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**Sustainability and Circular Economy: The Case of FIRM A**

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**Masters Dissertation**

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**Master Master's Dissertation**

**Sustainability and Circular Economy: The Case of a UAE Company**

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# Summary

This Master's Dissertation aims to assess the Strategy around regarding Sustainability, Circular economy (CE) and the Environment, Social and Governance of a food manufacturing company (i.e.: FIRM a) based in the UAE. In this framework, important conclusions will be derived around the overall condition that similar companies in the UAE face regarding these topics.

The work presented in this Dissertation was completed in a period of one and a half years -from June 2021 till December 2022- when a series of different tools and methodologies were applied in order to reach the final conclusions and recommendations. The research included qualitative and quantitative methodologies, such as a survey, interviews with key internal stakeholders, a benchmark analysis and a review of publicly disclosed data and several corporate documents.

Using the SWOT tool methodology (i.e.: Strengths, Weaknesses, Opportunities and Threats) all identified points were mapped accordingly and final recommendations and conclusions were raised.

To wrap things up, the answer to my main research question is that what was FIRM A as well as the companies operating in the UAE are facing several barriers when it comes to the implementation of a Sustainability Roadmap and an CE business model. Inadequate regulation, poor infrastructure, low level of awareness and consumer's acceptance are the main barriers.

However, there are always new paths that FIRM A could follow to overcome these barriers, such as like he proper engagement with the local authorities to expedite the Sustainability and the CE agenda and the education of the consumers and the employees on the ESG topics. The specific ways that companies like FIRM A should follow, are highlighted in present Master's Dissertation

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# Chapter 1

## Introduction: Topic, Objectives, and significance of the research

The present Master's Dissertation aims to analyze the Sustainability Strategy and the Circular Economy (CE) aspects of a leading food and beverage company based in Abu Dhabi. The company will be mentioned from now on as **FIRM A** company in present Master Master's Dissertation for confidentiality reasons.

Aim of this Dissertation is to map the current situation, to evaluate the company versus its peers, the environment, and the best practices and then, to identify areas that the company needs to address in order to improve, meet its vision and thrive in the field of Environment Social and Governance that from now on will be mentioned as ESG. In doing so, the present Master's Dissertation aims to identify the sustainability strategy that food and beverage companies based in Abu Dhabi can adopt, and the learning outcomes that can be derived t.

### 1.1 Importance of Sustainability in the FMSG & FIRM A

Lately FMSG is being affected substantially and is rapidly evolving, pledging a move to more sustainable practices and investments. Consumers that have become more mindful of their purchasing habits, being attentive to the sustainability and circular economy practices of the product, the company, and the supply chain along with the facilitation of the social media play an important role. The customer base is most influenced by sustainability, brand name, and company mission. Customers invest more heavily in companies with strong brand narratives around climate change prevention and sustainability. (Wakeham, 2020)

From this evolving situation food and beverage companies based in Abu Dhabi could not be an exemption. These companies witness an important surge in requests for providing to customers and investors their plans around sustainability. Requests to provide them with the ESG Roadmap of the company, the main KPIs and the short term and long-term commitments are appearing more and more often lately. External stakeholders are keen to know what these companies are doing related to ESG and its material issues. The Climate Crisis and Environmental protection now play an extremely important role among the material topics.

Lately the ESG has become a matter of reference for companies as well as for their stakeholders. Feeling

the external pressure from different directions (i.e.: authorities, NGOs, competitors, etc) companies want to understand where they stand versus their peers and the strategic activities that they need to follow so they can embed all necessary elements in their corporate strategy and become an ESG lighthouse both for the industry and the region.

This trend could not leave FIRM A unaffected. The company started publishing its sustainability annual report in 2021 where all requests from external stakeholders have been included. At the same time FIRM A, being lately managed by ADQ, one of the biggest funds in Abu Dhabi which has recently published its ESG policy, was pulled toward adopting an approach closer to the ESG criteria. FIRM A receives monthly requests from ADQ to report its sustainability KPIs and achievements year on year on ESG field and this is a fact that leverages the importance of ESG within the management and the organisation overall.

## 1.2 Objectives

The objective of this Master's Dissertation is, at a first stage, to map the current situation and the way FIRM A works related to the Sustainability CE and ESG parameters. How much ESG is embedded in FIRM A's day-to-day operation and to its Corporate Strategic Plans.

The external factors and the overall operating environment will also be touched on so it can be evaluated how much these affect FIRM A.

Next to this, an evaluation of all internal and external factors will take place with the use of the SWOT tool where conclusions and recommendations will be derived.

As it has been demonstrated, , the Master's Dissertation aims to identify and propose the ultimate direction that FIRM A should take – taking always into consideration the external and internal factors- in order to establish a solid Sustainability Strategy so it can grow as per its Corporate Strategy embedding all ESG ingredients in its journey.

On a basis of the information acquired from FIRM A, at the end of this Master's Dissertation wider conjectures will be made for regarding companies with a similar profile to that of FIRM A.

## 1.3 Significance

The Master's Dissertation is of a high importance for the company since lately the ESG has become a matter of reference for the company as well as for its stakeholders. Feeling the external pressure from different directions (i.e.: authorities, NGOs, competitors, etc) FIRM A wants to understand where it stands versus its peers and the strategic activities that the company needs to follow so it can embed all necessary elements in its corporate strategy and move to the next level becoming an ESG and Sustainability lighthouse both for the industry and the region.

# Chapter 2

## Literature Review

### 2.1 FIRM A overview

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

The Company's assets are located in the UAE, Saudi Arabia, Kuwait, Oman, Egypt, Turkey and Jordan. FIRM A offers a world-class portfolio of integrated businesses providing high quality and trusted food and beverage products for consumers across the UAE, GCC, Turkey and the wider Middle East. More than 10,300 employees are engaged in the manufacturing, distribution, and marketing of various products in categories such as Water Business, Floor and Animal Feed Business, Snacking/Confectionery, and Proteins/Frozen.

In 2021 FIRM A expanded into new growth accretive categories - Snacking and Protein & Frozen - adding new inspirational brands to their portfolio, which are now the products of choice for a growing number of consumers.

### 2.2 ADQ

As FIRM A belongs to ADQ (it will be mentioned several times in the Master's Dissertation) and its Strategy gets their approval before being issued, it is also important to mention a few things on ADQ.

Established in Abu Dhabi in 2018, ADQ is one of the region's largest holding companies with investments locally and internationally. Both an asset owner and investor, ADQ's broad portfolio of major enterprises span key sectors of a diversified economy, including energy and utilities, food and agriculture, healthcare and pharma, and mobility and logistics, amongst others. As a strategic partner of Abu Dhabi's government, ADQ is committed to accelerating the transformation of the emirate into a globally competitive and knowledge-based economy. (ADQ 2022)

In terms of ESG in ADQ it is worth mentioning that ADQ appointed a head of ESG for the first-time end of 2021, flagging the importance of the topic withing the organisation, who is working on the top-level strategy for all of the ADQ's assets. Part of this strategy are the ESG Policy that was issued at the end of 2021, the

request for an ESG annual report from all entities and the monthly report on important ESG KPIs.

As it is mentioned in ADQ site: “As a sustainable investor, we are committed to accelerating long-term growth and value for our society and the environment. To build a resilient and thriving local economy, we are embedding Environmental, Social and Governance (ESG) principles across our portfolio companies and into everything we do, from our day-to-day business practices and processes to our entire investment cycle.” [ADQ (2022)]

## 2.3 FIRM A Strategy of Expansion

FIRM A is growing fast, following a strategic plan for expansion based mainly on acquisitions. It has an aggressive target to grow five times (i.e.: in growth) in five years starting from 2020 to 2025. It goes without saying that these acquisitions play an important role in the Sustainability Strategy as they are new entities, new sites, new cultures, and mentalities that have to be harmonized with the overall Corporate philosophy. This is a part that will be touched upon in the Master’s Dissertation since these new entries in FIRM A’s portfolio present opportunities but also risks when it comes to a proper Sustainability and ESG Strategy implementation. As a department currently FIRM A has only one resource working as Head of Sustainability (ESG).

## 2.4 Sustainability

What is lately observed is that more and more often organisations are adopting and widely using the term “sustainability”. If anyone wants to gain an understanding of this term, they should consider it as an integration of social, environmental, and economic responsibilities that an organisation has. Above all definitions given all these years, the most well-adopted and most often quoted one is that of the Brundtland Commission (World Commission on Environment and Development, 1987, p8): “development that meets the needs of the present without compromising the ability of future generations to meet their needs” (Carter and Rogers, 2008).

In the broadest sense, sustainability can be considered as seeking to prevent the depletion of natural or physical resources (Investopedia, 2022).

The organisational sustainability consists of three components: the natural environment, society, and economic performance. This is the idea of the triple bottom line, which simultaneously considers and balances economic, environmental, and social goals. This concept adopted in this Master’s Dissertation suggests that at the intersection of social, environmental, and economic performance, there are activities that organisations can engage in, which not only affect positively the natural environment and society, but also result in long-term economic benefits and competitive advantage for the firm [Carter and Rogers, 2008].

## 2.5 Circular Economy (CE) – its importance

The increasing concern about climate change coming along with a growing environmental awareness, the pressure and interest from companies’ key stakeholders (i.e.: Investors, customers) the need for social

responsibility, has led companies, especially manufacturing to look for new ways to do their business.

In our current economy, in a process known as linear, the materials taken from the Earth, for making products are eventually thrown away as waste. Now more than ever it is commonly recognised that the only way forward with sustainable production and development is to switch from our current industrial linear model to a circular economy (CE), contributing to a more environmentally responsible and socially equal society (Pucker, 2021).

As postulated by Kirchherr, Reike, and Hekkert “A CE describes an economic system that is based on business models which replace the ‘end of life’ concept with reducing, alternatively reusing, recycling and recovering materials in production/distribution and consumption processes, [...] with the aim to accomplish a sustainable development, which implies creating environmental quality, economic prosperity and social equity, to the benefit of current and future generations” (2017: 221-232)

For many people in the industry CE is considered as the only way forward when it comes to circular economy. By adopting a CE business model there is a better and brighter future for companies, industries, and societies as now the flow of material and energy is circular focusing on upcycling resources. When it comes to the CE implementation there are opportunities and barriers that can expedite or delay its deployment accordingly.

CE offers a variety of social and political opportunities, as it strengthens the connection between the society and industry, while at the same time between businesses and customers, as at the end-of-life of a product, it should be regained since the value chain does not end up with consumers anymore. Moreover, the implementation of CE has the potential to create many employment opportunities for local communities (MacArthur, 2013). Another opportunity in the CE is the improvement of public health and environmental awareness, as people become more conscious about hazardous materials and prefer more environmentally friendly and safe products (Geng, Fu, Sarkis, and Xue, 2012 : 216-224).

Additional to that, CE helps to create an organisational legitimacy and improve companies’ environmental consciousness as it enables companies to operate in accordance with regulations and so reduce the social pressure (Park, Sarkis, and Wu, 2010: 1494-1501).

CE also helps companies to save money and enhance their profitability. It enables us to reduce the costs through sustainable supply chain and end-of-life management, lower input prices and minimize environmental penalties and waste generation (Park et al., 2010; Geng et al., 2012; MacArthur, 2013).

In a closed loop model of supply chains, companies can sell their waste instead of disposing of them and make additional profits as this waste now form raw material for new product generation. In this way, CE opens new markets for recycling and re-manufacturing. These new markets and new revenue channels boost the profits of existing firms and provide a competitive advantage to them among their rivals (MacArthur, 2013).

The effects of climate change can also be mitigated through CE practices. CE improves the utilization of waste and waste streams advance the availability of materials, enabling the protection of natural resources, water, energy, and minerals. In addition, CE brings in the market products more environmentally friendly and green products, which have minimum negative effects on environment, have become more common and preferred. Those products save energy and natural resources and reduce pollution generation (Zhu, and Tian, 2016).

CE offers many opportunities. However, at the same time there are barriers that play an important role for decelerating its implementation.

One of the most important barriers that has been witnessed for FIRM A's case is the inadequate supporting systems from local regulations and government. Currently in UAE and in some of the GCC countries (i.e.: Gulf Cooperation Council, Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and UAE) there is no regulation in place that allows companies to use recycled material to food contact packaging. When most of the developed economies have already implemented it, here in the region is still under approval. This factor along with the low level of awareness of the public and customers is often translated in low level of demand and acceptance of remanufactured products consist of the two most important barriers for the CE implementation. On top of that, there are economic barriers that slow down the CE implementation, such as the considerable upfront investment required which has a long-term economic return, the lack of financial support mechanisms and tax incentives, the high cost of scrap materials that directs manufactures to use cheaper virgin ones (Vikas and al., 2019).

## Strategy

It is true that there is an emerging challenge and stakeholders' expectations across the environmental, social and governance (ESG) domains to which companies try to respond by adopting sustainability. As part of these initiatives' businesses are committed to measuring and reporting publicly on their sustainability performance considering that this is a way to excel in the field.

However, studies have shown that the impact of these measurements and reporting were oversold without helping, in many cases, to create a strategic differentiation that can lead to superior financial performance but were seen rather as a strategic necessity that can ensure corporate survival, but not necessarily outperformance [Pucker, 2021).

As it is clearly mentioned in the work of Ioannou and Serafeim "it is suggested that sustainability can be both a necessity and a differentiator. Some sustainability activities are simply becoming best practices and so a necessity. But as it is mentioned and proven from empirical evidence some companies are creating real strategic advantage by adopting sustainability measures their competitors can't easily match" (2019: 65). And this is the angle used in present Master's Dissertation when evaluating data.

The latter is supported by Porter's article "what is Strategy" in which he draws a sharp distinction between operational effectiveness and strategy. He argues that strategy 'is about being different' and that 'the essence of the strategy is choosing a unique and valuable position rooted in systems and activities that are much more difficult to match' (Porter, 1996: 61-78). And this exact dimension will be assessed and implemented in FIRM A Group.



# Chapter 3

## Methodology

### 3.1 About SWOT

To answer our research questions, we analyzed the case of a leading food and beverage company operating in Abu Dhabi, FIRM A. Specifically, in order to identify the company's sustainability strategy, we conducted a SWOT analysis, using information from archival data, such as the company's Sustainability Annual report, as well as from a survey conducted internally within the company, and in-depth interviews with key internal stakeholders.

Despite its limitations, such as the fact that it provides a look at one time for the business and does not account for changing markets, while at the same time it gives equal value to the items in each category, (Harmon, Angela Salem Press, 2022; Business Queensland, 2017), SWOT is a popular tool used widely among researchers and business students but also in the corporate environment. Its popularity comes from the fact that it is quite simple to follow, can be applied to almost any business or situation and helps to assess complex decisions and evaluate different types of business conditions.

Its acronym SWOT (i.e.: Strengths, Weaknesses, Opportunities and Threats) represents the internal and external factors that have a significant impact on corporate performance. The tool is 'split' in the internal part where internal strengths and weaknesses are mapped and analysed and the 'external' part where external opportunities and threats are mapped and analysed as well. In the case of the present Master's Dissertation, the strengths and weaknesses are considered at the top of a 2 by 2 grid where the external opportunities and threats are considered at the bottom of the SWOT grid.

More specifically, for a holistic approach and full coverage of all the factors that had or may have an impact on the organization's current and future positions, the following issues were taken into consideration in conducting the analysis: customers, competitors/peers, trends in the market, suppliers, political issues, economic issues (Helms, and Nixon, 2010; Worthington and Britton, 2006).

### 3.2 SWOT for FIRM A – Documents reviewed

For the SWOT analysis to be effective, information was retrieved from the following documents:

1. FIRM A Corporate Strategy
2. ADQ ESG Policy
3. Sustainability Annual report /Sustainability Framework that FIRM A operates in
4. UAE legal framework on CE and Sustainability – we can attach the CE Policy

5. Benchmark Analysis conducted in 2021 as part of the Master's Dissertation
6. Survey on Sustainability and Circular Economy launched internally
7. Interviews with key internal stakeholders

More specifically:

### 3.2.1 Corporate FIRM A Strategy

FIRM A has issued the latest Corporate Strategy to achieve its vision which is to become a regional F&B leader by 2025. For this to happen there are three strategic pillars which will lead the way to deliver the vision.

- a. Growth: Pursue disciplined expansion plan focused on M&A
- b. Efficiency: Protect the core business and get leaner
- c. Capability: Ensure our organization is set up to deliver our strategy

In the later pillar it is mentioned that FIRM A puts Sustainability & Innovation at the forefront of its strategy. According to that, there is a Sustainability Agenda that adopts CE practices and ESG standards across all operations. Its main objectives are:

- To move from a linear to a circular economy
- To continuously optimize the packaging design to reduce CO2 footprint
- To create value for shareholders
- To achieve significant cost savings that will make the operation more efficient.

The above will be assessed versus the ground reality and its conclusions will feed the relevant section in the present Master's Dissertation.

### 3.2.2 ADQ ESG policy

It is important to highlight that FIRM A is operating under ADQ from 2020 - one the largest funds in UAE- where Sustainability and CE are in the core of their objectives and practices. ADQ has issued an ESG policy in October 2021 where it clearly mentions how it integrates ESG into its investments activities as well as how much they value and support the transition of their companies' portfolio to a competitiveness low carbon economy with a comprehensive adoption of sustainability reporting for all their operations.

The same is stated by ADQ's CEO in his message in ADQ portal "we are embedding Environmental, Social and Governance (ESG) principles across our portfolio companies to build long-term growth and value for our society and the environment. Everything we do, from our day-to-day business practices and processes to our entire investment cycle, will consider ESG factors that will create a positive impact and make a difference in the communities in which we operate." (ADQ, 2022).

This will be analysed in the present Master's Dissertation to evaluate how much this propelled the ESG discussions withing FIRM A Group.

### 3.2.3 Sustainability Annual report /Sustainability Framework

FIRM A has issued in 2021 its Sustainability annual report for the second consecutive year (starting from 2020). The report derived from a thorough exercise where External and Internal stakeholders sent their feedback, following a questionnaire created to identify the material issues and to create the materiality assessment for FIRM A. This was the basis for the creation of the Sustainability framework where FIRM A operates.

The Sustainability framework covers 19 issues that were categorized as per their importance for the company into high material – material – important.



Picture 1 : Materiality Assessment of FIRM A

3.2.4 UAE legal framework on CE and Sustainability

In GCC, where FIRM A mainly operates Sustainability and Circular Economy are notions that came into the picture more dynamic the last 5-10 years. As a legal framework the most advanced work is done in the UAE where in January 2021, under the UAE Circular Economy Policy, the UAE Cabinet approved the establishment of the UAE Circular Economy Council, chaired by Minister of Climate Change and Environment, with members representing federal and local authorities and the private sector. The Ministry of Climate Change and the Environment will be responsible for duties as the council’s secretariat general.

As one of the work outcomes of the council was the UAE Circular Economy policy. In January 2021, the UAE Cabinet approved the UAE Circular Economy Policy, which is a comprehensive framework for determining the country’s approach to achieving sustainable governance and the ideal use of natural resources, by adopting consumption and production methods that ensure the quality of life for current and future generations.

The policy comprises several key objectives, such as:

- promoting environmental health
- supporting the private sector in adopting clean production methods

- reducing natural environmental stress, to achieve the country's vision to be a global pioneer of green development.

The policy is a framework for identifying the priorities in terms of circular economy. Priorities include infrastructure, sustainable transportation, sustainable manufacturing, sustainable food production and consumption (UAE, 2022).

From the moment that the CE Council was formulated, there was a strong pull towards CE topics and the Sustainability agenda was brought at the forefront of companies and government entities. As part of the progress that took place in 2022, UAE Circular Economy Council approved 22 policies to expedite progress of circular economy transition in July 2022.

An important role in the approval of those 22 policies played the Circular Packaging Association (CPA) which acts as one of Circular Economy Policies Committee, and whose main task is to focus on accelerating the implementation of the circular economy model in the UAE in one of the main four main sectors (i.e.: manufacturing, food, infrastructure, and transport.), that is manufacturing. Members in this association are mainly the big food and packaging multinational companies with a presence in the UAE. FIRM A is also a part of it (WAM, 2022), Kamel, 2022).

What is important to mention is that FIRM A Group participated -as part of the private sector organisations- actively in reviewing and advising the UAE government on these policies and the way forward.

### 3.2.5 Benchmarking analysis

One of the methods used to extract conclusions was the benchmarking analysis. Benchmark is used mainly from the late 1980s and its overall philosophy is to study business practices and learn from other organisations, by getting inspired and adopting best practices that brought breakthrough results in the organisations. In other words, comparisons are made between an organisation and a best practice one on an "apples-to-apples" aiming to identify the best way forward (Team Publications, 2009).

Understanding the benefits that FIRM A can have with a benchmark analysis, this process was used in the present Master's Dissertation to evaluate and take advantage of the below [Coers, Mardi, Henderson, Craig, Elliott, Susan, 2001):

- setting stretch goals,
- creating a sense of urgency,
- seeing "outside the box
- accelerating and managing change,
- achieving breakthroughs or innovations,

If fact, there are some limitations when it comes to Benchmarking analysis such that the comparison can

lead the organisation to feel hung up on the success of its competitors or that it can also be a distraction and lead to a tangent in the creative process and that a better solution may be missed. All these were considered in the present Master's Dissertation while conducting the benchmarking analysis (CommitAgency, 2019).

The benchmarking analysis that was made in the present Master's Dissertation to evaluate FIRM A's position was against the below companies:

:

- Almarai
- Del Monte
- Coca Cola
- General Mills
- Majid Al Futtaim
- Nestle
- PepsiCo and
- Savola Group.

The above set of companies were selected after conducting industry market research validating sustainability topics in line with FIRM A's strategy. Data were gathered and where possible global, regional, and local peers' KPI setting approach was evaluated.

The research was conducted mainly by reviewing the annual sustainability reports (ASR) of these companies as well as all the material publicly available on their internet sites. Starting from the 19 material issues that FIRM A has identified in its framework, a thorough analysis took place vis a vis the same or similar material issues that the peer companies have included in their Strategies.

Additionally, an evaluation of the reported KPIs in the ASR versus the GRI standards was conducted to identify any possible gaps or areas of improvement.

GRI (Global Reporting Initiative) as a term is used widely the last two decades and it refers to the independent, international organization that helps businesses and other organizations take responsibility for their impacts, by providing them with the global common language to communicate those impacts. The number of companies filing corporate social responsibility (CSR) reports that use the GRI standards has increased a hundredfold in the past decades (GlobalReporting, 2022); Pucker, 2021).

### 3.2.6 Survey on Sustainability and Circular Economy launched internally

One of the tools used to gather information was a survey, as the information and the insight it provides, can uncover unseen truths, and reduce uncertainties related to critical decision related to the topic. Even if surveys come in various forms and include self-administered questionnaires, panel surveys, telephone surveys, and intercept surveys for the present Master's Dissertation a questionnaire survey was used. This type of survey is the most used statistical survey, and it consists of a series of questions that individual

respondents complete by themselves (Phillips, Phillips, Arron, 2013).

A survey was launched internally in FIRM A as part of this project. The objective of the survey was to understand how the Leadership Team (LT) of FIRM A thinks about Sustainability and the Circular Economy as part of the overall Company's Strategy. The survey included questions split into 6 sections, to understand which are the benefits, barriers and enablers to transit to a CE model for FIRM A and how FIRM A, according to the LT team can embed Sustainability holistically in its Strategy.

The questionnaire was distributed to the Leadership Executive Team consisting of 108 employees from the CEO Level to 3 levels down in the hierarchy of the company through the online tool in google forms. These 108 employees were selected to participate in the survey as they are the ones who have the most critical roles in the implementation of the overall Strategy in the organization. They are the ones that take all the important decisions when it comes to the company's Strategy Deployment. Of the 108 targeted employees, 41 replied and this is the sample that was analysed and evaluated in the present Master's Dissertation. All answers are attached as annexes at the relevant part in the Master's Dissertation and the outcomes of the replies are presented in subsequent sections of the Dissertation.

### 3.2.7 Interviews analysis

Finally, interviews were used as another qualitative methodology tool. It is a tool that is based on verbal data where usually a moderator conducts a conversation with one respondent on a specific topic, trying to gather as much information around it and sketch the total image of the situation.

For a fruitful and successful interview there are three main stages to follow: preparation, execution, and data analysis. More specifically, for the preparation stage, the discussion topic and the aim of the discussion should be formulated, the methods and techniques should be chosen– in this case \ open single barreled questions were used. For the execution stage, the moderator collects data and prepares material for analysis and in the last part the material is analysed and interpreted (Olejnik, 2021). All these were taken into consideration when conducting the interviews for the present Master's Dissertation

Special attention was given to the outline of the content of each interview. Across all scripts there were common questions following the same flow so the data collected could be comparable.

Regarding the interviewed audience, the key Leadership Team members (i.e.: CEO with his direct reports) along with three of the Board Members were interviewed. The topic of the interview was: "How do they see Sustainability as part of FIRM A's overall Corporate Strategy". The document was called ESG engagement, and it was prepared and distributed to each of the interviewees in advance with the outline of the discussion and its key expectations. The total number of interviews was 24.

The interviews had a duration of 60-90 mins and each interviewee was requested to invite any colleague that he believes could add value to the discussion and had an important role when it comes to ESG,

Sustainability and CE.

As a further step to ensure that all targeted Leadership Team members would commit to the interview a letter was shared by the CEO two weeks in advance, highlighting the importance of attending these interviews.

Overall, , this was a crucial step in the whole process of capturing and analyzing data as it resulted in a holistic view of how all the key people in the company think about Sustainability and CE. The results are presented in the relevant section. In the Appendixes there is also the Internal Stakeholders List.

# Chapter 4

## Presentation and Analysis of data and discussion of findings and results

### 4.1 SWOT Analysis results

The main tool used to map the current situation of the company towards ESG was the SWOT tool and the SWOT analysis, as already explained in the Methodology section. The below table derived from the analysis of all the relevant available documents, along with the survey and interviews results.

<b>STRENGTHS</b>	<b>WEAKNESSES</b>
Corporate Strategy Strong R&D team leading to market innovations Cost Optimization Initiatives Waste recycling Project RECAPP	Availability of ESG data Awareness & Culture towards Sustainability/ESG Governance structure – Board involvement Absence of short- and long-term commitments and targets Environmental and Social part is weak Absence of a clear supportive legislation around CE in the UAE and GCC Communication Allocated Sustainability/ESG budget
<b>OPPORTUNITIES</b>	<b>THREATS</b>
ADQ support ADQ ESG integration in all Investment activities ADX (Environmental, Social and Governance (ESG) Disclosure Guidance for Listed Companies) FIRM A as a founding member of the Circular Packaging Association	Acquisitions with weak Sustainability/ESG performance Fast growing pace of FIRM A Economic recession foreseen for 2023-2024 Competitors with better placement/strategy on going Government Mandate



## 4.1.1 Strengths

### 4.1.1.1 Corporate Strategy

One of the Strengths that can be easily identified in the documentation of the company is that Sustainability is considered as the cornerstone of FIRM A's Corporate Strategy. Sustainability along with Innovation are mentioned at the forefront of the company's strategy and considered as a priority for moving from a linear to a circular economy model.

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This shows that the company identified the importance that Sustainability, ESG and CE have for its future and that it is willing to adopt these elements into all Strategic decisions. As it is shown in the present Master's Dissertation, it is a long journey for FIRM A to achieve proper ESG standards but the fact that is already cited in its Corporate Strategy document shows that there is a commitment or a vision for the company to move towards that direction.

### 4.1.1.2 Strong R&D function leading to market innovations

FIRM A has an R&D team, that has packaging optimisation in its core objectives. There are several significant improvements achieved in the packaging area as indicated in the annual reports, the KPIs disclosed, and the awards received (i.e.: SIAL innovation award, Gulfood Innovation award, Prime Award).

R&D in FIRM A has 3 main focus areas:

1. Optimisation and innovation of the packaging material to reduce CO2 footprint through reduction of material consumption, while maintaining the food safety and product quality expected by our consumers, or through developing new environmentally friendly packaging materials. More specifically as mentioned in the report for the below areas:
  - a. Bottle weight, FIRM A continues to proudly boast the most optimized weight among competitors in the region.
  - b. Flour & feed packaging: the most optimum weight of PP (Polypropylene) bags among competitors in the region, with 5% reduction year on year and 15% lighter than their competitors.
  - c. Shrink / stretch film: with a further 10% reduction in plastic consumption, equivalent to 150 MT in 2021 from 300 MT in 2019.
  - d. Cartons: with a further 10% reduction in carton weight, saving material by 400 MT year on year.
2. Optimisation of pallet patterns/loading to reduce the environmental impact from logistics.
3. Development of local packaging suppliers which allows for material to be sourced locally

Lately, FIRM A developed the PLA (i.e.: Poly Lactic Acid) water bottle which has a lower carbon footprint from the PET and is currently producing water bottles from recycled PET. The R&D team has conducted successfully all necessary tests required for the bottles to be launched in the market which in 2022 show

strong sales growth compared with 2021 volumes (i.e. x5 times YTD).

#### 4.1.1.3 Cost-Optimization Initiatives

Another strength identified is the program that FIRM A runs every year on the cost optimization initiatives and how this is reflected in the sustainability part. With an average of 9mAED per year, the team gathers ideas and activities during a productivity workshop taking place in the beginning of the year where the key employees take place from all the value chain of the organisation. The identified and approved projects not only contribute to cost optimization but also, they help the company to reduce its environmental footprint. Some of the recent projects that FIRM A materialized in 2021 are electricity optimization, the route to market optimization and sustainable packaging.

This process works as a basket of ideas and initiatives where every employee can contribute with new innovative ideas as far as sustainability is concerned, which in turn can lead to a better environmental footprint for FIRM A.

#### 4.1.1.4 Waste Recycling Project RECAPP

FIRM A partnered with Veolia – a leading multinational company in waste management- to launch successfully in November 2020 the RECAPP project.

RECAPP service is a major step for communities regarding sustainability, as it brings along a solution to challenges faced. For instance, as residents and citizens strive to partake in the circular economy, they are part of more sustainable households. RECAPP empowers everyone in their recycling process by offering an easy and efficient way to schedule pick-ups for recyclable material such as plastic bottles and aluminum cans. It also offers a reward program to incentivize recycling amongst its members. “The more you recycle, the more points you win” is the core principle of RECAPP. Consumers can redeem rewards from the online rewards marketplace. They can choose to redeem their points with the Al Ain Water voucher. Each time a user recycles, points are accumulated based on the weight of the collected recyclables.

The goal of this project is to assess the dynamic in the UAE for PET recycling and to place FIRM A as a key supporter of the CE in the region.

The collected PET through this project is stored and prepared to become the raw material for the upcoming recycling facility that Veolia will start operating in 2024. Through this facility, companies will have the opportunity to have access in recycled PET (i.e.: rPET) and to secure the feedstock and FIRM A as a premium partner has already secured the required quantity. This is a strategic move as FIRM A plans to produce water bottles from 100% rPET once the legislation in the UAE will allow (i.e., estimated Q1 2023). Thus, FIRM A will become the first company in the UAE producing rPET water bottles contributing significant towards the CE business model.

## 4.1.2 Opportunities

### 4.1.2.1 ADQ support

FIRM A is one of the companies in the ADQ's portfolio of ADQ which is one of the largest funds in Abu Dhabi and issued lately (i.e.: November 2021) its ESG policy. In this policy there are specific parts that mention why Sustainability is important for ADQ and how ADQ will help its entities towards that journey. As mentioned in the Policy ADQ one of its Strategic Objectives is to:

- Support portfolio companies' competitiveness in a low-carbon, carbon-priced economy
- Assess portfolio companies' competitiveness and financial risks and opportunities based on the cost of environmental impact, and through the lens of circular economy readiness and vulnerability
- Position portfolio companies for competitiveness in a low environmental impact, low waste, and circular economy
- Encourage a shift towards product or service offerings that incorporate sustainability-related differentiation.

As confirmation of the above ADQ has undergone in May 2022 an internal competition among all its assets (more than 90 in total) for funding projects raised by its entities that are relevant to Sustainability and CE model. FIRM A has submitted its proposal and after a thorough evaluation from ADQ's committee the project was approved, a fact that gives to FIRM A strong support towards moving a step closer to a CE business model. The project has to do with a production of high-quality activated carbon from FIRM A's solid waste and targets to serve the dual scope of reducing FIRM A's waste footprint, and generating a new product from the waste, which can open new market opportunities for FIRM A.

As stated by ADQ this competition will take place every 6 months and its entity can submit ideas and proposals.

This is a great opportunity for FIRM A as it is a strong support towards moving to a CE model through the submission of innovative projects related to this.

### 4.1.2.2 ADQ ESG integration in all Investment activities

As per the ADQ ESG Policy and its Strategic Objectives "ADQ seeks to ensure financially material and other ESG criteria are systematically considered in the due diligence process for new investments. This will be achieved by increasing internal capabilities, engaging with third-party specialists, and integrating ESG considerations into investment agreements."

Since all FIRM A's acquisitions are approved from ADQ before being materialized the above statement as well as the overall direction of ADQ to strengthen its position towards ESG and Sustainability (i.e.: appointing a head of ESG and issuing its ESG policy) appear as opportunity to invest in companies with a better ESG profile.

### 4.1.2.3 Investors relationship

What FIRM A witnesses more and more often lately is an increased interest from investors in learning how FIRM A is fulfilling the ESG criteria. This comes as additional pressure from the communities, as the interest in climate change becomes more and more intense.

Should we wish to see why this is happening here are some of the major reasons:

First Sustainability is connected with the Performance of a company, as long as there is a consistent and compelling evidence of a strong positive correlation, including causation factors, between stock price out-performance and companies that adopt sustainability.



Graph 1: Cumulative Index Performance

The yellow line includes companies on the MSCI Emerging Markets, while the blue line includes the companies on the MSCI Emerging Markets ESG Leaders. The gap shows clearly that for the past 12 years companies that embed ESG/ sustainability into their business outperformed the market.

And this is why investors care. They might not care about sustainability at all, but they care about financial returns. So, they are integrating ESG into their investment decision making.



Graph 2: Growth of PRI signatories (2009-2019)

Additional to that, there are commitments from international investors.

There are now >\$90 Trillion in assets under management by institutional investors that – because they recognize that sustainability is correlated to market outperformance – have formally committed to integrating sustainability into their investment decision-making.

The United Nations backed Principles for Responsible Investment (UN PRI).

More than 2200 investment management firms representing USD 86.3 trillion in Asset under Management (AuM) are signatories to the PRI. These investors have pledged to incorporate Environmental, Social, Governance (ESG) considerations in their investment decisions.

This shows that ESG is the future for any company that wants to attract capital, since it is attracted by companies with a solid ESG rating (UNPRI, 2022).

#### 4.1.2.4 ADX (Environmental, Social and Governance (ESG) Disclosure Guidance for Listed Companies)

Abu Dhabi Securities Exchange (ADX) has made a formal commitment to drive sustainability in financial markets by becoming a partner exchange of the United Nations led initiative – The Sustainable Stock Exchanges initiative (SSE). In its efforts to promote sustainability in financial markets in alignment with the UAE National Vision 2021 and Abu Dhabi Economic Vision 2020, ADX has developed this Environmental, Social, Governance (ESG) disclosure guidance to support our listed issuer’s sustainability reporting journey. FIRM A is a listed company and gets assessed by an external party on its ESG performance which is then disclosed in the ADX index. FIRM A shows a gradual improvement in the scoring in the last 3 years, and this comes mainly from a more consistent way of reporting ESG data and stepping more in the ESG journey.

More specifically FIRM A got the below scores on ESG:

2019: 38%

2020: 41%

2021: 65%

A significant improvement that shows that FIRM A is moving in the right direction on Sustainability and ESG. In that way, FIRM A can gain investors' confidence and attract more capital since this is a key indicator that they evaluate before finalizing any decision on any new investment (Tungwarara, 2021).

#### 4.1.2.5 FIRM A as a founding member of the Circular Packaging Association (CPA)

FIRM A is a founding member of the Circular Packaging Association (i.e.: CPA), which is a voluntary, non-profit association of companies and individual professionals' entities operating in the United Arab Emirates. Its objectives are in general, any lawful activity related to the promotion of the Circular Economy including the reduction of packaging impact at the value chain. Among other activities CPA aim to develop a forum for multi sector stakeholders to participate in discussions regarding the policy and regulation to drive circularity in packaging materials and to contribute to the implementation of the UAE's Circular Economy Policy 2021 in the packaging value chain.

The CPA was officially formed in 2022 and FIRM A is a founding member in the Board of Directors. CPA consists of the biggest multinational players in the region like Nestle, Unilever, Coca Cola, P&G, etc. One of its first activities undertaken earlier in 2022 was to advise the National Circular Economy Committee on the policies development and issue. This happened next to a series of meetings and workshops with the governmental authorities in the UAE, where the private sector had the chance to share its concerns and be listened to. This association and the leading part that FIRM A has is a significant opportunity to be close with the policies under development and affect any new regulation to be issued. In that way FIRM A can be positioned ahead of the curve in the CE implementation.

As an example, FIRM A played a significant role in the development of the policy around the use of recycled content in consumers food sector and more specifically on the development of standards to define use of recycled plastic content, especially for relevant up-cycled applications and investigation of the regional relevance of wider applications in the consumer goods sector.

### 4.1.3 Weaknesses

#### 4.1.3.1 Availability of consolidated ESG Data

One of the critical weak points that FIRM A faces towards building a Sustainability and CE Strategy is that there are sites where data related to ESG is not reported or not available at all. This is happening mainly to the newly acquired sites, in Egypt, in Kuwait, in UAE and this is due to the lack of basic infrastructure or lack of culture towards sustainability. More specifically, there are no energy or water meters, there are no training plans or any available training records, or any initiative related to CSR.

This comes from the fact that Sustainability and ESG are not included in the Due Diligence (DD) process. There are items touched on during the DD like Health & Safety, the legal condition, some HR practices but there is not a detailed ESG DD checklist that FIRM A goes through and assesses all potential acquisitions. Additional to that and as mentioned by almost all interviewees ESG and Sustainability does not play a decisive role for any acquisition even if most of the employees that participated in the survey (i.e.: 80.4%) believe that this should be part of all strategic decisions like the acquisitions.

Taking into consideration all the above, FIRM A must overcome some major obstacles, as since sites contribute around 35% in terms of Headcount and Operations activity which means that their impact in the ESG area for the whole Group is significant and still this impact is not monitored or managed.

So, if FIRM A wants to go on with short-term and long terms commitments and a frequent monitoring of its key KPIs, these will not give the real picture of FIRM A situation as a significant portion of its impact will not be mapped.

#### 4.1.3.2 Awareness/Culture on ESG

What the interviews revealed is that there is a gap in knowledge and awareness regarding Sustainability, CE and ESG topics, . As stated mainly by the Leadership Team, each person or key stakeholders within the organisation has a different level of understanding of what ESG, Sustainability or CE means. This in turn, can become a barrier when it comes to a Strategy implementation. As stated by one of the Board members *“The culture and people’s mindset will need time to shift, and this will come only with a proper education and awareness plan that should be deployed across the company. Only then we could grasp the benefits from Sustainability”*. Additionally, the EVP of Human Capital highlighted that *“all employees need to understand what and why we are doing so we can execute our Sustainability plan successfully. And this is crucial as currently everyone has a different understanding of what Sustainability, CE and ESG stands for...”*

This is something that is extracted as input from the survey as well since 90.3% of the responses indicate that the company’s culture prevents FIRM A from implementing the CE and embed Sustainability in a more holistic way..

, Anyone can reach to the similar conclusions when they review the question: “how much Sustainability

and CE are on the top of each department's agenda?"

What we can comprehend if we value the responses, is that this is not the case for everyone, either due to lack of prioritization or due to lack of understanding and awareness.

#### 4.1.3.3 Governance Structure – Board involvement

One significant weakness that was revealed during the interview sessions is the robustness and effectiveness of the current Governance Structure. As it was admitted by all the board members and the CEO, there is no oversight from the Board of the ESG/Sustainability performance and KPIs. This information stays with the CEO level through the Sustainability Steering Committee meetings. However, the Board members do not receive any regular information, but they are only involved on an ad hoc basis. Additional to that, there are no clear KPIs, targets or activities that the board reviews on a frequent basis.

As all of them agreed, there should be a link between the committee and the board. As stated by two of the board members and the CEO, ESG KPIS should also be placed from the board members and cascaded to the organization. These KPIS should directly affect their incentives. Only then the Governance mechanism will be able to effectively support the deployment.

#### 4.1.3.4 Absence of short- and long-term commitments & targets

Reviewing all the publicly available information either from the corporate site or from last year's sustainability report it becomes obvious that commitments on the key material issues are absent. So even if there are KPIs reported in almost all the material issues in the report, we cannot see the ambition of the company and its goals for the future. There is no short-term or long-term commitment, and this demonstrates a lack of a clear direction on Sustainability for FIRM A.

In addition, after the benchmarking exercise took place, it was identified that there are numerous targets and commitments for most FIRM A's peers when it comes to the Environment, People and Products, a fact that stresses more the absence of any measurable target from FIRM A's side.

For instance, Almarai has already disclosed 12 environmental targets like the reduction of energy consumption across Manufacturing, Sales, Distribution and Logistics Divisions by 15% from efficiency measures by 2025 (against a 2018 intensity baseline), PepsiCo has posted 9 environmental targets like the improvement of the water use efficiency of its direct manufacturing operations by 25% by 2025, Nestle has disclosed in their report at least 2 (i.e.: Aim to ensure 100% of packaging is recyclable or reusable by 2025) and the same for Coca-Cola (i.e.: Make 100% of packaging recyclable globally by 2025 and use at least 50% recycled material in packaging by 2030).

Targets and commitments have been spotted in the Peoples and Products areas as well like to certify all manufacturing sites with the Global Food Safety Initiative (GFSI) by 2025 from Almarai, to support the Workforce Nutrition Alliance which aims to improve nutrition for 3 million employees by 2025 by Nestle and



to invest \$100 million in partnership with the PepsiCo Foundation to support initiatives to benefit 12.5 million women and girls around the world by 2025 by PepsiCo.

#### 4.1.3.5 Environmental & Social part is weak

During the benchmark exercise 256 KPIs were analysed to identify where FIRM A lags versus its peers and the GRI context. Overall, there were spotted 49 KPIs (i.e.: 19,15%) that are not disclosed by FIRM A while they are from its peers, or these are indicatives for FIRM A as per the GRI.

Analyzing more the data it is found that 19 are related to the Environmental dimension (i.e.: Packaging innovation and footprint, Operational waste management, Climate change mitigation and resilience, Water Stewardship, Biodiversity & Environmental Impact, Responsible Supply Chain Management), 17 related to the Social and Governance dimensions (i.e.: Human rights, Employee development and retention, Employee engagement and well-being, Workplace Diversity & Equal Opportunities , etc) and 13 related to Food Safety and Quality.

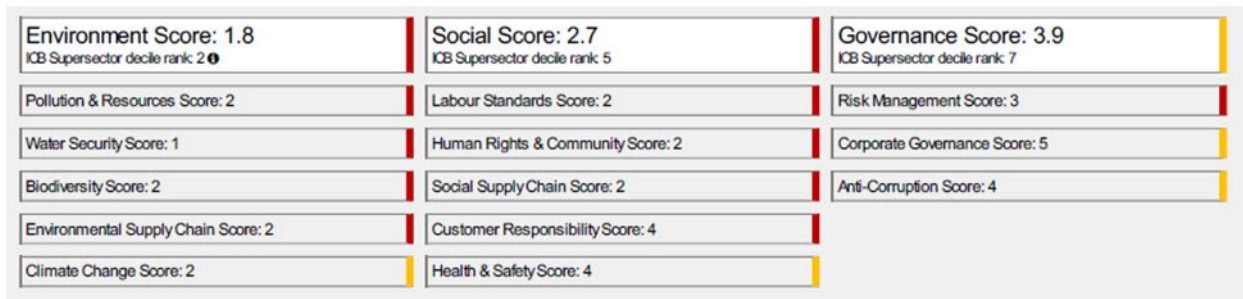
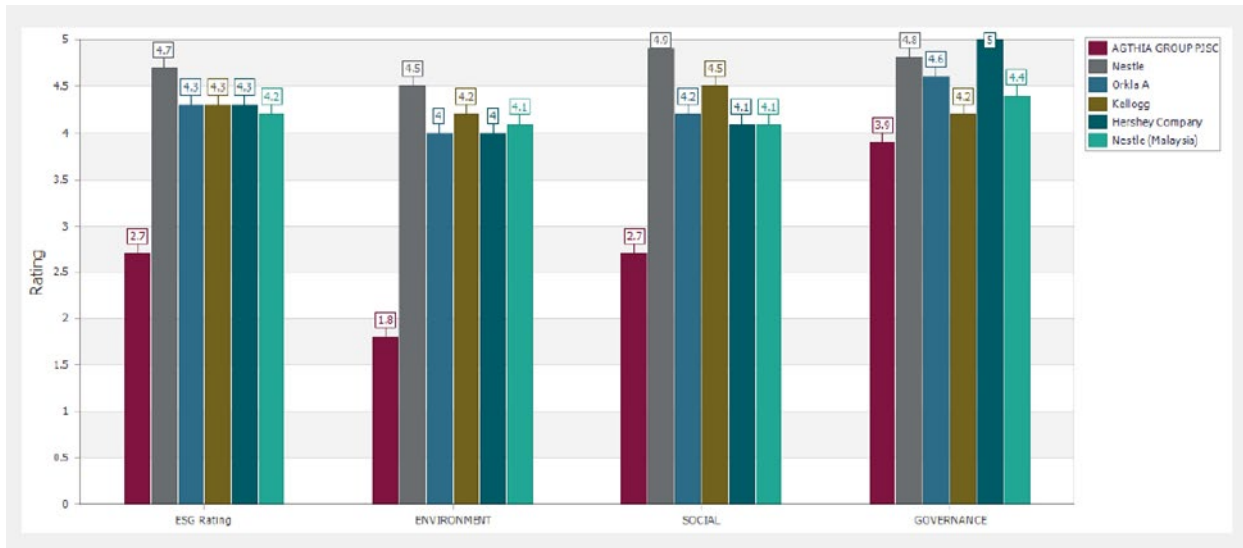
These are 3 key areas that as per the benchmark analysis FIRM A lags versus its competitors or the industry standards.

Similar conclusions are derived from the FTSE ESG Assessment report that FIRM A received in 2021. According to the process FTSE analysts assess the company annually following a thorough methodology on its ESG performance (i.e.: attached the detailed methodology as annex). The ESG assessment considers a company's public disclosures once per research cycle, which starts each May and ends the following April, then the companies are given a specified window of time for this review approx. 4 weeks, the analysts incorporate any relevant company feedback to finalise underlying assessment and finally an ESG Rating is calculated based on updated assessment results.

Below, there are the screenshots of the report where they show (as with the benchmarking exercise) the weak points of FIRM A when it comes to reporting its Sustainability and ESG data.

Elements like wastewater effluents, Water Scarcity Roadmap, Climate change commitments are the ones that scored the lowest. There is lack of content on water discharge procedures on quantity and quality. While operations of FIRM A remain in non-hazard biodiversity areas, there is a lack of detailed reporting on water management in specific as the UAE is a water scarce country, as well as other GCC countries and Egypt. All these give a score of 1.8 out of 5 in the environmental part while its peers as selected by FTSE are above 4 out of 5.

Apart from the environmental part there is a significant gap on the Social part mainly on the Human Rights part, and Labors Standards which makes FIRM A to score at 2.7 in the assessment versus its peers who are scored above 4 out of 5.



Graph 3: FTSE ESG Assessment results – 2021

The later score is justified as well next to the HR and Communication department's interviews. were. These two departments are the ones managing the Company Social Responsibility (CSR) in any company and therefore they were both interviewed. What was identified, is that even if there are some activities related to Social support mainly from the UAE and the Jordan team (e.g.: Blood donation, Food bank, etc), there is not a centralized or consolidated approach towards CSR that could be aligned with the GRI standards. There is no Strategy or a clear Roadmap where the company should invest to create shared value for the community and why. As the HR Director mentioned *"we don't have a consolidated database for HR, and this is something that we should work on as a priority"* while the HR VP stated, *"There are initiatives taken in the CSR area but it's clear that we don't do enough, and we need an approach that will cover all entities in the Group"*.

On the whole, there are areas mainly the Environmental and Social part that both exercises, the benchmarking and the FTSE assessment showed the need for a further attention from FIRM A as they do not align with the GRI requirements or what their peers disclose.

#### 4.1.3.6 Absence of a clear supportive legislation for CE implementation in the UAE

An important factor that plays a pivotal role in the CE implementation for any company, so as for FIRM A

as well, is the existing legal framework. This is one of the barriers identified in the survey, as 83% of the responses agreed that this is a significant barrier towards the CE implementation in FIRM A. This is something that was also identified through the Circular Packaging Association workshop that took place in the beginning of 2022. During the workshops (i.e.: The sponsor of the event was the Circular Economy Council under the Ministry of Economy) -chaired- by the Minister of Economy of the UAE- it has been requested to identify the key barriers and enablers to implement the CE in the UAE. One of the critical barriers that was identified was the absence of a policy framework that could enable the companies to operate in a CE model.

So, for instance taking FIRM A's case, even if FIRM A has already done tests and confirmed that it can produce PET bottles from recycled PET, it cannot proceed with the production of the bottles as there is no legal framework yet to support this initiative. However, the latest events in the UAE with the creation of the Circular Economy Council and the involvement of the Ministry of Economy show that things are changing to the right direction as already 22 policies -where the use of recycled content in the packaging- are under approval.

#### 4.1.3.7 Communication

One of the weak areas that have been identified through the interviews is the communication part. As the CEO and the board members mentioned, it seems that FIRM A does not make a significant effort to communicate all the initiatives it undertakes related to the ESG part. Therefore, there is a need to establish FIRM A as a brand related to a solid ESG performance and create a value proposition for the customer as currently this is not the case. Similarly, the investors' side lacks in awareness about topics, such as the climate change.,

In addition, there is not an established ESG communication plan from the company to the internal or external stakeholders. There is no plan for what, when and how the company should communicate or access customers when it comes to ESG.

#### 4.1.3.8 Dedicated Sustainability & ESG budget

An important point to highlight, derived by the interviews, is that there is not a dedicated budget allocated to Sustainability and ESG initiatives. As clearly stated by the CEO "FIRM A does invest in ESG, however, not enough at this point of time. Investing more in ESG is one of the points for discussion with the Board in December."

## 4.1.4 Threats

### 4.1.4.1 Acquisitions with weak Sustainability/ESG performance

As the interviews sessions revealed, currently there is no ESG Due Diligence when it comes to new acquisitions. As cited by the majority of the key decision makers (i.e.: CEO, EVP M&A, board Members) ESG doesn't play a decisive role in moving forward with an acquisition. The approach that FIRM A currently follows is that it acquires companies and then it embeds ESG elements and strategies as part of the integration plan. There is a detailed integration plan for all acquisitions with monthly meetings, where the plan progress is monitored. In this plan, there are ESG elements that are also monitored for their proper implementation. As stated by the CEO, Board members and the EVP M&A, this is the overall approach that FIRM A should follow when it comes to acquisitions. To acquire and then try to implement the ESG initiatives/strategies. Of course, this excludes any red flags such as ethical issues that should be assessed during the Due Diligence Process as it was also highlighted during CEO interview.

Even if it is obvious that there is a clear strategy on how to approach acquisitions from the ESG perspective this can create an issue to FIRM A ESG performance and its Strategy proper deployment. Getting a new acquisition in FIRM A's ESG Strategy depends on the level of maturity of this acquisition. What FIRM A experienced after the latest acquisitions is that there is an enormous challenge to embark on the new immature organisations in the ESG journey, as they lack basic infrastructure, awareness or even culture around these topics. This can have a direct impact on the Group's KPIs, targets and commitments as any good performance from the already well-established business units in FIRM A can be watered down by the poor performance of the new immature organisations.

The latter is enhanced by the fact that FIRM A aims to grow 5 times in 5 years (in the period 2020-2025) which is translated into an aggressive acquisition plan, acquiring 5-6 companies on a yearly basis. With that mentioned, it goes without saying that the above risk becomes even more apparent.

On the other hand, as the survey revealed for most of the participants (e.g., for 80.4% of the respondents), sustainability and CE should be taken into consideration for all FIRM A Strategic decision like the acquisitions.

### 4.1.4.2 Economic Recession foreseen for 2023-2024

There are more and more forecasts of recession as economists and financial analysts assess the economic situation during the first six months of 2022. There are also concerns that a trend of global growth slowing sharply will persist, with long lasting consequences that can be devastating for people in emerging markets and developing economies. This is something that FIRM A should have in its spectrum when building its Sustainability Strategy and its model towards Circular Economy Model (Forbes 2022; Tyson, 2022; Worldbank, 2022).

This can be explained if we take into consideration the already known patterns in the consumers' behaviors

with every recession. During recessions, consumers set stricter priorities and reduce their spending, especially when it comes to premium products like the PLA bottle for FIRM A which is sold at a price 3 times higher than the regular PET bottle. This may directly affect the sales of the PLA bottle, an initiative that supports CE and Sustainability for FIRM A.

Additional to that, in a recession, as sales start to drop, businesses typically cut costs, reduce prices, and postpone new investments and this could significantly affect any strategic plan around Sustainability and CE that FIRM A could have decided and can guide to look at the short term and lose the long-term perspective. This is a risk that FIRM A should identify and evaluate accordingly (Quelch and Jocz, 2009).

#### 4.1.4.3 Competitors with better placement/better strategy on going

Another threat that has been identified is on the competitors' side. FIRM A's main competitors are multinational companies among which some have a well-established and robust Sustainability and ESG agenda (e.g.: Nestle, Unilever, PepsiCo), while they have already launched products with a sustainability story behind like the water tin can by PepsiCo or the Coca-Cola's New Sustainable Packaging that replaces plastic rings with paperboard (Gordon, 2022).

These products are available in the UAE market and have already made an impact to the consumer through a well-developed communication campaign (TheBrandBerries, 2021).

In addition to the products already available, most of these companies have an R&D pipeline with products serving sustainability that are ready to intrude onto the market.

#### 4.1.4.4. Government Mandate

One risk that FIRM A should have under its radar and should be ready to respond or even act proactively towards it, is any government mandate that may come soon mainly on the Environmental part. There is a lot of discussion taking place these days on the environmental performance of the companies and new legal framework to be implemented like for example the ban of the single use plastic that it is under approval in the UAE or the reduction of the company's GHG emissions. These are examples of regulations that may come into the picture and could potentially create a risk to FIRM A for a segment of its products or even divert any current activities or initiatives towards Sustainability.

# Chapter 5

## Conclusions/Recommendations

### 5.1. Academic Contribution

#### 5.1.1 General points for companies in the UAE and the GCC

In general, the analysis, the survey, the benchmarking, and interviews that were conducted revealed that there are some common barriers that companies in the UAE face when it comes to Sustainability, CE and ESG implementation. More specifically the most important are the below which are analysed further.

- The legal barriers
- The infrastructure
- The Culture and Education
- Consumers' acceptance of products made from recycled materials

#### Legal barriers

This is a main point that all companies face mainly in the UAE, KSA, Oman, Bahrain as there is a lack of a solid legal framework that allows the use of recycled content in packaging that comes into contact with food. As a result, companies like FIRM A are ready to proceed with solutions promoting CE (i.e.: use of recycled PET in the water bottles) but cannot as regulation doesn't allow it yet.

However, this seems to be something that will change in the next months or years as all countries are moving towards embedding Sustainability more into their business frameworks.

#### Infrastructure.

Limited infrastructure in the GCC and the UAE is a fact that leads to limited accessibility of material that can promote the CE model. For instance, and according to several different studies it is estimated that in the UAE only an amount of 5-15% of waste is recycled. This comes mainly from the lack of proper legislation and the lack of a proper waste recovery system. The latter has already been identified as a main barrier through the work that the CPA did in the last years and has been highlighted to the Circular Economy Council of the UAE as one of the main actions that the government should take towards fostering Sustainability in the UAE. Till then all the companies face the issue of inaccessibility of feedstock that can help them move towards a CE model of operation (e.g.: use of recycled PET in the plastic bottles, use of recycled paper in the packaging) (Hildebrandt, 2021).

#### Culture/Education

What is identified through the present Master's Dissertation is the low level of awareness of Sustainability and CE across the GCC countries. This is a main point that was derived from the survey and the interviews

as demonstrated in this document but represents the overall situation in the region. As a study from BCG that has been conducted in 2021 titled “Are Consumers in the Gulf States Ready to Go Green?” (Hildebrandt, 2021) has showed there is a significant gap between awareness and behavior. As stated by the participants there are barriers that make the implementation of the CE and Sustainability challenging to implement (Hildebrandt, 2021). What is required is the governments to take the lead and make accessible sustainable solutions for both the private sectors and the consumers through financial incentives, public-awareness initiatives, and investments in green infrastructure (Hildebrandt, 2021).

#### Consumers’ acceptance of products made from recycled materials

An important point that makes all companies in the GCC and in the UAE a bit skeptical to move ahead with products that embed CE principles like the manufacturing of plastic bottles from recycled PET is the acceptance level of the final consumer. This is directly linked to the lack of awareness and education of the population in these countries. This is a point that FIRM A wants to work with its peers to see how they can all overcome it so the consumer can embrace initiatives like the use of recycled PET in plastic bottles.

As shown by Hildebrandt (2021) there is a significant portion of the region’s population that remains poorly informed or even misinformed. On top of that there is a significant number of responders that tend to view eco-friendly alternatives as inferior like the use of recycled PET in the water bottle that can be considered by some of them as literally packing water in waste container (Hildebrandt, 2021).

Regarding the last point, especially when it comes to UAE Market, it is important to have in mind the constitution of the population. So, for instance in the UAE the Expats Population represents the 88.52% of the total population. From this amount most of the population comes mainly from four nationalities (i.e.: 50% of the population are Indians, Pakistani, Philipinos or Egyptians – GlobalMediaInsight 2022) who represent mainly a low-income group and their purchases choices target usually low-cost products. This is quite important when the companies need to introduce CE and Sustainability solutions which usually cost above the average cost of a product (i.e.: Sustainable green bottles that can be sold at premium).

#### 5.1.1 Recommendation for the UAE and GCC companies

What the present Master’s Dissertation also revealed, is the fact that for companies in the UAE and the GCC that wish to formulate and implement a successful and impactful sustainability strategy, the following need to be present:

- (i) Strong commitment from the company’s top executives starting from the Board of Directors level. Above all a string Governance structure is a must, and this should be translated with a strong bond with KPIs and incentives
- (ii) Enhancing employees’ and consumers’ awareness around Sustainability and CE issues since the awareness in the region is relatively low.. This may come through a collaborative effort with the participation of key market players.
- (iii) Strengthening the communication around Sustainability to reach customers and showcase how the

companies change their operations and objectives around Sustainability and how important is for employees and consumers to embrace all these initiatives

(iv) Strong and close collaboration with local authorities by leveraging their understanding of the private sector's needs and working together to establish a solid framework around Sustainability and CE that would at the same time boost the growth of the companies



## 5.2 Practical implications and recommendations for Firm A

### 5.2.1 Strengthening the partnership with institutions/universities/peers

FIRM A has a strong support from ADQ when it comes to new projects related to innovation and sustainability as ADQ is willing to provide the appropriate resources.

FIRM A should leverage its partnerships with institutions specialized in Sustainability and CE, universities or even its peers to identify any potential projects that could add significant value to its Sustainability and CE journey.

For instance, FIRM A could partner with universities to evaluate any project related to packaging optimization (e.g., use of alternative PET or flexible packaging) or waste upcycling, with agencies or expert companies to assess energy and water use and implement industry's best practices and identify any project for improving the energy and water ratios or even FIRM A can partner with local NGOs (ex: WWF in UAE) to create and leverage a shared value for the community and the environment. Once the project is well defined FIRM A could submit to ADQ for further evaluation and approval as already happened in 2022. In that way FIRM A can create a pipeline of projects that can support its Sustainability and CE Strategy.

### 5.2.2 ESG in Due Diligence (DD) Process

As already, analysed FIRM A gets a significant impact on its ESG KPIs when acquiring companies without having any ESD DD assessment before. And this is critical if FIRM A wants to be transparent to all its stakeholders and commit to ambitious ESG targets. Therefore, it is vital for FIRM A to have a robust process of ESG DD when it comes to new acquisitions. For this to happen the company should work to update its current DD process by embedding ESG criteria with the use of a detailed ESG checklist. Then, it's paramount to create specific criteria how much this ESG assessment plays a critical role in the decision of proceeding with a new acquisition or not.

As the interviews showed there is a different approach to this topic from its board members and this is something to be resolved for FIRM A to move ahead. For the above, full commitment and support from the BoD and the CEO is required. They need to agree along with the M&A team on a clear strategy with specific KPIs that include ESG criteria as well.

One additional parameter in the DD process could be any potential synergy between new acquired sites and current FIRM A structure that could work towards reducing its environmental footprint like for example the use of common fleet or centralizing the raw material and packaging sourcing.

### 5.1.3 FIRM A to lead the discussion on issuing policies

FIRM A, as a founding member of the CPA has a unique opportunity to drive things and push the establishment of a legal framework that will support the CE and Sustainability. As one of the main advisory groups of the CE Council in the UAE that drives the CE implementation at the federal level FIRM A should lobby with all the national and international players and through the CPA to prioritize and support the local government in issuing the relevant policies like the use of recycled PET for the products.

For instance, starting from the policy framework FIRM A should work with the government, to proceed with the development of standards to define the use of recycled content in primary packaging. This will allow FIRM A and other peer companies to produce water bottles from rPET closing the loop and creating a circular economy model for water business.

The above should go hand in hand with the implementation of an effective EPR (i.e.: Extended Producer Responsibility) scheme, operated by an industry-led Packaging Recovery Organization and of course a significant investment in infrastructure and the development of the eco system for circularity (Material Recovery Facilities, recycling capacity and technology, and social awareness and education)

#### 5.1.4 ESG Solution across the Group

One of the significant weak points that FIRM A faces is the availability and consolidation of all ESG data in the Group. With the fast pace of acquiring new businesses FIRM A should be in the position to be able to monitor the performance across all entities. This can happen with the development and use of an ESG digital solution where all KPIs and activities will be captured, reported, monitored, and evaluated.

Only in this way FIRM A can ensure full visibility across the organisation, understanding its baseline and identifying its strong areas and its the areas of improvement for creating appropriate actions and deploying successfully the ESG agenda.

#### 5.1.5 Governance Structure

As captured by most of the interviews with the Board members and the CEO, the Board needs to be more involved in the ESG Strategy deployment. This means that they need to review on a frequent basis the ESG performance, risks and opportunities with a well-defined set of specific KPIs. These KPIs, where it is required necessary should be linked with their incentives while there should be a proper way of cascading them to the organisation by making them every time meaningful and impactful. Only then the whole eco-system will be aligned in the same direction and the same agreed deliverables.

#### 5.1.6 Targets, KPIs, short term and long terms commitments.

As the surrounding environment, key stakeholders and consumers are pushing for companies to show a commitment towards ESG, there is the need nowadays more than ever FIRM A to officially communicate internally and externally its commitments towards Sustainability, CE and ESG. As more of its peers have already committed to net zero (e.g.: Unilever, Nestle, P&G) it is vital for FIRM A to follow the same. This is something that will make FIRM A more reliable, will align with the big worldwide market players and will attract investors and consumers as they both trust more companies with a well-developed ESG performance.

These commitments should also be disclosed in the annual report and should derive from the Materiality Assessment and the data collection and evaluation that the company does on an annual basis. It goes without saying that this should relate to the available budget that FIRM A will be allocated for its Strategy

deployment and its commitments achievement.

In any case the weak communication is something that has been identified during the interviews with all key internal stakeholders and was agreed that needs to be improved.

#### 5.1.7 Closure of already identified Gaps

FIRM A should move to close all gaps already identified through the benchmark exercise and the FTSE assessments. There are areas especially related to the Environment and the Social part that need specific attention. Closing these gaps will not only help FIRM A improve its ESG performance and achieve its targets and commitments but will also improve its ESC scoring as assessed by the external agencies with the relevant benefits for the company (i.e.: attract investors and capital).

More specifically FIRM A should implement a monitoring system for all its waste effluents, should design a water stewardship Strategy as in the UAE water is one of its core businesses while at the same time needs to develop a CSR strategy that can create a shared value for the community. The Human rights part is also important to be supported with a clear plan in terms of training as well as awareness and disclosures.

#### 5.1.8 Education and awareness of all the internal key stakeholders

As indicated by the survey launched internally and raised during the various interviews conducted there is a lack of understanding of what Sustainability ESG, and CE really stand for and how important they are for the company to achieve its goals. Therefore, it is essential for FIRM A to launch an educational program so it can leverage the awareness of all key internal stakeholders. This will enable discussions across the organisation and the creation of new ideas and initiatives to be implemented across all sites and activities. Only then FIRM A would be able to see all departments moving at an harmonized pace towards the common goal of a sustainable future embedding CE elements in their operation plans.

This will directly affect the culture of the organisation, helping it to be transformed gradually into a culture where Sustainability and CE are how things are being done in FIRM A.

#### 5.1.9 Sustainability Budget

As identified during the interviews there is not a defined allocated budget for the proper deployment of the ESG strategy and all its activities.

Having an allocated budget for Sustainability and ESG is a key enabler for any Strategy or activity to be deployed successfully. There are different ways of approaching this topic. Some companies allocate a specific % of their net profit, some others a specific % of their revenues and others a specific amount with a target to increase it related to their revenue. Whatever the approach that FIRM A will select it's important to be well defined and clear for all stakeholders, so the budget is available there. Failing on the latter can lead to a complete washout of the strategy. As CEO clearly mentioned "If we are serious about Sustainability, it's clear that we need a budget for deploying the Strategy and this is something that will be requested by the board by end of the year"

#### 5.1.10 Marketing alignment across all the internal key stakeholders

Reviewing last year's sustainability report and next to interviews that took place it is observed that there is not a cross functional alignment on sustainability and new products development. There are initiatives launched from different marketing teams (i.e.: like Animal Feed, Frozen Food in Jordan,) but without having a holistic approach starting from the top level involving all key stakeholders always aligned with company's strategy Sustainability material topics and CE concept.

There is a need to develop a mechanism that will ensure that there is a clear direction and alignment between different departments like marketing, R&D and production for investigating and executing new ideas and projects incorporating always Sustainability as part of the work. This will help the proper development of products that can serve the customer and that are aligned with the market needs by equipping FIRM A with more and more products with Sustainability and CE foundations.

Ideally, FIRM A should create a matrix where all brands will be assessed against their Sustainability impacts and then, there should be identified which material topic is more relevant to which brand always taking into consideration consumers trends and external factors like the legislation. The outcome of this matrix is to prioritize the Sustainability initiatives in correlation of each brand and create a pipeline of new products in the form of an innovation in the form of reformulation.

Appendices

A Benchmark exercise

Sustainability Benchmarking Exercise



## Sustainability Framework

To determine which global trends and risk areas have the biggest impact on FIRM A, the company conducted a thorough materiality analysis. The materiality process ensured the inclusion of all its stakeholder groups to help FIRM A identify all social, environmental and economic risks. Conducting this analysis in this manner allows FIRM A to identify key issues to be covered in our reporting and to decide where to focus our resources. As a result of the below exercise is the development of a Sustainability framework.

This sustainability framework serves as FIRM A's roadmap to a sustainable future, by clearly defining FIRM A's related agenda and focus areas, guiding its business decisions, and plainly communicating how FIRM A intend to mitigate its risks and maximize its positive impact.

The framework groups FIRM A's sustainability material topics into four key pillars designed to guide everything FIRM A does and provide a foundation of the company's sustainability strategy. The framework summarizes what sustainability means for FIRM A and its stakeholders, identifying the areas that FIRM A manages and balances to ensure an inclusive, resilient and successful business.

FIRM A's sustainability strategic priorities satisfy the absolute needs of FIRM A business and its impact on society, the environment, and its economy. FIRM A focuses its efforts on both standard and customized business and sustainability actions that will result in further positioning FIRM A's commitment to growth, prosperity and well-being for all.

Below are the nineteen material topics (i.e.: topics taken from the 2021 materiality matrix as in the annual sustainability report) with the four key pillars as such:

### **Pillar 1: Fostering Diverse, Healthy and Safe Communities**

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

### **Pillar 2: Innovating and Rethinking Product Quality and Sustainability**

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

### **Pillar 3: Preserving and Protecting the Environment**

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

### **Pillar 4: Maintaining Ethical, Responsible and Profitable Business**

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



For each of these material topics, the corresponding GRI standards were identified. The results are shown in Table 1.

**Table 1: GRI Standards for Material Topics**

<b>Material Topic</b>	<b>Corresponding GRI Standard</b>
1. Product safety and quality	GRI 416 - Customer Health and Safety/ G4: Customer Health and Safety
2. Corporate governance and ethical business practices	GRI 102 - General Disclosures
3. Food waste reduction	GRI 306 - Effluents and Waste
4. Financial performance and economic contribution	GRI 201 - Economic Performance
5. Workplace health and safety	GRI 403 - Occupational Health and Safety
6. Employee development and retention	GRI 401 - Employment/GRI 404 - Training and Education
7. Packaging innovation and circular economy	GRI 301 - Material
8. Workplace diversity and equal opportunities	GRI 405 - Diversity and Equal Opportunity
9. Operational waste management	GRI 306 - Effluents and Waste
10. Responsible marketing and customer satisfaction	GRI 417 - Marketing and Labeling
11. Responsible supply chain management	GRI 308 - Supplier Environmental Assessment/GRI 414 - Supplier Social Assessment
12. Water stewardship	GRI 303 - Water and Effluents
13. Human rights	GRI 412 - Human Rights Assessment
14. Food security	GRI 413 - Local Communities
15. Employee engagement and well-being	GRI 401 - Employment/ Bi-annual employee satisfaction survey
16. Healthy products	G4: Customer Health and Safety

17. Climate change mitigation and resilience	GRI 305 - Emissions/GRI 302 - Energy
18. Community contribution and investment	GRI 413 - Local Communities
19. Biodiversity and Environmental Impact	GRI 304 - Biodiversity/GRI 307 - Environmental Compliance

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## GRI Benchmarking

A benchmarking analysis of the GRI standards reported in Table 1 was made to evaluate FIRM A's position with respect to other companies, including: Almarai, Del Monte, Coca Cola, General Mills, Majid Al Futtaim, Nestle, PepsiCo and Savola Group. The results are summarized in sections 2.1, 2.2 and 2.3 of the report at hand.

The above set of companies was decided after conducting industry and operating market research validating sustainability topics in line with FIRM A's strategy. This came with a Benchmark Analysis where initial data was gathered and where global, regional and local peers' KPI setting approach was evaluated (A review how companies are setting KPIs and achieving them)

The research came mainly by reviewing the annual sustainability reports of these companies and all material available on their internet sites. Starting from the 19 material issues that FIRM A has identified in its framework, a thorough analysis took place vis a vis the same or similar material issues that the peer companies have included in their Strategies.

It is important to mention that the analysis took place from September 2021 to January 2022.

**Economic Aspect**

**GRI 201 - Economic Performance**

GRI 201 - Economic Performance									
Disclosure	FIRM A	Almarai	Del Monte	Coca Cola	General Mills	MAF	Nestle	PepsiCo	Savola Group
GRI 201-1: Direct economic value generated and distributed	R	R	R	R	NR	NR	R	R	NR
<b>GRI 201-2*:</b> Financial implications and other risks and opportunities due to climate change	NR	R	R	R	R	NR	R	R	NR
GRI 201-3: Defined benefit plan obligations and other retirement plans	NR	R	NR	NR	R	NR	R	R	NR
GRI 201-4: Financial assistance received from government	NR	R	NR	NR	NR	NR	R	NR	NR

R: GRI disclosure is reported by said company; NR: GRI disclosure is not reported by said company

\*GRI is recommended to disclose by FIRM A

Environmental Aspect

GRI 301 – Materials

GRI 301 - Materials									
Disclosure	FIRM A	Almarai	Del Monte	Coca Cola	General Mills	MAF	Nestle	PepsiCo	Savola Group
GRI 301-1: Materials used by weight or volume	R	NR	NR	NR	NR	NR	R	NR	NR
GRI 301-2: Recycled input materials used	R	R	NR	R	R	NR	R	R	NR
GRI 301-3: Reclaimed products and their packaging materials	NR	R	NR	R	R	NR	R	NR	NR

R: GRI disclosure is reported by said company; NR: GRI disclosure is not reported by said company

GRI 302 – Energy

GRI 302 - Energy									
Disclosure	FIRM A	Almarai	Del Monte	Coca Cola	General Mills	MAF	Nestle	PepsiCo	Savola Group
GRI 302-1: Energy consumption within the organization	R	R	NR	R	R	R	R	R	R
GRI 302-2: Energy consumption outside of the organization	R	R	NR	NR	R	NR	R	NR	NR
GRI 302-3: Energy intensity	R	R	NR	R	R	R	R	NR	NR
GRI 302-4: Reduction of energy consumption	R	R	NR	R	R	R	R	R	R
GRI 302-5: Reductions in energy requirements of products	R	NR	NR	NR	NR	NR	R	NR	R

R: GRI disclosure is reported by said company; NR: GRI disclosure is not reported by said company

GRI 303 – Water and Effluents

GRI 303 - Water and Effluents									
Disclosure	FIRM A	Almarai	Del Monte	Coca Cola	General Mills	MAF	Nestle	PepsiCo	Savola Group
GRI 303-1: Interactions with water as a shared resource	R	R	R	R	R	NR	R	R	NR
<b>GRI 303-2*</b> : Management of water discharge-related impacts	NR	R	R	NR	R	NR	R	R	NR
GRI 303-3: Water withdrawal	R	R	R	NR	R	R	R	R	R
<b>GRI 303-4*</b> : Water discharge	NR	R	NR	NR	NR	NR	R	R	NR
GRI 303-5: Water consumption	R	R	NR	NR	NR	R	R	R	R

R: GRI disclosure is reported by said company; NR: GRI disclosure is not reported by said company

\*GRI is recommended to disclose by FIRM A

GRI 304 – Biodiversity

GRI 304 - Biodiversity									
Disclosure	FIRM A	Almarai	Del Monte	Coca Cola	General Mills	MAF	Nestle	PepsiCo	Savola Group
GRI 304-1: Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	R	R	NR	R	NR	NR	NR	NR	NR
GRI 304-2: Significant impacts of activities, products, and services on biodiversity	R	R	R	NR	R	NR	NR	NR	NR
GRI 304-3: Habitats protected or restored	NR	R	NR	R	R	NR	NR	NR	NR
GRI 304-4: IUCN Red List species and national conservation list species with habitats in areas affected by operations	NR	R	NR	NR	NR	NR	NR	NR	NR

R: GRI disclosure is reported by said company; NR: GRI disclosure is not reported by said company

GRI 305 – Emissions

GRI 305 – Emissions									
Disclosure	FIRM A	Almarai	Del Monte	Coca Cola	General Mills	MAF	Nestle	PepsiCo	Savola Group
GRI 305-1: Direct (Scope 1) GHG emissions	R	R	R	R	R	R	R	R	R
GRI 305-2: Energy indirect (Scope 2) GHG emissions	R	R	R	R	R	R	R	R	NR
<b>GRI 305-3*</b> : Other indirect (Scope 3) GHG emissions	NR	R	NR	R	R	R	R	R	NR
GRI 305-4: GHG emissions intensity	R	R	NR	R	R	R	R	R	NR
GRI 305-5: Reduction of GHG emissions	R	R	R	R	R	R	R	R	NR
GRI 305-6: Emissions of ozone-depleting substances (ODS)	NR	R	NR	NR	R	NR	R	R	NR
GRI 305-7: Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	NR	R	NR	NR	R	NR	R	R	NR



**R: GRI disclosure is reported by said company; NR: GRI disclosure is not reported by said company**

**\*GRI is recommended to disclose by FIRM A**

GRI 306 – Effluents and Waste

GRI 306 - Effluents and Waste									
Disclosure	FIRM A	Almarai	Del Monte	Coca Cola	General Mills	MAF	Nestle	PepsiCo	Savola Group
GRI 306-1*: Water discharge by quality and destination	NR	R	NR	R	R	NR	R	R	NR
GRI 306-2: Waste by type and disposal method	R	R	NR	NR	R	R	R	R	R
GRI 306-3*: Significant spills	NR	R	NR	NR	R	R	R	R	NR
GRI 306-4: Transport of hazardous waste	NR	R	NR	NR	R	R	R	R	NR
GRI 306-5: Water bodies affected by water discharges and/or runoff	NR	R	NR	NR	R	R	R	NR	NR

R: GRI disclosure is reported by said company; NR: GRI disclosure is not reported by said company

\*GRI is recommended to disclose by FIRM A

GRI 307 – Environmental Compliance

GRI 307 - Environmental Compliance									
Disclosure	FIRM A	Almarai	Del Monte	Coca Cola	General Mills	MAF	Nestle	PepsiCo	Savola Group
GRI 307-1: Non-compliance with environmental laws and regulations	R	R	NR	NR	R	R	R	R	R

R: GRI disclosure is reported by said company; NR: GRI disclosure is not reported by said company

GRI 308 – Supplier Environmental Assessment

GRI 308 - Supplier Environmental Assessment									
Disclosure	FIRM A	Almarai	Del Monte	Coca Cola	General Mills	MAF	Nestle	PepsiCo	Savola Group
GRI 308-1: New suppliers that were screened using environmental criteria	R	R	NR	R	R	R	R	NR	R
GRI 308-2 Negative environmental impacts in the supply chain and actions taken	R	R	NR	NR	NR	NR	R	R	NR

**R: GRI disclosure is reported by said company; NR: GRI disclosure is not reported by said company**

Social Aspect

GRI 401 – Employment

GRI 401 - Employment									
Disclosure	FIRM A	Almarai	Del Monte	Coca Cola	General Mills	MAF	Nestle	PepsiCo	Savola Group
GRI 401-1: New employee hires and employee turnover	R	R	NR	NR	NR	R	R	R	R
GRI 401-2: Benefits provided to full-time employees that are not provided to temporary or part-time employees	R	R	NR	NR	R	R	R	NR	R
GRI 401-3: Parental leave	R	R	NR	NR	NR	NR	R	NR	NR

R: GRI disclosure is reported by said company; NR: GRI disclosure is not reported by said company

GRI 403 – Occupational Health and Safety

<b>GRI 403 - Occupational Health and Safety</b>									
<b>Disclosure</b>	<b>FIRM A</b>	<b>Almarai</b>	<b>Del Monte</b>	<b>Coca Cola</b>	<b>General Mills</b>	<b>MAF</b>	<b>Nestle</b>	<b>PepsiCo</b>	<b>Savola Group</b>
GRI 403-1: Occupational health and safety management system	R	NR	NR	NR	R	R	R	NR	R
GRI 403-2: Hazard identification, risk assessment, and incident investigation	R	NR	R	R	R	NR	R	R	R
GRI 403-3: Occupational health services	R	NR	NR	NR	NR	NR	R	NR	R
GRI 403-4: Worker participation, consultation, and communication on occupational health and safety	R	NR	NR	NR	R	NR	R	NR	R
GRI 403-5: Worker training on occupational health and safety	R	NR	NR	NR	NR	NR	R	NR	R

GRI 403-6: Promotion of worker health	R	NR	NR	NR	NR	NR	R	NR	R
GRI 403-7: Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	R	NR	NR	NR	NR	NR	R	NR	R

R: GRI disclosure is reported by said company; NR: GRI disclosure is not reported by said company

<b>GRI 403 - Occupational Health and Safety</b>									
<b>Disclosure</b>	<b>FIRM A</b>	<b>Almarai</b>	<b>Del Monte</b>	<b>Coca Cola</b>	<b>General Mills</b>	<b>MAF</b>	<b>Nestle</b>	<b>PepsiCo</b>	<b>Savola Group</b>
GRI 403-8: Workers covered by an occupational health and safety management system	R	NR	NR	NR	NR	NR	R	NR	R
GRI 403-9: Work-related injuries	R	R	NR	NR	NR	R	R	NR	R
GRI 403-10: Work-related ill health	NR	NR	NR	NR	NR	NR	R	NR	NR

R: GRI disclosure is reported by said company; NR: GRI disclosure is not reported by said company

GRI 404 – Training and Education

GRI 404 - Training and Education									
Disclosure	FIRM A	Almarai	Del Monte	Coca Cola	General Mills	MAF	Nestle	PepsiCo	Savola Group
GRI 404-1: Average hours of training per year per employee	NR	R	NR	NR	NR	R	R	NR	R
GRI 404-2: Programs for upgrading employee skills and transition assistance programs	R	R	R	NR	R	R	R	R	R
GRI 404-3: Percentage of employees receiving regular performance and career development reviews	R	R	NR	NR	R	R	R	NR	R

R: GRI disclosure is reported by said company; NR: GRI disclosure is not reported by said company



GRI 405 – Diversity and Equal Opportunity

<b>GRI 405 - Diversity and Equal Opportunity</b>									
<b>Disclosure</b>	<b>FIRM A</b>	<b>Almarai</b>	<b>Del Monte</b>	<b>Coca Cola</b>	<b>General Mills</b>	<b>MAF</b>	<b>Nestle</b>	<b>PepsiCo</b>	<b>Savola Group</b>
GRI 405-1: Diversity of governance bodies and employees	R	R	R	R	R	R	R	R	R
GRI 405-2: Ratio of basic salary and remuneration of women to men	R	NR	NR	NR	NR	NR	R	R	NR

R: GRI disclosure is reported by said company; NR: GRI disclosure is not reported by said company

GRI 412 – Human Rights Assessment

<b>GRI 412 - Human Rights Assessment</b>									
<b>Disclosure</b>	<b>FIRM A</b>	<b>Almarai</b>	<b>Del Monte</b>	<b>Coca Cola</b>	<b>General Mills</b>	<b>MAF</b>	<b>Nestle</b>	<b>PepsiCo</b>	<b>Savola Group</b>
GRI 412-1: Operations that have been subject to human rights reviews or impact assessment	R	R	R	R	R	R	R	R	NR

<b>GRI 412-2*</b> : Employee training on human rights policies or procedures	NR	R	NR	NR	NR	R	R	R	NR
GRI 412-3: Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	R	R	NR	NR	R	R	R	NR	NR

R: GRI disclosure is reported by said company; NR: GRI disclosure is not reported by said company

\*GRI is recommended to disclose by FIRM A

GRI 413 – Local Communities

<b>GRI 413 - Local Communities</b>									
<b>Disclosure</b>	<b>FIRM A</b>	<b>Almarai</b>	<b>Del Monte</b>	<b>Coca Cola</b>	<b>General Mills</b>	<b>MAF</b>	<b>Nestle</b>	<b>PepsiCo</b>	<b>Savola Group</b>
GRI 413-1: Operations with local community engagement, impact assessments, and development programs	R	R	R	R	R	R	R	NR	R
GRI 413-2: Operations with significant actual and potential	NR	R	NR	NR	NR	NR	R	NR	R

negative impacts on local communities									
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R: GRI disclosure is reported by said company; NR: GRI disclosure is not reported by said company

GRI 414 – Supplier Social Assessment

GRI 414 - Supplier Social Assessment									
Disclosure	FIRM A	Almarai	Del Monte	Coca Cola	General Mills	MAF	Nestle	PepsiCo	Savola Group
GRI 414-1: New suppliers that were screened using social criteria	R	R	NR	R	R	NR	R	NR	NR
GRI 414-2: Negative social impacts in the supply chain and actions taken	R	R	NR	NR	R	NR	R	R	NR

R: GRI disclosure is reported by said company; NR: GRI disclosure is not reported by said company

GRI 416 – Customer Health and Safety

GRI 416 - Customer Health and Safety
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Disclosure	FIRM A	Almarai	Del Monte	Coca Cola	General Mills	MAF	Nestle	PepsiCo	Savola Group
GRI 416-1: Assessment of the health and safety impacts of product and service categories	R	R	R	NR	R	NR	R	R	R
GRI 416-2: Incidents of non-compliance concerning the health and safety impacts of products and services	R	NR	NR	R	R	NR	R	NR	R
<b>G4 Aspect-FP5*</b> : Customer Health and Safety	NR	R	NR	NR	R	NR	R	NR	NR
<b>G4 Aspect-FP6*</b> : Customer Health and Safety	NR	NR	NR	NR	R	NR	R	NR	NR
<b>G4 Aspect-FP7*</b> : Customer Health and Safety	NR	NR	NR	NR	R	NR	R	NR	NR

R: GRI disclosure is reported by said company; NR: GRI disclosure is not reported by said company

\*GRI is recommended to disclose by FIRM A

GRI 417 – Marketing and Labeling

GRI 417 - Marketing and Labeling									
Disclosure	FIRM A	Almarai	Del Monte	Coca Cola	General Mills	MAF	Nestle	PepsiCo	Savola Group
GRI 417-1: Requirements for product and service information and labeling	R	R	R	NR	R	NR	R	R	NR
GRI 417-2: Incidents of non-compliance concerning product and service information and labeling	R	R	NR	NR	NR	NR	R	NR	NR
GRI 417-3: Incidents of non-compliance concerning marketing communications	R	R	NR	NR	NR	NR	R	R	NR

**R: GRI disclosure is reported by said company; NR: GRI disclosure is not reported by said company**

## GRI Recommended to be Disclosed

Based on sections 2.1, 2.2 and 2.3 of the report, it is recommended that FIRM A reports the following additional GRI.

### GRI 201-2: Financial implications and other risks and opportunities due to climate change

This disclosure includes a description of risks and opportunities posed by climate change that have the potential to generate substantive changes in operations, revenue, or expenditure, including:

- a description of the risk or opportunity and its classification as either physical, regulatory, or other
- a description of the impact associated with the risk or opportunity
- the financial implications of the risk or opportunity before action is taken
- the methods used to manage the risk or opportunity
- the costs of actions taken to manage the risk or opportunity

According to the GRI Standards report, methods used to manage the risk or opportunity can include:

- carbon capture and storage
- fuel switching
- use of renewable and lower carbon footprint energy
- improving energy efficiency
- flaring, venting, and fugitive emission reduction
- renewable energy certificates
- use of carbon offsets

Regarding this disclosure, Almarai outlines how they improved their energy performance through efficient energy consumption and generation from sustainable sources. Del Monte discusses the variety of sustainability initiatives implemented to create new opportunities because of climate change, such as increased temperatures, less reliable water supplies, and more extreme weather. These initiatives include: developing drought- and pest-resilient varieties through our seed growing program.

It is recommended that FIRM A reports numbers related to energy efficiency and methods done to improve energy efficiency.

### GRI 303-2: Management of water discharge-related impacts

This disclosure includes a description of any minimum standards set for the quality of effluent discharge, and how these minimum standards were determined, including:

- how standards for facilities operating in locations with no local discharge requirements were determined
- any internally developed water quality standards or guidelines
- any sector-specific standards considered
- whether the profile of the receiving waterbody was considered

#### GRI 303-4: Water discharge

This disclosure includes:

Total water discharge to all areas in megaliters, and a breakdown of this total by the following types of destination, if applicable:

- Surface water
- Groundwater
- Seawater

Third-party water, and the volume of this total sent for use to other organizations, if applicable.

A breakdown of total water discharge to all areas in megaliters by the following categories:

- Freshwater ( $\leq 1,000$  mg/L Total Dissolved Solids)
- Other water ( $> 1,000$  mg/L Total Dissolved Solids)

Total water discharge to all areas with water stress in megaliters, and a breakdown of this total by the following categories:

- Freshwater ( $\leq 1,000$  mg/L Total Dissolved Solids)
- Other water ( $> 1,000$  mg/L Total Dissolved Solids)

Priority substances of concern for which discharges are treated, including:

- how priority substances of concern were defined, and any international standard, authoritative list, or criteria used
- the approach for setting discharge limits for priority substances of concern
- number of incidents of non-compliance with discharge limits

Any contextual information necessary to understand how the data have been compiled, such as any standards, methodologies, and assumptions used.

It is recommended that FIRM A reports the volume of water discharge (m<sup>3</sup>) as a KPI.

GRI 305-3: Other indirect (Scope 3) GHG emissions:

This disclosure includes other indirect (Scope 3) GHG emissions are a consequence of an organization's activities, but occur from sources not owned or controlled by the organization. Other indirect (Scope 3) GHG emissions include both upstream and downstream emissions. Some examples of Scope 3 activities include extracting and producing purchased materials; transporting purchased fuels in vehicles not owned or controlled by the organization; and the end use of products and services.

- Upstream categories:
  - Purchased goods and services
  - Capital goods
  - Fuel- and energy-related activities (not included in Scope 1 or Scope 2)
  - Upstream transportation and distribution
  - Waste generated in operations
  - Business travel
  - Employee commuting
  - Upstream leased assets
- Downstream categories
  - Downstream transportation and distribution
  - Processing of sold products
  - Use of sold products
  - End-of-life treatment of sold products
  - Downstream leased assets
  - Franchises
  - Investments

It is recommended that FIRM A reports the scope 3 emissions from FIRM A refrigerators in stores (metric tons CO<sub>2</sub>e) as a KPI as is done by Almarai.

#### GRI 306-1: Water discharge by quality and destination

This disclosure includes:

Total volume of planned and unplanned water discharges by:

- destination
- quality of the water, including treatment method



- whether the water was reused by another organization
- Standards, methodologies, and assumptions used

It is recommended that FIRM A reports the volume of water discharge (m<sup>3</sup>) as a KPI.

#### GRI 306-3: Significant spills

This disclosure includes:

Total number and total volume of recorded significant spills

The following additional information for each spill that was reported in the organization's financial statements:

- Location of spill
- Volume of spill
- Material of spill, categorized by: oil spills (soil or water surfaces), fuel spills (soil or water surfaces), spills of wastes (soil or water surfaces), spills of chemicals (mostly soil or water surfaces), and other (to be specified by the organization)
- Impacts of significant spills

It is recommended that FIRM A reports the number of significant spills if any occur and the measures taken to control them if they occur as a KPI.

#### GRI 412-2: Employee training on human rights policies or procedures

This disclosure includes:

- Total number of hours in the reporting period devoted to training on human rights policies or procedures concerning aspects of human rights that are relevant to operations.
- Percentage of employees trained during the reporting period in human rights policies or procedures concerning aspects of human rights that are relevant to operations.

It is recommended that FIRM A reports the number of employees trained on human rights and the number of training hours on human rights as KPIs.

#### G4 Aspect-FP5: Customer health and safety

This disclosure includes the percentage of production volume manufactured in sites certified by an independent third party according to internationally recognized food safety management system standards. The potential adverse health effects of consuming unsafe food are widely known. Internationally recognized food safety management systems have been developed to help food processing companies avoid the risks of unsafe food reaching consumers. This indicator will enable companies to report on the extent to which they are ensuring the safety of their products by disclosing the extent of their implementation of food safety management systems.

It is recommended that FIRM A reports the percentage of production volume manufactured in sites certified by an independent third party according to internationally recognized food safety management system standards as a KPI.

#### G4 Aspect-FP6: Customer health and safety

This disclosure includes the percentage of total sales volume of consumer products, by product category, that are lowered in saturated fat, trans fats, sodium and added sugars. According to the World Health Organization, obesity has reached global epidemic levels. Being overweight or obese puts people at increased risk for the development of chronic diseases such as diabetes, cardiovascular disease and certain cancers. One of the main contributors is increased consumption of foods that are high in energy, fats or sodium and/or added sugars. This indicator will allow companies to report on the extent to which their product range is improved for the health of their consumers.

It is recommended that FIRM A reports the percentage of total sales volume of consumer products, by product category, that are lowered in saturated fat, trans fats, sodium and added sugars as a KPI.

#### G4 Aspect-FP7: Customer health and safety

This disclosure includes the percentage of total sales volume of consumer products, by product category, that contain increased nutritious ingredients like fiber, vitamins, minerals, phytochemicals or functional food additives. This indicator will demonstrate the extent to which food processing companies have improved their product formulation or launched new products to bring about an improvement in the health of consumers.

It is recommended that FIRM A reports the percentage of total sales volume of consumer products, by product category, that contain increased nutritious ingredients like fiber, vitamins, minerals (%) phytochemicals or functional food additives as a KPI.

### 3. KPI Benchmarking

#### 3.1. Economic Aspect

##### 3.1.1. KPIs for GRI 201- Economic Performance

###### FIRM A (2020):

- Net revenue: 2.06 AED billion
- EBITDA: 168 AED million
- Net profit: 34.5 AED million
- Cash from operations: 301.3 AED million
- Capital expenditure and investments: 71 AED million
- Group headcount: 4,162
- Assets: 3.14 AED billion
- Cash and bank balances: 775.5. AED million
- Borrowings: 536 AED million
- Equity: 1.9 AED billion
- R&D expenditure: 7.4 AED million
- CSR spending: 0.8 AED million

###### Almarai (2020):

- Total sales (SAR million): 15,357
- Net profit (SAR million): 1,984
- Operating cash flow (SAR million): 4,203
- Free cash flow (SAR million): 2,830
- CAPEX (SAR million): 969
- Total headcount ('000): 41,222

###### Coca Cola (2019):

- Net operating revenues (in millions): \$ 37,266
- Consolidated net income (in millions): \$ 8,985
- Total assets (in millions): \$ 86,381
- Long-term debt (in millions): \$ 27,516
- Organic revenue growth:6%
- Operating income growth:13%
- Diluted net income per share growth:9%
- Adjusted free cash flow conversion rate: 96%

###### Nestle (2020):

- Net profit: 12,609 CHF million
- Products meeting or exceeding Nestlé Nutritional Foundation profiling criteria (as % of total sales): 80.5%
- Free cash flow was CHF 10.2 billion.
- Return on invested capital increased by 240 basis points to 14.7%.
- Total sales: 84,343 CHF million

## 3.2. Environmental Aspect

### 3.2.1. KPIs for GRI 301- Material

FIRM A (2020):

- Reduced the weight of paper-based packaging by 30% and the weight of plastics packaging by 10%
- Amount of recycled materials going into packaging: 35%

Almarai (2019):

- No reclaimed products are used to produce our products.
- Percentage of card board coming from recycled materials used as an input material in GCC: 65%
- Plastics removed from packaging: 2,945 tons
- Paper removed from packaging: 902 tons
- Total packaging removed from the consumer waste stream: 3,847 tons

Coca Cola (2019):

- Percentage of recycled material in our packaging: 20%
- Percentage of packaging sold recovered, taking additional packaging types into consideration: 60%
- Percentage of packaging recyclable globally: 88%

Nestle (2020):

- Raw materials used 25 million ton
- Materials for packaging purposes 4.46 million ton
- Percentage of reusable or recyclable material in packaging by weight: 88%

### 3.2.2. KPIs for GRI 302 - Energy

FIRM A (2020):

- Diesel Consumption: 389.86 TJ
- Natural Gas Consumption: 31 TJ
- Electricity: 417.63 TJ
- Total Direct Energy Consumption: 420.86 TJ
- Total Indirect Energy Consumption: 417.63 TJ
- Total Energy Consumption: 838.49TJ
- Direct Energy Intensity: 0.19 GJ/ton of production
- Indirect Energy Intensity: 0.19 GJ/ton of production
- Total Energy Intensity: 0.38 GJ/ton of production

Almarai (2019):

- Direct stationary energy usage: 892,896 thousands kWh
- Indirect stationary energy usage: 1,090,750 thousands kWh
- Total stationary energy usage: 1,983,646 thousands kWh
- Solar energy usage: 22,393 thousands kWh
- Manufacturing energy intensity 521.7 kWh/metric ton of finished product

Coca Cola (2019):

- Total Energy Use: 11,758.9 megajoules (in millions)

- Energy Use Ratio: 0.54 megajoules per liter of product

General Mills (2019):

- Energy usage rate (GJ/metric ton of product): 1.89
- Energy usage (GJ): 9,287
- Direct energy usage by primary source (GJ): 5,273
- Indirect energy usage (electricity) (GJ): 4,014

Nestle (2020):

- Total on-site energy consumption 87 petajoules
- Total on-site energy consumption 1.69 gigajoules per ton of product
- Total on-site energy consumption from renewable sources 22.8 % total
- Total direct energy consumption 59.1 petajoules
- Total direct energy consumption from renewable sources 12 % total direct
- Total indirect energy consumption 62.1 petajoules

Savola Group (2019):

- Afia Fuel reduction: 1,012,586 Liters
- Afia Diesel consumption: 10,607,048 Liters
- Afia energy consumption: Electricity 55,048,260 kWh and Steam 100,243 MT

### 3.2.3. KPIs for GRI 303 - Water and Effluents

FIRM A (2020):

- Total Water Consumption: 2,285,217 m<sup>3</sup>
- Water Intensity Ratio: 1.04 m<sup>3</sup>/ton of production
- Almarai (2019):
- Water withdrawal: 13,643,999 m<sup>3</sup>
- Water recycling and reuse: 1,859,214 m<sup>3</sup>
- Percentage of water recycled and/or reused: 13.6%
- Total water consumption: 15,503,213 m<sup>3</sup>
- Water discharge: 9,081,252 m<sup>3</sup>
- Manufacturing water intensity: 5.3 m<sup>3</sup>/metric ton of finished product

Coca Cola (2019):

- Water use ratio: 1.88
- Total water withdrawn: 40,375 megaliters
- Water consumption: 23,889 megaliters

Del Monte (2018):

- Fresh water used at del monte U.S. Production facilities, distribution centers and research locations 1.374 millions of gallons
- Reduced water use across these sites by 20%

General Mills (2019):

- Water withdrawal (cubic meters): 12,950

Nestle (2020):

- Total water withdrawal: 115 million m<sup>3</sup>
- Total water withdrawal: 2.28 m<sup>3</sup> per ton of product

- Total water withdrawal from all areas with water stress (water supplied by a third party if applicable): 10,022 Megaliters
- Total freshwater withdrawal from all areas with water stress (surface water): 1,157 Megaliters
- Total freshwater withdrawal from all areas with water stress (groundwater) 16,871 Megaliters
- Total other (non-freshwater) water withdrawal from all areas with water stress (surface water): 0
- Total other (non-freshwater) withdrawal from all areas with water stress (groundwater): 0
- Total freshwater withdrawal from all areas with water stress (third-party water): 10,022 Megaliters
- Total other (non-freshwater) water withdrawal from all areas with water stress (third-party water): 0
- Total freshwater discharge to all areas: 59,218 Megaliters
- Total other (non-freshwater) water discharge to all areas: 0
- Total freshwater discharge to all areas with water stress: 12,031 Megaliters
- Total other (non-freshwater) water discharge to all areas with water stress: 0
- Direct water withdrawal reduction, % variation since 2010 per ton of product in our manufacturing operations: 32%

Savola Group (2019):

- Afia water consumption: 294,058 m<sup>3</sup>
- Afia total volume of water discharged: 20,301 m<sup>3</sup>

### 3.2.4. KPIs for GRI 304 - Biodiversity

FIRM A (2020):

- Number of sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas: 0 (number is not clearly stated)
- Number of activities, products, and services that had a significant impact on biodiversity: 0 (number is not clearly stated)

Almarai (2019):

- Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas: Zero to their knowledge.
- Significant impacts of activities, products, and services on biodiversity: Zero to their knowledge
- Habitats protected or restored: Zero to their knowledge
- IUCN Red List species and national conservation list species with habitats in areas affected by operations: Zero to their knowledge

### 3.2.5. KPIs for GRI 305 - Emissions

FIRM A (2020):

- Direct Scope 1 Emissions: 28,010 MT of CO<sub>2</sub>
- Indirect Scope 2 Emissions: 106,337 MT of CO<sub>2</sub>

- Total Emissions: 134,344 MT of CO<sub>2</sub>
- Direct Scope 1 Emissions Intensity: 12.81 kg of CO<sub>2</sub>/ ton of production
- Indirect Scope 2 Emissions Intensity: 48.61 kg of CO<sub>2</sub>/ ton of production
- Total Emissions Intensity: 61.42 KG of CO<sub>2</sub>/ ton of production
- Total reduction in GHG emissions intensity: 6%

Almarai (2019):

- Scope 1 (direct) emissions: 1,032,452 metric tons CO<sub>2</sub>e
- Scope 2 (indirect) emissions: 865,146 metric tons CO<sub>2</sub>e
- Scope 3 emissions from Almarai refrigerators in stores: 827,246 metric tons CO<sub>2</sub>e
- Total emissions: 2,724,844 metric tons CO<sub>2</sub>e
- Manufacturing emissions intensity: 0.29 metric tons CO<sub>2</sub>e/metric ton of finished product
- Emissions from refrigerant leakage and replacement: 200,380 metric tons CO<sub>2</sub>e

Coca Cola (2019):

- Direct, from manufacturing sites: 1.83 metric tons (in millions)
- Indirect, from electricity purchased and consumed (without energy trading) at manufacturing sites: 3.73 metric tons (in millions)
- Indirect, from electricity purchased and consumed (without energy trading) at manufacturing sites (using GHG protocol market-based method): 3.88 metric tons (in millions)
- Total, from manufacturing sites: 5.56 metric tons (in millions)
- Total, from manufacturing sites (using GHG protocol market-based method): 5.71 metric tons (in millions)
- Emissions Ratio: 34.74 gCO<sub>2</sub> /L

Del Monte (2018):

- Scope 1: from fuel consumption 78,000 MT CO<sub>2</sub>e
- Scope 2: from production of electricity/steam consumed 71,000 MT CO<sub>2</sub>e
- General Mills (2020):
- GHG emissions rate (metric tons CO<sub>2</sub>e/metric tons of product): 0.16
- Scope 1 (metric tons CO<sub>2</sub>e): 274
- Scope 2 (metric tons CO<sub>2</sub>e): 511
- GHG emissions across the value chain by Scope 1 (metric tons CO<sub>2</sub>e): 301,000
- GHG emissions across the value chain by Scope 2 (metric tons CO<sub>2</sub>e): 413,000
- GHG emissions across the value chain by Scope 3 (metric tons CO<sub>2</sub>e): 14,600,000
- GHG emissions from renewables (not in Scope 1 or 2): 32
- Decrease in greenhouse gas emissions footprint: 14% compared to 2010
- Emissions of ozone-depleting substances (ODS): Ozone-depleting substances (ODS) are most commonly used in small quantities for closed loop refrigeration systems and occasional fumigation activities. ODS emissions are strictly regulated.
- Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions: Air emissions primarily include particulate matter and organic compounds from ingredient handling, cooking and drying, as well as emissions associated with fuel combustion. GM production facilities are governed by applicable regulations as well as GM compliance

management program.

Nestle (2020):

- Direct GHG emissions 3.3 million ton CO<sub>2</sub>eq
- Direct GHG emissions 64 kg CO<sub>2</sub>eq per ton of product
- Indirect GHG emissions 1.9 million ton CO<sub>2</sub>eq
- Indirect GHG emissions 37 kg CO<sub>2</sub>eq per ton of product
- Reduction in greenhouse gas emissions per ton of product since 2010: 37%

Savola Group (2019):

- Emissions Scope 1 reduction: 21,445 tons CO<sub>2</sub>eq

### 3.2.6. KPIs for GRI 306 - Effluents and Waste

FIRM A (2020)

- Total Non-Hazardous Waste: 18,456 MT
- Percentage of recycled waste: 87.9%
- Percentage of landfilled waste: 12.1%
- Kg of waste per ton of production: 5.71

Almarai (2019):

- Significant spills: 0
- Transport of hazardous waste: Any waste classified by local regulations as hazardous is transported from sites by authorized third-parties
- Water bodies affected by water discharges and/or runoff: 0
- Food waste resold for animal feed: 40,086 metric tons
- Recycled waste: 22,309 metric tons
- Total waste generated: 209,439 metric tons
- Waste sent to landfill: 152,887 metric tons
- Percentage of waste sent to landfill: 73%

Coca Cola (2019):

- Wastewater Discharged: 16, 486 megaliters
- Water returned to nature and communities: 273.7 billions of liters
- Total Waste Generated in 2017 : 1,360.5 kg (in millions) (2019 not available)
- Total Waste Ratio in 2017: 9.42 grams per liter (2019 not available)
- Total Waste Recovered in 2017: 1,181.3 kg (in millions) (2019 not available)
- Waste Recycling Percent in 2017: 86% (2019 not available)

General Mills (2020):

- Solid waste generation rate (metric tons/metric ton of product): 0.062
- Solid waste (metric tons): 292
- Percentage of owned production facilities that achieved zero waste to landfill: 24%
- Water discharge by quality and destination: General Mills does not discharge untreated sanitary wastewater to land or surface waters at any of our locations. Wastewater discharge primarily consist of organic matter from ingredient handling, food production and cleaning processes. General Mills production facilities are governed by applicable regulations as well as our compliance management program.



- Significant spills: There were no significant spills at General Mills manufacturing locations during the reporting period.
- Transport of hazardous waste: The quantity of hazardous waste produced and shipped is insignificant relative to the amount of solid waste generated at General Mills. Hazardous waste shipping and disposal is restricted by government regulations.
- Water bodies affected by water discharges and/or runoff: No water bodies are significantly affected by company discharges. General Mills production facilities are governed by applicable regulations as well as General Mills compliance management program.

#### Nestle (2020)

- Total water discharge 59 million m<sup>3</sup>
- Total water discharge 1.15 m<sup>3</sup> per ton of product
- Average quality of water discharged 60 mg COD/l
- By-products 31.5 kg per ton of product
- Waste for disposal 0.1 kg per ton of product
- Percentage of factories that have now reached zero waste for disposal status: 95%

#### Savola Group (2019):

- Afia waste produced: 126.413 MT

### 3.2.7. KPIs for GRI 307 - Environmental Compliance

#### FIRM A (2020):

- Number of incidents related to non-compliance with environmental laws and regulations: 0

#### Almarai (2019):

- One incident in Egypt related to the installation and commissioning of the water treatment plant. Corrective actions were taken to renew permit and the issue was resolved with no fines incurred.

#### General Mills (2020):

- Noncompliance with environmental laws and regulations: General Mills incurred 5 Notices of Violations (NOVs) and no significant fines during the reporting period.

#### Nestle (2020):

- There was one non-monetary sanction for noncompliance with environmental laws and regulations in 2020.
- There are no events or penalties to report as significant fines for noncompliance with laws and regulations. (Threshold for a significant fine is CHF 10 million)

#### Savola Group (2019):

- Non-compliance with environmental laws and regulations: no incidents

### 3.2.8. KPIs for GRI 308 - Supplier Environmental Assessment

#### FIRM A (2020):

- Number of approved suppliers (direct materials/co-manufacturers): 586
- Number of total suppliers screened (self-assessment questionnaires - new and Reassessed): 114
- The number of suppliers that undergone a site audit (year total): 23

- Percentage of total suppliers screened: 100%
- Number of suppliers declined/not approved: 5
- Percentage of major non-compliant gaps with corrective actions implemented: 100%

Almarai (2019):

- Percentage of purchased volume from suppliers compliant with company's sourcing policy: in GCC NIA and in Egypt 100%
- New suppliers that were screened using social and/or environmental criteria: 48

### 3.3. Social Aspect

#### 3.3.1. KPIs for GRI 401 - Employment

FIRM A (2020):

- Full-time employees in UAE: 3,079
- Total newly hired employees: 128
- Turnover rate: 5.7%
- Full-time employees by gender employees: 94.5% males, 5.4% females
- Newly hired employees by gender: 90% males, 10% females
- Turnover by gender: 5.8% for males, 4.3% for females
- Full-time employees by age groups: under 30 years: 23%, between 30 – 50: 68%, above 50: 9%
- Newly hired employees by age groups: under 30 years: 40%, between 30 – 50: 59%, above 50: 2%
- Annual leave of 25 working days per year, emergency health leaves of three days a year not requiring a medical report, sick leave, compassionate (bereavement) leave, study leave, wedding (marriage) leave, medical escort leave, Haj leave, maternity leave of 60 calendar days and three days' paternity leave. In addition, employees have the option to carry-forward unclaimed leave days.

Almarai (2019):

- New employee hires, female: 225 (3.7%)
- Voluntary employee turnover, age 18-30: 2,190 (44.8%)
- Voluntary employee turnover, age 31-50: 2,471 (50.6%)
- Voluntary employee turnover, age 51+: 224 (4.6%)
- Voluntary employee turnover, male: 4,731 (96.8%)
- Voluntary employee turnover, female: 154 (3.2%)
- All employees are entitled to benefits, such as medical insurance (life assurance is provided for senior management), annual leave, and full-time employees receive housing or a housing allowance and transportation.
- Number of female employees entitled to maternity leave: 425
- Number of female employees that took parental leave: 46
- Number of female employees that returned to work in the reporting period after parental leave ended: 37
- Number of female employees that returned to work after parental leave ended that were still employed 12 months after their return to work: 33

- Female employee return to work rate of employees that took parental leave: 80%
- Female employee retention rate of employees that took parental leave: 72%

Nestle (2020):

- Total number and rate (percentage) of new employee hires by age group and gender:
- For women: <30: 12; 754 (53%); between 30–50: 9,324 (15%); 50+: 1,459 (9%)
- For men: <30: 16,627 (54%); between 30–50: 11,786 (11%); 50+: 1,610 (5%)
- Total number and rate (percentage) of employee turnover by age group and gender:
- For women: between 0–19: 960 (109%); between 20–29: 8,777 (37%); between 30–39: 6,241 (18%); between 40–49: 3,904 (15%); 50–59: 1,991 (15%); 60–69 950 (33%)
- For men: between 0–19: 648 (92%); between 20–29: 11,247 (38%); between 30–39: 8,503 (14%); between 40–49: 4,402 (10%); between 50–59: 2900 (10%); between 60–69: 1,842 (32%)
- Number of employees entitled to parental leave, by gender: 101,149 women; 167,188 men
- Number of employees who took parental leave, by gender: 46,154 women; 21,454 men
- Number of employees who returned to work after parental leave ended: 35,594 women; 20,463 men
- Number of employees who returned to work after parental leave ended who were still employed 12 months after their return to work: 9,750 women; 7,584 men

Savola Group (2019):

- Male full-time employees by age group: below 30: 5,640; between 30 – 50: 11,451; above 50: 937
- Female full-time employees by age group: below 30: 457; between 30 – 50: 728; above 50: 47

### 3.3.2. KPIs for GRI 403 - Occupational Health and Safety

FIRM A (2020):

- HSE audits across the group: 91.2%
- Number of employees at health and safety committees: 102
- Number of Lost Time Injuries (LTIs): 11
- Number of lost days from LTIs: 110
- Lost Time Injury Frequency Rate (LTIFR): 1.23
- Number of fatalities: 1
- Number of near misses: 2,651
- Vehicle collision rate (Collision/Million KM): 0.9
- Vehicle violation rate (Violation/Million KM): 6.2
- Number of Collisions: 36
- Number of Violations: 236
- Vehicles Audits Score: 80.1
- Total health and safety training hours: 17,894
- Number of toolbox trainings attendees: 2,390
- Average health and safety training hours per employee: 4.8

Almarai (2019):

- Number of employee lost time injuries: 248
- Contractor lost-time injuries: 3
- Employee rate of lost-time injury (per 1 million man-hours) in GCC: 1.87
- Hours of employee health and safety training: 375,932
- Hours of contractor health and safety training: 7,351
- Average hours of health and safety training per employee: 9.2
- Average hours of health and safety training per contractor: 4.5
- Employee absenteeism rate in GCC: 4.9%

Coca Cola (2019):

- Lost-time incident rate: 0.32

Del Monte (2018):

- Total Incident Rate (TIR): 2.62
- Incurred cost: \$0.12 per hour worked.

General Mills (2020):

- Global total injury rate: 0.89 injuries per 100 employees

Nestle (2020):

- Total number of fatalities (employees, on-site contractors and on-site members of public): 3
- Total recordable illnesses rate for employees, on-site contractors and on-site members of public (per million hours worked): 1.1
- Recordable injury rate (per million hours worked): 1.28
- Externally reported fatalities by victim status: Employees on-site: 2; Employees off-site: 2; Contractors on-site: 1; Members of public on-site: 0

Savola Group (2019):

- Overall training hours on health and safety issues: 756.74

### 3.3.3. KPIs for GRI 404 - Training and Education

FIRM A (2020):

- Average hours of training per year per employee is not reported.
- FIRM A's performance management tool (PDR) ensures that employees' performance is periodically gaged while making sure that good performance is properly rewarded. In addition, our entire workforce undergoes yearly performance and career development reviews with a consistent rate of 100%.

Almarai (2019):

- Total hours of training provided: 630,551
- Average hours of training per employee: 15.1
- Learning and development programs - GCC only: 1,949
- Programs for upgrading employee skills and transition assistance programs: they do not currently have any transition assistance programs. Common practice within our GCC operations is to train and redeploy workers within the business.
- Percentage of employees receiving regular performance and career development review:

100%, excluding USA and Argentina

Del Monte (2018):

- Eligible employees may receive up to \$5,250 annually in financial assistance for approved courses of study at accredited educational institutions.
- For our hourly employees, 50 training programs are offered annually.

Nestle (2020):

- Average hours of training per year per employee: 14.3 hours

### 3.3.4. KPIs for GRI 405 - Diversity and Equal Opportunity

FIRM A (2020):

- Full-time employees by age groups: under 30 years: 23%, between 30 – 50: 68%, above 50: 9%
- Newly hired employees by age groups: under 30 years: 40%, between 30 – 50: 59%, above 50: 2%
- Female Employees in Non-Management Positions: 18%
- Female Employees in Management Positions: 4%
- Percentage of Expat Employees: 94%
- Percentage of Local Employees: 6%
- Number of nationalities working for FIRM A: 57

Almarai (2019):

- Female employment rate: 2.2%
- Women in senior management: 11 (3.5%)
- Women in middle management: 65 (4.4%)
- Women in non-management positions: 849 (2.1%)
- Board seats occupied by women: 2 (22.2%)
- Number of employees with a disability: 508
- Number of formal incidents of discrimination reported: 0

Coca Cola (2019):

- Women at the Mid-level Professional: 48.4%
- Women at Senior Leadership: 33.5%

Del Monte (2018):

- Senior Managers, 31 to 50 years old: 24% males, 10% females
- Senior Managers, above 50 years old: 57% males, 10% females
- Managers, under 30 years old: 55% males, 45% females
- Managers, 31 to 50 years old: 59% males, 41% females
- Managers, above 50 years old: 72% males, 28% females
- Supervisors, under 30 years old: 69% males, 31% females
- Supervisors, 31 to 50 years old: 58% males, 42% females
- Supervisors, above 50 years old: 67% males, 33% females
- Rank and File, under 30 years old: 70% males, 30% females
- Rank and File, 31 to 50 years old: 71% males, 29% females
- Rank and File, above 50 years old: 60% males, 40% females

#### General Mills (2020):

- Board of Directors diversity (% of total): Male 58%; Female 42%; Black 17%; Hispanic 17%; Age 50+ 100%
- 50% of professional positions and 35% of company officer positions are held by women globally
- Percentage of women in: Total global workforce 46%; Global professional positions 50%; Total U.S. workforce 43%; Company officer positions 35%; Management team 23%; Board of Directors 42%

#### Nestle (2020):

- Senior leadership positions by gender: women 29.6%; men 70.4%
- Leadership positions by gender: women 43.2%; men 56.8%
- Total workforce by age group: between 0–19: 1%; between 20–29: 20%; between 30–39: 35%; between 40–49: 26%; between 50–59: 15%; between 60–69: 3%
- Part-time employees by age group (percentage of the total number): between 0–19: 2%; between 20–29: 23%; between 30–39: 24%; between 40–49: 24%; between 50–59: 19%; between 60–69: 8%
- Total number of managers by age group and gender, number and percentage of employees:
- For women: between 0–19: 0%; between 20–29: 664 (57%); between 30–39: 6013 (52%); between 40–49: 5267 (42%); between 50–59: 2,009 (30%); between 60–69: 251 (27%)
- For men: between 0–19: 1 (100%); between 20–29: 499 (43%); between 30–39: 5,661 (48%); between 40–49: 7,213 (58%); between 50–59: 4,610 (70%); between 60–69: 671 (73%)

#### Savola Group (2019):

- Number of female employees: 851
- Number of employees with disabilities: 329
- Number of nationalities working for Savola Group: 42

### 3.3.5. KPIs for GRI 412 - Human Rights Assessment

#### FIRM A (2020):

- Only statements concerning human rights were mentioned.
- Number of training hours on human rights was not mentioned.

#### Almarai (2019):

- Operations that have been subject to human rights reviews or impact assessments: 0
- Employee training on human rights policies or procedures: 0
- Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening: 0

#### Nestle (2020):

- Number of employees trained on human rights: 157, 250

### 3.3.6. KPIs for GRI 413 - Local Communities

#### FIRM A (2020):

- Total value of community investments: 770 thousand AED
- Percent increase in employee volunteering from previous year: 73%
- Number of employees participating in volunteering activities: 57
- Number of key community initiatives: 6

Almarai (2019):

- Performance summary:
- Total CSR spending (SAR million): 34.7
- Total CSR spending as a percentage of net profit: 1.9%
- Product donations:
- Number of schools provided with snacks for students: 1,036
- Snacks for school children (Number of servings): 880,228
- Number of low-income families provided with food baskets: 1,800
- Number of charities provided with food donations: 230
- Product donations for charities (Number of servings): 239,616
- Total number of product servings donated: 119,844
- Total financial value (SAR million): 1.0
- Support for vulnerable groups:
- Number of lower income couples provided with weddings: 1,400
- Number of children at orphanages and charities provided with Iftars: 58
- Charity, orphanage and other association event sponsorships (Number of beneficiaries): 172
- Total financial value (SAR million): 0.5
- Support for learning and technical, vocational and education training (TVET):
- Number of TVET beneficiaries (Dairy & Food Polytechnic): 486
- University student groups sponsored (Number of beneficiaries): 340
- Braille booklets (Number of books donated): 500
- Dental care campaign (Number of schools attended): 32

Almarai site visit program (Number of visitors): 88,030

- Sponsorship of Food Loss and Waste Index and awareness campaign (value in SAR): 100,000
- Sponsorship of Qaderoon documentary (value in SAR): 113,000
- Total financial value (SAR million): 30.2
- Sponsorship of awards:
- Number of award winners: 162
- Total financial value (SAR million): 3.0

Coca Cola (2019):

- Donated: \$1 billion to 2,400+ organizations globally
- Amount of charitable contributions made by The Coca-Cola Company and The Coca-Cola Foundation (in millions): \$125

Del Monte (2018):

- Donated 8 million pounds of food
- Donated \$760,000 to local community groups

- General Mills (2019):
- Donated \$93 million to charitable causes in fiscal including General Mills Foundation grants (\$16 million), corporate contributions (\$35 million) and food donations (\$42 million)
- Product donations to food banks enabled 28 million meals
- Percentage of employees worldwide who volunteered in their communities: 83%

Savola Group (2019):

- Total number of corporate volunteering hours completed three months after introducing the volunteering activities: 787
- Savola Group Ramadan Charity investment: SAR 64,000
- Number of volunteers per activity:
- Distributing Ramadan Food Baskets to Beneficiaries: 10
- Packing & Distribution of Meals: 37
- Distributing Ramadan Charity Company Products (Sugar & Oil) to Beneficiaries on a Yearly Basis: 12
- Visiting King Fahad Hospital: 23
- Visiting Neda Al-Amal Rehabilitation Center: 39
- Delivering Educational Workshops: 7

### 3.3.7. KPIs for GRI 414 - Supplier Social Assessment

FIRM A (2020):

- Number of approved suppliers (direct materials/co-manufacturers): 586
- Number of total suppliers screened (self-assessment questionnaires - new and Reassessed): 114
- The number of suppliers that undergone a site audit (year total): 23
- Percentage of total suppliers screened: 100%
- Number of suppliers declined/not approved: 5
- Percentage of major non-compliant gaps with corrective actions implemented: 100%

Almarai (2019):

- Percentage of purchased volume from suppliers compliant with company's sourcing policy: in GCC NIA and in Egypt 100%
- New suppliers that were screened using social and/or environmental criteria: 48

### 3.3.8. KPIs for GIR 416 - Customer Health and Safety

FIRM A (2020):

- Major food safety findings by certifying bodies: 0
- Number of products developed per year that meet specific health and wellness requirements: 2

Almarai (2019):

- Percentage of products for which health and safety impacts are assessed for improvement: 100%
- Number of Food Safety System Certification (FSSC) 22000 certified plants: 3
- Number of Global Food Safety Initiative (GFSI) certified plants: 3



- Percentage of plants that are GFSI certified: 23%
- Number of food safety and quality assurance employees: 561

Nestle (2020):

- Products analyzed and improved or confirmed via 60/40+ program: 28 411 sales, CHF million
- Total number of significant product recalls or incidents of noncompliance:13

Savola Group (2019):

- Incidents of non-compliance concerning the health and safety impacts of products and services: 0

### 3.3.9. KPIs for GRI 417 - Marketing and Labeling

FIRM A (2020):

- Incidents of non-compliance concerning product and service information and labelling: 0
- Non-compliance cases in regard to certifications or regulations: 0
- Product recall from the market: 0

Almarai (2019):

- Incidents of non-compliance concerning product and service information and labeling:
- One incident in the GCC related to artwork compliance with the Saudi Food and Drug Authority specifications. Corrective actions were taken, and financial penalties were paid to the amount of SAR 25,000.
- 25 incidents in Egypt related to on pack communication compliance with a new Egyptian Standards Specification. The company worked with the authorities on corrective actions and the necessary revisions were implemented. Financial penalties were paid to the amount of EGP 62,000
- Number of incidents of non-compliance with regulations and/or voluntary codes concerning marketing communications: 0
- Percentage of significant product categories covered by and assessed for compliance with product information and labeling procedures: 100%

Nestle (2020):

- Products featuring Nestlé Nutritional Compass labeling: 98.3 % of sales worldwide
- Products with Guideline Daily Amount labeling on front of pack: 82.9% of sales
- Children's and family products that provide Nestlé Portion Guidance: 64.2%
- Nestlé television advertising to children under 12 in compliance with policies on responsible marketing: 98.6%
- Total number of countries where the Nestlé Policy and Procedures for the Implementation of the WHO International Code of Marketing of Breast-milk Substitutes practices were audited: 18

## Targets for 2025/2030 & Commitments

### Almarai

#### Environment:

- Increase water efficiency across Manufacturing, Sales, Distribution and Logistics Divisions by 15% by 2025 (against a 2018 intensity baseline)
- Initiate and support collaborative efforts with stakeholders to address water risk and enhance conservation by 2025
- Avoid the use of 9,000 metric tons of plastics from entering the consumer waste stream by 2025 (against a 2015 baseline)
- Actively support the transformation of the packaging economy in KSA by 2025
- Explore and trial alternative fuel vehicles for our sales transport fleet on an ongoing basis
- Increase the fuel efficiency of our sales, distribution and logistics vehicles by 10% by 2025 (against a 2018 baseline)
- 100% of our sales depot cold stores will be CFC free by 2025
- Reduce energy consumption across Manufacturing, Sales, Distribution and Logistics Divisions by 15% from efficiency measures by 2025 (against a 2018 intensity baseline)
- Increase the share of electricity from clean energy sources across Administration, Manufacturing, Sales, Distribution and Logistics Divisions to 20% by 2025
- Achieve ISO 50001 certification for Administration, Manufacturing, Sales, Distribution and Logistics Divisions by 2025
- Reduce waste going to landfill across all divisions by 50% by 2025 (against a 2018 baseline)
- Enhance sustainable agricultural practices on Almarai arable farms by 2025

#### People:

- Enhance nutrition and wellbeing offering by 2025
- Certify all manufacturing sites with the Global Food Safety Initiative (GFSI) by 2025
- Certify all high-risk ingredient suppliers with the Global Food Safety Initiative (GFSI) by 2025
- Achieve ISO 45001 compliance for all divisions by 2025
- Institute an occupational health and wellbeing program accessible to all employees by 2025
- Increase the number of female employees in workforce year-on-year
- Reduce voluntary employee turnover to achieve an average of 12% over the period 2020-2024
- 90% of managers engage in at least 40 hours of professional development per year by 2025
- Donate 2.5 million healthy servings by 2025
- Educate 250,000 people through our site visit program by 2025
- Improve the employability of at least 1,400 young people through the Dairy and Food Polytechnic (DFP) program by 2025

### Coca Cola:

#### Environment:

- New Science-Based Target: Reduce absolute Scope 1, 2 and 3 GHG emissions 25% by 2030 from a 2015 base-year.
- Make 100% of packaging recyclable globally by 2025 and use at least 50% recycled

material in packaging by 2030.

Nestle:

Environment:

- Company-wide aim of 100% renewable energy use by 2025
- Aim to ensure 100% of packaging is recyclable or reusable by 2025

People:

- Support the Workforce Nutrition Alliance which aims to improve nutrition for 3 million employees by 2025
- Aim to have 100% responsibly sourced coffee for Nescafé by 2025
- Nestlé to contribute 40,000 positions as part of the Alliance for YOUth who will offer 300,000 first jobs, apprenticeships and traineeships across EMENA by 2025
- All Nestlé Waters sites will be certified to the AWS Standard by 2025
- 

PepsiCo:

Products:

- At least two-thirds of its global beverage portfolio volume will have 100 calories or fewer from added sugars per 12-oz serving.
- At least three-quarters of its global foods portfolio volume will not exceed 1.1 grams of saturated fat per 100 calories.
- At least three-quarters of its global foods portfolio volume will not exceed 1.3 milligrams of sodium per calorie.
- The rate of sales growth of what the company refers to as Everyday Nutrition products will outpace the rate of sales growth in the balance of PepsiCo's portfolio. Everyday Nutrition products include those that deliver whole grains, fruits and vegetables, dairy, protein and hydration.
- It will provide access to at least three billion servings of nutritious foods and beverages to underserved communities and consumers.

Environment:

- Improve the water-use efficiency of its direct agricultural supply chain by 15% in high-water-risk sourcing areas by 2025. These savings equate to the same approximate volume of water used in PepsiCo manufacturing operations.
- Improve the water use efficiency of its direct manufacturing operations by 25% by 2025.
- Replenish 100% of the water it consumes in its manufacturing operations within high-water-risk areas, ensuring that the water is replenished in the same watershed from which it was extracted.
- With the PepsiCo Foundation and its partners, work to provide access to safe water to a total of 25 million people in the world's highest water-risk areas by 2025, a continuation of efforts that began in 2006.
- Reduce absolute greenhouse gas emissions across the company's value chain by at least 20% by 2030, with a focus on collaborating with suppliers, business partners and customers to reduce emissions related to agriculture, packaging and transportation.
- Sustainably source both direct and major non-direct agricultural raw materials by 2020

and 2025, respectively.

- Achieve zero waste to landfill across its direct operations by 2025.
- Reduce the food waste it generates in its direct operations by 50% by 2025.
- Design 100% of its packaging to be recoverable or recyclable by 2025, while partnering to increase packaging recovery and recycling rates

#### People

- Expand its Sustainable Farming Initiative (SFI) to approximately 7 million acres by 2025, covering crops that collectively comprise approximately three-quarters of its agricultural-based spend.
- Extend the principles of the company's Supplier Code of Conduct to all franchisees and joint venture partners.
- Invest \$100 million in partnership with the PepsiCo Foundation to support initiatives to benefit 12.5 million women and girls around the world by 2025.
- Continue developing a diverse, inclusive and engaged workforce that reflects the communities where it does business

## B Survey

### B.1 Questionnaire/Survey

The objective of the questionnaire is to understand how the Leadership Team of FIRM A thinks about Circular Economy and Sustainability as part of the overall Company's Strategy. What are the benefits, barriers, and enablers for FIRM A to transit to a CE model embracing Sustainability in its Strategy.

A survey questionnaire was created for the collection of the data.

The first step involved the below:

1. Comprehensive review of the literature available
2. Review of the study "Charting the Road towards a circular economy in the UAE" CIRCLE Coalition that was conducted in 2019
3. Overall company's Strategy
4. Operational challenges and opportunities through the day-to-day operation

The second step was to design the questionnaire. From the above there have been identified the barriers and opportunities towards a CE implementation both in UAE and abroad.

The questionnaire can be split into 3 sections. First section aims to identify the basic knowledge and awareness of the CE; the second part was focused to identify the benefits and opportunities of the CE; the final section aimed to identify how much FIRM A's strategy embeds the ingredients of the Sustainability and CE and what are the barriers for not doing so.

The third step was to launch the questionnaire. The questionnaire was distributed through the online tool – Google forms- to a group of Key Internal stakeholders. The participants mainly comprised Senior Leaders since they are the ones who have the most critical roles in the implementation of Sustainability and the overall Strategy in the organization.

The fourth and last step was to evaluate the received data.

## B.2 Survey Questions

### Questionnaire for FIRM A LT on Sustainability and Circular Economy

#### SECTION 1

On a scale from 0, where 0 is not at all and 10 is completely, what number would you use to rate the below statement:

- 1 I understand the circular economy model.

not at all

completely

0	1	2	3	4	5	6	7	8	9	10
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- 2 Type words that better describe what is Circular Economy about.

- 3 On a scale from 0, where 0 is none and 10 is all staff, what number would you use to rate the below question:  
What is the level of awareness about CE and its benefits in FIRM A staff?

none

all staff

0	1	2	3	4	5	6	7	8	9	10
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- 4 On a scale from 0, where 0 is none and 10 is all staff, what number would you use to rate the below question:

What is the level of awareness about CE and its benefits in FIRM A at the top management?

none

all staff

0	1	2	3	4	5	6	7	8	9	10
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- 5 On a scale from 0, where 0 is not important and 10 is extremely important, what number would you use to rate the below question:

How much important do you believe that CE and Sustainability ingredients are for FIRM A to achieve its overall 2025 Corporate Strategy's goals and vision?

not important

extremely important

0	1	2	3	4	5	6	7	8	9	10
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- 6 On a scale from 0, where 0 is not at all and 10 is extremely well, what number would you use to rate the below FIRM A's 2025 Corporate Strategy has embedded adequately CE and Sustainability elements in it.

not at all

extremely well

0	1	2	3	4	5	6	7	8	9	10
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- 7 On a scale from 0, where 0 is never and 10 is always, what number would you use to rate the below statement:  
FIRM A's Strategic decisions are taken by evaluation all impacts/ opportunities related to CE and Sustainability.

never

always

0	1	2	3	4	5	6	7	8	9	10
---	---	---	---	---	---	---	---	---	---	----

- 8 On a scale from 0, where 0 is never and 10 is always, what number would you use to rate the below statement:  
CE and Sustainability are on the top of my department's agenda and are treated as priorities.

never

always

0	1	2	3	4	5	6	7	8	9	10
---	---	---	---	---	---	---	---	---	---	----

**SECTION 2 9 Which of the following benefits you are expected to achieve by the CE?**

put in order of importance:

- Improved public relations
- Competitive advantage
- Entering new markets
- Reducing waste generation
- Sustainability Strategy
- Attract Investors

**10 By the implementation of the CE which social benefits do you wait for FIRM A?**

put in order of importance:

- Improved social relation between FIRM A and local societies
- Improved public health
- Improved public environmental awareness
- Other: pls specify

**11 By the implementation of the CE which environmental benefits do you wait for FIRM A?**

put in order of importance:

- reduction in environmental pollution
- organisational and supply chain resilience
- increasing availability of green or environmental products
- Other: pls specify

**12 By the implementation of the CE which economic benefits do you wait for FIRM A?**

put in order of importance:

- reduction of costs through sustainable supply chain management
- generation of new revenue streams through a more effective life cycle management
- revenue from the sales of all wastes
- Other: pls specify

**SECTION 3 13 What factors promote your intention to implement the CE?**

put in order of importance:

- Financial incentives and tax reductions
- Energy saving and environmental protection
- Increasing public pressure (i.e.: global trend to minimize environmental impacts)
- Increasing landfill/waste management costs
- Increasing resource prices and scarcity

**14 What drivers attract you to implement the CE?**

put in order of importance:

- Public Health
- Waste reduction
- Sustainability
- Environmental protection
- New ideas related with production
- Transformational innovation
- Attract investors

**15 What prevents FIRM A to implement the CE and to embed Sustainability more holistically in its Strategy?**

put in order of importance:

- Company culture
- Lack of willingness/ commitment
- The upfront cost of investment (i.e.: for advanced technologies)
- Other

**16 What are the external barriers that FIRM A has faced or would potentially face while implementing the CE?**

put in order of importance:

- Lack of governmental incentives
- Lack of customer interest (i.e.: low acceptance of remanufactured products)
- Inadequate policies and legislation
- Inadequate Infrastructure & process
- Lack of public awareness and understanding of the principles (i.e.: Insufficient Collection and Source Segregation )
- Unavailability of appropriate partners (i.e.: in supply chain)

**17 What are the key enablers for FIRM A that can ease the transition to the CE and promote Sustainability?**

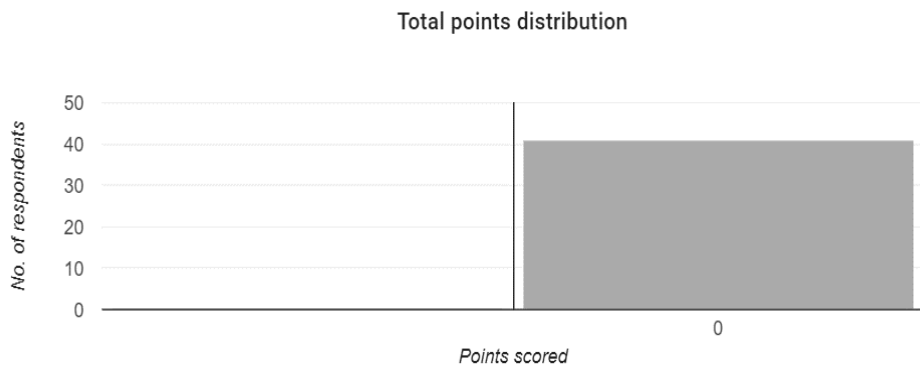
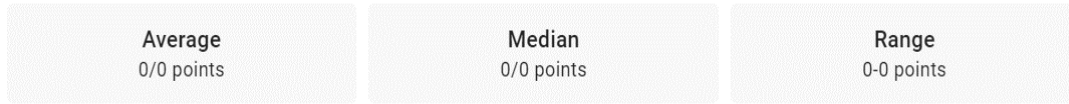
put in order of importance:

- Company culture
- Support from the demand network
- Financially attractive
- Networking
- Recognition
- Government support
- ADQ ESG Strategy
- Other: pls specify



### B.3 Survey Results

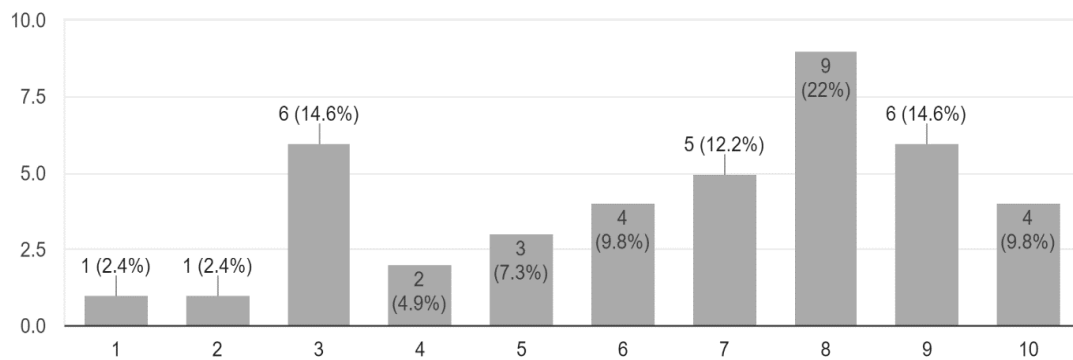
#### Survey "CE & Sustainability Survey - FIRM A Group"



#### Intro

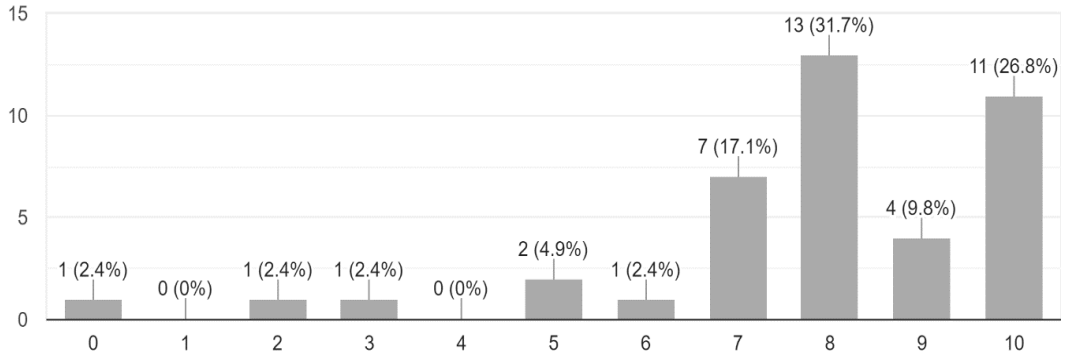
On a scale from 0, where 0 is not at all and 10 is completely, what number would you use to rate the below statement: I understand the Circular Economy (CE) model.

41 responses



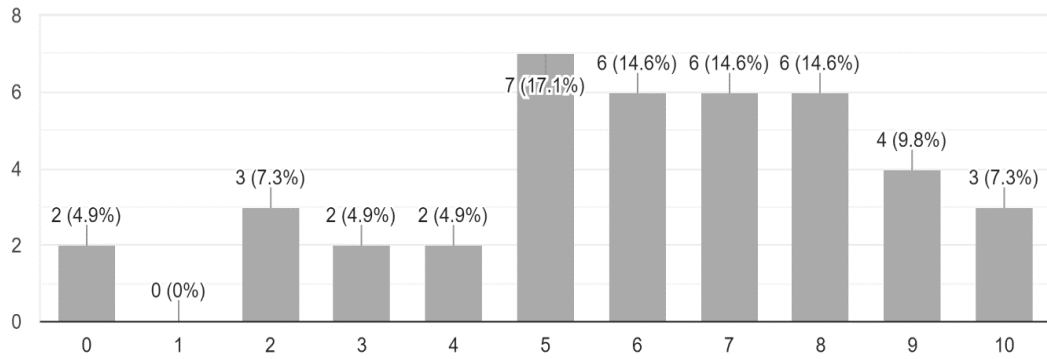
On a scale from 0, where 0 is not important and 10 is extremely important, what number would you use to rate the below question: How much important...erall 2025 Corporate Strategy's goals and vision?

41 responses



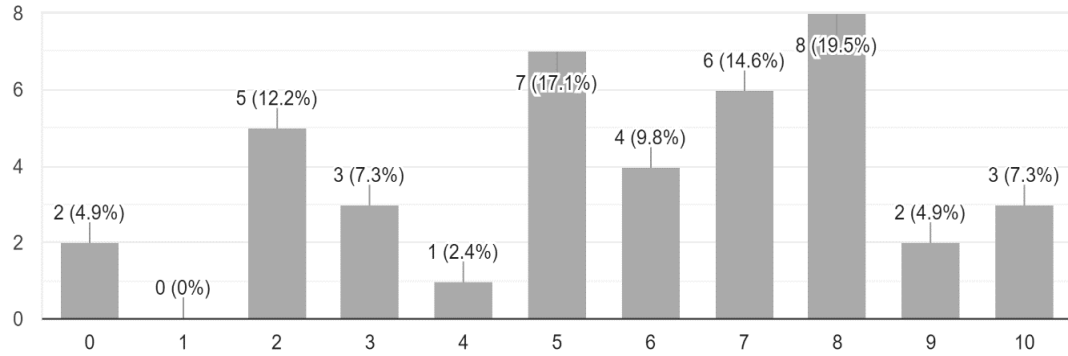
On a scale from 0, where 0 is not at all and 10 is extremely well, what number would you use to rate the below statement: **FIRM A** adequately CE and Sustainability elements in it.

41 responses



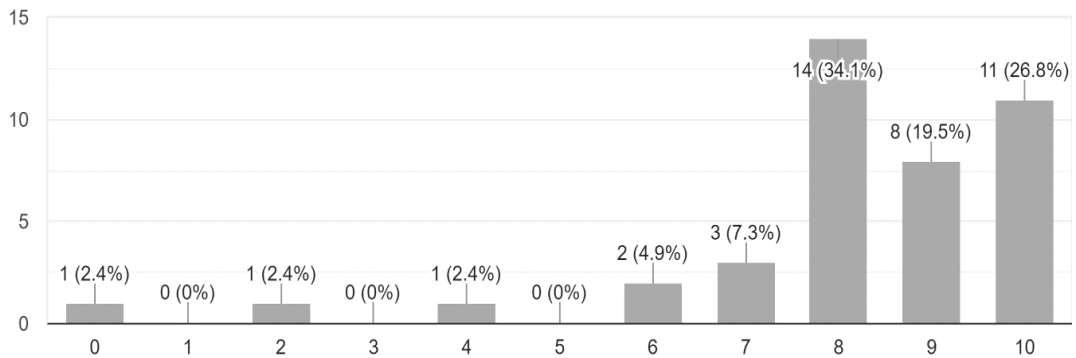
On a scale from 0, where 0 is never and 10 is always, what number would you use to rate the below statement: **FIRM A** ategic decisions are taken b...cts/opportunities related to CE and Sustainability.

41 responses



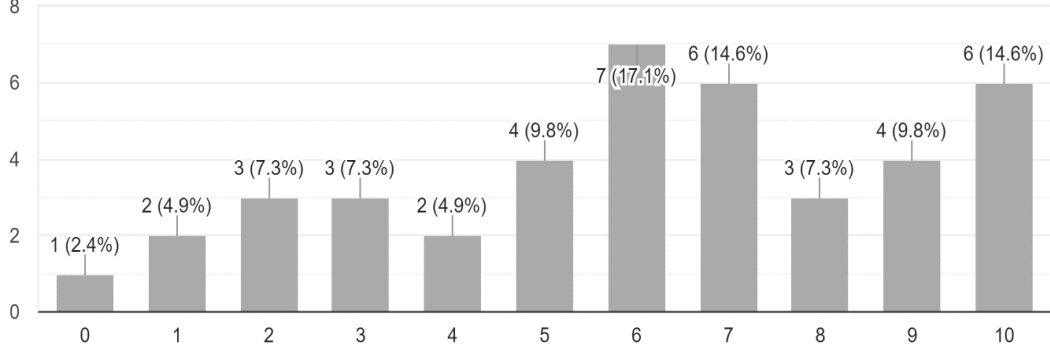
On a scale from 0, where 0 is never and 10 is always, what number would you use to rate the below statement: Sustainability and CE should be taken in...consideration for a **FIRM A** ategic decisions.

41 responses



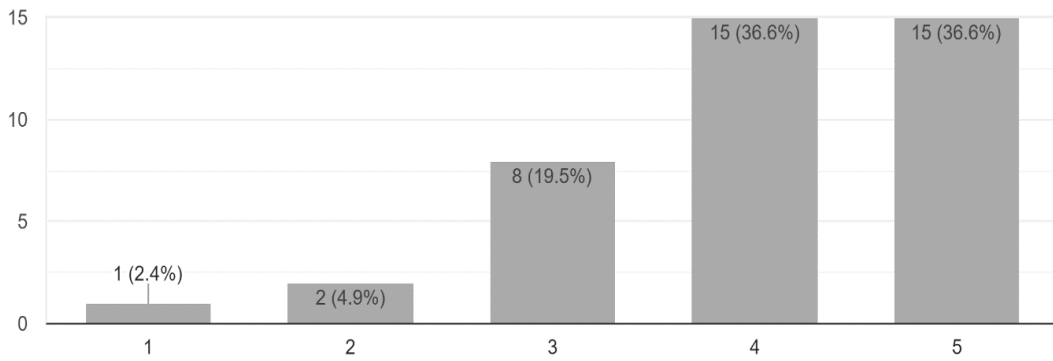
On a scale from 0, where 0 is never and 10 is always, what number would you use to rate the below statement: CE and Sustainability are on the top of ... department's agenda and are treated as priorities.

41 responses

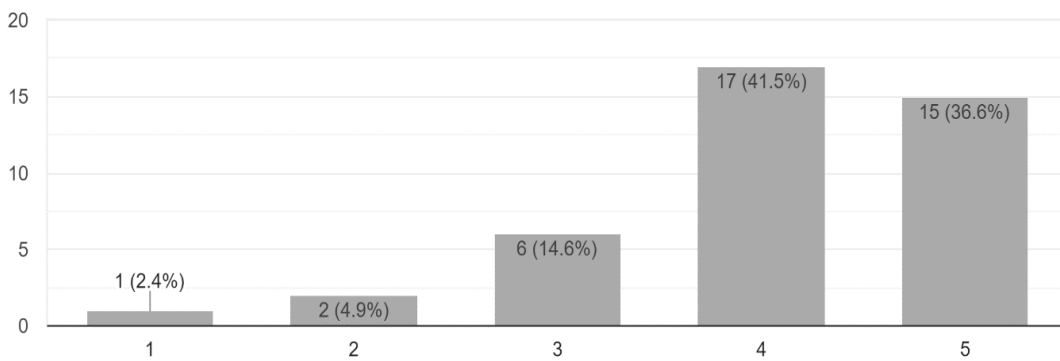


### Benefits from the CE implementation in FIRM A:

How much of the following benefit do you expect to achieve by the CE implementation in FIRM A  
"Improved public relations" - give a score from 1 to 5, where 1 is not at all and 5 is to a great extent  
41 responses

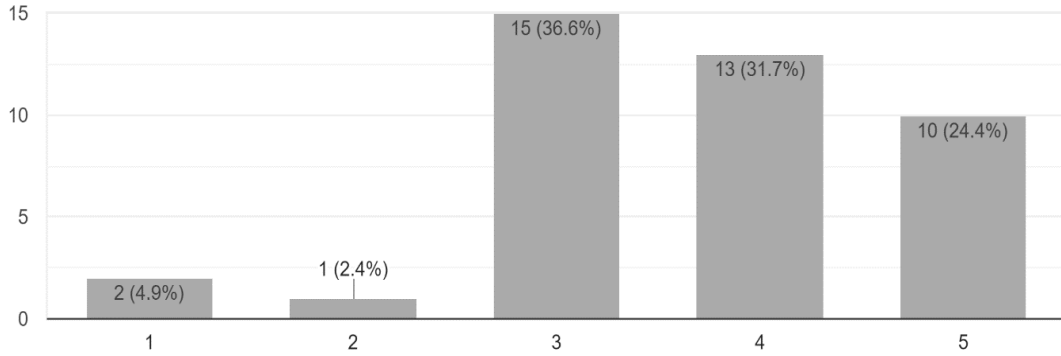


How much of the following benefit do you expect to achieve by the CE implementation in FIRM A  
"Competitive advantage" - give a score from 1 to 5, where 1 is not at all and 5 is to a great extent.  
41 responses



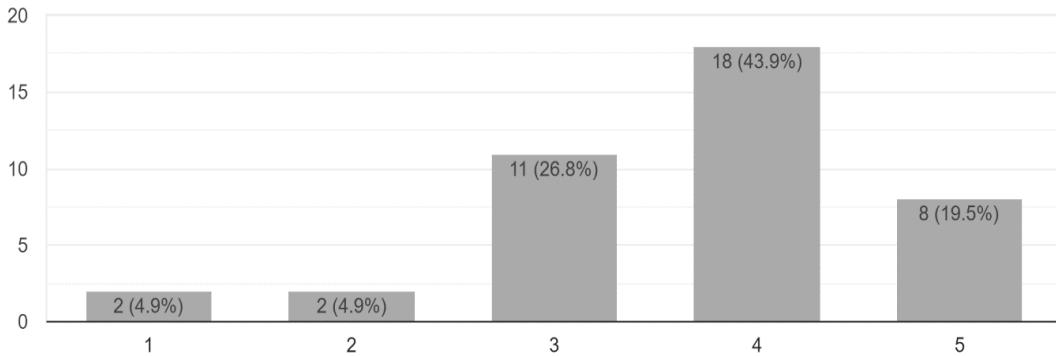
How much of the following benefit do you expect to achieve by the CE implementation **FIRM A**  
"Entering new markets" - give a score from 1 to 5, where 1 is not at all and 5 is to a great extent.

41 responses



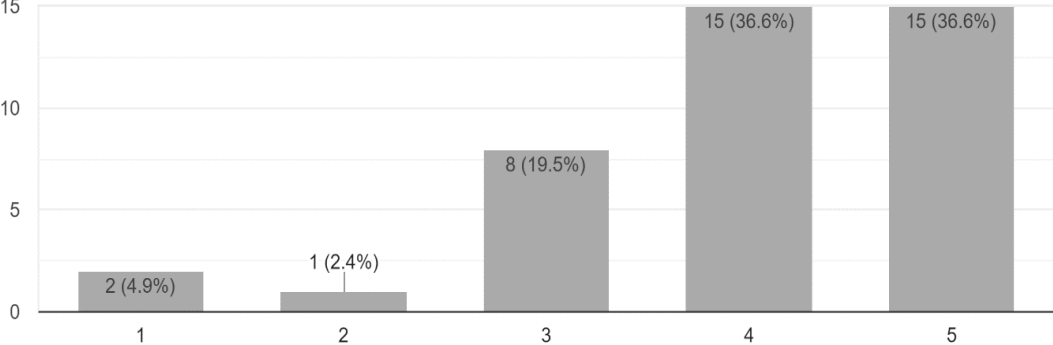
How much of the following benefit do you expect to achieve by the CE implementation in **FIRM A**  
"Improve efficiency" - give a score from 1 to 5, where 1 is not at all and 5 is to a great extent.

41 responses



How much of the following benefit do you expect to achieve by the CE implementation in FIRM A  
"Attract Investors" - give a score from 1 to 5, where 1 is not at all and 5 is to a great extent.

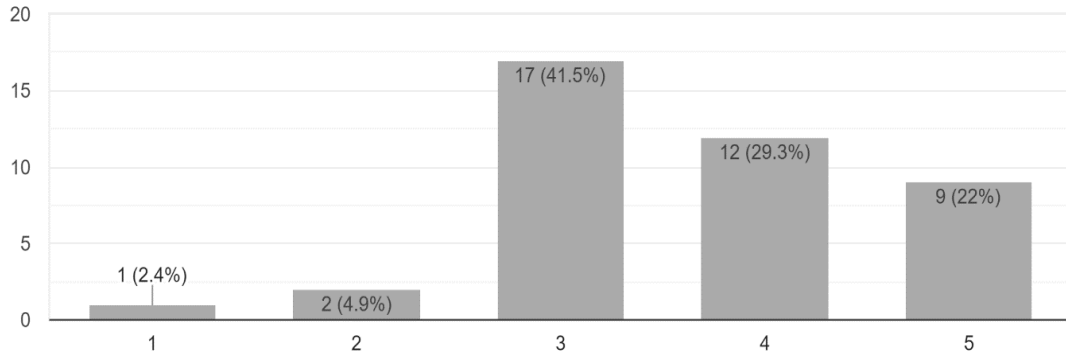
41 responses



## CE implementation in FIRM A - Intention/Drivers

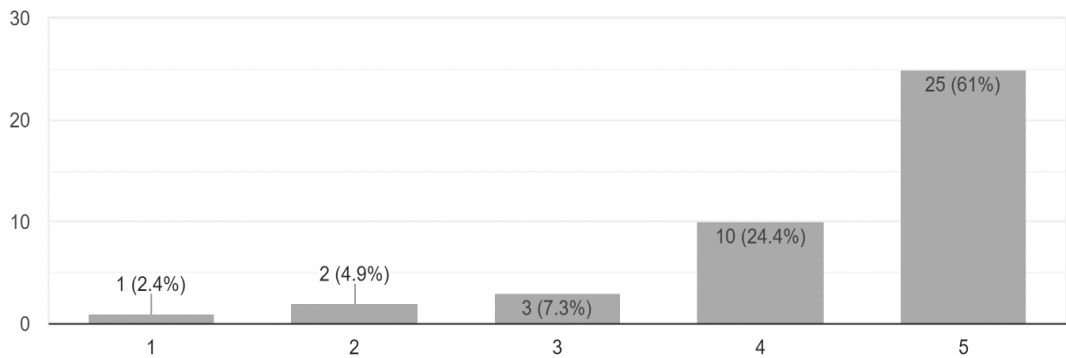
How much does the below factor promote your intention to implement the CE? "Financial incentives and tax reductions" - give a score from 1 to 5, where 1 is not at all and 5 is to a great extent.

41 responses



How much does the below factor promote your intention to implement the CE? "Energy saving and environmental protection" - give a score from 1 to 5, where 1 is not at all and 5 is to a great extent.

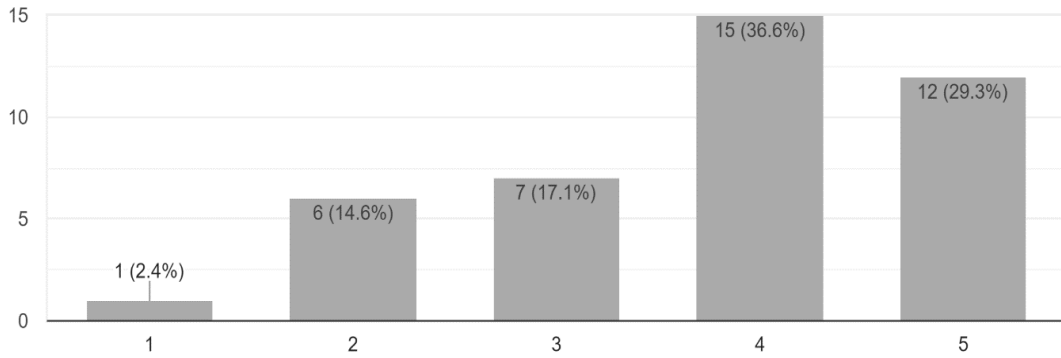
41 responses





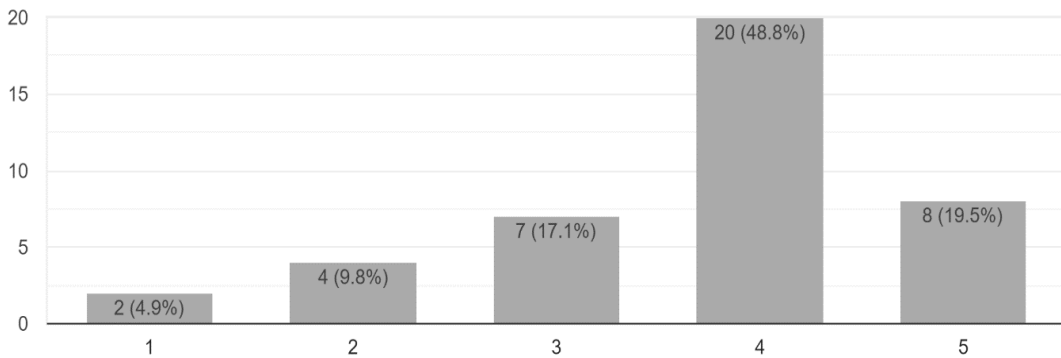
How much does the below factor promote your intention to implement the CE? "Increasing public pressure (i.e.: global trend to minimize environmental...5, where 1 is not at all and 5 is to a great extent.

41 responses



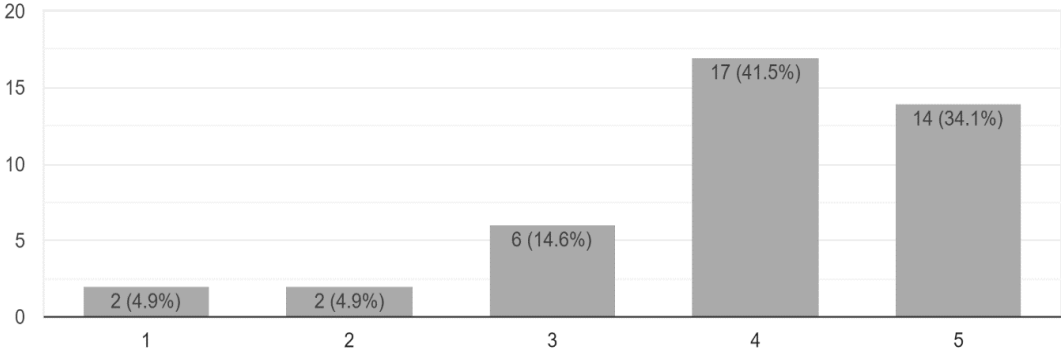
How much does the below factor promote your intention to implement the CE? "Increasing resource prices and scarcity" - give a score from 1 to 5, where 1 is not at all and 5 is to a great extent.

41 responses



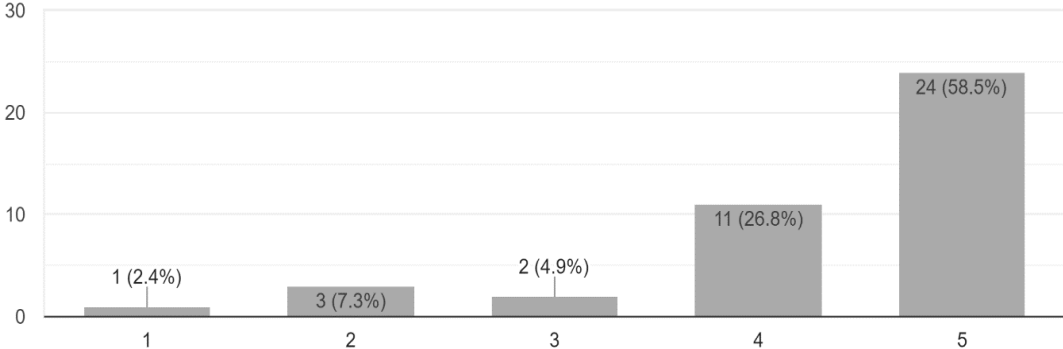
How much does the below driver attracts you to implement the CE? "Public Health" - give a score from 1 to 5, where 1 is not at all and 5 is to a great extent.

41 responses



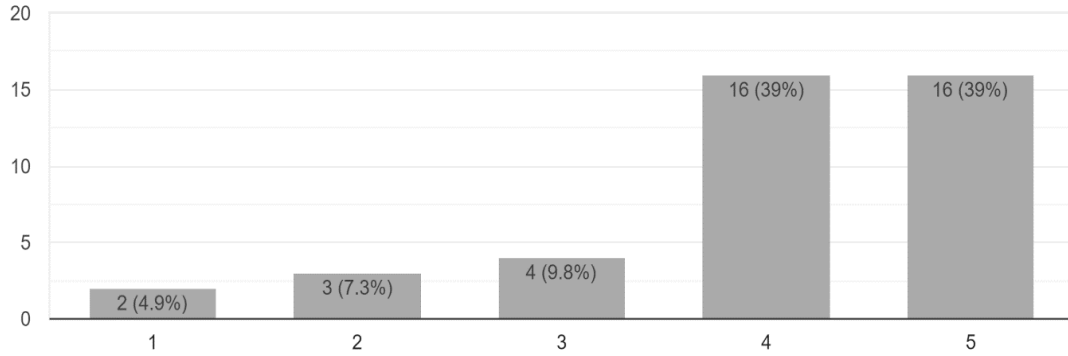
How much does the below driver attracts you to implement the CE? "Waste reduction" - give a score from 1 to 5, where 1 is not at all and 5 is to a great extent.

41 responses



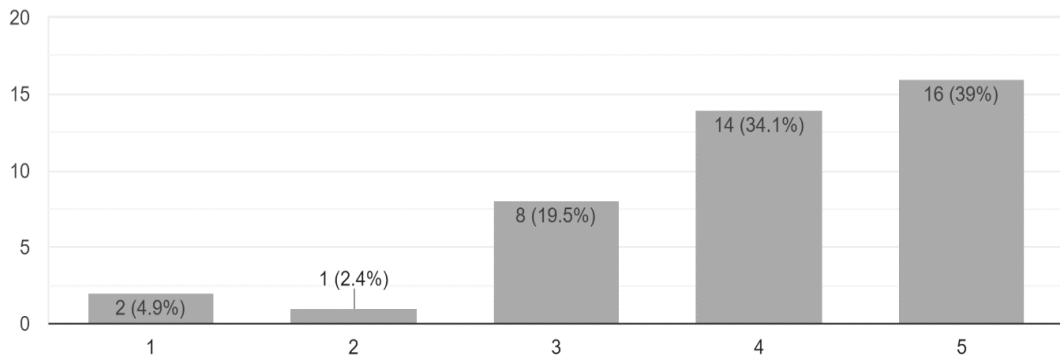
How much does the below driver attracts you to implement the CE? "New ideas related with production" - give a score from 1 to 5, where 1 is not at all and 5 is to a great extent.

41 responses



How much does the below driver attracts you to implement the CE? "Attract investors" - give a score from 1 to 5, where 1 is not at all and 5 is to a great extent.

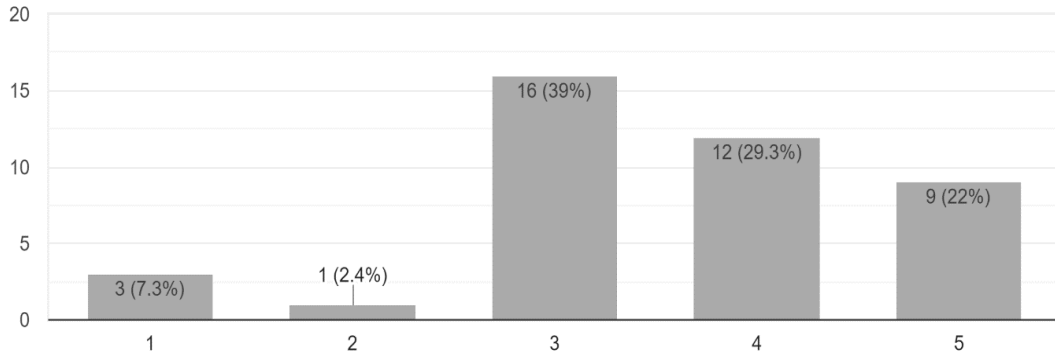
41 responses



## CE implementation in FIRM A – Barriers

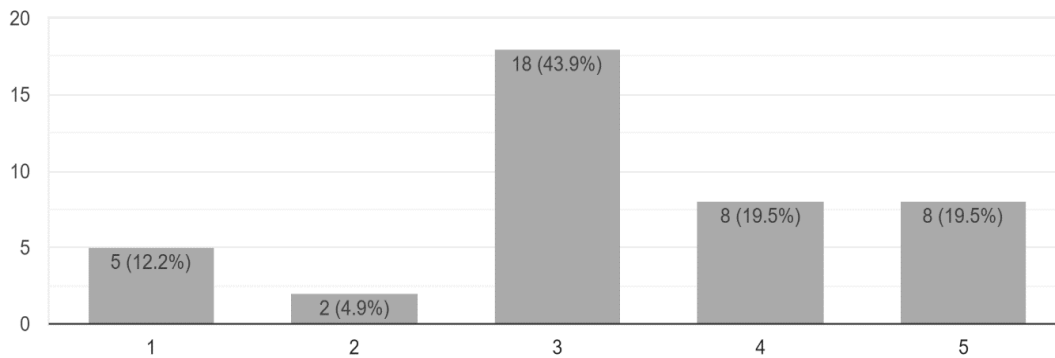
How much does the below factor prevent FIRM A to implement the CE and to embed Sustainability more holistically in its Strategy? "Company Culture" ... 5, where 1 is not at all and 5 is to a great extent.

41 responses



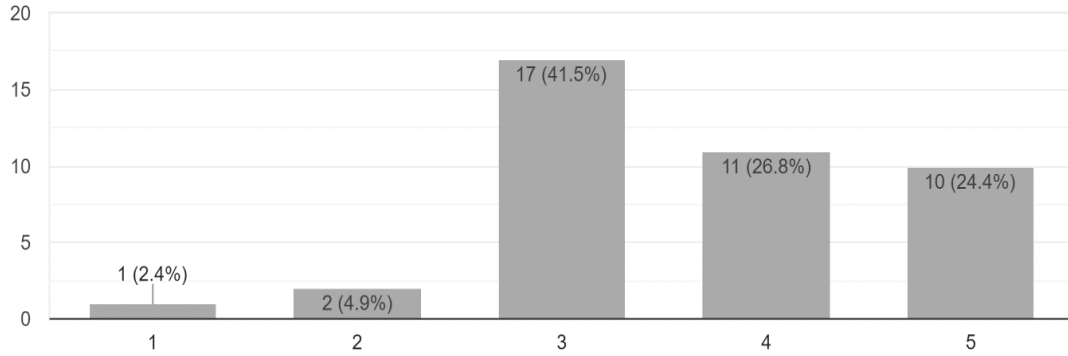
How much does the below factor prevent FIRM A to implement the CE and to embed Sustainability more holistically in its Strategy? "Lack of willingness..." 5, where 1 is not at all and 5 is to a great extent.

41 responses



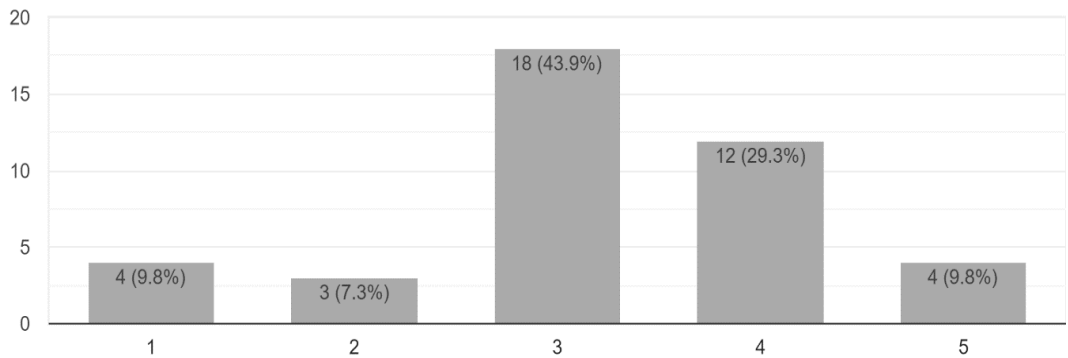
How much does the below factor prevent FIRM A from implementing the CE and to embed Sustainability more holistically in its Strategy? "The upfront cost ...o 5, where 1 is not at all and 5 is to a great extent.

41 responses



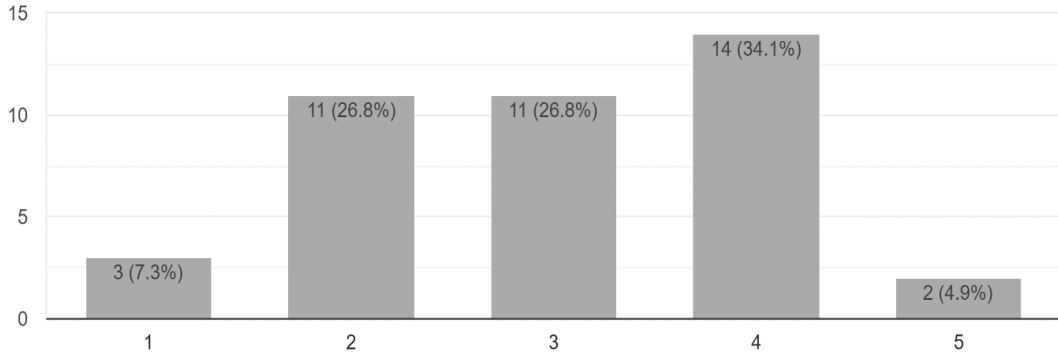
How much of the below external barrier has FIRM A faced or would potentially face while implementing the CE? "Lack of governmental incentiv..., where 1 is not at all and 5 is to a great extent.

41 responses



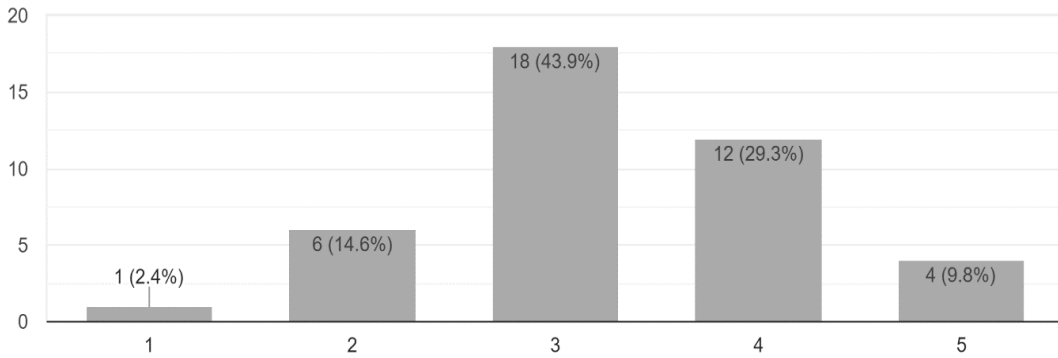
How much of the below external barrier has FIRM A faced or would potentially face while implementing the CE? "Lack of customer interest (i.e., where 1 is not at all and 5 is to a great extent.

41 responses



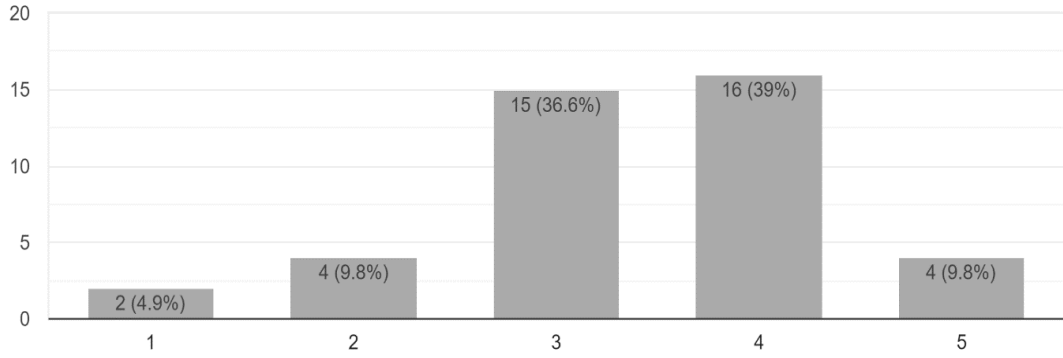
How much of the below external barrier has FIRM A faced or would potentially face while implementing the CE? "Inadequate policies and regulations, where 1 is not at all and 5 is to a great extent.

41 responses



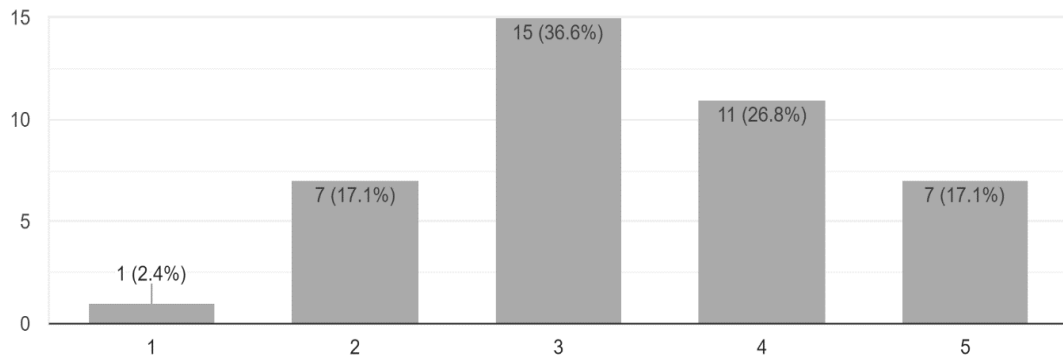
How much of the below external barrier has **FIRM A** faced or would potentially face while implementing the CE? "Inadequate Infrastructure & pr...", where 1 is not at all and 5 is to a great extent.

41 responses



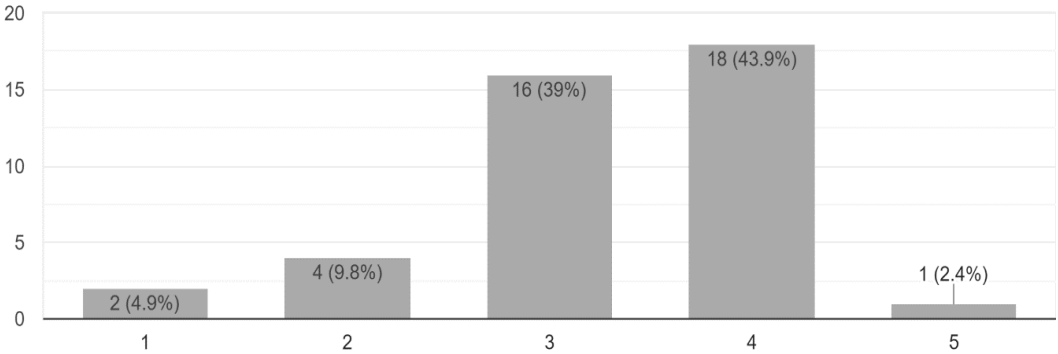
How much of the below external barrier has **FIRM A** faced or would potentially face while implementing the CE? "Lack of public awareness and ...", where 1 is not at all and 5 is to a great extent.

41 responses



How much of the below external barrier has FIRM A d or would potentially face while implementing the CE? "Unavailability of appropriate ...5, where 1 is not at all and 5 is to a great extent.

41 responses

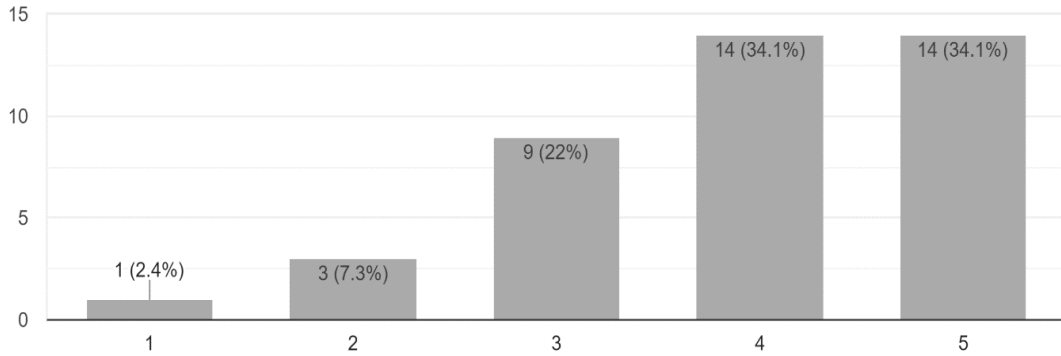




## CE implementation in FIRM A – Enablers

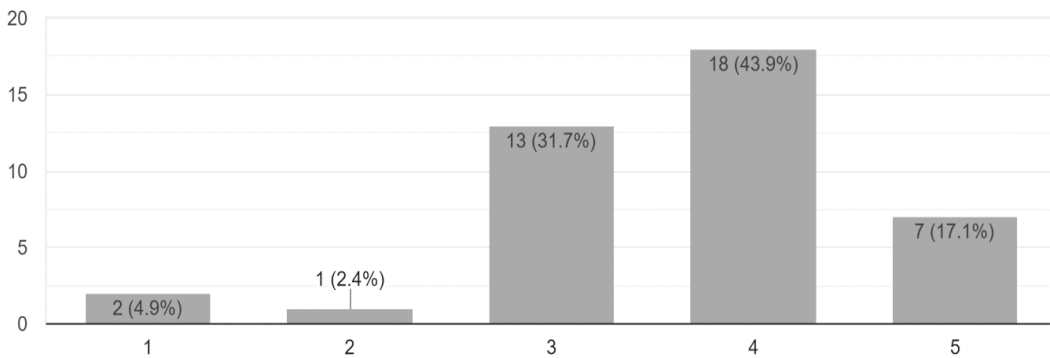
How much do you believe that the below key enabler can ease the transition to the CE and promote Sustainability for "FIRM A" company culture" - give a rating from 1 to 5, where 1 is not at all and 5 is to a great extent.

41 responses



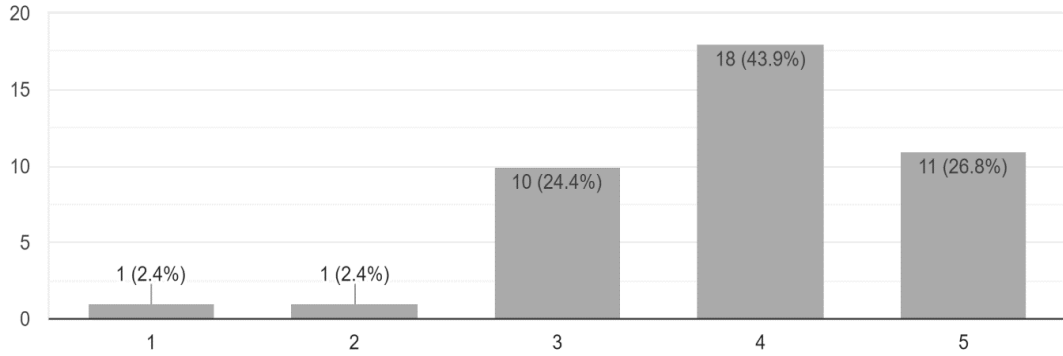
How much do you believe that the below key enabler can ease the transition to the CE and promote Sustainability "FIRM A" Support from the demand ...5, where 1 is not at all and 5 is to a great extent.

41 responses



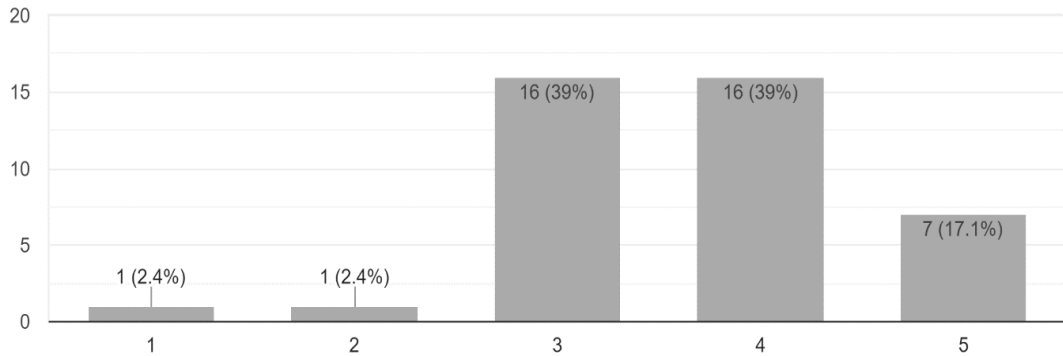
How much do you believe that the below key enabler can ease the transition to the CE and promote Sustainability for **FIRM A** "financially attractive" - give a score 1 to 5, where 1 is not at all and 5 is to a great extent.

41 responses



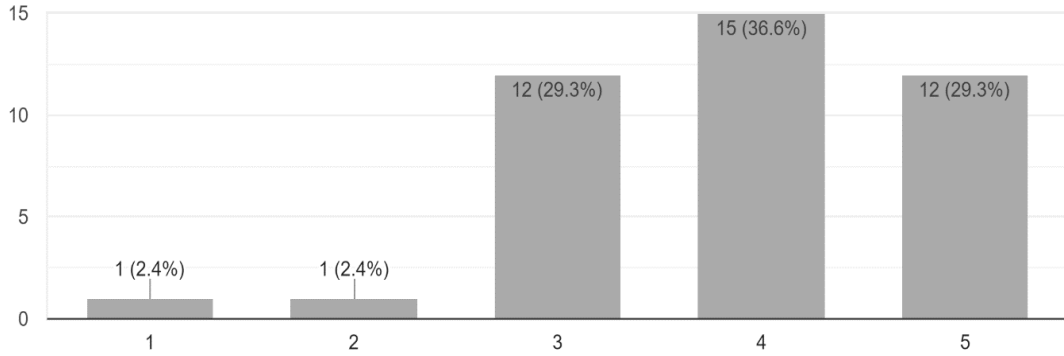
How much do you believe that the below key enabler can ease the transition to the CE and promote Sustainability for **FIRM A** "networking" - give a score 1 to 5, where 1 is not at all and 5 is to a great extent.

41 responses



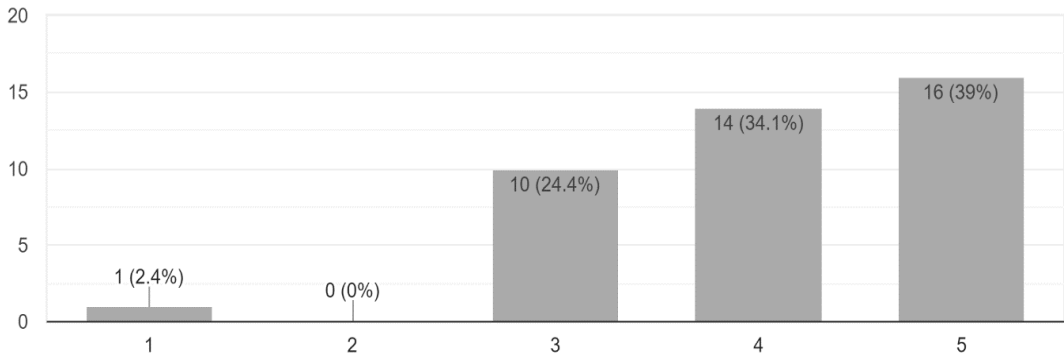
How much do you believe that the below key enabler can ease the transition to the CE and promote Sustainability for "FIRM A recognition" - give a scor... 5, where 1 is not at all and 5 is to a great extent.

41 responses



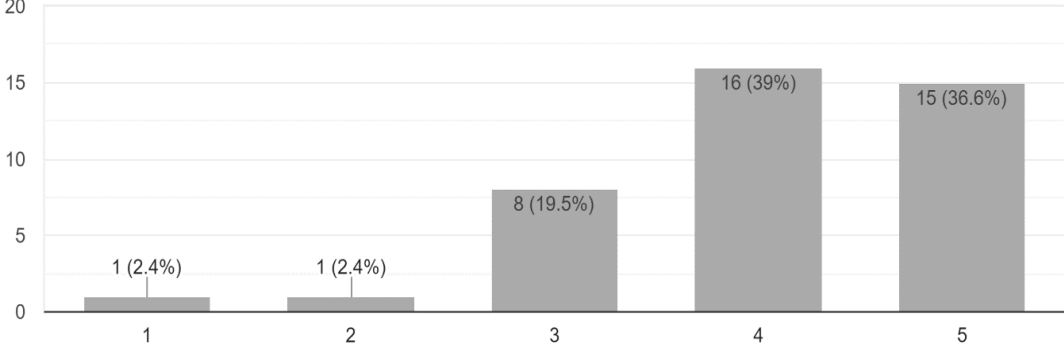
How much do you believe that the below key enabler can ease the transition to the CE and promote Sustainability for "FIRM A government support" - giv...5, where 1 is not at all and 5 is to a great extent.

41 responses



How much do you believe that the below key enabler can ease the transition to the CE and promote Sustainability for , FIRM A ESG Strategy/Policy" ...5, where 1 is not at all and 5 is to a great extent.

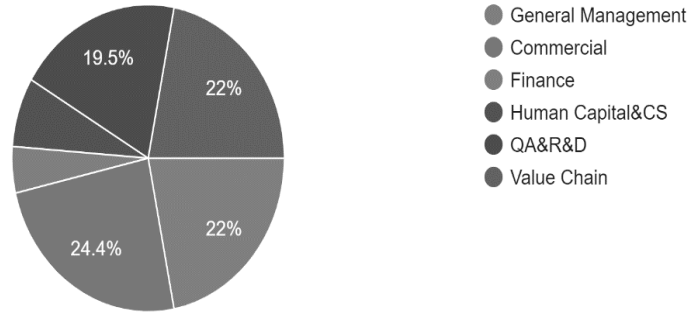
41 responses



## Demographics

Please indicate the Business Unit you are working in. If you cannot find the exact one, please enter the one that suits better.

41 responses



## Γ. Internal Stakeholders List

FIRM A Internal Stakeholders mapping					
BOARD Members	Chairman				
	Vice Chairman				
	Member # 1				
	Member # 2				
	Member # 3				
	Member # 4				
	Member # 5				
FIRM A	Chief Executive Officer				
	Chief Financial Officer (Interim)				
	Chief Human Capital and Corporate Services Officer	Vice President- Corporate Communications • Corporate Services	Senior HR Director- COE • HR & Admin	Learning & Culture Director • Training&Development	Senior Investor Relations Manager • Corporate Affairs
	Chief Quality and R&D Officer	Sr. Research & Development Director • QA	Director-Vendor Assurance • Quality Control	Packaging Development Director • QHSC	
	Chief Operating Officer	Vice President - Procurement • Purchase	Senior Director – Value Chain Excellence • Manufacturing	HSE & Sustainability Director • HSE	
	Executive Vice President of Food & Feed	Vice President Feed • C-Feed	Senior Category Director- Flour • C-Flour		
	Executive Vice President CBD	Vice President - Growth Categories	Senior Director Innovations & Insights • Commercial B2C GCC	Category Commercial Director-Water • Marketing	
	Executive Vice President Frozen Category	Chief Operating Officer • Plant Management	Research and Development Manager • Research and Development	Regional Marketing Manager • Marketing	
	Senior Vice President - Alfiah	Vice President - Growth Categories	Senior Finance Director • Finance		
	Senior Vice President - BMB				
	Senior Vice President of Mergers and Acquisitions				
	Head of Internal Audit and Compliance • Audit				
	Director Risk and Governance • Risk&Governance				
	Vice President-Legal Affairs • Legal				
	Chief Digital Officer				

## Δ. Interview's Outline

### Stakeholders Engagement Meeting/Interview - Outline

#### Questions:

##### Introduction:

- Please introduce yourself, your function, and what departments you oversee.
- Please describe in more detail the sub-departments under your responsibility.

##### ESG Integration:

- Could you please share with us the journey of how a sustainability approach has become important for Department/Business Unit since its inception?
- Considering the growing demand for ESG-driven companies, what priorities do you think FIRM A should set toward long-term sustainable success for the company as well as for your value chain?
- Please elaborate on the Key ESG developments in the function as compared to the data submitted for the Sustainability Report of 2021.
- Frameworks or standards that Department/Business Unit currently refers to (National/Regional/International if any)
- Any key success and challenges in relation to the existing processes (including discussion on governance and responsibilities)
- Existing KPIs in balanced scorecards. ESG Integrated?

##### Environment:

- Please elaborate on Key sustainability initiatives in 2022
- Are there existing Targets & KPIs
- Any documents that can be shared? Environmental Policy?
- Are the functions centralised?

##### Social

- Does the Department/Business Unit has a CSR Annual plan?
- Does Department/Business Unit has a Marketing plan?
- Does Department/Business Unit has a separate HR policy or the same as FIRM A is followed?
- Does Department/Business Unit has Supplier Screening in place?
- Is there a focus on local suppliers?
- Is Health & Safety regularly tracked?
- Please elaborate on the list of ISO certifications
- Please elaborate on Key sustainability initiatives in 2022
- Any other documents that can be shared?

##### Governance

- Any key success and challenges in relation to the existing processes (including discussion on governance and responsibilities)
- Please elaborate on Department/Business Unit governance structure. Who is responsible for ESG/Sustainability?

#### Wrap-up

- How would you define the success of the ESG Framework & Roadmap project we have embarked upon with FIRM A?
- Are there any points you would like to add that I have not touched upon?
- Do you have any questions?



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