the production of ice creams, baked goods and beverages including juice and blends.



## FROM HAND TO HAND

	Type of Waste	Waste Company	Quantity(Ton)	Revenue(L.E.)
GUAVA	Peels, Fiber, Seeds, Pomace	Local Animal Farms	874	23,000
MANGO	Fibers, Pomace, Peels	Local Animal Farms	80	0
MANGO	Stones	Local Farmers	185	24,000
TOMATO	Fibers, Pomace, Peels, Seeds	Local Animal Farms	780	105,000
PEACH	Stones	Local Farmers	7	0
PEACH	Fibers, Pomace, Peels, Seeds	Local Farmers	11	0
STRAWBERRY	Fibers, Pomace, Peels, Seeds	Local Farmers	74	1,000
LEMON	Peels, Fibers, Pulps, Seeds	Enma' and Local Animal Farms	2,036	84,000
MANDARINE	Peels, Fibers, Pulps, Seeds	Enma' and Local Animal Farms	3,072	122,000
ORANGE	Peels, Fibers, Pulps, Seeds	Enma' and Local Animal Farms	40,823	2,166,000
TOTAL			47,942	2,525,000

## BUILT TO GROW

Our choice of Al Marwa as a Pilot Model is also driven by its current success and its projected growth to allow us to continue in our commitment to scale our circular economy practices and advocate for its viability in the Egyptian Market.

Not only is Juhayna 's Concentrates line of business a key strategic component of Juhayna 's value chain ( with 75% of its concentrates production used in

juice manufacturing by the company) , but Al Marwa operations are sophisticated enough to sustain itself as an independent business unit. The concentrates Line of Business (LOB) is the supplier of choice of a variety of customers ranging from private consumer, local customers and multinational corporations.

**Our business standards extended to transfer knowledge and create value across the product life cycle:**

As a member of Sedex, the supply chain management solution, we have access to a secure online platform for sharing and viewing information on labor standards, health and safety, the environment, and business ethics. Being a part of the Sedex network, we do not only

ensure the ethical performance of our supply chain, but also enable us to share data and collaborate with approximately 150 other members to help reduce risks and improve overall supply chain practices.



A MEMBER OF SEDEX

COLLABORATE WITH 150 MEMBERS TO OPTIMIZE SUPPLY CHAIN PRACTICES

# The SAFEGUARDing

## Occupational Health and Safety

### Material Issue:

- Occupational Health and Safety

The right of our employees to carry out their daily duties in a safe environment is a core responsibility at Juhayna.

Juhayna has embarked on the journey towards workplace safety and health (WSH) excellence since its

inception. Through progressive improvement, we continue to introduce new thrust on building a progressive and pervasive WSH Strategy and policies, including certification and registration, monitoring and surveillance, accident reporting, and work injury compensation.

## HEALTH & SAFETY POLICIES AND PRACTICES

Our system takes into consideration both, recognized risk management and global standards and guidelines, through our occupational health and safety management system

### ACCIDENTS CONTROL\*1

Certified for OSHA (Occupational Safety and Health Administration), Juhayna categorizes and reports its accidents according to OSHA through the two main ratios of Total Case Incident Rate (TCIR) and Lost/restricted Case Incident Rate (LCIR).

By Improving our Occupational Health & Safety Risk Assessment Process, our Manufacturing Facilities are (OHSAS 18001) Certified 403-1

We are subject to internal and external audits run by our internal control, our customers, regulatory firms and governmental bodies, to ensure that Juhayna's health & safety policy meets all requirements.

OSHA (Occupational Safety and Health Administration) recordable injury classification:

1. Death
2. Days away from work
3. Job transfer or restriction
4. Other recordable case

Not recordable injuries:

1. First aid cases
2. Motor vehicle accidents during commute

Hours worked include:

1. White collars
2. Blue collars

Temporary workers

### Scrap Plastic Bags

### Black

Total case incident rate (all the recordable injuries from categories (1), (2), (3), (4))

$$TCIR = 200.000 \times \frac{\text{Total No. of Cases}}{\text{Total No. of hours worked}}$$

Lost/restricted case incident rate (only recordable injuries from categories (2), (3))

$$LCIR = 200.000 \times \frac{\text{No. of Lost/restricted day Cases}}{\text{Total No. of hours worked}}$$

Lost day case frequency rate (only recordable cases from category (2))

$$LDFR = 200.000 \times \frac{\text{No. of Lost day Cases}}{\text{Total No. of hours worked}}$$

Lost day case rate (only recordable injuries from category (2))

$$LDR = 200.000 \times \frac{\text{No. of Days Lost}}{\text{Total No. of hours worked}}$$



## ACCIDENT'S TYPE FOR REPORTING

All following types of incidents are reported:

- A) Imminent accidents
- B) First aid
- C) Crippling accidents
- D) Occupational diseases
- E) Death



## ACCIDENT REPORTING PROCESS

Incidents are reported to the Occupational Safety and Health Officer at each site

Officers secure the accident area for investigation and establishment of findings.

Corrective actions, based on the root-causes, are immediately put in place, with a cost report prepared (for direct and indirect cost) of each accident .

## AFTER- ACCIDENT PROCESS

A full rehabilitation is provided for our injured employees.

After return to work, our medical committee reviews the relevant case and approves, when necessary for the employee well-being, that he/she are transferred to administrative functions/tasks where physical exertion is not required.

## WORKER PARTICIPATION, CONSULTATION, AND COMMUNICATION ON

# OH&S



H&S risk committee, led by all our plants managers meets monthly to review status of all Incident Reports and (including investigation procedures, root cause analysis and cost report)



We engage with our employees to identify work related risks to ensure our processes are managed in a safe way.



## WORKERS TRAINING ON OH&S\*2

Regular training on all OH&S Issues is conducted annually. Our training needs are designed and delivered to each factory based on:

- Type of processing and operations within each product
- New employees on-boarding
- New technologies or machinery added
- New regulatory or certification requirements

All our training are conducted by experts (by external entities, or our senior employees on the job).

It is provided free of charge and as a mandatory requirement for the targeted employees.

Training is provided through Class training or on-site/on-job training depending on each training type:

- |  |   |
|--|---|
| <ul style="list-style-type: none"><li>• Forklift driving</li><li>• Chemical handling</li><li>• First aid</li><li>• Civil defense</li><li>• Fire fighting</li><li>• PPE- Ansel training</li><li>• tHob safety practices</li></ul> | <ul style="list-style-type: none"><li>• Forklift Safely Driving</li><li>• Working at Height</li><li>• Lock out /Tag out</li><li>• Manual Handling</li><li>• Confined Space</li><li>• Emergency response</li><li>• Incident Management</li></ul> |
|--|---|

## OUR TOTAL TRAINING HOURS ARE DELIVERED ACCORDING THE TRAINING NEEDS/ASSESSMENT :

Our total training hours are delivered according the training needs/assessment :

- Al Marwa 613 hours (at 98.9%)
- Al Dawleya 820 hours (at 97.3%)
- Egyfood 843 (at 96.9%)
- Al Masreya 1109 (at 98.1%)



# PROMOTION OF WORKERS' HEALTH\*1

- Our H&S policy takes into consideration physical, psychological, biological, chemical and ergonomic risks.
- We encourage our employees to consider WSH as a personal responsibility and proactively take preventive actions to reduce risks.
- All workers' personal health-related information and their participation in any services or programs is maintained confidential and only accessible to the responsible team and the Medical Insurance Provider.
- All our employees are covered under our OHS, and cash compensation are carried out by the Health Insurance Authority (government agency).
- Compensation is applied for all employees suffering an accident at the workplace or during an official duty, and resulting in bodily harm, which necessitates the employee's absence and rest from work for one day or more.
- Additionally, seasonal (outsourced) workers or workers in the Supplying Farms are covered under the same system.

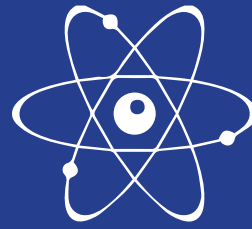
## JUHAYNA EMERGENCY PLAN AND ENVIRONMENTAL HAZARDS\*2

Under our Operational Policies, Juhayna Emergency Plan provides comprehensive procedures to prevent and/or mitigate significant negative occupational health and safety impacts. It addresses accidents affecting the environment and human health.

All Emergency Plans are reviewed on an annual basis and work-related hazards that pose a risk of ill health, include:

1. Ammonia leakage.
2. Explosion of water pipe/ drainage.
3. Oil or acid spill.
4. Natural disasters (earthquakes – storms... etc.)

JUHAYNA EMERGENCY PLAN  
TO PROTECT OUR  
EMPLOYEES' HEALTH AND  
SAFETY



## CHEMICAL CONTROL

We regulate and monitor hazardous materials as follows:

1. Closed areas for chemicals
2. Control procedures during chemical transportation and handling
3. Separation of chemicals according to the type
4. Chemical showers & Eye wash Basins
5. Regular updates of list of chemicals.
6. Availability of Safety Material Data Sheets (MSDS) of chemicals in use
7. Use of chemicals certified for Food Applications.
8. Clear warning labels on chemical materials.
9. Personal Protective Equipment (PPE) Our Environmental team conducts yearly mock-evacuation exercises across three shifts to the safe handling and storage of chemical and other dangerous substances



## NOISE CONTROL

1. Personal Protective Equipment (PPE)
2. Annual Environmental Measures (External Consultant)
3. Monthly Environmental Measures (Internally)



## FIRE PROTECTION

Our facilities are equipped with fire protection systems including automatic fire alarms, sprinkler systems, full pump sets and manual fire equipment to guarantee zero fires.

In-rack Sprinkler are installed within the new docks at our subsidiary El-Masreya, and extended the hydrant fire line of our subsidiary EGYFOOD.

1. (403-6 / 403-8)  
2. (403-7)

## WORK-RELATED INJURIES AND ILL-HEALTH\*1

Our main types of work-related ill-health issues include exposure to chemicals and noise. In 2018, Total Case Incident Rate (TCIR) at 0.77 and Lost/restricted Case Incident Rate (LCIR) at 0.3 We

had a ZERO RECORD of occupational diseases related to work(work-related ill health) and 13 recorded injuries due to work accidents, with only one case of turnover due to accidents.

ZERO RECORD OF OCCUPATIONAL  
DISEASES RELATED TO WORK





DISTRIBUTION

# OUR BRAND in motion

Material Issue:

- Fleet Efficiency

Given its highly perishable nature (particularly for dairy-based products), transportation and distribution require careful management and logistics in order to effectively guarantee continued freshness of our products by the time it hits supermarket shelves.

TIBA, Juhayna's commercial arm, owns and operates a total of 992 vehicles, capable of transporting both

refrigerated and non-refrigerated products nationwide, placing it as one of the largest distribution fleets in the Egyptian food and beverage industry, TIBA.

Closing the loop of our supply chain by establishing TIBA has shielded us from any possible turbulence associated with distribution outsourcing and securing speedy and safe transport of our commodities.



## BUSINESS RESPONSIBILITY

We ensured convenience and safety for our employees, customers (Point of Sales) and availability & accessibility of nutritious products to consumers during the process of products' delivery

reaching 136,000 retail outlets through Juhayna's 38 distribution center across Egypt

Read on the Economic and Social Impact for Community and People: Nutrition in Dispatch & The Digital Express

## BUSINESS EFFICIENCY

We have saved significant expenses that were historically versed into outsourcing distributions of our products

A total yearly saving at 1% from the total distributors sales

Read our low-carbon and e-payments: Digital Express & On ECO-Route

## BUSINESS EXCELLENCE

We regulated the management of our inventory and procurement with timely delivery and distribution plans

Logistics, inventory and procurements are linked to TIBA via our ERP system "SAP" different modules

Read on Tech & Touch on: The Connecting HUB

But as this strategic Vertical Integration continued to thrive, it has not only fundamentality boosted our efficiency, but it had an enormous impact on our stakeholders beyond the traditional business-driven realm.

# The Digital Express

## Caring for the Community

Material Issue:

- Customers Relations



Positioned at the intercrossing of the demand and supply chain, retailers and wholesalers play a pivotal role in the world of commodity trading, where consumers are bombarded with all sorts of choices.

In an open market, individual preferences are endless, and only a strong sustainable brand can “survive and conquer”. At Juhayna , we believe that owning-up to the responsibility that comes with leadership requires supporting others along the rings of our supply chain as a key to achieving a sustainable value creation that brings wealth and growth to the entire eco-system of our industry.

Looking at many years of research, diaries businesses (small and medium) often face financial hurdles , particularly in the recent new market dynamics and disruptive changes in F&B. Fintechs helped in addressing part of the challenge by boosting the relationships at the intersection of supply and demand chain, using digital connections to build creditworthiness and facilitate payments.

FAWRY, the leading Egyptian electronic payment platform, since 2008, has stormed-up our market with a savvy Financial Technology to facilitate communications and regulate deals between consumer goods companies. Today, through the Fawry FMCG platform e-payments in various ways is possible including cash, credit card, or electronic bank portfolios.

With the Innovative Culture surging the alleys of Juhayna ‘s entire Supply Chain, we deployed a full-ledged new relationship model with our customers which would have only been possible by owning our Distribution Channel that secures the timely exchange of products and payments between Juhayna and its customers.

Juhayna invested EGP15 million in developing an electronic payment network (the Juhayna ‘s Customer E-payment Model) through the cooperation protocol with Fawry in mid-2016, becoming the 1st in the industry to deploy such a new innovative approach.

Digital payment volume through the platform has approached EGP 13 billion since its launch in 2016 till the end of 2018.

This innovative digitization of our orders, payments and invoices had brought significant economic, environmental and social value to our business and our customers.<sup>1</sup>

At a macro-scale, we consider it a true ‘Digital Express’ that has combined the best of our Distribution Capabilities with the latest that FINTECH can offer, making it a win-win situation, faster for both delivery and payment.

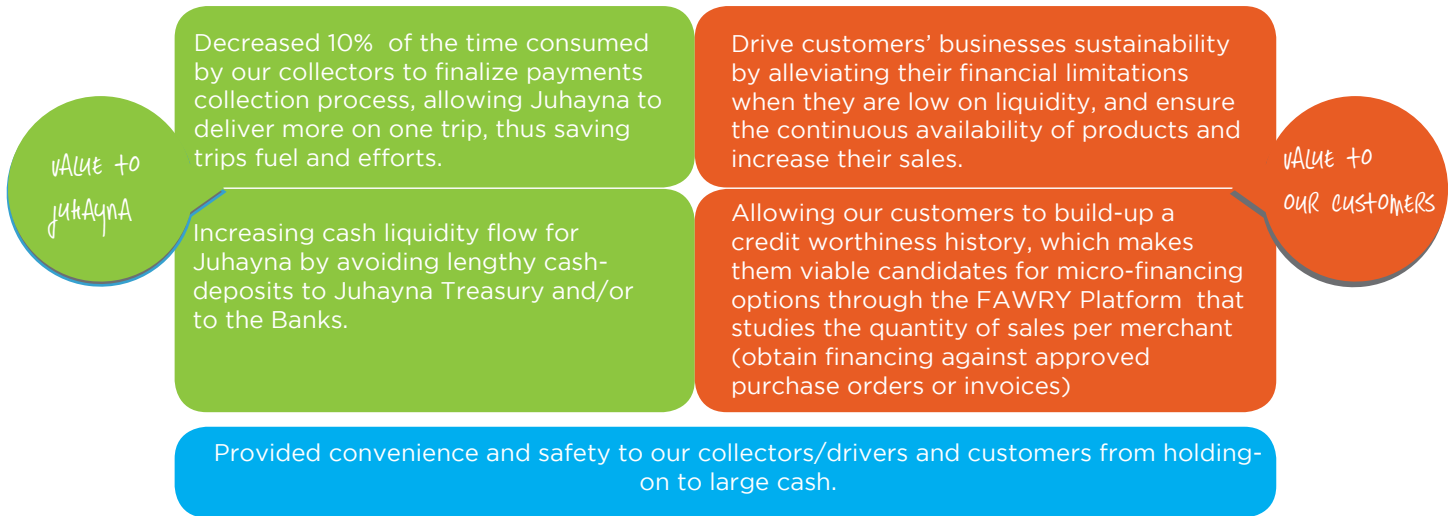
JUHAYNA AND FAWRY LEADING THE INDUSTRY  
TO AN ERA OF SERVING OUR COMMUNITY

1. (203-2)



# JUHAYNA'S CUSTOMER E-PAYMENT MODEL

## Convenience, Efficiency, and Safety



## CARING FOR THE FUTURE

Our contribution as F&B Industry to Social Needs, Circular Economy and Carbon Emission has been historically associated with Farming & Processing, Transportation and their relations to health, food safety, waste management or resources management (water, energy and fuel consumption).

And while many would not make the direct connection of our industry with Financial Technology, however, we are adamant to set a future-thinking approach within our sector to promote the role of every business in the well-being of our Future Generations by capitalizing on technology and innovation as a capital that should not be confined in the limitation of economic value.

The United Nations Environmental Program (UNEP) has been partnering with financial services companies to promote Sustainable Development globally. Their goals include increasing financial inclusion, promoting financial services infrastructure, and funding innovative Fintech development.

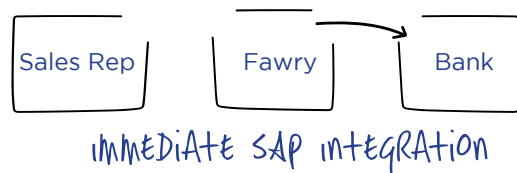
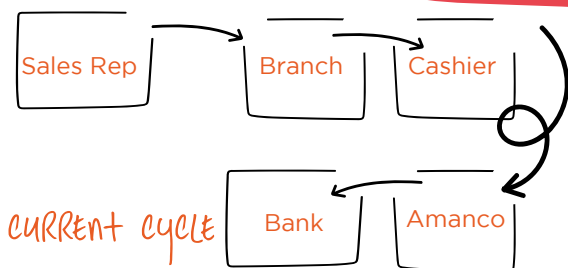
Carbon emission reduction is achieved when services move from paper-based to digital, and moving into a cashless society.

In Juhayna, moderating consumption of paper-trailed invoices that historically accompanied every single order led to significantly lower our environmental footprint and resulted in saving 2 million EGP in our transaction activities during the Reporting Period.

Additionally, e-payments amid push for financial inclusion, to augment the economic, and further the social well-being of an entire eco-system through equitable rights to the underserved and overlooked struggling businesses.

In Juhayna, our FAWRY e-payment model has facilitated the inclusion and sustainable relationships with 52,261 of our customers who are currently on our Fawry FMCG platform

OUR E-PAYMENT PRACTICES CONTRIBUTES TO OUR ENVIRONMENTAL COMMITMENT



\*Notes:

Cashier = Juhayna /branch's cashier

Amanco = company that picks up the money from Juhayna /branch's cashier to drop it off at the bank.

# JUHAYNA 'S CUSTOMERS' E-PAYMENT

Towards a National Cashless Society and to further address future needs and support the growing generation that is shifting to online payments, Juhayna ensured its presence on e-commerce platforms. Since 2017, our dry products are made available for online shopping through Souq.com platform, the largest and fastest-growing e-commerce platform in the Middle East.

Our remarkable sales growth of 186% in 2018 over 2017 was a strong affirmation of our futuristic vision that advocates a broader "Sufficiency Strategy" instead of the traditional linear "Efficiency Strategy".

Sufficiency focuses on "Selling Performance" that meets our customers' needs, while competitive efficiency mainly seeks lowering inputs for operations to achieve greater profitability up to the point of "Selling Products".

As competitiveness will always remain a pillar of sustainable production, we believe that our vision of a "Sufficient Strategy" was the foundation of all our sustainable relationships with our stakeholders, and it has fast-tracked our vertical integration, where our business continue to engage in new ways and channels that promote a quality performance beyond the objective of achieving sales.

Going forward in 2018, and after multiple inquiries for our customers, coupled with our own market research, we started to expand in certain areas in Greater Cairo through "The Grocery Shop"; a dedicated application that serves the NEW CAIRO District which has a remarkable growing demand.

Our sales are targeted and expected to triple in 2019.

We equally plan to continue to extend our e-commerce presence to new and promising platforms in 2019, such as Goods Mart and Noon & Trolley.

E-COMMERCE SALES  
GROWTH OF 186% IN 2018

WE ARE ADVOCATE OF  
QUALITY PERFORMANCE



# On the ECO-ROUTE

## Caring for the Environment

No doubt, there are inherent risks to all businesses from climate change (particularly future regulations that will be set-out firmly for carbon-intensive sectors such as ours), and the motivation for transitioning to a low-carbon business strategy is often driven by those risks and comes at a cost when deploying a strategic alignment across the business. With transition equally comes the opportunity of achieving

profitable growth by lowering operating costs and attracting investment through new products and service innovations.

For Juhayna, we perceive it through a lens of responsibility. Aiming to be a low-carbon business is one of Juhayna's Sustainability priorities (for all our Environmental efforts in our farms and factories,

We now know that to prevent the most severe impacts of climate change, by avoiding a rise in average global temperatures of above 2°C, the world's cumulative greenhouse gas\* emissions should not exceed 825 Giga-tons of CO2 equivalent by 2050. In simple terms, this means we will need to slash the global average of CO2 energy emissions per capita by up to 70% by 2050, relative to current levels, and approach zero net emissions within the second half of the century. Such a shift requires significant changes in fuel consumption patterns, energy efficiency, and agricultural practices, among other changes.

\* A greenhouse gas is any gas in the atmosphere which absorbs heat, and thereby keeps the planet's atmosphere warmer than it otherwise would be. The main GHGs in the Earth's atmosphere are water vapor, carbon dioxide (CO2), methane (CH4), nitrous oxide (N2O) and ozone. GHGs occur naturally in the Earth's atmosphere, but human activities, such as the burning of fossil fuels, are increasing the levels of GHG's in the atmosphere, causing global warming and climate change. (Ecometrica, August 2012).

Read: [Our Environmental Footprint and Towards Green Growth](#)

WE ARE TRANSITIONING TO A  
LOW-CARBON BUSINESS

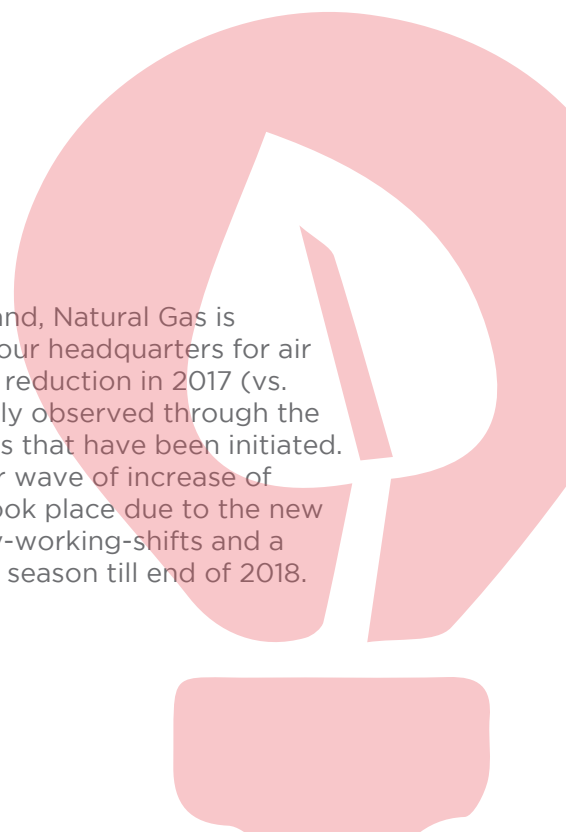
### ENERGY CONSUMPTION

Reducing our electricity usage is certainly cost-efficient, but we are equally confident that our responsible consumption can create a massive change that alleviates pressure on the national grid.

Despite an achievement of 93% increase of electrify tariffs/per kW since 2015, we have managed to reduce our electricity consumption through continuous awareness sessions to our employees and multiple practices (semi shut-down of refrigerators, usage of blinders during refrigerators usage, and others)

On the other hand, Natural Gas is mainly used at our headquarters for air conditioning. A reduction in 2017 (vs. 2016) was clearly observed through the rigorous policies that have been initiated. In 2018, another wave of increase of consumption took place due to the new prolonged daily-working-shifts and a prolonged heat season till end of 2018.

### ENERGY CONSUMPTION IN DISTRIBUTION 302-1



	2016	2017	2018
ELECTRICITY (kW/y)	4,538,136	4,195,515	4,223,824
GASOLINE (Lit/yR.)	7,828,699	7,654,159	7,228,383
NATURAL GAS (m3/yR.)	55,436	40,611	52,822



# FUEL MANAGEMENT

Most of the vehicle's environmental impact (up to 80-90%) is generated from fuel consumption and emissions of air pollutants and greenhouse gases.

Fortunately, the level of that impact can be off-set and controlled through the cautious management of our driving practices and fuel efficiency.



## VEHICLES

Re-planning distribution routes and optimizing truck loads and space usage.

Closer attention to Maintenance  
Regular servicing for more fuel-efficiency (congested air filter, worn-out spark plugs, clogged fuel injectors and bad oil)  
Monitor tires pressures; not only are under-inflated tires unsafe, they also increase rolling resistance and fuel consumption by up to 5%.



## DRIVERS

Respecting Speed Limits  
Reducing speed (reducing by just a few mph also reduces engine revs, and less fuel use).

Tailgating Avoidance  
Besides safety, it is a best-practice to follow vehicles at a safe distance from the vehicle in front, but it also reduces the usage of brakes more frequently leading to more noticeable fuel usage

# WATER MANAGEMENT

A significant water management measures have been taken in 2017 (including conducting major repairs and maintenance to the water meters), which have led to almost 65% reduction in water consumption. After that year-long process in 2017, we managed to reach a better understanding

of our actual needs based on those new efficient practices. Our consumption in 2018 reflects our true needs-level, while we continue to strive to measure our consumption in 2019 to allow us to reach another improved level of water management practice.



WATER consumption in Distribution 303-5

U.M/ m3

2016  
120,711

2017  
77,535

2018  
84,486

# At the FOREFRONT

Caring for People



Our drivers are key players in ensuring the responsible culture that Juhayna holds to the highest standards. Acting responsible on the road is un-negotiable as it touches the lives of our communities. Accordingly, our hiring process relies on renowned and reliable referrals, or are conducted in cooperation with the Department of Traffic.

An annual training—a Defensive Driving Course—is

conducted twice a year which includes sessions on Safety Measures and Road Safety and awareness raising on Potential road hazards and the other road users' actions.

Our record is ZERO Incidents since 2017.

Our drivers are offered a good financial package that includes competitive commission, social and medical insurance, and special sales bonuses.

[Also Read: Accidents Control and Compensation](#)

ZERO incidents since 2017.



# Nutrition in Dispatch

Caring for Egypt

## Distribution Challenges AND Risks\*



Defects during sales have been identified as one of our main distribution challenges and risks that are caused due retailers careless management (storage temperature, packaging damage), leading to products delivered

to consumers in bad conditions. In our commitment to uphold the highest standards of food safety for our consumers, our warehouse, transportation and distribution operations follows rigorous practices.

## WAREHOUSE & TRANSPORTATION PRACTICES

Dispatching our products to our customers (retailers and wholesalers) is a process that underpins multiple measures to ensure food safety for our consumers at the end of the product's journey. Our attention to food safety is also interconnected to the various issues:

- Promoting circular economy practices through minimizing food waste, and its overall impact of national resources.
- Supporting the industry to play its role in national food security, by ensuring the timely delivery and the continuous availability of nutritious products to citizens with the least possible product-return.
- Empowering local traders to maintain a sound resilient business by the consistent delivery of our products with a high quality that drives sales growth across the nations

And while transportation and logistics are managed under our TIBA arm, but the process involves many other functions such as quality, road safety training,

We conduct an extensive training across the various functions to ensure that products are loaded, stored, transported and displayed according to our standards. Training involves all phases from our warehouses (as a starting point) to the traders' shelves.



OUR CIRCULAR PRACTICES CONTINUES IN TRANSPORTATION BY MINIMIZING FOOD WASTE AND PRODUCTS' RETURNS





## WAREHOUSE PRACTICES

- Clean Pallets.
- Right Stacking.
- Shrinking.
- Labeling.



## LOADING STANDARDS

- Allowed heights for each type of product.
- Correct Stacking & Inspection.



## TRANSPORTATION

- Cleaning and Pest protection  
Temperature and Chilling
- Defected returned products are transported separately from good ones
- Correct driving speed to avoid flipping of products and damage

Our training also includes educating our employees on the types of allowed products' return according to our standards (GHP for dairy and juice products & Defects).

Our Products are identified according to storage conditions:

- Dry Products (Milk, Juice)
- Chilled Products (Fermented, Yoghurt, Zabado, Creams)

Products can be returned for one of reasons:

1. Defects during transportation, warehouse.
2. Defects during sales ( at retailers or whole-sales stores)
3. Complaints from consumers or customers.
4. End of shelf-life.

## TRADERS TRAINING

Our traders/retailers undertake training sessions to ensure the proper storage and shelving of our products. Training is conducted based on new on-boarding, new products launch, periodic assessment or when a complaint is received from a consumer on a certain purchase.

Our Traders are categorized:

- 1) Modern Trade or Organized trade focusing on large/ hyper supermarkets
- 2) Traditional Trade focusing on (small to medium retailers)

Under traditional trade:

Our full time sales representative conducted our "ON JOB TRAINING", covering the process of delivery, storage, and shelving.

Under Organized trade:

Our products are put under the care of our own outsourced experienced merchandisers who receive the same on-job training, however their duties include additional criteria such as shelving according to expiry dates, and products launching status, among other.



# SUPPLY chain MANAGEMENT

# OUR SUPPLY CHAIN MANAGEMENT

## OUR SUPPLIERS

Our adoption of a Vertical Integration of our Supply Chain was key to a transformational milestone for our business.

Read: [New Frontiers of Vertical Integration.](#)

By owning our farms Enma' and developing our quality and trusted Network of Supplying Farms, along with our distribution arm (TIBA), we were able to ensure supply, raw material, and product quality, cost efficiency, and new set of value proposition to all our stakeholders.

Read: [Our Compass.](#)

We equally take pride that our vertical integration has further allowed us to support our national economy and those who serve us as suppliers, by providing opportunities to many farmers and businesses to thrive. In 2017-2018, the estimated monetary value of payments made to all our suppliers' categories has reached EGP 5.53 Billion.

As a labor intensive sector, our Supply Chain Management intersects with multiple functions within the business to ensure Health and Safety Measures to our employees and workers.

Read: [The Safeguarding.](#)

OUR CONTRIBUTION TO THE NATIONAL ECONOMY MOUNTS TO EGP 5.53 BILLION TO OUR SUPPLIER



### CATEGORIES AND TOTAL SUPPLIERS / SERVICE PROVIDERS:

(Indirect Suppliers: those not directly contributing to the production process)

- Farmers: 107
- Packaging: 40
- Raw Material Sourcing: 60
- Indirect Machinery/Spare Parts/Mechanical Services: 150
- Indirect Services/Others: 350



### GEOGRAPHIC LOCATION OF 600 SUPPLIERS

(excluding the farms)  
**Local Suppliers (in Egypt):** 545 (Direct: 65 /Indirect: 480)  
**Foreign Suppliers:** 55 (Direct: 35 /Indirect: 20)

PROCUREMENT AND MATERIAL PLANNING	Providing production requirements and communicating it to production planners (based on seasonality projected sales requirements among other factors).
SOURCING AND CONTRACTING	Transforming demand requirements to raw materials requirements and purchasing them based on these figures.
LOGISTICS AND CLEARANCE	Communicating with suppliers and handling (prices/ Quality/ Delivery terms) among other things.
INDIRECT PROCUREMENT	Clearing imported goods as well as providing support for the export process.
HEAVY FLEET	Storing raw and packaging materials as well as transferring them to the requesting factory.
DEMAND PLANNING	Delivery of Finished Goods (FGs) from the production area to the fleet.
WAREHOUSE (FACTORIES)	Transferring produced FGs across all company Branches.

Our Supply Chain Department owns the responsibility of the entire flow of Raw and Packing material to the pro-

duction phase and then the flow of finished goods from the factories to the Branches.



## OUR SUPPLY CHAIN IMPACT

Our most significant changes were the impact we created through our Farming Network and Inclusion Program with a highly recognized contribution on all economic, environmental, and social dimensions <sup>1</sup>  
Read: Developing Egypt's Dairy Farms

OUR GROWTH CREATES  
EMPLOYMENT AND LONG-  
TERM ECONOMIC STABILITY  
FOR OUR SUPPLIERS

### Our Supply Model has Created a Colossal Economic Impact across the Dairy Farming Sector: 203-2

Employment creation in extremely poor areas and long term contract opportunities in addition to enhancing skills and knowledge of the farms, impacts on suppliers as a result of an organization's growth or contraction.

Read: Kafa'a- Juhayna Farming Inclusion Program.

We leveraged on efforts with the Supplying farms by introducing new product with preferential pricing

(BEKHERO) for those on low incomes. Read: BEKHERO-- WHOLE SOME GOOD.

We strengthen our industry through collaboration, transfer of expertise and knowledge, and leading change on national level to maintain a resilient dairy production for all industry's stakeholders.

Read: Knowledge Transfer and Industry Collaboration.

## Investing in LOCAL Sourcing

The percentage of our procurement budget on local Egyptians suppliers has reached 43% of all our procurement spending. By supporting local suppliers,

we indirectly attract additional investment to the various sectors' economies in the local communities of our suppliers.

## DRIVING EFFICIENCY OF SUPPLY CHAIN MANAGEMENT

We adopt the practices of Integrated Business Planning "IBP" with monthly Reporting and adjustment sessions are conducted by four departments to revise Monthly Sales Forecasting.

We continue to invest to achieve Class A Business Planning where we develop more systemized and automated processes with longer visibility to meet our market winning strategy.

Our supply chain management is utilizing a Rough Cut Capacity Planning "RCCP" model where we transform our forecasting into production capacity, helping us to meet our long-term demand. We enhance communication between various factories' teams, resulting in a more accurate materials plan, fewer shortages and lower stocks, as well as increasing efficiency of loading and offloading by standardizing the process.

Stock optimization as well as better forecasting has led to the decrease in our stock value throughout 2018 by half and increasing cash flow. Furthermore, shortages throughout the year have been significantly reduced by predicting the production bottlenecks. We are recording all SAP movements accurately, reflecting real-time changes and ensuring stock accuracy.

The main challenge is maintaining efficiency across the whole supply chain, driving cost down across the value chain while meeting required targets.



OUR RCC PLANNING ENSURES THAT  
OUR CONSUMERS' DEMAND IS  
ALWAYS MET

1. (102-10)  
2. (203-2)

# MANAGING CHALLENGES & RISKS in the SUPPLY CHAIN\*

One of the main challenges in our sector is to maintain efficiency across all the supply chain, driving cost down across all the value chain while meeting required targets.

Management reacted to the efficiency issues by applying deferent solutions specific to each department to reduce cost and increase efficiency:

Instability of the Market destabilizes the demand creating either surplus or shortage.

- Alternating between long-term contracts and spot orders based on market analytics to get the best process for raw materials
- Increasing forecast accuracy and direct communication between demand/production/material planning leads to a more accurate materials plan, fewer shortages, lower stocks as well as more efficient operations.

Fluctuations in Raw materials affect the COGS and therefore the final cost of the product as well as the profit.

- Enhancing payment terms with the suppliers to increase cash flow.
- Increase payment terms for suppliers.

Long lead times between the processes impedes the efficiency and sometimes leads to increasing the stocks and decreasing cash flow. Demurrages can be incurred due to the congestion of operation at the warehouse.

- Holding frequent meetings with key stake holders (internally) to increase communication and work on reducing process lead times, this led to decrease in clearance process and internal logistics as well as decreasing Demurrages.
- Read: Communication & Reviews

Limited storage space and limited qualified labor.

- Through enhanced communication between factories, warehouse teams, and branch teams to support during limited capacity situations as well as labor limitations.
- Increasing efficiency of loading /offloading by standardizing the process.

## COMMUNICATION & REVIEWS

- Rough Cut Capacity Planning (RCCP) discussions during supply reviews:  
Both weekly and monthly meetings take place. It provides realistic approach to the supply process throughout the year and decreases the shortages of raw materials and finished goods on the long and short term.
- Missing Documents Meeting:  
Weekly meetings take place between (Treasury/Procurement/Clearance) and an increased coordination between the 3 departments which leads to immensely decrease the clearance process, as well as driving unnecessary storage and demurrages cost down.
- Enhanced Communications:  
New enhanced information flow was established between warehouse/procurement in relation to forecasts and requests for raw materials supply have led to an

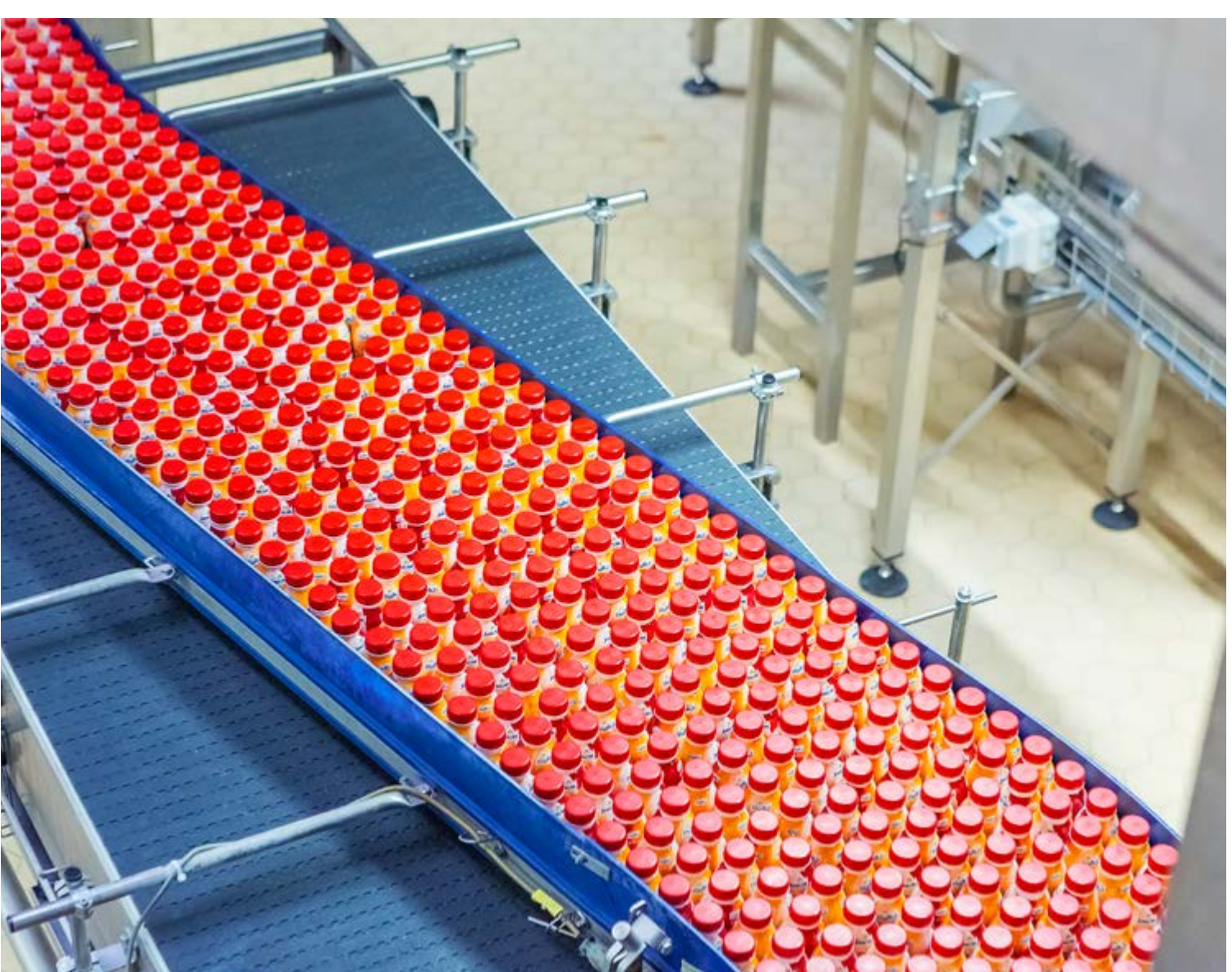
- optimized storage capacities and practices.
- Warehouse Team Training:  
Training is conducted for additional selective workers on fork lift maneuvering to provide support when extra labor is required.

INTERNAL ENGAGEMENT  
AT THE HEART OF OUR  
BUSINESS EFFICIENCY

# OUR SUPPLY CHAIN PERFORMANCE

We introduced the “Black Box” in Al Dawleya, a fully automated warehouse machinery system that handles

and stores pallets from the end of the processing line till loading.



## This automated warehouse operations has resulted in:

1. A 100% on-time in-full (100% OTIF) goods are delivered within the time agreed with the quantity required.
2. Decrease of 50% of stock value throughout 2018 (Stock optimization as well better forecasts led to decreasing)
3. Decrease of 50% of Demurrages/port storage costs caused by the clearance process in 2018 through better communications.
4. A 100% Warehouse utilization.
5. Zero fatality-Zero LTA (detailing walking areas and separating them from Trucks and forklift routes to enhance safety and reduce accidents)
6. Highly Increased Stock accuracy by:
  - Recording all SAP movements accurately to reflect Real-time changes
  - Predicting the production bottlenecks beforehand and working on mitigating these bottlenecks.
7. Highly Increased Loading efficiency and Shuttling accuracy.

ZERO  
fatality

100% 100%  
OTIF

100%  
Warehouse  
utilization



# REGULATORY AND INTERNAL AUDITS & CONTROLS

Regulatory and Internal Audits and Controls are conducted in the factories and Warehouses (for storage and loading)

- An Annual Internal Audit
- An Annual External Audit by the National Food Safety Authority (NFSA) (FSSC 22000 ver.4.1)
- A total of 2-4 External Audits by the National Regulatory Authority
- An Annual External "HALAL" by the Egyptian Organization for Standardization & Quality
- Annual External Audits for annual review of H&S Compliance Certification (BS OHSAS 18001:2017)
- Annual External Audits for annual review of ISO Compliance Certification (ISO 9001:2015 - ISO 14001:2015 - - ISO 50001:2011)

## SUPPLIERS SOCIAL IMPACT

### SCREENING AND TERMINATION<sup>1</sup>

We evaluate our suppliers on various factors considering all quality and safety risks across our value chain. Moreover, we urge our suppliers to consider their social and environmental risks, emphasizing them to comply with the same regulations as Juhayna .

#### For our Supplying farms :

- All farms are observed, assessed and developed to care for social rights and needs of their workers.
- Assessments are conducted through our Farms Development Departments. Any farm non-complaint to the set-scoring are excluding from our Supplying Contracts.
- Through periodic training, monitoring and support, no termination has occurred for any of our supplying farms.

[Read: Our Impact at Farms](#)

#### For Other Suppliers:

We monitor our suppliers to detect potential negative impact within their work-conditions or environment, particularly payments to their works, Suppliers who have recorded complaints related to delay or non-payment to their workers are terminated in the event of delay of payments to their workers. As a result, only 1 supplier contract was terminated in 2017-2018 under this criteria, while 6 others were terminated for non-compliance to our technical requirements/specifications. We also ensure the social dimension related to health and safety of our suppliers' workers, by conducting assessment and verifications on:

- Safety certifications
- Hazard control certifications

Both certificates are part of the suppliers' requirements prior to entering into terms of contract.

All certificates are actively updated and audited on, by the corporate quality team.

'Due diligence' refers to a process to identify, prevent, mitigate, and account for how an organization addresses its actual and potential negative impacts.

Based on the Organization for Economic Co-operation and Development (OECD), OECD Guidelines for Multinational Enterprises, 2011, and the United Nations (UN), 'Guiding Principles on Business and Human Rights, Implementing the United Nations "Protect, Respect and Remedy" Framework', 2011.

WE CONDUCT SUPPLIERS'  
SCREENING FOR  
NEGATIVE SOCIAL  
IMPACT

1. (414-1 / 414-2)

HUMAN

RIGHTS

# HUMAN RIGHTS AND CHILD LABOR

## COMMITMENT AND DUE DILIGENCE TO HUMAN RIGHTS AND CHILD LABOR\*1

### Our Employments

WE RESPECT, UPHOLD AND COMMIT TO  
UNGC PRINCIPLES FOR HUMAN RIGHTS

Juhayna respects, upholds, commits and applies the strictest measures in all its hiring, working practices, and labor standards in all our operations in regards to both Human Rights and Child Labor.

And as a business committed and advocating for Human Rights and Working Environment, we welcome and comply to all audits by our partners related to Human Rights

The investment of our partner in our business relationship, and that of Juhayna with its supplying farms, are of great significance which we all take serious measures to comply and advocate for.

With over two decades of partnerships with McDonald's and 60 new supplying farms joining our Farms Network, human rights are integrated into our economic decisions and those of our partners and suppliers.

We abide to McDonald's Supplier Workplace Accountability "SWA" through audits in the following areas:

- Business Integrity
- Human Rights
- Workplace Environment
- Management Systems
- Environmental Management

In addition, as member of the United Nations Global Compact (UNGC), we have conducted self-assessment specific for those topics, and we were reviewed by UNGC in the process of the membership request.

Our National Laws are very clear and comprehensive in regards to employment contracting. Our internal policies have been established and rigorously monitored and audited accordingly.

Our main policies addressing matters related to our employees' rights:

1. The "Code of Conduct"
2. The "Grievance Procedures"
3. The "Equal Opportunity and Anti-Harassment Policy"

The "Code of Conduct" and "Grievance Procedures" are compiled and reviewed regularly by our OD Section Head (document author), and approved by the HR Director, followed by the Deputy CEO who is delegated by the Board in that matter.

The "Equal Opportunity and Anti-Harassment Policy" is compiled directly by our HR Director (document author), and reviewed by the Quality Director and the Director of Internal Audit, and approved by the Deputy CEO who is delegated by the Board in that matter.



WE RESPECT, UPHOLD AND COMMIT  
TO UNGC PRINCIPLES FOR HUMAN  
RIGHTS



WE PROTECT OUR EMPLOYEES'  
RIGHTS THROUGH RIGOROUS  
POLICIES AND PRACTICE



# OUR

# WE

**Our** company management engages in regular employee-only meetings to discuss concerns regarding working conditions or work-related problems and any concerns/complaints employees may wish to raise. Meetings are held every first Monday of the month with the company representative.

**Our** company takes reasonable steps to enable qualified persons with disabilities or health conditions to gain employment opportunities with the company, with wheel chair access, flexible working hours, and longer breaks.

**Our** hiring managers receive training regarding the company's nondiscrimination policies.

**Our** company ensures that job applicants are not asked to give information about their marital status, pregnancy, intent to have children, number of dependents, or similar information that may lead to discriminatory hiring decisions.

**Our** contracts stipulated Juhayna's measures to ensure that it does not participate in any form of forced or bonded labor.

**Our** company policy ensures that decisions concerning hiring, wages, promotion, training, discipline, retirement, and termination are based only on unbiased criteria, and are not linked to any of the discriminatory characteristics.

**Our** company ensures that employment advertisements do not reference discriminatory criteria, such as race, gender or age (unless listed as part of a legal equal opportunities promotion).

**Our** company has an established procedure, accessible and known to all workers, where workers can safely report incidents of workplace discrimination stipulated under the "Juhayna Corporate Management System- Grievance Procedure"

**We** avoid involvement in human rights abuses owing to government or societal practices.

**We** always seek legal security and labor law updates that reflects on the employees.

**We** do not endorse any state imposed discriminatory limitations on the right to vote, and do not pass along information concerning religious, racial, political affiliations or other characteristics of employees which could be used by the government as a reason to restrict the right to vote.

**We** have in place a process and agreement with workers' representatives about the requirements of fair hearings as stipulated by National Laws in relation to all disciplinary cases and employee grievances.

**We** prohibit discrimination or adverse actions against worker representatives or employees for participating or refraining to participate in lawful trade union activities.

**We** ensure that we only contract with recruitment agencies or firms who uphold and commit to our policies and who are in no way involved in human right or labor breaches.



## OUR OPERATIONS

Our company only employs individuals above the age of 18. We exceptionally accept Children under 18 (young workers) in one particular project, the "Mubarak Cool Project" which is a vocational and management training program under the governmental umbrella that supports marginalized children under the age of 18 to provide them with a working experience in Maintenance and Finance. Juhayna was the first Egyptian company to be introduced in this system in the early 2000s and we have committed to it since then. Each Training Cycle undertakes 30 young workers and takes up to three years, with a salary payment to the children that increases yearly. The project complies to our internal and national laws to

ensure that conditions are respectful to their safety and health. We respect their rights for attendance at school, their participation in vocational orientation or training programs where applicable, and we also provide them the necessary guidance and training. This apprenticeship program does not constitute any significant portion of the workforce but it is rather our contribution to the society to train and support the growing segments of young children who seek work or technical experience in our sector. The program is performed in conjunction with a school program, and do not interfere with the child's compulsory education. All Health and Safety Measures are applicable to all our sites and working conditions

## OUR SUPPLIERS

As the nature of our industry, our largest and most significant suppliers are the providers of raw sourcing for our dairy, juice, and concentrates productions. Under our national context, agriculture is a historical rooted sector. In Egypt that extends across the country and a bread-earning source for a wide spectrum of Egyptian Families for generations. With such an agricultural heritage and culture, the industry landscape in Egypt and its laws does not prohibit young worker on the field. Educational Systems in rural areas have been

equally developed over the centuries to accommodate multiple optional schooling-hours to accommodate the legacy of agriculture in Egypt. With our exceptional Supply Chain Model, we do not allow hiring of young children under 18, in our own farm, and we equally conduct monitoring and auditing measures for the farms under our care. We commit and apply all measures of Human Rights and Child Labor and do not allow any risks for incidents of forced or compulsory labor.

## OUR AUDITS

All our measures are stipulated in our dedicated Internal Policies, Procedures and Work Instructions related to the different functions under a unified "Juhayna Policies & Procedures".

They are communicated during recruitment and specific terms are included in the job descriptions, job offer letters or the signed contracts. They are constantly improved and/or updated (where applicable) through: (HR, Internal Audit, Internal communication).

Our internal Audit Team Checks and Reports on all current systems, documentation, and evidence

examined:

- Policies and written procedures in conjunction with relevant managers to understand and record what documentation is in place.
- Implementation in practice (such as through training) and the processes used to manage human rights at the sites).

- The minimum age for working as per ILO Convention 138 specifies a minimum age of 15 years or the age of completion of compulsory schooling (whichever is higher).
- In the context of the GRI Standards, a 'young worker' is defined as a person above the applicable minimum working age and younger than 18 years of age.
- 'Child labor' refers to an abuse, which is not to be confused with 'children working' or with 'young persons' working', which may not be abuses as stipulated in ILO Convention 138.
- ILO Convention 138 stipulates that 'national laws or regulations may permit the employment or work of persons 13 to 15 years of age on light work which is

WE CONDUCT INTERNAL AUDITS TO ENSURE COMPLIANCE TO POLICIES AND PROCEDURES

# OUR CODE OF CONDUCT\*1

Our Code of Conduct and its related procedures and measures are applicable to all employees (including senior executives and officers).

The company's objective in establishing this Code of Conduct is to promote ethics, honesty and professionalism within the company and among its employees. Employees are expected to behave in a professional and responsible manner, and be aware of their responsibilities as a representative of the company. The company's Code of Conduct provides guidelines about appropriate business operating behaviors and standards with which employees must comply. Employees are expected to observe and comply with Juhayna's workplace policies, rules, regulations, practice, procedures and guidelines (as amended or issued from time to time) and all its implied Confidentiality of information, which includes, but not limited to, trade secrets, business, marketing and service plans, consumer insights, manufacturing ideas, product recipes, designs, databases, records, salary information

and any non-published financial or other data to which employees have access is to be shared only as appropriate and only as then business need requires.

Juhayna respects third parties' similar interest in protecting their confidential information. In case those third parties, such as joint venture partners, suppliers or customers, share with Juhayna confidential information, such information shall be treated with the same care as if it were Juhayna's confidential information. In that same spirit, employees shall protect confidential information that they have obtained in the course of their prior employment.

OUR EXTERNAL STAKEHOLDERS ARE PROTECTED ON "CONFIDENTIALITY OF INFORMATION" UNDER OUR POLICES.

The document also stipulated issues such as, but not limited to:



- Non-Discrimination and Anti-Harassment. [Read: Equal Opportunity and Anti-Harassment Policy.](#)
- Grievances. [Read: Grievance Policy and Procedures.](#)
- Confidentiality of Information
- Insider Trading
- Conflict of Interest
- Employment of Relatives
- Outside Activities or employment
- Violence in The Workplace
- Political Activities:
- Company Property
- Use of Social Media

## THE 'EQUAL OPPORTUNITY AND ANTI-HARASSMENT POLICY'\*1

406-1 The objective is to guide the actions of employees inside the Group and facilitate their everyday work on equality and anti-harassment/ non-discrimination, including the responsibility for applying this policy among the various functions bodies within Juhayna Group. This policy applies to all employees within Juhayna Group.

This policy is set to clarify Juhayna Group's stance on equality among all, and the rejection of all forms of harassment and discrimination, such as, but not limited to:

- Discrimination (for Disability, Age and Gender, Ethnic Origin and Religion).
- Equality in working life.
- Harassment.
- Sexual Harassment, Vilification. Bullying, Victimization.

Under this policy, every member of Juhayna has the right to learn, work in a safe and inclusive environment that is free from discrimination, harassment, bullying, vilification and victimization.

Our Gender Equal Opportunity Committee (GEOC) regularly reviews the policy and gets it ratified by the CEO.

A procedure that directly updates the "GEOC" on any violation cases, in order to initiate the appropriate programs and awareness.

Our Human Resources Department is responsible for investigating and addressing any issues that falls under this policy. The Human Resources Department may also involve Internal Audit Department in cases where serious violations might occur and special investigations are needed.

7.Complaints in case of policy violation.

OUR GENDER EQUAL OPPORTUNITY COMMITTEE (GEOC) OVERSEES POLICIES AND COMPLIANCE RELATED TO THE RIGHTS OF OUR EMPLOYEES



# GRIEVANCE PROCEDURES AND WHISTLE BLOWING<sup>\*2</sup>

102-17

Juhayna's Grievance Policy represents the grievance resolution techniques that are introduced to foster a fair and ethical work environment and to contribute to building high workforce morale.

The employee grievance policy is a formal communication channel extended to all employees to professionally resolve interpersonal conflicts with their colleagues and superiors. It is communicated to the employees during the process of hiring.

A problem facing an individual employee should not be kept unresolved until it reaches a distressful point where the employee will have no choice but to raise a grievance. Every endeavor should be made to resolve it informally. In circumstances where an informal resolution of the employee's problem has become impossible, there is a formal procedure that the employee should follow.

## CONFIDENTIALITY:

Any employee could report a grievance against his/her direct boss or a co-worker regarding any issue providing that the employee presents supporting evidence in order not to damage their work relationship.

If an employee needs to use this procedure, it will be conducted in complete confidence and without adverse consequences for him/her.

The company's management encourages its employees to report any violations regarding ethical or professional behavior, and decisive measures are taken towards violators while protecting the reporting parties, taking into account that the reporting process is based on objective documents or information.

We are currently putting in place Juhayna Whistle blowing Policy and Procedure to ensure that the employees can provide both grievance and concerns on unethical behavior anonymously.

## GRIEVANCE RESOLUTION PROCEDURES

- The employee discusses the grievance with his/her direct supervisor or manager.
- In case the grievance involves the direct supervisor/ manager, then the employee can report the matter to the next higher managerial level.
- At stage one, every attempt should be made to resolve any conflict or problem in an amicable manner.
- If the grievance was unresolved informally at stage one by reaching a satisfactory resolution, then the employee puts the grievance in writing to avoid any possibility of misunderstanding or misinterpretation.
- If the matter is not mutually resolved at stage two, the employee may take the grievance in writing to the HRBP.
- The issue under complaint is investigated in order to establish facts.
- The conclusion of the investigation will be discussed with the employee and all concerned parties within ten working days of submitting the written grievance, unless there is a good reason for delay.
- HRBP may refer the matter to the Legal Affairs Department if Needed. The decision of the HR Director will be final.

# A SHARED POWER OF FREEDOM OF ASSOCIATION<sup>\*1</sup>

407-1 /102-41

We recognize and commit to the rights of our employees to freedom of association and collective bargaining, including the right to freely form and/or join independent trade unions, and this commitment is clearly communicated to all employees as per National Laws.

All our employees, across all operations, are represented through their elected committee and trade unions.

Our "Employees Representation" body plays a vital role in establishing a communication channel with the top management.

Our trade union covers 100% of our employees and their representatives are regularly informed of any strategic direction for the company.

We also work closely with the trade unionists to receive all the employees' concerns and recommendations

regarding any business decisions, ensuring those concerns are well considered.

Collective agreements also takes place at the industry level through the Federation Of Egyptian Industries (Food & Beverage Sector) and where Juhayna is a Member through its CEO.

Our due diligence have been in practice for years through our close collaboration with EMPA (Egyptian Milk Producers Association) which is the official platform that allows the right to freedom of association and collective bargaining on an industry level and where all concerns by the industry's stakeholders are raised and discussed.

For eight years in a row, Juhayna has lead the industry through its Annual Conference to collaborate with Famers and discuss arising risks in the sector, particularly setting a fair price formula against supply risks.

Read: Knowledge Transfer and Industry Collaboration

1. (406-1) 1. (102-41/ 407-1)  
2. (102-17)

# TRAINING ON HUMAN RIGHTS

## Our Security Personnel

Our Sales Reps & Drivers are considered part of our security personnel as they accompany our goods during distribution across the country. They are in charge of the safety of the products, the vehicles under their care and the management of any cash at their disposal related to their duties.

They receive continuous training sessions on yearly basis, in addition to on-job training concerning products control like:

- Products returns handling (by Quality Department- twice a year).
- Best practices for product handling- from receiving the products from our warehouses till stored by the customers warehouses (by Quality Department).
- Customers warehouses handling - in the service section in our professional selling skills course (by our internal Sales trainers – once a year plus continuous on the job coaching).
- Maintaining warehouse stock arrangement and products rotation.
- Sorting and replacing the product returns.

Read: Nutrition in Dispatch

They are also in charge of managing the company's relation with the retailers and they are therefore accountable to conduct themselves according to Juhayna's rules stipulated in our Code of Conduct.  
Read: Our Code of Conduct

Our "Access Control Procedure" is Juhayna's guiding document for our Security Personnel to ensure implementation of global security standards within Company's buildings and offices through providing the guidelines and procedures that should be implemented. These guidelines are to be adhered to by all Juhayna employees, contractors and visitors permanently during their presence inside the facility. The document explicitly stipulates the conduct of the security guards towards all type of stakeholders visiting the facilities.

This document is particularly important due to the fact that security guards are outsourced, therefore the Security Manager is responsible of their training and compliance to Juhayna's Codes and Regulations.

The "Access Control Procedure" is compiled directly by our Security Manger (document author), and reviewed HR Director and the Director of Internal Audit, and approved by the Deputy CEO who is delegated by the Board in that matter.

## Our Employees\*<sup>2</sup>

We do not conduct particular or regular training to all our employees on Human Rights Principles. However, our employees are communicated with all our Policies related to Code of Conduct, Anti-harassment, and Grievance Procedures, which are all part of our hiring process.

On the supervisor and managers level, they directly hold the responsibility of their respective teams to ensure that all matter related to the rights stipulated on those documents are respected practices and complied to. Any breach to such commitments lead to assessment of the employee conduct, escalating to the HR Department, and/or Internal Audit if necessary.

Read:

Commitment and Due Diligence to Human Rights Nutrition in Dispatch

On the other hand, particular training is conducted in certain functions related to other stakeholders with whom our employees conduct our business, such as farmers and retailers

Read: Nutrition in Dispatch

ALL OUR MANAGERS UPHOLD  
THEIR RESPONSIBILITIES AND  
CONDUCT DUE DILIGENCE ON  
MATTERS OF HUMAN RIGHT

GLOBAL SECURITY  
STANDARDS AND RESPECT  
OF HUMAN RIGHT AT THE  
CORE OF JUHAYNA'S CODE  
OF CONDUCT

1. (410-1)

2. (412-2)

EMPLOYEES



# OUR PEOPLE:

# THE STEWARDS OF EXCELLENCE

102-8

The story of their stewardship is a naturally-developed path, derived from Juhayna's values and that can only be mastered through the motivation and loyalty of our employees.

Our employees are the Stewards who provide the careful and responsible management of our assets and resources that they have been entrusted with. And for that, at Juhayna we believe in the power of our human capital and we acknowledge the influential role they play in the sustainable success and long-term growth to the business.

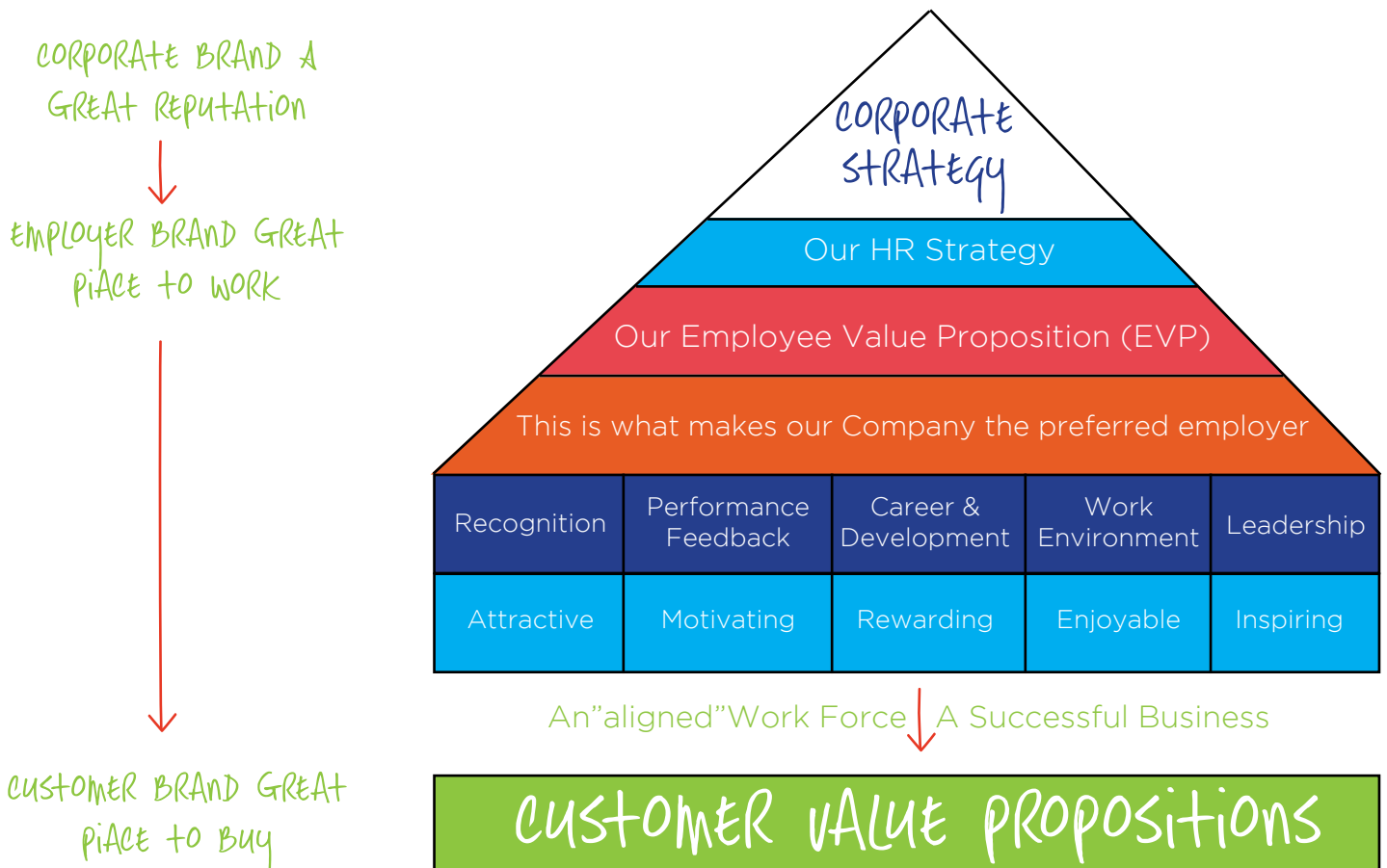
Our functions are led by veterans in their fields, whose knowledge is only superseded by their pro-organizational drive, rather than individual centrality. The Juhayna family of 4,239 employees is led by 30 senior managers. They are high-level

executives that actively participate in leading processes required by the business to assist in fostering the company's strategic objectives.

A 100% of our employees are full-time permanent Contracts, with additional hiring of 329 seasonal workers during our peak season of Ramadan and summer.

A unique employer branding, employee well-being & recognition, engagement & strategic alignment, profound understating of social barriers in our sector, diversity are all factors that contributed the Juhayna's legacy as a Champion of Well-being and Wellness, aligning both its Employer Branding with its Corporate Branding.

## WHERE VISION CREATES STRATEGIES' HARMONY



# Thriving on BALANCE

Material Issue:

- Employees Well-being
- Career Development

No better place to tell a story, than in the words of those who lived it and made it happen.

When asked, what makes the Juhayna Brand?  
It is un-hesitantly answered: "A FAMILY"

MARHAN AHMED

The opportunity to work at Juhayna, as a leading manufacturing company, has made me more informative on the latest technologies of the food industry, which has greatly added to my experience.

Additionally, the company's culture encourages autonomy, innovation, creativity, and support continuous learning and development within the sector. This pushes me to a further desire to continue to be part of this great establishment.

United under the Vision that started our business, we are diligent and consistently reminded that the ultimate goal of creating a shared value across the businesses to make an impact in people's lives with every step we make.

We consider our stakeholders as part of our extended external family: the supplying farmers, the retailers, and the partners. At every aspect of our dealings, we adopted the practice of creating a shared value.

That is why the job entrusted to the HR Department is simply a gigantic responsibility:

"To take care of the people, who take care of all others in the sphere of our stakeholders"

In addition to the importance of an HR Strategy Role that completes and complements the practices of the good governance of our business, at Juhayna, we strive to offer our employees much more than just the rights of good compensation and career path. Through our HR Strategy, Juhayna's "Employer Brand" reflects a true "Employee Value Proposition" that is sustainable over time for both current and prospective employees.

JUHAYNA'S "EMPLOYER BRAND" IS A TRUE AND SUSTAINABLE "EMPLOYEE VALUE PROPOSITION"

## JUHAYNA'S EMPLOYER BRANDING\*

An internal culture that attracts not only the best, but also the RIGHT talent to our business, that entails a concrete set of attributes, offering an impactful value to employees.

Our principles promote diversity and eliminate gender bias, in all phases of our employee's lie within Juhayna: in recruitment, advancement, and remuneration policies maintain and support equal opportunity for salaries of both women to men for all employee's category and across all locations of operations

### INTERNAL CULTURE

Values Employees as vital assets

Maintains blended work/life balance

Optimizes human potential

### OUR ATTRIBUTES

Development & Recognition

Work Environment

Performance Feedback

### VALUE TO OUR EMPLOYEES

Rewarding

Enjoyable

Motivating

- Training
- Compensation
- Share in Company Profits
- Medical Care and Benefits
- Employee of the Month
- Life insurance policy
- Flexible working hours' model
- Parental Leave
- Appraisal criteria
- Performance Feedback

# OUR QUALITY INVESTMENT IN HUMAN CAPITAL



## COMPENSATION 202-1

100% of our employees are rewarded with appropriate remuneration, with no differentiation between female and male compensation, as part of our commitment to equal opportunity in the workplace.

We conduct regular surveys to ensure that our payment is competitive within the industry. All our compensation exceeds the above the minimum wage stated by the government.



## MEDICAL CARE AND BENEFITS 403-6

Medical care is provided to all our employees and extends to include their families

An initiative with the slogan “Towards a healthy lifestyle” was launched in 2018. It included discounted rates in several health centers (gyms), and a nutritionist’s clinic for an optional subscription.



## PROFIT SHARE 401-2

Employees are entitled to an annual bonus on a percentage of the company’s annual profits. The bonus is granted based on performance appraisal

Our Annual Total Compensation includes:

- Base salary: guaranteed basic salary
- Non-variable cash compensation (cash allowances for transportation, mobile , housing, hardship, working conditions, and travel)
- Long term incentives: bonuses and cash profit-sharing



## FLEXIBLE WORKING HOURS' MODEL 401-2

We promote a culture of a “flexible working hours’ model”, where we measure performance by productivity.

We provide digital tools for increased mobility and fewer on-site working hours by capitalizing on our digital transformation



## MATERNITY LEAVE 401-3

Paid Maternity leave for our female employees is up to 12 weeks per child, with additional 12 unpaid leave on recommendation of the reporting manager

Due to the work-life balance culture, Return to work and retention percentage of employees that took Maternity leave is at 76% ( 19 out of 25 female employees)



## THE EMPLOYEE OF THE MONTH 401-2

Each month, an “Employee of the month for Manufacturing and Commercial” is selected as part of our Employee Recognition practices.

To reinforce exemplary behaviors and performance and positive business results, the selection is announced on monthly with the EOM, based on KPIs and business behavior



## LIFE INSURANCE POLICY 401-2

Our life insurance policy has been in place since 2012. It is part of Juhayna commitment and responsibility for the rights of our employees that extend beyond the boundaries of the work commitment.

Our life insurance policy is due to our employees’ families in the event of employees’ loss of life during their employment with company, whether death was of natural causes, incident at work or accident inside or outside work duties.

It covers all our employees with permanent contract starting from the day after the conclusion of their preliminary assessment months ( which are 100% of our employees)

Families receive a total compensation equivalent to 12 months of employee’s latest salary (it increases to 18 months in the event of death for work related incident), in addition to the value of the insurance policy with a minimum of EGP 50,000, which is equivalent to 33 times the lowest workers payment is our company and 41 times the country minimum wages in the industry (increases to EGP 75,000 in case of work related).

1. (405-2)





## APPRAISAL CRITERIA & PERFORMANCE FEEDBACK\*1

All our Employees are appraised according to the same criteria across the company based on:

- Competencies (Level Based)
- Objectives (As per Each Department's)

And linked to Performance Feedback Juhayna Performance Management Process is conducted through the oracle system where each employee aligns their objectives at the beginning of the year with their manager based on the whole company's objectives and throughout the year these objectives are

evaluated and shared with the employee. The System is integrated with a built-in set of skills and competencies required from the employee to ensure an accurate appraisal.

Equally, employees have the right to give feedback to their direct manager and to share their self-assessment. This Process and integrated system has been part of our employees motivation and has proven its success in achieve business objectives & personal success through monthly monitoring and continuous guidance and training.

## ALIGNMENT FOR OWNERSHIP\*2

The involvement of our employees in Juhayna's success, has created an "aligned" Work Force" and allowed us to draw a development plan that is compatible to each function and motivational for the teams in charge, offering a true career path that adds value to every and each of our employees.

Read: Diversity for Growth

Our Employees alignment has evolved over the years of doing business, through a unified and communicated vision, then further through a cultural change where sustainability has taken front-seat in our Strategies, and Innovation extended through our business practices.

This unity was made possible due to the ongoing dialogue, where a scheduled Annual Meeting takes place between the top management (Chairman, CEO and the Executive Manager) and all Juhayna's employees, involving all entry level M1 (assistant team leaders) to senior managers M5 (Head of Departments)

**The meeting aimed at, and successfully attained, three main advantages:**

- Align Strategic Objectives with operational targets
- Re-visit challenges and any emerging disruptive risks to calibrate our priorities and plans if needed
- Boost our employees engagement & shared ownership of success, while install the importance of accountability

In dire times, Juhayna's family continued to demonstrate a genuine loyalty and trust among all.

During the National Economic Reform late 2016, the difficult decision was made to close on of Juhayna's factories to avoid further draining and losses to the business.

The decision involved the engagement of many stakeholders (mostly the impacted employees). Departing employees were presented with the situation and consulted. It was agreed that 20% reduction of our headcount was to be made and agreed-upon leavers' rights were all met as per Egyptian Labor Law. With no complaints or incidents affecting the relation between Juhayna and its past, but lasting-loyal, employees.

Ordinarily, in cases of significant operational changes that could substantially impact our employees, discussions are held at each department's level to ensure aligned and notice to the employees affected by such changes. While no minimum notice is set, but we consider that the alignment of employees and their contribution to the decision making is much more vital to make such a change practical and successful. This internal practice ensure efficiency of the operations and the well-being of the employees before a decision takes effect. Through mutual agreement, notice period may be shorter or longer depending on the scale of the change and the potential impact of the involved persons.

In general, when termination of employment takes place, it is always discussed also individually with the employee through our HR Department, agreement is always offered on the best solution for both parties. Since Juhayna offers a high compensation term that reaches, at minimum two months paid salary for each year in service based on the latest salary scheme, this provides the employee with a very secured source to start his/her next phase of career with a financial safety net.

1. (404-3)  
2. (402-1)

# THE TALENTS' PATH\*1

Material Issue:

- Talent Acquisition & Retention

To provide a true “Employees’ Development” aimed to help them discover their best potential and advance their industry-specific knowledge, we established “Juhayna ‘s Business Academies” which constitutes two categories of learning:

- Technical Academy for the Manufacturing Sector (with 21,831 hours of training were conducted in 2017 & 2018)
- Leadership Academy for Management Level (with 1,927 hours of training were conducted in 2017 & 2018)



20,068



3,690

## Employee Category

Management Staff

1,927

Technical Staff

21,831

## THE ACADEMIES HAD TWO SPECIFIC OBJECTIVES:

1. An increased business performance.
2. A fast-track career path.

The Academies objectives were highly met. As a result, 50% of the hiring of critical positions was acquired from

within the existing Juhayna Family after receiving the needed training and appraisals, with saving rising to EGP 2 MN in comparison to hiring new external pool. Now 65% of Juhayna employees are trained through the academy.



50% OF THE HIRING OF  
CRITICAL POSITIONS IS ACQUIRED FROM WITHIN THE  
EXISTING JUHAYNA FAMILY

1. (102-8/ 202-2/ 401-2 / 404-2 / 404-3)



# DIVERSITY FOR GROWTH\*1

## Material Issue:

- Talent Acquisition & Retention
- Our Retirees

Our “Equal Opportunity and Anti-Harassment Policy” is a key Policy to Juhayna’s commitment to Employees rights, as it clarifies Juhayna Group stance on equality among all, and the rejection of all forms of harassment and discrimination, thereby removing barriers in employment and driving efficiency in talent acquisition and retention. [Read: Human Rights](#)

With the unique mix of skills and functions that the Dairy Industry operates within, we at Juhayna have even seen greater diversity across our Value Chain. From Farms

to Table, our workforce has expanded in numbers, skills and expertise.

With 4,239 employees throughout our newly Integrated Supply Chain, we pride ourselves with a Culture of Diversity that reflects a unique blend that we proudly perceive as a key element of our success. Our Work Force Diversity shies away from the Traditional Narrow Notion on “Gender”, and extends beyond age categories towards an entire spectrum of diversity uniqueness:

OUR WORK FORCE DIVERSITY EXTENDS BEYOND GENDER AND AGE AND TOWARDS AN ENTIRE SPECTRUM OF UNIQUENESS



## ORGANIZATIONAL DIMENSIONS

Work Location-Function/  
Department-Corporate/Field  
Management/Non-mgmt  
Union/Non-union

Educational Background-  
Work Experience-Talents  
or skills-Parental/Marital  
Status-Geographic  
Location/background  
External Dimensions  
Personal-Habits Religion  
Income-Recreational Habits

Internal Dimensions-Age  
Gender-Physical Ability-  
Nationality

Personality

With our titanic Production and outreach across the nation, A Diverse Local Employment was Juhayna’s key approach to create a shared value by generating job opportunities across the country

and protecting the social stability of families whose caregiver strive to advance, while reducing the cost and optimizing investments in our Human Capital





A total of 2914 , representing 68.84% of our employees are hired from the local communities

RESPECT

FAIRNESS

CONSISTENCY



RETAIn

We retain talent employess 30 senior managers 90% are hired from the local community where we operate:"Egypt".



ATTRACT

We attract qualified and talented wmployess that reflect the communities we serve



MEASURE

We measure success and creative accountability at all levels to ensure both Values and Goals are accomplished



DEVELOP

We develop employees for a successful career at JUHAYNA, with a leadership pipeline that represents the diversity of both our communities and our workforce



While we are proud of the diversity in talents that the hiring of employees at the young age category of 30, yet our strength also lies in ensuring that the expertise of our retiring employees and their services to the company is properly valued. For those who are willing to continue working after their refinement age, Juhayna offers them, when possible and beneficial to both parties, the opportunity to continue with Juhayna

as Consultants in their areas of expertise within the company.<sup>1</sup>

Juhayna contributes to its employees' retirement plans through its compliance and commitment to the regulatory percentage of the pension schemes, which is paid to as Social Taxes. It is calculated as a percentage based on the category of salary level.<sup>2</sup>

1. (404-2)  
2. (201-3)

# youth FOR innovation\*1

Material Issue:

- Talent Acquisition & Retention

At every phase of the business, our finish-lines witnesses newly hired Champions.

We believe that the diversity of age is key to our success , as it drives both innovative solutions and business responsiveness, as it provides Juhayna with young

Talents and veteran Expertise .

In 2017-2018, a total of 1319 employees under the age of 30 were hired, representing 61.3% of all our new hires, while turnover for the same age category remains as low as 13.3%.

WE VALUE TALENTS, 61.3% OF ALL OUR NEW HIRES ARE UNDER THE AGE OF 30



TOTAL NEW EMPLOYEES  
2150

Age	Age 30: 1319 Age 30-50: 828 Age 50+: 3	61.3% 38.5% 0.1%
Gender	Male: 2095 Female: 55	



TOTAL TURNOVER  
1847

Total turnover	1847	28.5%
Age	Age 30: 865 Age 30-50: 973 Age 50+: 9	13,3% 15% 2%
Gender	Males: 1774 Females: 73	27.3 % 1.2%

# VALUE OVER VOLUME\*1

Material Issue:

• Women & Society Social Wellness

At Juhayna, we do not take “norms” for granted, neither surrender to “status-quo”, where our strategies are built on an “Optimization and Exploration” approach.

Our Taskforce diversity is one of the most daunting aspects that falls under this approach.

With females representing only 2.3% of Juhayna’s group work force, this ratio might be one that other businesses hesitantly report on and un-proactively address. But we

perceive as an evident reality- unique to our industry- where it is often challenging to maintain a rising level of women employment in most of our Supply Chain functions.

In pursuit of Value over Volume, our attention was more focused on solutions that are realistically implemented rather than following trends that are not either socially just to our female employees, nor economically sound for our business.

## “ MARWA GALA

Juhayna has a great imprint in my life and it was the reason for a major personality transformation in my life. There were tasks that I would have never imagined I could perform, but in Juhayna, our departments have positioned us on our career path, which motivated me to innovate and prove to my company first, and to myself second, that I am capable; and that as a female employee, I will be able to stand strong against all challenges and that I was a true asset for every department I have worked in. I am thankful that I can see this diversity across the departments. My job in Juhayna had a true impact, as it allowed me to acquire diverse experiences. This diversity and the appreciation that I receive from Juhayna are the reasons that I continued to work here. The moral recognition and setting a clear career path for me in the company have made me more determinant to continue in Juhayna.

## THE FACTS

Working in farming is no longer managed traditionally but rather through rigorous practices where technology out-raced old-days milking and animal nurturing processes. To expedite supply while complying with standards of quality and animal care, it has become increasingly requiring hard labor and physical resilience.

In addition, working in security and distribution, entails uploading, driving, on-field crisis management, dealing with law-enforcement, which is grueling and strenuous. Taking closer look at our employment structure across those particular functions, our female ratio is at its lowest at 1.31% in the areas of security, farming and distribution. While for all other roles combined is at a raised level of 16.83%.

To better understand our view on those ratios, we are sharing with our readers an outline of the social debate that has taken a toll on many of the industry’s pioneers that operate in countries similar to ours. We believe that it can shed the light on some of the external independent views on potential long-term impacts related to women employment in our sector. The coming section raises some of the questions that we, at Juhayna, also reviewed and discussed.

## THE CHALLENGE

- Will those types of functions (security, farming and distribution) be actually the best aspects/ areas where women should be empowered to best optimize their natural talents and capabilities?
- Do those functions have a toll on their well-being and a negative impact that affects their nurturing abilities in their households; those abilities that are imperative to the emotional and social well-being of children and families?
- Is it correct that empowering women employees entails the provision of opportunities that are operating in a challenging environment, or is it best that we focus on supporting her creativity, innovation, and capacities in certain roles, ones that do not consume her capacity, that she most needs to perform her other social and family commitments ?
- Isn’t their equitable rights to set their own path and voice their real needs and aspirations instead of following trends or norms that do not best suit them?

1. (102-8/ 405-1)



## OUR APPROACH

As every business operates under its own conditions, values and beliefs, we, at Juhayna, have an obligation to factor the external environment under which we operate on our national grounds (socially and culturally), while taking into account various global frameworks that offer guidance on how to mobilize best practices under national context. Accordingly, as a sector directly concerned and related to environment conservation, and natural resources use, the IUCN(1) defines its gender-responsive approach as “the proactive identification of gender gaps, discriminations and biases and then the coordinated development and implementation of actions to address and overcome them”(2). Through the implementation of that framework, a gender-responsive approach:



- Ensures women and men have equal opportunities in terms of participation, decision-making and benefits,
- Structures inclusive and gender-sensitive project teams that demonstrate appropriate capacities and technical expertise to support gender responsive action

Under that principle, Juhayna has actively focused on career functions and a knowledge system that are curate for our female employees, through roles that foster a socially inclusive and enabling gender empowerment. We continue to work and demonstrate our attentive care of the wellness of our own female employees, and offer all the due respect to their fundamental role to the well-being of our Nation. Read: Centre of Resilience

We are proud that our female-employees' turnover is 1.2% which indicates the healthy environment and their well-being as part of Juhayna Family.



(1) The IUCN is the only international observer organization in the UN General Assembly with expertise in issues concerning the environment, specifically biodiversity, nature conservation and sustainable natural resource use, with membership of over 1400 governmental and non-governmental organizations.  
(2) Gender Equality and Women's Empowerment Policy: Mainstreaming gender-responsiveness within the IUCN programme of work / IUCN Council at its 95th Meeting (C/95/8, October 2018)

## MAHA MESBAH:

I joined Juhayna in 2014, but I have previously lived and worked in Multinationals abroad for more than 25 years, where Gender Diversity and women's empowerment were given great attention across all sectors and employment levels. The truth is that I have found this vision also in Juhayna. The company helped me to raise the level of diversity in the Team which includes a number of young ladies. I am proud of them and expect them to hold leadership positions in the coming years. This working environment makes me proud that I am part of Juhayna's team.





# CENTRE OF RESILIENCE\*1

Material Issue:

• Women Empowerment

With a realistic approach, and ONE GOAL in mind: to simultaneously drive business efficiency and people's well-being, "Women are part of the solution for good resource management, risk perception, societal understanding and outreach"

A truth that has always been rooted at the Heart of Juhayna, where Women's empowerment is right at the center of our business resilience and our female employees have never failed to demonstrate their abilities in those critical roles.

With the savvy minds of our female employees, and a governing vision that respects talents and seeks competent performance, our work force continues to grow, with females reserving key positions in the management structure of our company to a rising percentage.

Today, our Quality, Innovation, Communication, and Marketing functions, led by their female senior managers, marked an evolution in Juhayna Value Chain<sup>2</sup>:

- With a remarkable rooting, female representation is at 57% of our Communication/Marketing and HR functions.
- In Innovation and quality, female representation is over 23% of total employees at those functions.

Our performance is undeniably evidence of their leading and outreaching capabilities as it is represented across the sections of this report

Women have also started to take front-seat positions at our factories operations at a current ratio of 17.95%, an area that was historically perceived as a male-centered function.



1. (405-1)

2. (405-1)



# WOMEN'S EMPOWERMENT<sup>\*1</sup>

Material Issue:

- Women's Empowerment



For its genuine efforts to support women in its workplace, Juhayna celebrated its win of the “Diversity in the Workplace” competition by German Agency for International Cooperation (GIZ)

Leading the Egyptian market as the first company in the industry to implement a long-term Development and Training Program entirely dedicated to Women, a protocol with (GIZ) was realized, as another milestone in our efforts towards Diversity .

Over the course of two years, a total of 10 selected Female participants has received support on exploring their career development path in Juhayna through an in-

company programs for the aim of improving their career opportunities.

Through a total of 45 hours of training, young women leaders were able to develop a better vision for their career prospect, and grasp a better understanding of for their capacity-building needs. They were encouraged to exchange and build a women network to support one another, and advocating a corporate culture that promotes women contribution to the company.

# We

are very proud that we could cooperate with Juhayna to promote the integration of women in the workforce and to promote young females at Juhayna on their career path towards management and higher positions.

did so during this pilot imitative through mentoring where mentors and senior professionals have been sharing their experiences with Juhayna 's young female talents.

This pilot is now successfully concluded and we are very proud, and thankful for Juhayna 's commitment to sustain this program in the future.

German Agency for International Cooperation (GIZ)





GOVERNANCE

# OUR CORPORATE GOVERNANCE

## Material Issue:

- Governance Role
- Risk Management
- Internal Control and Audit



Through all the products we created & all the crops we harvested,  
For every family we nurtured & every home we visited  
With every farmer we support & each partner we value,  
Juhayna 's Board of Directors acknowledges and appreciates the unmatched years of  
collaboration that has supported us towards three decades of success

## SINCE 1983

With Care Every Day since 1983,  
we re-new our commitment for  
People, Planet & Prosperity



37th YEAR  
POWERHOUSE

Pushing its 37th year as a dairy and juice powerhouse, Juhayna sits on one of the richest histories of successes as a market leader and household name in Egypt. Today, the brand boasts an impressive portfolio of locally cherished products and a track record that continues to fuel its consumers' loyalties and interest. A pioneer in the field, Juhayna upholds the highest operational standards available, regularly expands on its already-vast array of products and services, and lives up to the expectations of its consumers, putting them at the heart and center of its present and future operations.

Juhayna is committed to implementing high standards of corporate governance through responsible, transparent management and control with the objective of maximizing our shareholder's return, and working with management toward the common goal of long-term value creation for all our stakeholders.

We believe the methods we use to achieve our results are as important as the results themselves. We set high standards for conducting our business ethically and consistently to our values and in accordance with the law.

At Juhayna, we set high standards for our people at all levels and strive to meet these standards consistently through sound business principles and practices that foster innovative and collaborative culture.

Our board's role is overseeing the company's long-term business strategy, which includes providing review of and guidance for our ongoing transformational innovation and business plans.



Honored as one of the top 100 organizations in the Egyptian market for 2017 and 2018

Our IR Department awarded best IR Department by Malaysian Investor Relations Association

Assessed on ESG Rating system by TUNDRA FONDER

# THE HIGHEST GOVERNANCE STRUCTURE

## A. BOARD STRUCTURE\*<sup>1</sup>

Our highest governance body is the Board of Directors with four Non-Executive Members and three Executive Members.

Whenever the Company's interests so require, the Board of Directors holds its meetings at the head office of the Company and upon the invitation of the chairman

or at the request of one third (1/3) of its members and convenes at least four times during each fiscal year.

The Board of Directors may also convene outside the head office of the Company, including conference calls and video conference. In 2018, our Board convened six times.

## JUFO Articles of Association

The Articles of Association are a formal set of rules and regulations that govern the company's operations and is registered with the regulatory authorities during time

of incorporation. The Articles of Association can only be amended by a resolution formally approved at an Extraordinary General Assembly Meeting.

## B. NOMINATION AND SELECTION OF THE BOARD\*<sup>2</sup>

The Board is composed of representatives chosen from within different groups of shareholders, however, whenever a board of director's member is appointed to such a position, he/she shall consider him/herself as a representative of all the shareholders, in which the member shall be committed to the company's best interest in general, and not only to the best interest of the corporate he/she represents or to that which voted in favor of his appointment in the board. Its seventeen members, elected by the General Assembly in March 8th, 2018 for 3 years, own a comprehensive profile that brings global and national expertise through a combined professional experience.

The Egyptian laws stipulates that the company's board of directors is elected in order to represent the shareholders, and take into account that the board shall express the percentage of capital distribution, but the rules of voting enables the corporation with the majority in the general assembly to appoint the whole board through voting on each candidate separately.

Therefore, the wise governance of the company requires a cumulative method in voting on the candidates of the board of directors or to observe the percentage of capital distribution in any other method, by which the final result shall reflect the proportional representation of the shareholders in the board of directors.

## C. BOARD OF DIRECTORS CHAIR\*<sup>3</sup>

The Chairman of our Board of Directors is also the Chief Executive Officer. This decision was made given his long expertise and central role in the development of the Egyptian food sector for more than 30 years (see Board Profile), his engagement in the management of the company was and remains pivotal to its success and growth.

## D. COMPOSITION OF THE BOARD OF DIRECTORS\*<sup>1</sup>

MR. SAFWAN THABET

Chairman of the Board & CEO  
Board Meeting Attendance  
6/6

MR. SEIF EL DIN THABET

Deputy Chairman of the Board &  
CEO  
Board Meeting Attendance  
6/6

MS. HEBA THABET

Executive Member  
Board Meeting Attendance  
4/6

MR. AHMED EL-AMIN

Non-Executive  
Independent Member  
Board Meeting Attendance  
6/6

MR. YASSER EL-MALLAWANY

Non-Executive Member, Chairman  
of Arju  
Board Meeting Attendance  
5/6

MR. MOHAMED AL-DOGHEIM

Non-Executive Member  
Board Meeting Attendance  
6/6

MS. MARIAM THABET

Non-Executive Member  
Board Meeting Attendance  
3/6

1. (102-18) 3. (102-23)  
2. (102-24)





### SAFWAN THABET - Chairman of the BOD and CEO

Mr. Thabet has been the Executive Chairman of the Board of Directors and Chief Executive Officer of Juhayna since founding the Group in 1983. He has played a central role in the development of the Egyptian food sector for more than 30 years through various appointments and positions, including Member of the Board of the Federation of Egyptian Industries (FEI) and Member of the Board of the Chamber of Food Industries.

### SEIF EL DIN THABET - Deputy Chairman of BOD and CEO

Mr. Thabet was admitted to the Board of Directors in 2006. He is currently Chief Executive Officer at Juhayna, and previously worked as Operations and Human Resources Director.

Thabet began his career at Juhayna in 2004, holding a number of managerial positions, including Sales and Marketing Manager and Project Manager. He previously was appointed as Juhayna's Juice Factory manager, and currently is the Vice President of the Chamber of Food industries and former Treasurer at the Food Export Council. In 2016, Thabet was appointed as Deputy Chairman of the Board of Directors.



### HEBA THABET - Executive Member

Ms. Thabet has been an Executive Member of the Board since February 2006 and is currently the Head of Business Development responsible for product innovation, operational development and internal communications.

Prior to that Ms. Thabet's handled marketing and communication projects for the company and held the title of Associate Director of External Affairs, where she was responsible for the Group's media and public relations activities.

Ms. Thabet was also a marketing manager for the Juice Division and has worked in the Marketing Department for the Fresh Produce Division since joining Juhayna in 2001. She is also a member of the Business Advisory Board for SIFE Egypt, the International Public Relations Association (IPRA) and the Committee for Social Responsibility at the American Chamber of Commerce in Egypt.

### AHMED EL ABIN - Non-Executive Member

Mr. El-Abin has been a Non-Executive Member of the Board since 1985. He has also been a Member of the Board of Directors of the Scientific Center of Documents and Information at Cairo University.

Mr. El-Abin is the founder of the Academic Library in Cairo and Co-Founder of Mars Publishing House in Riyadh, Saudi Arabia. He was also responsible for the foreign language books department at Al-Ahram Institute.





## YASSER EL MALLAWANY - Non-Executive Member, Chairman of ARJU

Mr. El-Mallawany has been a Non-Executive Member of the Board since 2000. He has acted as CEO of EFG Hermes Holding Company SAE and Vice President of the Board of Trustees of the EFG Hermes Foundation.

He was also appointed as the Chairman of the Board of EFG Hermes Private Equity and as a Non-Executive Chairman at ACE Insurance Company. Mr. El-Mallawany has also served as Vice Chairman of the Commercial International Investment Company (CIIC) and spent 16 years at Commercial International Bank (CIB) as General Manager of the Corporate Banking Division. He is a member of the Advisory Council of the Emerging Markets Private Equity Association (EMPEA).

## MOKAMED EL DOGHEIM - Non-Executive Member

Mr. Al-Dogheim has been a Non-Executive Member of the Board since 1983. He is also a member of the Saudi Egyptian Business Council and the Chamber of Commerce of Al-Dawadmi Governate in Saudi Arabia.

Mr. Al-Dogheim previously held a variety of positions in Saudi Arabia at the Ministry of Finance in Dammam, the Ministry of Transport and the Ministry of Islamic Affairs and Endowments in Riyadh. He also worked as a Financial Controller, Financial Director and Budget Director at the Ministry of Water and Electricity in Riyadh.



## MARIAM THABET - Non-Executive Member

Mrs. Thabet has been a Non-Executive Member of the Board since 2010 and currently focuses on Strategic Planning for the Group, where she works to develop production divisions at Juhayna.

She previously held the title of Assistant Procurement Manager for the Group.

## E. ROLE OF THE BOARD\*1

The board bears responsibility of setting the company Strategy, identify the company's risks, different levels and the means to deal with, all of which should be clearly presented to the shareholders.

The board avoids issuance of general delegations or of which with an indefinite duration. Each delegation issued by the company's board of directors-whether for one of its members or for any other individual - shall have a specific topic, a specific duration of validity and shall include a deadline for the results to be introduced before the board members.

The board members are granted access to the company's information and data on time, and through the methods they deem suitable.

Additionally , the Board assumes collective responsibility of his role of in the management as follows:

- Setting the strategic goals of the company.
- Approving work progress plans and monitoring the performance of the executive management.
- Determine the powers that he delegates to one of its members, committees, or others, and follow up on the results of exercising those powers.
- Confirm the existence of preventive measures, tools and mechanisms that work to secure the flow of information and control the accuracy and integrity of data within the company and protect it from fraud and penetration, both from within the company or from outside it, such as securing the use of the Internet and mobile devices against hacking and piracy.
- General supervision of the process of disclosing any financial/ non-financial information.
- Ensuring the accuracy of financial reports.
- Ensuring the independence of the Internal Audit activity within the company.

1. (102-26)

## BOARD COMMITTEES\*1

Our committees, affiliated to the board of directors, inform the board with its activities, the results reached, or the resolutions issued, with absolute transparency, where the board reviews the actions of the committees regularly, in order to make sure they execute the tasks assigned to them:

- Remuneration Committee
- Audit Committee

Both the Remuneration and Audit Committees are Chaired by Mr. Yasser El-Mallawany, Independent Non-executive Board Member, and with Mr. Ahmed El-Amin and Mr. Mohamed Al-Dogheim, both non-executive member of the Board, as members of the two committees.

The company's annual report includes a brief overview on the outcome and results of the committees duties and the general assembly is attended by the committees' chairpersons to respond to inquiries raised by the shareholders where required.

One Meeting of the Remuneration Committee and four meetings of the Audit Committee are held annually (including reporting year), and the Chairman and the two members had fully attended all meetings for both committees.

## CONTROL ENVIRONMENT

### A. INTERNAL CONTROL AND INTERNAL AUDIT, AND CRITICAL CONCERNS\*2

The Process for communicating critical concerns to Board is secured through both our Audit Committee and Internal Audit Department.

The Audit committee assists the Board in its oversight of the integrity of the company's financial statements, oversee the financial reporting process, and monitor the independence and performance of both the company's internal and external auditors, the company's compliance with legal and regulatory requirements.

Our Internal Audit Department holds multiple central

functions where it provides an independent, objective assurance and consulting activity, using a systematic and disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes as designed and represented by management.

The Internal Audit Department has an unrestricted access to all functions, records, property, and personnel. And as an independent consulting function, the Internal Audit Department reports directly to the Chairman on all critical concerns of sensitive nature

Within various assignments carried out as per the annual audit plan & other ad-hocs, the Internal Audit Activity ensures that :

1. Risks are appropriately identified and managed.
2. Interaction with the various governance groups occurs as needed.
3. Significant financial, managerial, and operating information is accurate, reliable and timely.
4. Employees' actions are in compliance with policies, standards, procedures and applicable laws and regulations.
5. Resources are acquired economically, used efficiently, and adequately protected.
6. Programs, plans and objectives are achieved.
7. Quality and continuous improvement are fostered in the organization's control process.
8. Significant legislative or regulatory issues impacting the organization are recognized and addressed appropriately.

The objectives of Internal Control (considered by Internal Audit) are :

- Compliance with policies, procedures, plans, rules, regulations and laws.
- Reliability and integrity of information.
- Economical and efficient use of resources.

Safeguarding of assets.

The Mechanism used to address and resolve critical concerns start bottom up at the level of the departments. Juhayna has an established digital integrated system "SAP" across all departments which has ensured accuracy of information, elimination of human error and accessibility, integrity and accountability for the data.

This allows a seamless information availability during the implementation of annual or periodical Auditing plans. The findings of the audit are reported to the Board with emphasis on any critical concerns. At the Board level, matters that shall require escalation, review or decision of the General Assembly is reported to the GA through its Ordinary Meeting or the call of an Extraordinary Assembly.

The Internal Audit assignments include :

1. Operational and Financial Audits
2. Consultancy
3. Investigation on fraud, corruption, violation of Laws and regulations.

1. (102-18)  
2. (102-33/ 102-34)



## B. RISK MANAGEMENT<sup>\*1</sup>

The Board of Directors bases its priorities on solid grounds: a balanced, stable and long-term growth strategy, a consumer-centered business and a risk-control culture which is efficient and sustainable.

In this context, the Board broadened its responsibilities through our CSV Strategy while recognized expertise in risk management and a shared compliance culture ensured meeting our shareholders investment needs, while guarding against the associated risks.

The Board of Directors holds the overall responsibility for the establishment and oversight of the Juhayna's risk management framework and responsible for developing and monitoring the Company's risk management policies.

Risk management policies and systems are reviewed regularly to reflect changes in market conditions and our activities.

Through training and management standards and procedures, we aim to develop a disciplined and constructive control environment in which all employees understand their roles and obligations, while the Board oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company.

Internal Audit undertakes both regular and ad-hocs reviews of risk management controls and procedures, the results of which are reported to the B.O.D.

The company does not have a "risk committee" emanating from the company's board of directors, but the executive members of the board with the executive directors with all different departments take the necessary measures. As presented across this report, each function in the company is in charge of identifying, reporting, implementing the risk prevention and mitigation actions relevant to their responsibilities that would reduce any risks facing the company such as market risks, credit risks, information systems risks, and all types of risks that affect the activity and sustainability of the company.

Read: Stakeholders and Materiality

All executives report their findings to the Board at their meetings for required reviews and approvals of any needed measures where applicable.

On the other hand, the Chief Financial Officer and the Board are responsible for Juhayna 's state of exposure to Credit Risk, Liquidity Risk and Market Risk, from its use of financial instruments, and where the board of directors, through its annual report, presents to the shareholders the results of the company's risk management to those risks

## C. EXTERNAL AUDITORS

Our External Audit Services are carried out on a quarterly basis by KPMG-Hazem Hassan, one of the four largest global Audit Firms, and joined as well by Grant Thornton - Hossam Helal.

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## DISCLOSURE & TRANSPARENCY

Financial and non-financial information as well as material events are disclosed and published through electronic disclosure of the Egyptian Stock Exchange(EGX). For swiftness and ease of disseminating information, the electronic disclosure is conducted using the ODS program on a dedicated EGX Platform that directly connects the company to the said program.

Financial statements are also published quarterly on the stock exchange sites other than the company's website, which is periodically updated.

### Disclosure tools:

1. The company's annual report (which includes a summary of the Board of Directors' report and financial statements, in addition to all other information of interest to current and prospective shareholders and investors)
2. Board of Directors Report (annual)
3. Disclosure report (quarterly)
4. Our website
5. Sustainability report ( at its first edition and yearly in the future)

## POLICIES & CHARTERS

### Succession Planning Policy

The company pursues a policy that aims towards permanent and continuous planning to prepare a second and third line of leaders at all sectors and units across the company. The implementation of the policy includes learning and development of our employees who demonstrate required competencies, an existing level of expertise and leadership qualities. Our Development Strategy aims to optimize their on-the-job experiences and skills. The Strategy also includes training, motivation and promotion. Extending their work experience to more rigorous levels while efficiently performing their daily duties allows them to be well prepared when a higher job or role become vacant.

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1. (120-30)

# BOARD COMMITMENT TO SUSTAINABILITY

## Delegation of Authorities & Executive-level Responsibility<sup>\*1</sup>

As presented on our “Compass” and across this report, Sustainability challenges and opportunities have become part of Juhayna’s core CSV strategy, and it has consequently been at the forefront to all decision making process by our Board of Directors.

However, given the nature of our industry, the size of our operations and the standards that Juhayna is committed

to (both national and international, regulatory or voluntary), the Board of Directors, has delegated its authorities in all matters related to sustainability to its CEO who oversees the responsibility for economic, environmental, and social topics and report back to the Board on arising risks, mitigation measures, operational practices to achieve the set goals and compliance to existing memberships ( mainly UNGC).

## Identifying and Managing Economic, Environmental, and Social Impacts<sup>\*2</sup>

The authority of the operational and supervisory functions across our Supply Chain are delegated to the CEO and the Head of Departments. All operations with impact on the three Sustainability dimensions are consolidated with our dedicated Sustainability Department which is in charge of the monitoring and evaluation functions across the Value Chain and the entire company.

While identifying and managing economic, environmental, and social impacts are the responsibility

of each function, the heads of department across the supply chain seek consultations with the Sustainability Department to ensure that an ongoing understanding and alignment to the company’s CSV Strategy. The Board involvement in this process is often required when disruptive risks are flagged by a certain function, and reported up through the Sustainability Department to the CEO. In such case, the Board intervention or decision are in place to manage those risks or seize the relevant opportunities to advance on Juhayna’s sustainability efforts.

## Review of Economic, Environmental, and Social Topics<sup>\*3</sup>

The data collection and reporting is entrusted to the Sustainability Department. Lead by the Associate Director of External Communication and her team, she has a direct reporting line with the CEO on all matters

related to Sustainability efforts.

Periodical reports issued by the department are part of the Board Meetings’ Agendas for review, discussion and /or decision making on arising issues.

## Board’s Collective Knowledge of Economic, Environmental, and Social Topics<sup>\*4</sup>

In the process of setting Juhayna’s Corporate Strategy 2020-2025, where its core pillars are set on the principles of creating shared value, an ongoing discussions and briefs have taken place within the Board Room to enhance the collective knowledge of economic,

environmental, and social topics and better equip the members with an aligned view of current global practices and review Juhayna ‘s strength points on the sustainability spectrum, thus ensuring the appropriate calibration of our new Corporate Strategy Direction.

## Evaluating Board Performance<sup>\*1</sup>

Prior to this report, the processes for evaluating Board Performance has been part of the traditional assessment conducted by the General Assembly. Part of such assessment is our Annual Report which compiles and represents the status of Juhayna and its Board Performance. The Annual Report is more focused on the economic and financial performance of the business, while the environmental and social topics were often implied, but not disclosed according to global practice and structured key performance indicators.

We are proud that this reporting cycle brings focus on our CSV Strategy implementation. Through the

collaboration with our Sustainability External Consultant during the assurance of this report, we aim to set the framework and the baseline indicators for our future corporate sustainability strategy in a manner that allow our future reports to become part of our performance assessment related to the governance of economic, environmental, and social topics.

Our ESG Assessment, our Rating by TUNDRA FONDER and our practices and reporting on UNGC Principles will also be taken into consideration as part of our future performance assessment.

## Disclosure Highest governance body’s role in sustainability reporting<sup>\*2</sup>

As this report is our first assured Sustainability report, it has been formally reviewed and approved by our Board of Directors. For the purpose of this report, at its first edition, all material

topics have been discussed between the Sustainability Department and the CEO as a representative of the Board to ensure that all material topics, relevant to this reporting period, are covered.

# CONFLICT OF INTEREST\*<sup>1</sup>

102-25

Through “Juhayna’s Policy on Conflict of Interest”, a process is put in place to ensure Conflicts of Interest are avoided and managed.

The approval of any changes to the Policy and review of any cases is delegated by the Board to four persons (CEO, Head of HR, Head of Internal Audit and Head of Legal Affairs)) who are the signatories of the Policy. The Board and shareholders are represented by the Deputy Chairman (the CEO).

The policy identifies the following:

- The board expectations of conduct, and the consequences for misconduct, for the people involved with the organization
- All types of Conflicts of Interest
- How they are identified, disclosed and managed
- In addition, the Internal Audit Department, HR Department, and Legal Affairs Department are coordinating with each other in case of any suspected incident or misconduct that may need an investigation.

The policy applies to all employees and part of contract is to sign on the “Conflict of Interest Disclosure Forms upon hiring.

The Policy explicitly states and requires disclosures of Conflicts of Interest related, but not limited to:

1. Conflicts with the company’s suppliers
2. Conflicts with company’s competitors ( including holding financial stake that can significantly affect an employee’s behavior decision within the company )
3. Personal relationships between employees, influencing the recruitment, selection, appointment or promotion of employees
4. Personal benefits, and financial or commercial conflicts of interest of all types
5. Conflicts with outside duties
6. Competing interests or loyalties

# BOARD & EXECUTIVES' REMUNERATION

## Remuneration policies\*<sup>2</sup>

The remuneration of any member of the board of directors includes a salary, an allowance, benefits in kind, bonus shares and any other elements of fiscal nature.

The elements connected to the company’s performance represents the largest share of the remuneration sum, in order for the executive board member to have an ongoing motivation to carry on with the process of the company’s performance development, which involves aspects of performance including objectives for economic, environmental, and social topics as presented across this report.

Distinctions is kept to minimum regarding the remunerations earned by non-executive board members, in which such distinctions are subjected to either the special tasks, duties that are assigned to them, or the committees that witnessed their participation.

In regards to the bonus shares in particular, it is taken into consideration that such shares shall not only motivate the board to adopt resolutions that serve the company’s interest on the short run, but it also ensures commitment to enhance the company’s performance on both long and medium terms.

The company provides its executive managers with a remuneration in order to attract and to preserve the best calibers in the market.

The executive board members’ contract period does not exceed three years, unless there are clear and specific reasons for contract extension, in which such reasons are revealed in the general assembly.

# PROCESS FOR DETERMINING REMUNERATION\*<sup>1</sup>

The Board Remuneration Committee has the authority to suggest the remuneration granted to the executive members, in addition to negotiating with them in this regard in consultation with the director manager, however that the final decision is issued by the non-executive board members.

The committee is also entitled to suggest the remunerations paid for the non-executive board

members. Such suggestions are introduced before the company’s general assembly in order to take a decision in this regard.

On changes, new names of the committee members are announced within our annual report of the company, where the head of committee attends the annual general assembly meeting in order to answer the shareholders’ questions in this regard

1. (102-29) 1. (102-36)  
2. (102-32)





## STAKEHOLDERS' INVOLVEMENT IN REMUNERATION\*2

At the Annual General Meeting, shareholders are responsible for the determination, remuneration and allowances of the board members.

According to company's article 220 of our General Assembly Meeting, a detailed statement is put at the shareholders' disposition for review:

1. Remunerations or profit shares that the board of directors suggested to distribute to the board chairman, the board members or managing partner(s), as the case may be.
2. Amounts obtained by the company's board chairman and any board member and managing partner(s), as the case may be, during the fiscal year whether such amounts belong to remuneration, salary, fees or allowances of any type or what any of them obtained as a commission or a charge in return for work or consultation done thereby to the company, along with indicating the details of each amount.
3. The in-kind privileges granted to the company's board chairman and all members of the board of directors or the managing partner(s), as the case may be, in the fiscal year such as cars and fees accommodation and similar stuff.
4. The sums allocated for each of the present board members or ex-board members or the managing partner(s), as the case may be, as reserve pension or severance pay.
5. The sums already spent on advertising of any kind along with indicating the details of each sum.
6. The transactions in which one of the board members or the managing partner(s) has an interest conflicting with that of the company.
7. The donations along with indicating the details of each sum and the procedures followed in its concern.

Voting Patterns (Article 230) is cast as determined in Our Article of Association

Our Article of Association (Article 231) prohibits the board members from voting on the resolutions of the general assembly with regard to determining their salaries and remunerations as well as discharging them. The votes of the shares they hold are not reckoned with in the voting quorum.

# STAKEHOLDERS AND MATERIALITY

# VOICES OF CHANGE

We engage all our key players and stakeholders ( both internal and external ) to identify the key issues that are material to our business and support our decision making by setting periodical and seasonal priorities that we need to address.

While the risks we identified and the actions we undertook run across our daily operations and goes far beyond the extent of this report, however we highlight the main challenges that have intersected with our Sustainability Journey during the reporting period.

## CHALLENGES AND ACTIONS<sup>\*1</sup>

INTERNAL AND EXTERNAL RISK ENVIRONMENT	THE OPPORTUNITY / OUR ACTION	READ ON
<p>Devaluation &amp; Production : The cost of goods/raw material increased in 2016 as a result of the devaluation, which put pressure on the P&amp;L, decreasing the profitability of the company</p>	<p>We conduct assessment of potential profitability of the products at risk, leading to adjustment in our BOM ( bill of materials ) for alternative materials that are less expensive or resorting to more local suppliers , while continuously maintaining product quality ( taste and packaging )</p> <p>Budget cuts and focused spending on in-store activities and on promotions, to attain a better pricing for the consumer (a delicate balance had to be observed to mitigate any negative impact on consumers' brand equity/love due to decrease in ATL communication), in addition to decrease in energy consumption that has assisted in our cost-saving, and optimizing our circular economy and recycling initiatives.</p>	<p><a href="#">Read : Our Environmental Footprint</a>  <a href="#">Read : From Land to Sky</a>  <a href="#">Read : On the ECO-Route</a>  <a href="#">Read : Core to Shell</a></p>
<p>Distribution conflicts Defects during sales have been identified as one of our main distribution challenges and risks that are caused due retailers careless management (storage temperature, packaging damage), leading to products delivered to consumers in bad conditions.</p>	<p>In our commitment to uphold the highest standards of food safety for our consumers, our warehouse, transportation and distribution operations followed a rigorous improvement in Warehouse &amp; Transportation Practices and Traders Training</p>	<p>Read : Nutrition in Dispatch</p>
<p>Manufacturing issues Machine malfunctions can lead to a shortage of product stocks; therefore, consumers may lean towards a competitor because Juhayna is not available in the market</p>	<p>Preventive maintenance, improving machine efficiency and building product stocks in low seasons to avoid short supply in the future, in case another machine malfunction occurs again</p>	<p>Read : Automation and Maintenance</p>

1. (102-11 – 102-15 )



<p>Supply Chain Management</p> <p>One of the main challenges in our sector is to maintain Efficiency and driving cost down across all the supply chain, while meeting required targets. The Fluctuations in Raw materials and Instability of the market destabilize the demand and therefore creating either surplus or shortage in products, and augments the problem of limited storage space and limited qualified labor</p>	<p>Cost reduction solutions have been implemented across the company to drive the cost and increase efficiency</p>	<p>Read : Managing Challenges &amp; Risks in Supply Chain</p>
<p>Social Media Effect</p> <p>In an era where social media can magnify the effect of misinformation on food safety issues, distrust among some consumers may affect all producers and key players in the sector. These consumers now have a growing access to information through social media platforms which, if misused, can boost their dissatisfaction and create negative impact on the business.</p>	<p>Re-affirmed our Brand Leadership and Consumer Trust by upholding the highest standards of product quality and ethical communication with our consumers</p>	<p>Read : A Code of trust Our Consumer Voice Our Responsible Marketing &amp; Communication</p>
<p>Affordability and Suitability of product</p> <p>In areas or families where food is at the lower-end of their financial abilities, lack of nutritious food and financial capabilities have a larger long term impact , ranging from health issues building-up due to mal-nutrition to the inability of retaining educational momentum. But adding new products or product variants is not always feasible from a business perspective</p>	<p>Affordability and Suitability of product</p> <p>In areas or families where food is at the lower-end of their financial abilities, lack of nutritious food and financial capabilities have a larger long term impact , ranging from health issues building-up due to mal-nutrition to the inability of retaining educational momentum. But adding new products or product variants is not always feasible from a business perspective</p>	<p>Read : Food Security BEKHERO , «WHOLSOME GOOD»</p>
<p>Consumer demand patterns</p> <p>Consumer demand patterns are impacting food production and consumption at all stages of the value chain. The 'Traditional' value drivers of price, taste and convenience have been raised by 'Evolving' drivers of health and wellness, safety, social impact and experience. Health and wellness has become a key consideration and a driver for innovation and new product development</p>	<p>Optimizing the advantage of our technical capabilities, innovation leadership and the size of our business have allowed us to develop new products that respond to consumer tending needs.</p>	<p>Read : A Brand for Purpose</p>
<p>Famers Volatility and Risks effecting our safe and secured supply</p> <p>Multiple risk put farmers, supply and milk productions at risk : Pricing at fair value, accessing the market efficiently, alleviating the financial limitations and sustainable farming practice.</p>	<p>Optimizing the advantage of our technical capabilities, innovation leadership and the size of our business have allowed us to develop new products that respond to consumer tending needs.</p>	<p>Read : A Brand for Purpose</p>

<p>Famers Volatility and Risks effecting our safe and secured supply</p> <p>Multiple risk put farmers, supply and milk productions at risk : Pricing at fair value, accessing the market efficiently, alleviating the financial limitations and sustainable farming practice.</p>	<p>We established Juhayna Farms Network to include all our supplying farms, all operating under our Sustainable Farming Strategy «Kafa'a», through which we managed to build a long-lasting connection with a wide range of farmers as strategic partners, by securing their economic growth for the farms and promoting social well-being, while maintaining Juhayna 's high quality milk product and drive environmental-cautious practices</p> <p>Our close collaboration with EMPA (EGYPTIAN MILK PRODUCERS ASSOCIATION) to set a fair price formula against supply risks is one of our most tangible roles that we commit to in support of the industry in facing milk price volatility and a securing quality milk supply. This ensures safety to our consumers and meeting the demand on quality milk.</p>	<p>Read : Kafa'a Responsible Farming Practices Knowledge Transfer and Industry Collaboration</p>
<p>Increasing products' profitability</p>	<p>Entering foreign markets through Export where the product sold successfully with a profit margin, as well as providing a source of foreign currencies for our imports of required material and contracting from abroad.</p>	<p>Read : A Proud National Brand</p>

## OUR COMMITMENT TO OUR STAKEHOLDERS

commitment	integration	engagement purpose or scope
<p>Our commitment to stakeholders' engagements goes beyond the purpose of this reporting objective. It has a dual-direction and implementation, where it sets the tone for our organizational governance, strategy and operations</p>	<p>Our engagements are systematic practice across the organization.</p> <p>They are aligned with organizational objectives to improve performance through active listening/ learning.</p> <p>The dialogue outputs are integrated within strategic/operational outcomes</p>	<p>Our engagement scope varies based on its purpose, which we can outline as:</p> <ul style="list-style-type: none"> <li>• Set as part of our Governance practices, compliance functions, or reporting requirements.</li> <li>• Based on the needs of our seasonal operations or partners agreements</li> <li>• Initiated to detect challenges and find solutions</li> <li>• for situations in real-time conditions ( e.g.: emergencies , seasonality)</li> </ul>

# STAKEHOLDER IDENTIFICATION\*

Why does it matter?	What guides us?
As our stakeholders' engagement is not merely a process, but it is a reflection of our leadership responsibility, as we believe that our brand excellence can only strive through a true in-depth commitment to MAKE CHANGE and CREATE VALUE to each of our Stakeholders.	Stakeholder identification is guided by values and drivers beyond the traditional objective of dialogues, that only caters for business progress and performance.  At Juhayna, we identify our stakeholders based on their relations with our company, and how we can address their needs and create a partnership that helps us impact each and every one of them.

Given the diversity of our stakeholders, Juhayna best identifies them by studying through a set of attributes

that assist us to best address their concerns in relation to our responsibilities or the impact of/on each of them.

those whom we impact, currently or in the future, and to whom we hold a responsibility ( legal, commercial, operational or ethical/moral).	those , directly or indirectly deperent on our activ-ities, products or services and, those on whom we depend on.	those who are key drivers for Juhayna 's strategic or operational decision-mak-ing.	those whose perspectives can ignite new understanding, opportunities or challenges .  Also those who do exist but they are by nature voiceless: new technologies, future generations or the environment.
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We have identified our stakeholders under four categories, each reflecting the above four attributes and relationships with Juhayna :



## RESPONSIBILITY

- 1.Shareholders
- 2.Customers
- 3.Local Community
- 4.Business Partners



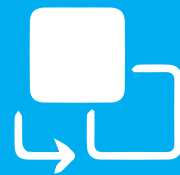
## DEPENDENCY

- 1.Employees
- 2.Government
- 3.Regulators
- 4.Suppliers



## INFLUENCE

- 1.Stock Exchange
- 2.Peers
3. Standards Setting Organizations



## DIVERSE PERSPECTIVES

- 1.Environment
- 2.Civil Society
- 3.Industry Associations
- 4.Academia/new technologies Organizations

\* 1. (102-40 / 102-42/ 102-43)



# REALITY TO MATERIALITY<sup>1</sup>

Based on the issues raised and discussed with our stakeholders, we have identified the most relevant issues that are important to both our stakeholders and to our Sustainability Commitment. Our Engagement also included prioritizing the issues in relation its importance

to each category of our stakeholders.

A list of material topics and their importance level has been concluded for the year 2017, and revisited for 2018. Leading to the following :

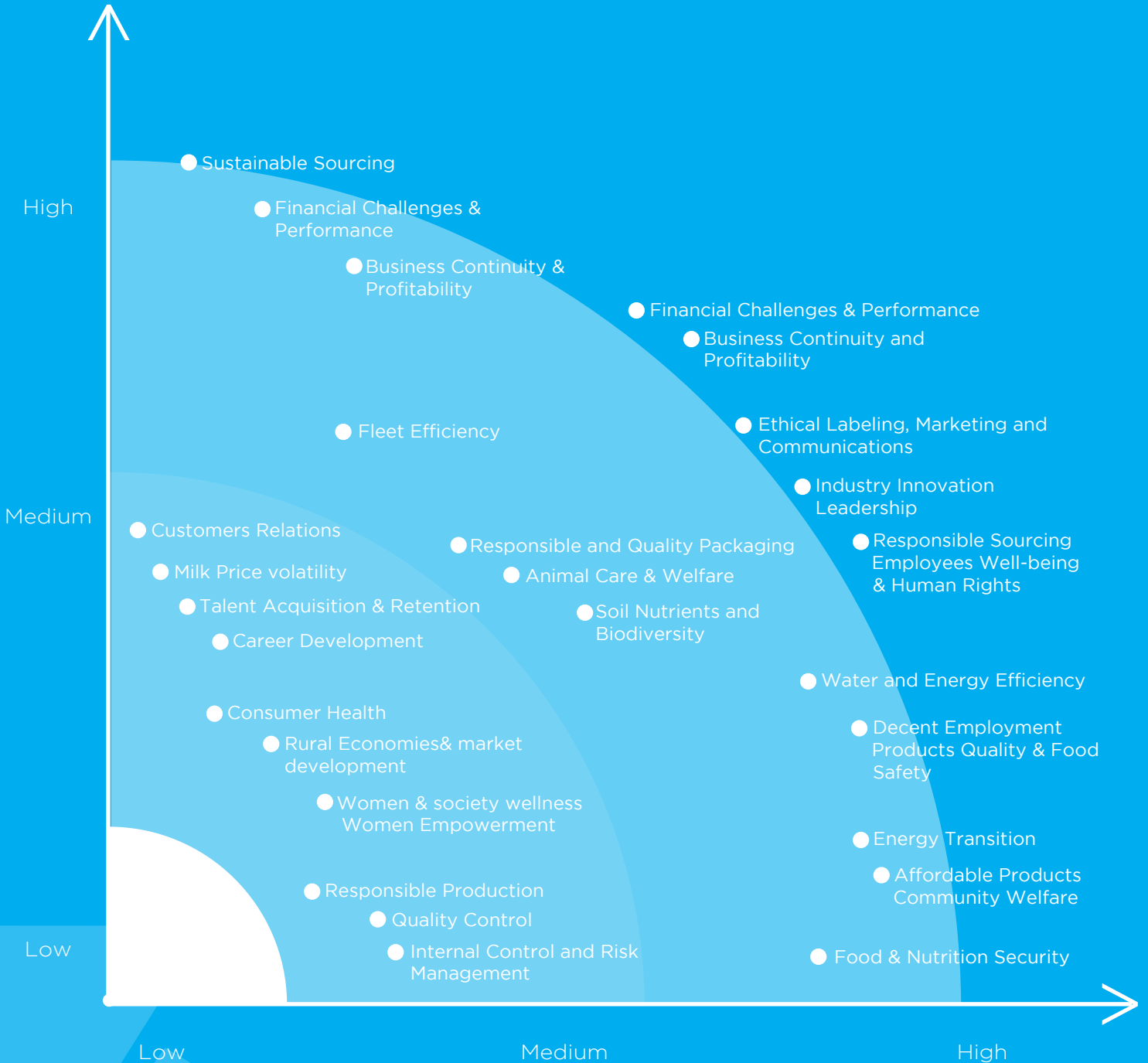
	Material Topics	Importance to Stakeholders	significance to Sustainability	Stakeholder concerned	Topic Boundaries	Read on
1	GHG Emission & Climate Change	1	1	Environment	External	•The way Forward
2	Water and Energy Efficiency	1	1	Environment	Internal	<ul style="list-style-type: none"> <li>• Our Environmental Footprint</li> <li>• Eco Route / From Sky to Land</li> </ul>
3	Ethical Labeling, Marketing and Communications	1	1	Consumer	External	<ul style="list-style-type: none"> <li>• Code of Trust</li> <li>• Our Responsible Marketing &amp; Communication</li> </ul>
4	Products Quality & Food Safety	1	1	Consumer	External	<ul style="list-style-type: none"> <li>• Products Quality &amp; Food Safety</li> <li>• Our Global Partners</li> <li>• Nutrition in Dispatch</li> </ul>
5	Food Waste and Circular Economyd	1	1	Environment	External	<ul style="list-style-type: none"> <li>• Waste to Wealth</li> <li>• Our Global Partners</li> <li>• Pledging Commitment</li> </ul>
6	Responsible Sourcing	1	1	Supplier	Internal/ External	• Farms Inclusion Program
7	Decent Employment	1	1	Employees	Internal	• Our Impact
8	Employees Well-being & Human Rights	1	1	Employees	Internal	<ul style="list-style-type: none"> <li>• Thriving on Balance</li> <li>• Human Rights</li> </ul>
9	Responsible and Quality Packaging	1	1	Consumer	Internal/ External	• Our Global Partners
10	Industry Innovation Leadership	1	1		Internal	• Innovating for Excellence
11	Animal Care & Welfare	1	1	Suppliers	External	•Responsible Farming Practices
12	Occupational Health and Safety	1	2	Employees		• The Safeguarding
13	Governmental & Industry Collaboration	1	2	Industry Peers	External	• Knowledge Transfer & Industry Collaboration
14	Vocational and Quality Training	1	2	Employees	Internal	• Proactive Training
15	Sustainable Sourcing	1	3			• Developing Egypt's Dairy Farms
16	Financial Challenges & Performance	1	3	Shareholders	Internal/ External	• Our Business Resilience
17	Business Continuity and Profitability	1	3	Shareholders	Internal/ External	• Our Business Resilience

1. (102-473)

18	Fleet Efficiency	1	3			• Our Brand In Motion
19	Energy Transition	2	1	Environment	Internal/ External	• The way Forward • Our Environmental Footprint • Eco Route / From Sky to
20	Affordable Products	2	1	Community	External	• Sharing the Wealth
21	Soil Nutrients and Biodiversity	2	1	Suppliers	External	• Our Environmental Footprint • Tech on Farms
22	Community Welfare	2	1	Community	External	• Our Community Ethos
23	Consumer Health	2	2	Consumers	External	• Sharing the Wealth • Choices that Matters
24	Rural Economies & market development	2	2	Community	External	• Developing Egypt's Dairy Farms
25	Women & society wellness	2	2	Employees	Internal	• Value over Volume
26	Women Empowerment	2	2	Employees	Internal	• Centre of Resilience • Women Empowerment
27	Supply chain management	2	2	Suppliers	External	• Supply chain management
28	Customers Relations	2	3	Customer	Internal/ External	• The Digital Express
29	Milk Price volatility	2	3	Suppliers	Internal/ External	• Farming Inclusion Program
30	Milk Price volatility	2	3	Employees	Internal	• Talents Path • Diversity for Growth • Youth for Innovation
31	Career Development	2	3	Employees	Internal	• Thriving on Balance
32	Food & Nutrition Security	3	1	Consumer	External	• Sharing the Wealth • Choices that Matters
33	Responsible Production	3	2		Internal/ External	• Responsible Production
34	Quality Control	3	2	Consumer	External	• Quality Governance
35	Internal Control and Risk Management	3	2	Shareholders	Internal/ External	• Our Corporate Governance

1 = High / 2=Medium / 3=Low

IMPORTANCE TO  
STAKEHOLDERS



Significance to Sustainability



community

# OUR COMMUNITY ETHOS

Material Issue:  
•Community Welfare

Juhayna has always exerted effort to stay connected to all people in its community, their challenges and aspirations.

- For some, we stand by them for their most fundamental rights of Health & Nutrition
- And for others, we accompany them on their entrepreneurial journey, where innovative ideas turn to reality and great minds start shaping the future

## HEALTH & NUTRITION

As a business that provides nutritious products for a healthier life, we have committed to three distinct areas:



RAISE HEALTH LITERACY IN THE SOCIETY



SUPPORT WOMEN'S HEALTH AND WELL-BEING



AWARENESS RAISING ON SAFETY OF PACKED MILKED



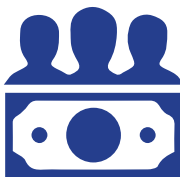
EARLY DETECTION AND TREATMENT OF BREAST CANCER



CARE FOR THE MOST VULNERABLE SEGMENT OF OUR COMMUNITY



PROMOTE HEALTHY LIFE-STYLE THROUGH SPORTS



NITROUS PRODUCTS DONATIONS TO UNDER PRIVILEGED CHILDREN



SPONSORSHIP OF SPORT ACADEMY FOR TALENTED YOUNGSTERS

# RAISE HEALTH LITERACY

## “Sehetak Fi El Elba Di” Campaign



Even more catchy in its own native words, our campaign “Your Health is in this Box” is dedicated to increase awareness on food safety.

Since its inception, Juhayna has been a major advocate of transition from loose milk to packaged dairy products, leading the way to safer dairy products.

We have recorded a huge increase, up from 18% in 2010 to 45% in 2017 demonstrating the increased awareness of key health issues. We have achieved this goal thanks

to our partnerships with the Ministry of Health, the Chamber of Food Industries, the Faculty of Agriculture at Alexandria and Tetra Pak. We launched the “Sehetak Fi El Elba Di” campaign to spread the word on the importance of packaged milk against loose milk, indicating its nutritional value. This campaign positively impacted its target audience and was a key contributor to the significantly increased demanded for packaged milk since 2017.



packaged dairy products



# CARE FOR THE MOST VULNERABLE

## NGOs & Juhayna for the Egyptian Children



Creating a prosperous community can only be accomplished by considering all types of social challenges, and for Juhayna we focus on issues that are particularly related to health and nutrition.

We direct our attention and a considerable portion of our social investments to one of the most vulnerable segments of society: the underprivileged children with social or health difficulties with limitations in access affordable nutrition or health care.

With a dedicated budget that reached EGP 1,6 million in 2017-2018, we selectively cooperate with NGOs and governmental bodies to ensure that our contributions are placed where it can most create a true impact and a direct benefit. Our beneficiary-institutions are selected

after a background research and strong referrals , followed by our own preliminary checks to validate that the said institutions are serving the segments of children that can be supported by our nutritious products and are at an age that can consume dairy and juice products. As our cooperation is established with the NGOs, further auditing (pop-up visits)are conducted by Juhayna to ensure compliance to our agreement and maintain an impactful benefit to the children.

We are proud that we have sustainably cooperated with 20 NGOs and establishments and in 2017-2018, we have supported 2900 children in dire need to nutrition and health care.

EGP 1,6 million in direct support to children with social  
or health difficulties through 20 NGOs

## JUHAYNA SUPPORTING NATIONAL TREATMENT OF HEPATITIS C VIRUS

In support to our Nation's efforts towards the treatment of hepatitis C Virus, Juhayna has donated EGP 15 million to Tahya Misr Fund in line with Egypt's plan on a Virus C-free Egypt.

Since its establishment, Tahya Misr Fund has helped in the treatment of more than 160,000 patients as part of a national joint plan with the Ministry of Health to

achieve global recovery rates from hepatitis C virus and eliminate waiting lists for unprivileged people.

The fund has also generated a specialized Hepatitis Virus C center in Luxor, designated to serve underprivileged patients in the city as well as neighboring provinces by offering free treatment.

## PROMOTE HEALTHY LIFE-STYLE THROUGH SPORTS

### AL AHLY Club & Juhayna for 20 years of Partnership



Juhayna is a firm believer in the power of sport as a fundamental life-routine for healthy future generations. With 20 years of collaboration since 1998, it has maintained a life-long successful partnership with the legendary “113-year-old” Al Ahly Club; one of Egypt’s leading sports facilities, the African Club of Century as the major football performer in the region and one of the largest in the world.

Through this collaboration, we were the first brand to introduce the sports marketing concept in Egypt, with the first logo featured on a sport-team’s jerseys.

Juhayna and Al Ahly’s partnership has also continued the journey together through a number of social initiatives  
[Read: Support Women health and well-being](#)

## Bibo Football Academy for the Talented Youth



Our strategic targets for “Health through Sports” continues with a more direct impact on the younger generations, with a sponsorship that reached EGP 640,000 in 2017-2018 to one of most popular football academy for the youngsters and holds the name “Bibo”. Bibo is the iconic Egyptian veteran football athletes that has passed his expertise to this unique academy. The academy carefully selects serious rising talents ( aged 5 to 14 years) and emphasizes on discipline, the value that globally unifies sports under the charter of ethics.<sup>1</sup>

1. (203-1)



SUPPORT WOMEN HEALTH AND WELL-BEING

## Baheya & Juhayna Fighting Breast Cancer

# بهيّة

مؤسسة بهية للاكتشاف المبكر  
وعلاج سرطان الثدي

Juhayna has always been an advocate to the well-being, health, and empowerment of Women.

In support to our Egyptian Female Community, Juhayna has been the main sponsor of BAHEYA Hospital, a leading Egyptian establishment that supports women by offering free-of-charge early detection and breast cancer treatment with more than 92000 ladies checked in Baheya over the past

5 years through the efforts of elite professors from some of the major Egyptian Medical and Academic Institutions (Oncology Institute, El Kasr Al Ainy and nursery faculties, Cairo University, Ain Shams University).

Juhayna seconds its voice to Baheya's; both believing that the integrated services that Baheya offers in the field of early detection, treatment, and academic research will help control the rate through which breast cancer spreads.

- Early detection for 3000 thousand ladies per month.
- In the outpatient clinics, 18 thousand ladies per month.
- Surgery operations, 160 per month: Baheya's doctors do these surgeries in different hospitals.
- Chemical therapy: they are more than 1000 sessions per month.
- Radiation therapy: 3000 sessions per month.



# EGP 20 million

SINCE 2015 TO DATE, THE BAHEYA HOSPITAL HAS BEEN AT THE HEART OF OUR SOCIAL INVESTMENTS WITH EGP 20 MILLION IN DONATION, WHICH WE HOPE IT WILL HELP SUSTAIN BAHEYA'S MISSION TO FIGHT AND END BREAST CANCER.



## “Juhayna Supports Baheya” Campaign Campaign #جهينه\_فى\_ضهرك\_يا\_بهية

Aiming to bring more support and an expanded outreach to a larger base, we launched the “Juhayna Supports Baheya” Campaign. One of its biggest supporters was our partner Al AHLY Club.

The club popularity base was key to the success of the campaign, where the club’s Senior Football Team (the most recognizably renowned and popular in Egypt)

has agreed to place the Baheya Campaign logo on the team’s famous Official Red Jersey, in support of the cause.

A remarkable outcome, raising EGP 19 million in donations for the Baheya Hospital, allowed the funding of free treatment of nearly 5,000 women.



## Campaign #جهينه\_فى\_ضهرك\_يا\_بهية

The campaign has achieved outstanding reach with 108% interaction on Social Media, 118% view, 113% reach on Instagram, 312% more reach than on average than our other advertising campaigns. The campaign also received support from multiple renowned Egyptian athletes, TV presenters and celebrities. Such an interaction tells a great deal about how our Egyptian Community has the heart and mind for a true social commitment that goes far beyond what the lines of our

report can articulate. We are proud that Juhayna has been part of this live-saving mission and a supporter to all those Egyptian Female Fighters.

We are confident that our community will continue to nurture this cause and join us in raising awareness to the importance of early detection.

<https://www.baheya.org/en>

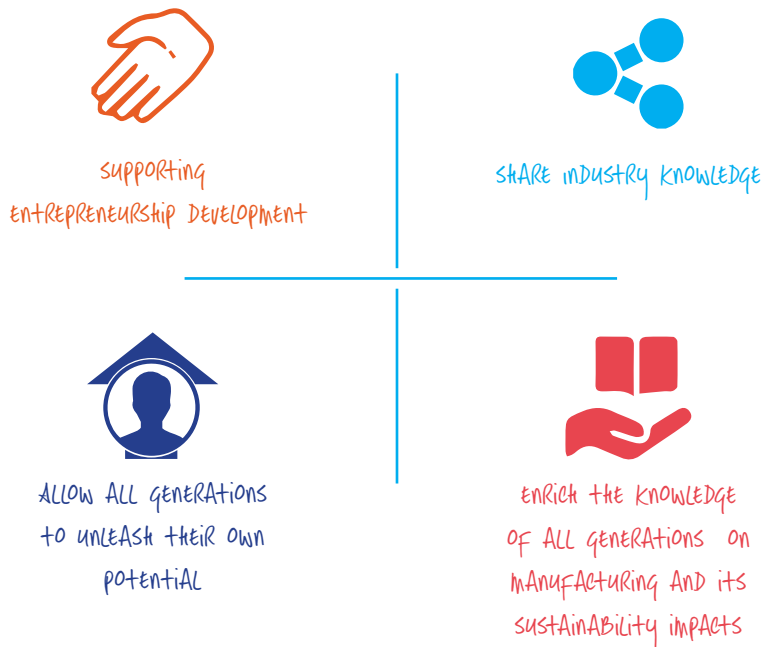
<https://www.baheya.org/en/sponsor-list>

# ENTREPRENEURSHIP & LEADERSHIP

Today's interconnected global sustainability and national reforms require a collective effort to create a movement of empowered and innovative future entrepreneurs and leaders with the skills and passion to create the necessary change. What better than educating the youth TODAY to lead TOMORROW's transformative

sustainability path.

As a business that grows through continuous innovation and empowers young talents within the company, we have committed to share industry knowledge and extend support to all the community through two distinct areas:



## SUPPORTING ENTREPRENEURSHIP DEVELOPMENT

Engaging with the youth and supporting their looking-forward thinking, we allow them to unleash their own potential.

Celebrating our 10th Year of Partnerships and Sponsorship to Enactus is another milestone in our commitment of engaging with the youth and supporting their looking-forward thinking.

Enactus is an international non-profit organization that promotes entrepreneurship and provides a platform for 72,000 private and public university students, engaging with business and academic leaders on community development initiatives impacting almost 1.3m lives globally.

We sponsor the Enactus movement, its annual competition and all its projects through

continuous dedicated donations that mounted to EGP750,000 in the reporting years, with an objective to educate them to become driven change-makers.

With a firm belief that rising SMEs need to go hand-in-hand with leading industry-brands to ensure a sustainable future growth of our national economy, Juhayna CEO, Thabet, stated:

“Egypt needs more competitions similar to ENACTUS, which will sharpen the skills and talents of young people and reduce time and effort exerted by companies to help qualify them for the labor market.”

He added that skilled workers in various sectors are the main reason behind any business's success story and that Juhayna's 10th-year sponsorship for the competition is entirely aligned with our certainty in the youth's ability that pledge a better tomorrow for our country.

10th YEAR OF PARTNERSHIPS WITH ENACTUS TO SUPPORT YOUNG ENTREPRENEURS TO BECOME OUR FUTURE CHANGE-MAKERS

# SHARE INDUSTRY KNOWLEDGE

Enriching the knowledge of all generations is a duty that we hold precious as a business. Juhayna has a keen desire to bring our Brand and the industry closer to the younger generations, those who have not experienced manufacturing except behind the lens of an advertisement.

Our tours are designed to give our visitors a better understanding of our manufacturing process, with first-hand insights on all phases (raw material, packaging, warehousing and distribution). Visitors also learn about our health and safety standards, which they are required to comply with.

Allowing the public to share with us this colossal behind-the-scene cycle is our way to draw their minds to new dimensions, enrich their knowledge, or maybe simple ignite a dream that might find its way to a new innovative input to the industry that has always been linked to our lives as “health and wellness”.

Coupled with nutritional awareness sessions, we consider our factories' visits a gateway to all those who are interested to take a journey in our titanic world of production that touches people's lives, through our

products and during their everyday routines, gatherings, travels, and more.

We are proud that we find increased interest to our Factories' Tours, with 28k visitors in 2017, and 33k visitors in 2018. Those visits also included a number of our consumers whom we have invited to our factories as part of our transparency and confidence in our quality and manufacturing standards, and as an internal policy to respond to any individual complaints through our call center.

Read: Our Consumer Voice

Our goal is to maintain this unique bond with our public, and keep our doors always open to more. Our target is 20% more visits/visitors every coming year.

Through those valuable encounters with our visitors, not only they builds further trust and loyalty to their beloved brand, but they can equally experience our values in action: transparency with the public, quality of products, innovation in manufacturing; and above all, CARE and RESPECT to our cherished consumers.

OUR FACTORIES ALWAYS OPEN TO VISITORS  
TO EXPERIENCE OUR “BEHIND-THE-SCENE”  
TECHNOLOGIES, EXPERTS AND TALENTS



28K

visitors in 2017



33K

visitors in 2018



THE WAY  
FORWARD

# THE WAY FORWARD

## Towards Low Carbon Emission\*<sup>1</sup>

Juhayna is fully aware of the momentous Paris Agreement which brought all nations together in 2015 to combat climate change and adapt to its effects. Egypt is also one of the countries which commits to cooperative global efforts to act against climate change through a variety of mitigation and adaptation efforts.

In alignment to our National Strategies and commitment to Global direction, we are in the Process of developing our 1st Carbon Footprint Report calculating our GHG Emissions across our value Chain, in accordance to GHG protocol.

After issuing our CFP report, it will be communicated to all stakeholders and published on the CDP portal.

As a business, we equally anticipate a number of risks and opportunities posed by climate change that have the potential to generate substantive financial implications and changes in our operations and expenditure.

One of the biggest challenges lies in the impact of desalination, desertification, and water scarcity on agriculture and feed stock production in Egypt.

In our transitional journey to lower emission energy sources, our current efforts are focused on our Energy Efficiency Practices across our farming, processing and distribution by resorting to decrease of energy usage and usage of renewable energy.

## TOWARDS ENERGY EFFICIENCY

### AL DAWLEYA

- Replacing lighting fixtures to LED
- Overhauling service for Refrigeration Plant.
- Generating Renewable Energy in Solar Shed Project.
- New Boiler control system to reduce Gas Consumption
- Maintain the steam network utilization .

### EGYFOOD

- Improving the power factor.
- Better utilization for cooling plant.
- Control the usage of HVAC units.
- Using LED lighting-
- Improving the steam boiler Eff. (Air/Fuel ratio).
- Maintenance of the main gas station.

### AL MASREYA

- Re-organizing operating systems
- install ( 75 VSD air compressor instead of normal 75 air compressor)
- Changing light to led (230)
- Reducing compressors air pressure from 8.5 to 8.3 bar
- Upgrade Cip
- Installing motion sensor detector in offices
- Installing LVS monitoring system (plc)
- Installing cooler in air compressor area
- Reducing UHT temp from 140 to 138
- Automating blow up
- TDS control
- Installing Steam monitoring system

### AL MARWA

- plan to implement saving projects 2020

# TOWARDS WATER REDUCTION AND TREATMENT

- CIP recycle water Project to reduce streets cleaning frequency in 2019 (with Target Saving 5%)
- Homogenizers cooling water circulation in Al Dawleya.
- Reuse waste Water in irrigation in Egyfood.
- Waste water treatment units in Al Marwa and Al Masreya factories in 2020.

# TOWARDS PACKAGING SUSTAINABILITY STRATEGY

Juhayna is currently implementing a 5 years Packaging Sustainability Strategy:

## > Strategy Deployment: 1- Consumption Optimization:

Reduce Juhayna Group Overall Plastics Consumption by 20% within 5 Years:

- Reduce our overall Polystyrene consumption by 7-8% through investing in our Thermoforming Systems to accommodate a lower thickness Material and Utilizing our Supplier Capabilities to Produce Polystyrene Sheets with Lower thickness with the same Mechanical and Trade Performance Characteristics.
- Increase the yield per ton of Polyethylene Pallet stretch wraps by 40-50% in the Juice plant (Dawleya), by using TiO<sub>2</sub> Inclusion Technology.
- Reduced Carton Shrink Wrapping PE by 30% on our Juice Plant through reduction of the wraps thickness to the minimum machine working limits.
- Reduce Bottle Cap weight.

## > Strategy Deployment: 2- Phase out and Replace Non-Recyclable and Harmful Plastics:

Replace the Non-recyclable and harmful Plastics from Juhayna Portfolio, leading to reduction of Group Overall Plastics Consumption by 20% within the 5 Years)

20%  
within  
5 YEARS

## > Strategy Deployment: 3- Circular Lifecycle for Juhayna Products

- Creating a Circular lifecycle of our plant waste through recycling at professional service providers. Currently in Egypt, most of the PET Waste is being collected and segregated for be used in the textile industry, although, this is apparently beneficial to the environment, it does not create an actual circular lifecycle for our products. A study is currently being carried for using White rPET (Recycled Juhayna PET Bottles) to manufactures Preforms for our Drinkable Yogurt Product, the study includes the Sourcing Strategy which is the most critical factor for recycled PET in Egypt and the potential impact on the line's performance and Products.

## > Strategy Deployment: 4- Cross-Corporate Collaboration

- Engaging with the large Paper buyers in the market to enforce the supply of Responsible Sourced Paper board for corrugated materials)
- Using our Artworks to deliver sustainability messages to our consumers and engaging in joint media campaigns for awareness and to provide solutions

# TOWARDS THE EXPANSION OF OUR FARMING INCLUSION PROGRAM

Our target is to increase the number of farms joining our Farming Inclusion Program in 2019 by 15-20%










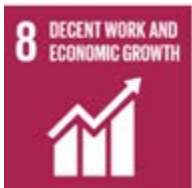

OUR SDGs  
CONTRIBUTION

# OUR GLOBAL VALUE CREATION





Our Commitment, Contribution and Impact on the United Nations Development Goals (SDGs)





Juhayna Pledges to Continuously Make Contributions and Demonstrate Action Towards Achieving the SDGs.

UN SDGS	OUR COMMITMENTS	OUR MATERIAL TOPIC
 <p>End Poverty in all its forms everywhere</p>	<ol style="list-style-type: none"> <li>1. We provide financial support to farms as in-advance capital to develop their farms and purchase of cows for productivity increase.</li> <li>2. We provide supplying dairy farmers with long-term procurement contracts to secure their market entry and economic sustainability.</li> <li>3. We support the farms in all environmental and animal welfare practices to reduce their exposure and vulnerability to climate-related extreme events and other economic, social and environmental shocks and disasters.</li> </ol>	<ul style="list-style-type: none"> <li>• Responsible Sourcing</li> <li>• Decent Employment</li> <li>• Animal Care &amp; Welfare</li> <li>• Sustainable Sourcing</li> <li>• Milk Price volatility</li> <li>• Rural Economies&amp; market development</li> <li>• Supply chain management</li> </ul>
 <p>End hunger, achieve food security and improved nutrition and promote sustainable agriculture</p>	<ol style="list-style-type: none"> <li>4. We collaborate with farmers and traders to increase productivity, storage, logistics and market efficiency, and empowering them to enter / remain in the company's value chain by producing high quality, safe and nutritious foods at competitive prices.</li> <li>5. We connect the Dairy Sector Community through our annual conference to develop the capability of their dairy farming practices, platforms and markets.</li> <li>6. We develop an enormous product portfolio to address nutritional needs.</li> <li>7. We support innovative solutions to address sustainable food security for a growing world population.</li> <li>8. We commit to the scaling-up of Nutrition Business Network to collaborate with other companies, partners, government and civil society to identify new, inclusive, and sustainable shared value related to health and nutrition.</li> <li>9. We ensure conservation of animal genetic resources to safeguard precious animal varieties and support the livelihood of the world's population with sufficient, diverse and nutritious diets long into the future.</li> <li>10. We lead and collaborate with industry expert to develop fair pricing formulas against food price volatility</li> </ol>	<ul style="list-style-type: none"> <li>• Products Quality &amp; Food Safety</li> <li>• Responsible Sourcing</li> <li>• Animal Care &amp; Welfare</li> <li>• Vocational and Quality Training</li> <li>• Sustainable Sourcing</li> <li>• Consumer Health</li> <li>• Customers Relations</li> <li>• Milk Price volatility</li> <li>• Food &amp; Nutrition Security</li> <li>• Rural Economies&amp; market development</li> <li>• Supply chain management</li> <li>• Quality Control</li> </ul>
 <p>Good Health Ensure healthy lives and promote well-being for all at all</p>	<ol style="list-style-type: none"> <li>11. We offer wide range of healthy choices and raising consumer awareness of the importance of nutritious diets, physical activity, and personal care and hygiene.</li> <li>12. We ensure healthy working conditions for all our employees across the value chain.</li> <li>13. We provide employees and their families with healthcare services and insurance.</li> <li>14. We take action to eliminate antibiotics for routine use in products production.</li> <li>15. We financially support health campaigns in collaboration with national prevention campaign,</li> </ol>	<ul style="list-style-type: none"> <li>• Products Quality &amp; Food Safety</li> <li>• Responsible Sourcing</li> <li>• Employees Well-being</li> <li>• Animal Care &amp; Welfare</li> <li>• Vocational Health and Safety</li> <li>• Vocational and Quality Training</li> <li>• Community Welfare</li> <li>• Consumer Health</li> </ul>

 <p>Ensure inclusive and equitable quality education and lifelong learning</p>	<p>16. We educate consumers and communities on sustainable lifestyles, through awareness with civil society, the media and other stakeholders.</p> <p>17. We support and sponsor entrepreneurship events in collaborate with other businesses and to improve learning, aimed to a long term investment in a diverse talent pipeline and improved economy.</p> <p>18. We open our factories for public visits and technical tours to improve knowledge of young generation on responsible production.</p>	<ul style="list-style-type: none"> <li>• Employees Well-being</li> <li>• Vocational and Quality Training</li> <li>• Community Welfare</li> </ul>
 <p>Achieve gender equality and empower all women and girls</p>	<p>19. We launch and financially support campaigns to promote health and medical care ( particular breast cancer) for the empowerment of women and girls, while strengthening connections with consumers.</p> <p>20. We invest in policies and development programs that support women in our workforce.</p> <p>21. We respect and comply to the rights of female employees to maternity leave and the right to return to work.</p>	<ul style="list-style-type: none"> <li>• Decent Employment</li> <li>• Community Welfare</li> <li>• Talent Acquisition &amp; Retention</li> <li>• Career Development</li> <li>• Women &amp; society well-ness</li> <li>• Women Empowerment</li> </ul>
 <p>Ensure availability and sustainable management of water and sanitation for all</p>	<p>22. We integrate latest advance technology for water recycling utilization into production systems.</p> <p>23. We substantially increase water-use efficiency across all our facilities to alleviate distress on country resources and ensure sustainable withdrawals and supply of freshwater to address water scarcity</p>	<ul style="list-style-type: none"> <li>• Water and Energy Efficiency</li> </ul>
 <p>Ensure access to affordable, reliable, sustainable and modern energy for all</p>	<p>24. We increase our energy consumed from renewable sources through our direct operations.</p> <p>25. We drive energy efficiency practices across the business to alleviate distress on national grid and resources.</p> <p>26. We establish and promote innovation that reduces energy consumption and improves energy efficiency.</p>	<ul style="list-style-type: none"> <li>• Water and Energy Efficiency</li> <li>• Energy Transition</li> </ul>
 <p>Promote sustained, inclusive &amp; sustainable economic growth, productive employment and decent work for all</p>	<p>27. We provide technical training to dairy farmers in the sector and our own employees to support in sustaining a productive employment and support their chances for decent work.</p> <p>28. We develop products that are produced locally to create a market for local farmers, suppliers and retailers to support a sustained national economic growth in the industry and productive employment opportunities.</p>	<ul style="list-style-type: none"> <li>• Decent Employment</li> <li>• Vocational and Quality Training</li> <li>• Career Development</li> <li>• Rural Economies&amp; market development</li> </ul>
 <p>Build resilient infrastructure, promote sustainable industrialization</p>	<p>29. We Build cross-sector partnerships to unlock complementary investments in energy infrastructure, industrial equipment and technology.</p> <p>30. We pursue investment in all aspects of physical infrastructure required to support the development of dairy farming and markets including water, technology/connectivity, roads, storage logistics, etc.</p>	<ul style="list-style-type: none"> <li>• Industry Innovation Leadership</li> </ul>



 <p>Reduce inequality within and among countries</p>	<p>31. We adapt business strategy in production, distribution, and marketing to make products more affordable and accessible for our consumers of low incomes.</p> <p>32. We create opportunities through training for lower paid workers to develop their skills and gain access to improved professional opportunities.</p> <p>33. We secure above national minimal-wage and permanent contracts for our farmers and we adapt employment policy from local areas of our remote facilities of employees across the nation, with the hope to raise fair employment across the industry and encourage other companies within value chain to also pay or raise living wages</p> <p>34. We adopt equal opportunity policies against discrimination of all forms and encourage others in the value chain to do the same.</p>	<ul style="list-style-type: none"> <li>• Decent Employment</li> <li>• Employees Well-being</li> <li>• Vocational and Quality Training</li> <li>• Affordable Products</li> </ul>
 <p>Make cities and human settlements inclusive, safe, resilient and sustainable</p>	<p>35. We extend our distribution outreach to all urban/remote areas across the country at commercial scale, thereby ensuring delivery of more sustainable sources of nutritional products for urban communities .</p> <p>36. We build sustainable infrastructure at the city of our factories, thereby increasing the availability and productivity of employees.</p> <p>37. We established roads and security measures and accelerated supply of electricity and water to our facilities which have helped transforming the city of an inclusive and safe area.</p>	<ul style="list-style-type: none"> <li>• Fleet Efficiency</li> <li>• Customers Relations</li> <li>• Community Welfare</li> </ul>
 <p>Ensure sustainable consumption and production patterns</p>	<p>38. We reduce milk and solid waste along production and supply chain.</p> <p>39. We launched our first pilot project to increase recycling of our by-products of fruits at the production process.</p> <p>40. Reduce water consumption in the production process.</p> <p>41. We develop and apply global standards and methodologies for sustainability across the life cycle of our products within our supply chain phase.</p> <p>42. We adopt the latest advance packaging technologies to support in reducing food losses along the supply chain from the point of manufacturing sites to the retails level.</p>	<ul style="list-style-type: none"> <li>• Water and Energy Efficiency</li> <li>• Food Waste and Circular Economy</li> <li>• Responsible Sourcing</li> <li>• Responsible and Quality Packaging</li> <li>• Responsible Production</li> <li>• Quality Control</li> </ul>
 <p>Take urgent action to combat climate change and its impacts</p>	<p>43. We have set plan to measure and address our greenhouse gas emissions , taking in consideration the proportion of diets coming from cow given the high levels of methane production from animals.</p> <p>44. We plan to report and disclose our actions Take to confront climate change, to advocate transparency and reporting across the industry sector.</p> <p>45. We support all partnerships advocating for responsible public policies on climate change.</p>	<ul style="list-style-type: none"> <li>• GHG Emission &amp; Climate Change</li> <li>• Soil Nutrients and Biodiversity</li> </ul>

 <p>Conserve and sustainably use the oceans, seas and marine resources</p>	<p>46. We contract with international shipping companies with high level standards that adhere to environmental standards on marine shipping.</p>	<ul style="list-style-type: none"> <li>• Supply chain management</li> </ul>
 <p>Protect, restore and promote sustainable use of terrestrial ecosystems</p>	<p>47. We have a long-term partnership with the leading global packaging companies that that adapt responsible sourcing and packaging practices that prevent ecosystem degradation and biodiversity loss.</p>	<ul style="list-style-type: none"> <li>• Responsible and Quality Packaging</li> <li>• Soil Nutrients and Biodiversity</li> </ul>
 <p>Promote peaceful and inclusive societies, access to justice and build effective and accountable institutions</p>	<p>48. We support and advocate for all National Policies or initiatives that enhances food security and mitigate risk of social unrest due to lack of access to sufficient affordable nutritional products.</p> <p>49. We apply and commit to traceability codes on our products packaging to ensure the rights of consumers, as well as part of our keen contribution to advance Sustainability in Global Supply Chains ( as part of the UNGC 'A Guide to Traceability: A Practical Approach to Advance Sustainability in Global Supply Chains' as a basis for improving traceability of products, parts and materials in the supply chain to ensure reliability of sustainability claims covering human rights, labor, anti-corruption and the environment)</p> <p>50. We invest and support initiatives and opportunities for social enterprise and impact investment ventures for their critical role in providing jobs.</p>	<ul style="list-style-type: none"> <li>• Ethical Labeling, Marketing and Communications</li> <li>• Responsible and Quality Packaging</li> <li>• Governmental &amp; Industry Collaboration</li> <li>• Community Welfare</li> <li>• Food &amp; Nutrition Security</li> </ul>
 <p>Strengthen the means of implementation and revitalize the global partnership for sustainable development</p>	<p>51. We linked our corporate strategy and business plans around societal value creation and aligned our company's value creation to the Sustainable Development Goals.</p> <p>52. We establish a multi-stakeholder partnership and industry level contributions to sustainable development including regular monitoring and transparent evaluation and reporting.</p> <p>53. We collaborate with other food, beverage and consumer goods companies and stakeholders to provide industry perspectives to national policymakers, legislators and regulators on the sustainable development impact, including recommendations for improvement.</p>	<ul style="list-style-type: none"> <li>• Governmental &amp; Industry Collaboration</li> </ul>

# JUHAYNA SUSTAINABILITY REPORT - 2018 & 2017 - GRI CONTENT INDEX

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