



# STREAMLINING SUSTAINABLE DEVELOPMENT

Sustainability Report 20/21

# Contents

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*Disclaimer: All numerical data presented in this report is true up to 31 December 2021.*

# Chairman's Note



I am pleased to introduce this report and update you on Edita's sustainability action points during 2020 and 2021. Our sustainability journey is one that requires endless innovation and customization, and it is one that we are committed to as a company. Recent global events have made us more aware than ever of the impact our activities have on the environment and our stakeholders. Around the world, companies are becoming increasingly mindful of the ESG compliance measures that are the most relevant to investors and issuers, and we are no exception. Our proactive ESG strategies that work to optimize oversight of environmental and social risks are at the forefront of our agenda.

In 2021, we launched new optimization projects that rely on both standard and advanced methodologies. From process automation and product development to revised safety measures and smart resource utilization, our steps forward have notably bolstered our performance. These projects are also aligned with our new ESG strategy, which groups our efforts under five central pillars: lowering energy consumption, stakeholder safety, consumer wellbeing, digital transformation, and strong governance. A recently established Sustainability Committee will be monitoring the implementation of this

strategy toward improving Edita's overall environmental and social performance.

Automation and digital transformation in particular have been an essential tenet of our long-term strategy for years, but throughout this cycle, they were our main focus. Next to digitizing most communication between our people in the wake of the pandemic, we have also initiated projects that optimize workflow, minimize waste, and reduce human risk and errors at our plants and on the distribution route. Moreover, the wellbeing of our employees and adherence to national restrictions, both internally and externally, remain cornerstones of our health and safety policies. Strict precautions are adhered to across all factories, and mandatory vaccination has been instated at our company headquarters.

We produce household brands loved by consumers across over 17 markets, which is why we always keep an eye on consumer wellbeing. In 2021, we received approval from the National Food Safety Authority (NFSA) to label all products under the Molto brand as free of hydrogenated fats. This is only the beginning, as we aim to extend this to the rest of our brands in the next stage. As for our surrounding communities, and through the Edita Foundation for Social Development, we

aim to safeguard and support people through multiple healthcare and education initiatives.

Taking quick action to collectively address the climate crisis that has now touched the daily lives of people across the globe is now a top priority for all businesses. Manufacturing businesses in particular must work to lower their carbon footprint, as well as energy consumption, and encourage others to follow suit. At Edita, we continue to tighten controls and introduce new tactics that lower our energy consumption across all company operations.

As we enter another year and as global ESG action continues to grow in relevance and significance, we remain mindful of the role we must play in advancing the conversation across local industries. This chapter in Egypt's sustainability story is now lending more attention to green financing and environmentally friendly regulations, with promises for further developments now constantly a part of the narrative. We are excited to see what comes next.

**Hani Berzi**  
Chairman

# EDITA

## At a Glance

Leveraging its decades of experience and proven innovative capabilities, Edita continues to lead Egypt's snack food market, standing out for its extensive range of high quality, branded snack products



### SIX SEGMENTS



**BAKERY**  
Molto



**CAKES**  
ToDo, HOHOs,  
Twinkies, Tiger Tail



**RUSKS**  
Bake Rolz,  
Bake Stix



**WAFERS**  
Freska



**CANDY**  
MiMix



**BISCUIT**  
Oniro

### ABOUT EDITA

Established in 1996, Edita Food Industries has since grown to become a leader in the Egyptian and regional snack food markets. Over the years, Edita has built a reputation for quality and innovation, consistently introducing new product propositions to best match consumers' evolving tastes. Edita is a pioneer in the snack foods industry, having been the first company to introduce packaged croissants to the market in 1997. Today, the company's portfolio includes around 144 SKUs across six segments, namely cakes, bakery, wafers, rusks, candy, and biscuits. The company's product roster encompasses household names, such as Molto, ToDo, Bake Rolz, Bake Stix, Mimix, HOHOs, Twinkies, Tiger Tail, Freska, and Oniro. Edita currently operates five ISO-certified, state-of-the-art facilities, encompassing 32 production lines, and exports its products to more than 17 regional markets.

Despite the unprecedented difficulties faced by businesses all over the world following the outbreak of the COVID-19 pandemic, Edita was able to deliver on its long-term strategy.

At home, the company successfully rolled out multiple new SKUs across various product segments; launched its tenth brand, Oniro, marking the company's entrance into Egypt's biscuits market; and continued to invest in enhancing its distribution capabilities. On the regional front, Edita completed the construction of its greenfield investment in Morocco. The new facility, which began operating in 2021, is the first milestone in Edita's efforts to deliver on its regional expansion strategy. A relentless drive for growth and innovation allows the company to remain at the industry's leading edge in spite of the growing competition and operational challenges faced throughout the years.

Edita's long-term strategy is guided by its goal to create sustainable shareholder value, deploying its technical know-how, research, and distribution strength to consolidate its position as a regional leader and pioneer in the packaged snack food market.

# Mission, Vision, and Values

*Edita's principles reflect a constant pursuit of operational excellence and sustainable, long-term value creation for the company and its stakeholders*



## MISSION

Together, spreading joy through trusted brands



## VISION

Setting the benchmark for snacking with our high quality, innovative products

## CORE VALUES



### INNOVATION

Innovation is what defines and leads Edita as a company.



### TEAMWORK

Teamwork is pivotal. Edita believes that the power of "we" is key to achieve its goals.



### TRUST

Edita believes in mutual trust. The company trusts in its people, its biggest asset, and believes in their contribution to the growth of the company, and they in turn trust in the company to develop and nurture their potential to achieve their career goals.



### RESPONSIBILITY

Responsibility toward Edita's stakeholders and community, as well as a commitment to quality, is pivotal to the company's strategy and operations.



# The Impact of COVID-19

*Edita maintained steady operations in the face of difficulties spurred by COVID-19 in 2020, and restored operations to normal in 2021 due to successful, long-term mitigation efforts*

Health, safety, and business continuity measures were immediately imposed by Edita following the outbreak of the pandemic in the beginning of 2020 and were closely monitored and updated as the situation progressed. Edita's people were at the center of these efforts, and the company invested in specialized precautions that enabled them to continue working without being subjected to health risks. This allowed the company to operate in a relatively normalized business environment by 2021.

## WORKFORCE HEALTH AND SAFETY

Internal measures initially implemented in 2020 to curb the spread of the pandemic included rolling out strict internal hygiene, sanitization, quality management, and social distancing protocols, which created a safer work environment for all employees on Edita's premises. Throughout the crisis, the company continued to operate in line with business continuity protocols drafted by its risk committee, which allowed it to create a new structure in 2021 that supported robust operational continuity without compromising health and safety.



98%

of HC Employees  
have been vaccinated  
against COVID-19

Over the reporting period, Edita optimized its digital infrastructure to facilitate remote work and continued to monitor the use of personal protective equipment on company premises. A new online learning and development system was also launched for employees to receive trainings on day-to-day functions and on how to navigate the impact of the pandemic in personal and professional capacities.

## A Vaccinated Workforce

Among Edita's priorities in 2021 was providing its employees with easier access to COVID-19 vaccines. Accordingly, it coordinated with the Ministry of Health to fully vaccinate all of its people. Today, employees at Edita's headquarters are almost fully vaccinated, and a new policy has been instated to ban any unvaccinated employee from entering the premises.

## MONITORING MARKET CHANGES

Edita implemented resource strategies that ensured operational needs are met during 2020 and 2021. This included keeping a close eye on its markets of operation and their shifts, as well as monitoring and diversifying supplier power to offset any potential shortages in raw materials. The company also maintained backup stocks (one month's worth of local materials and three months' worth of foreign materials) and implemented lean manufacturing techniques.

## COMMUNITY CONTRIBUTIONS

Edita extended national support through the Edita Foundation for Social Development by making two central donations in 2020. EGP 2 million were donated to Misr El Kheir Foundation, and products worth EGP 2 million were provided to the Tahya Misr convoys.

# A New Approach to ESG

*Edita's new comprehensive ESG strategy emphasizes its diversified policies and practices and a long-term vision to improve the company's performance and impact*



In tandem with its operational expansion, Edita continues to uphold its longstanding commitment to environmental, social, and governance (ESG) considerations. Throughout this reporting cycle, the company has been focused on introducing new practices to solidify its ESG-driven positioning and maximize positive impact for the benefit of its stakeholders. As a result, a new comprehensive sustainability strategy was announced in 2021, covering five key pillars that the company intends to cast its attention across and expand on in the coming years.

## **SUSTAINABILITY COMMITTEE**

A new committee was established in 2021 to oversee and streamline the execution of Edita's new sustainability strategy. Comprised of six members from the industrial operations, marketing, supply chain, investor relations, human resources, and sales departments, the committee acts as an advisor on all aspects pertaining to sustainability at the company. It is also responsible for monitoring the announcement of ESG regulations and procedures within Edita's countries of operation, as well as assessing ESG risks and providing tangible recommendations. The committee is also tasked with setting internal sustainable development goals, indicators, and targets, and it utilizes a wide range of monitoring and evaluation mechanisms to track impact and achievements.

## **MEASURING IMPACT**

Over the years, Edita has created several mechanisms to track changes made across its operations and identify and measure its impact. These mechanisms have evolved to include its scorecard program, implemented across all of its plants; the Environmental and Social Action Plan (ESAP), containing action points for each plant that improves performance and mitigates impact; and the Edita Vendor Assessment Plan (EVAP), which helps the company identify and resume collaboration with the most ethical and professional vendors in the market.

Moreover and through its new waste disposal management system, Edita tracks its different types of waste to ensure it is used for recyclable purposes at the final destination.

## INSIDE EDITA'S ESG STRATEGY PILLARS



### LOWER ENERGY CONSUMPTION

Edita believes in the undeniable role that responsible energy use will play in bolstering environmental well-being and driving companies forward in the next 10 years. Using rigorous impact measurement plans and tools, the company's environmental commitments are growing as it seeks to lower its energy consumption, decrease its greenhouse gas emissions, and control the use of water across its operations. To that end, Edita is looking to decrease its emissions per unit across all energy resources it uses as well as its total water usage by 10% come 2030. It also plans to start exploring renewable and clean energy sources and how they could factor into its operations going forward.



### STRONG GOVERNANCE

Edita's robust governance structure continues to serve the company's growth and development, with its Board of Directors providing its executive management with exemplary guidance and support. Toward fortifying ESG oversight and to make its sustainable efforts more tangible to its stakeholders, Edita also regularly reports on its progress and details all initiatives launched by the company to its stakeholders through multiple channels. The company publishes sustainability and communication on progress reports, all available to the public, and actively communicates with stakeholders through mutual communication channels, such as the annual shareholders' meeting, to gather feedback and identify potential areas of improvement.



### DIGITAL TRANSFORMATION

To capitalize on the burgeoning opportunities created by new technologies, Edita embarked on a digital transformation journey to improve the efficiency of its operations. The company employed several digital solutions to streamline and automate its operations, including SAP applications, barcode identification systems, hand-held devices, transfer machines, and cooling towers. It also implemented extensive centralization and automation projects that save time, paper, and resources. Edita also employed e-invoicing and cashless payment systems, in compliance with the government's drive toward digital transformation, financial inclusion, and transition to a cashless society. The unprecedented conditions imposed by the pandemic have also accelerated the introduction of numerous digital solutions to catalyze safe business continuity.



### CONSUMER WELLBEING

One of the main drivers behind Edita's efforts in sustainability is its consumers, and so the company aims to develop a healthier and eco-friendly portfolio for their benefit. Edita's Research and Development (R&D) department is constantly improving on the company's offerings, from nutritional value to sustainable packaging, and tackles all new product offerings with this ideology in mind. As a result of its efforts, Edita was able to transition its flagship Molto range to become free of hydrogenated fats and has obtained NFSA approval in 2021 to label them as such. The rest of the company's products are also set to follow suit soon.



### STAKEHOLDER SAFETY

Edita is committed to safeguarding the health and safety of its core stakeholder groups. To ensure the protection of its employees in the workplace, the company adheres to rigorous Safety, Health, and Environment (SHE) policies and ensures the availability of appropriate personal protective equipment (PPE). It has rolled out ISO 45001 and ISO 9001 protocols and policies across its E08 and E15 plants. In the wake of COVID-19, the company provided its employees with the opportunity to receive their vaccinations on Edita's premises and shifted trainings online for the benefit of its people's safety.



*Edita developed its new ESG strategy with the aim of aligning its operations with the highest sustainability standards and global best practices to ensure the company's positive impact.*



# Aligning with Global Standards

*Edita aligns its operations with recognized sustainability standards and seeks to contribute to the realization of diverse national and global action plans*

Edita's sustainability strategy is driven by its commitment to and support of the pillars of the United Nations Global Compact (UNGC), of which the company has been a member since 2017; the United Nations' Sustainable Development Goals (SDGs); and Egypt's sustainability strategy, Egypt's Vision 2030.

## ABIDING BY THE UNGC PRINCIPLES

As an active member of the UNGC, Edita continues to uphold its commitment to the Compact's 10 principles, which focus on the notions of human rights, labor, environment, and anti-corruption. To do so, the company looks to abide by local and internationally proclaimed human rights laws, commit to the provision of lawful and complete employee rights, implement changes that lower environmental impact, and protect the company through extensive anti-corruption policies.



## Human Rights

Edita upholds locally and internationally proclaimed human rights laws. To ensure that human rights are respected within its operations and across its supply chains, the company monitors its business and requires all stakeholders to act similarly. It encourages reporting any suspicious behaviours or violations so that affirmative action is immediately taken.



## Labour

Edita offers its employees lawful and complete rights under its employment, and provides them with multiple channels to communicate feedback, any forms of discrimination, and formal and informal challenges. The company endorses equal opportunity hiring, fair compensation, and multiple learning and development empowerment tools.



## Environment

Edita is committed to mitigating the negative impact of its operations on the environment and improving its footprint by implementing conscious changes where possible. To do so, the company constantly updates its environmental strategies, environmental management and waste disposal systems, and international certifications.



## Anti-Corruption

Edita does not tolerate any form of corruption. The company adopts extensive anti-corruption policies and information security systems to prevent threats that include extortion, bribery, data and recipe theft, and more. It also has a whistleblowing mechanism that allows employees to anonymously report violations.

## A COMMITMENT TO SDGS

Edita endeavors to actively contribute to the realization of the SDGs and enacts policies and changes that reflect this commitment.

Priority SDGs toward which Edita's impact is most visible:



25	Diversity and Inclusion
26	Equal Opportunity Hiring
37	Board of Directors' Composition (25% females)

24	Employee Affairs
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11	Embracing Digital Transformation
15	Preservation Through Efficiency
17	Supply Chain Management
19	Waster Control

11	Embracing Digital Transformation
14	Energy Consumption
18	Packaging and Sustainable Solutions
19	Waste Control

11	Embracing Digital Transformation
14	Energy Consumption
18	Packaging and Sustainable Solutions
19	Waste Control

The company's impact also extends to:



34	Donating Edita's products to communities in need
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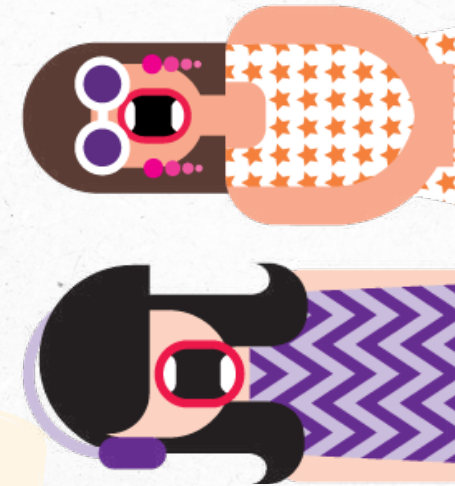
34	Health Initiatives by Edita Foundation
42	NFSA Warehouse Registration

33	Education Initiatives by Edita Foundation
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16	Water Usage
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25	Diversity and Inclusion
26	Equal Opportunity Hiring

15	Partnerships for Conservation
33	Corporate Social Responsibility



# Embracing Digital Transformation

*Edita's digitization efforts aim to boost operational efficiencies across the company's manufacturing, distribution, and administrative functions*

Edita set a digital transformation roadmap that aims to raise accuracy and efficiency across its supply chain and streamline company operations over the coming years. In line with this roadmap, multiple digital solutions were deployed in 2020 and 2021, all selected based on their projected positive impact on different departments and functions across company headquarters and plants. Edita will continue implementing and updating its digital transformation roadmap in line with technological changes and operational needs. More specifically, the company aims to finalize developing its SAP Digital Roadmap by 2025–2027, and it will continue to roll out its barcode system and online performance project across all its plants in 2022.

## ONLINE PERFORMANCE PROJECT

Given the high number of forms that need to be filled out manually on Edita's production lines, the company distributed handheld devices to its employees at its E07 plant to standardize

forms and data input; improve data accuracy; lower manual documentation; reduce paper, ink, and photocopier usage; save time; and reduce costs. The devices are linked to the SAP application, which allows for faster access to data, quicker data extraction, easier data monitoring and analysis, and the digitization of all production line reports. The project is set to be implemented across the rest of Edita's plants by July 2022.

## E-INVOICING

Edita joined the third phase of the electronic invoicing (e-invoicing) system implemented by the Ministry of Finance and the Egyptian Tax Authority across the nation. The company's products are now registered at GS1 for domestic and international trading, one of the main requirements to join the e-invoicing system. All Edita's sales and purchases are registered at the Tax Authority's electronic system in

accordance with Article 35 of the Unified Tax Procedures Law. Furthermore, its tax invoices are issued in electronic form in accordance with Article 37 of the same law.

## CASHLESS PAYMENTS

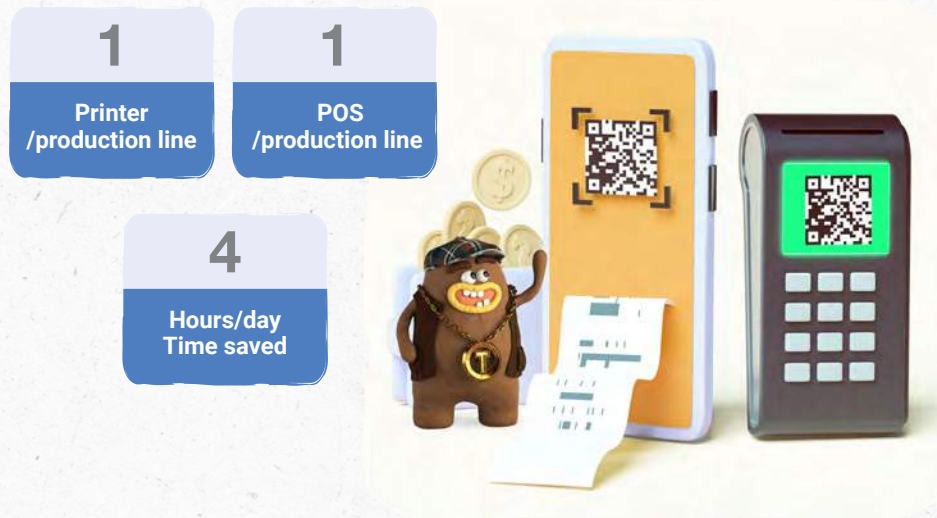
To promote digital financial inclusion, Edita's Treasury and Investment department took all necessary actions with banks, suppliers, and service providers to ensure full adherence to Law No. 18 of 2019 on cashless payments and its executive regulations that were issued later in 2020. Internally, the compliance department delivered a comprehensive summary to all departments to ensure they fully understand and comply with the law. This campaign was followed by the launch of a new policy and procedures that reflect the requirements of the law on payments, petty cash requests, and settlements.



## BARCODE IDENTIFICATION SYSTEM

Edita introduced a new barcode identification system at its plants that assists in overcoming the numerous shortcomings of manual data logging. Challenges that were previously faced include wasted time, challenges in creating serial sequence and pallet production time, wrong posting dates, repeated batch numbers, and difficulties in tracking batches and production order numbers. The Barcode Identification System has eliminated all these challenges, as each barcode serial number is now created with an automatic posting date and is automatically linked with its processed order. All data can also be printed and recorded automatically through the SAP system.

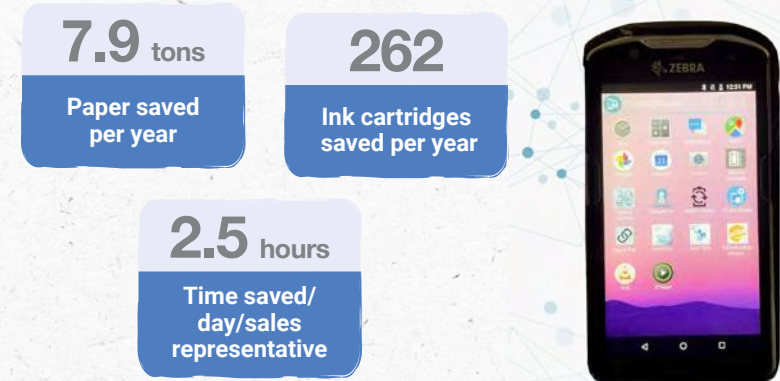
Moreover, each of Edita's storekeepers will be given a handheld device to scan barcodes and extract all information related to the batch they are handling, including batch number, posting date, order number, and more. Nearly 100 handheld devices will be distributed across all Edita's factories in 2022. The system also enables the company to act immediately when a recall is needed by checking for faults.



## THE SAP VAN SALES APPLICATION

Edita partnered with SAP to launch an upgraded digital solution that aims to facilitate the sales and distribution function. The tool, running on 700 devices over 25 distribution centers as of September 2021; is designed to increase the automation of the company's distribution process and allow for seamless and immediate information sharing. This is expected to ensure accuracy, accessibility, and accountability for all sales data while saving time and resources. The application also allows for the entire process to be done on the road rather than from the company's headquarters, therefore reducing the time needed to complete it.

Instead of traditional paper invoices, the application employs a trust receipt system—an online system that is linked to digital signatures on handheld devices, which decreases the amount of paper used across the network. An interaction channel is also made available through the application for sales representatives, drivers, and managers to interact together while on the road. To complement the SAP Van Sales Application, another application for live route optimization is introduced to direct drivers to optimal routes with minimal traffic congestions, helping them save time.



# ENVIRONMENT



# Energy Consumption

*Edita is committed to establishing processes for monitoring and mitigating its environmental footprint, as well as ensuring energy conservation at every possible opportunity*

## MONITORING ENERGY CONSUMPTION

Edita's environmental management systems are key to its efforts to achieve increased energy conservation and guide responsible consumption across its operations. Mindful of its carbon footprint, the company also employs these systems to reduce its different emissions. Next to acquiring the ISO 14001 certification across all five manufacturing facilities, the company put together a specialized Safety, Health, and Environment (SHE) manual to provide adaptive best practices under core pillars that include environmental sustainability. It also heavily depends on the Edita Risk and Environmental Management System (eREMS) to minimize environmental risks triggered by its operations. Each of these systems play a distinct role in supporting Edita's attitude toward energy resources.

## Electricity and Natural Gas Consumption

Utility type	Unit	2019 Usage	2020 Usage	2021 Usage
Grid Electricity	KWH	49,650,277	57,257,838	57,333,169
Grid Electricity	MWH/production ton	0.53	0.49	0.47
Natural Gas	M <sup>3</sup>	8,437,872	8,535,106	9,951,215
Natural Gas	M <sup>3</sup> /production ton	89.58	85.16	82.09

## Emissions

Pollutants	WBG/IFC Maximum Levels (WBG/IFC Units)	Project Name Performance (WBG/IFC Units)	Egyptian Regulation Maximum Levels	Emissions in 2019	Emissions in 2020	Emissions in 2021
Particulate Matter	(WBG/IFC Units)	(WBG/IFC Units)	100	15	18	15
SO <sub>2</sub>	Mg/Nm <sup>3</sup>	Mg/Nm <sup>3</sup>	400	<10	<10	<10
NO <sub>2</sub>	Mg/Nm <sup>3</sup>	Mg/Nm <sup>3</sup>	600	118	140	137

In 2020, Edita successfully lowered its electricity and natural gas consumption per tonnage from 0.53 and 89.58 in 2019 to 0.49 and 85.16, respectively, due to enhanced line efficiency and minor stoppages and shutdowns. In 2021, the company witnessed further reduction in its electricity and natural gas per tonnage consumption, reaching 0.47 and 82.9, respectively. It also reduced its other emissions, including particulate matter and NO<sub>2</sub>, which increased in 2020 due to higher utilization of production lines.

## ESAP Progress in 2020 and 2021

Task	Results/Actions
Monitoring heat exposure during the summer, implementing mitigation measures, and developing regulated systems for workers exposed to heat stress.	Assessment of workers' exposure to heat stress was conducted, including measurements, proposed mitigation measures, and procedures for limiting exposure in the production area.

## PRESERVATION THROUGH EFFICIENCY

Edita is devoted to preserving natural resources by tracking its consumption, as well as developing and implementing conservation plans. Preserving energy resources constitutes a fundamental part of the company's optimization plan, with particular focus on curbing and reducing the negative environmental footprint of its operations and decreasing greenhouse gas emissions and resource depletion.



Toward that end, the company relies on monthly scorecards, which are developed for each plant and calculated centrally, that detail each facility's operational and consumption targets for produced tonnages and for each of Edita's snack food categories. These scorecards are reported, monitored, and analyzed against annual set targets and also compared with the previous year's results. Accordingly, they provide justifications and recommendations on improvements; help the team handle any shortcomings, inconsistencies, or violations; and assist in providing updates to management. The team also uses scorecards to examine potential energy-saving and emission-reduction areas, and it makes additions to the ESAP in line with its findings. A walkthrough energy audit is planned every other year by a third-party consultancy as an expert eye for potential opportunities.

### Partnerships for Conservation

Edita implemented mid- and long-term energy audits that were last carried out in 2019 by a third-party consultancy in its E06 and E15 plants. The audits produced low-investment and rapid electricity-saving plans that the plants started implementing in 2021. These plans focus on raising the efficiency of existing equipment, as well as examine the potential reuse of operationally-generated steam for intermediate water heating needs.

## CENTRALIZATION PROJECTS

Edita decided to centralize and automate the production of its main subassemblies to optimize operations, standardize the quality of its products, reduce energy consumption, and right-size its workforce. The company started by centralizing the production of the mother dough in each factory and reallocated sugar mills from E06 and E07 plants to a centralized sugar mill area in its E08 facility, with plans to automate and centralize the mixing tanks for sub-recipes in the three plants next year.

The centralized sugar mill regulates the quality of fine sugar used in SKUs produced across the three facilities, which used to differ due to diverse throughput and types of mills. Moreover, the mill's new area implements safety and ergonomics best practices instead of potentially hazardous work environments in scattered mills, which lacked dust collectors and proper ventilation systems. It also introduced a new lifting solution for handling raw and finished products. Since the project operates on a one shift per day basis, with the possibility of adding another shift or overtime only when needed and based on a thorough forecast, it significantly contributes to lower consumption of energy and other subsequent overheads.

## SUPPLY CHAIN OPTIMIZATION PROJECT

Launched in March 2021, the Supply Chain Optimization project is looking to make efficient use of truck space across Edita's fleet. Reconfiguration of the stacking techniques used to place cartons of finished goods on truck pallets is showing great results in the number of cartons loaded per truck, and in turn, the number of trips saved and amount of fuel used. So far, the project has led to a 10% increase in the number of cartons loaded on each truck.

**3,729**

Total trips saved to date

**735k**

Litres – Total amount of fuel saved to date

# Water Usage

*Edita closely monitors its water use and implements wastewater treatment methods to limit its consumption*

Responsible water use lies at the heart of Edita's resource conservation plan next to further utilizing recycling, upcycling, and relevant treatment processes where possible. As such, the company promotes strict consumption across its operations through internal awareness campaigns, personalized improvement targets for each plant, and water meter gauges that determine and control water usage. The success of these strides was evident in the continuous reduction in Edita's water consumption over the years.

Additionally, the company is focused on its wastewater treatment initiatives that help it improve its utilization rates. Edita established wastewater treatment plants at its E10 facility back in 2017 and its E06 facility later on in 2019. The company is also working on developing three additional plants at E7, E08, and E15 over the next two years in compliance with regulatory requirements and the World Bank Group's guidelines. Regarding its current processes, the company adheres to local legal requirements in carrying out wastewater treatment processes and monitors the operation carefully through its environmental management system eREMS.



## Average Water Consumption

2019	2020	2021
3.79 m <sup>3</sup> per production ton	3.57 m <sup>3</sup> per production ton	3.38 m <sup>3</sup> per production ton

As a result of Edita's ongoing efforts to improve its water usage, the company successfully lowered its average water consumption per tonnage by 0.22 m<sup>3</sup> in 2020 and an additional 0.19 m<sup>3</sup> in 2021.

## FORWARD LOOKING GOALS

To further its water conservation efforts, Edita plans to implement more efficient solutions in water usage during changeover and startup operations. The company's quality teams are tasked to assess the current practices and re-evaluate tools to decrease consumption, and they have already inaugurated the project by optimizing the changeover on one of the lines, which is expected to save approximately 140 m<sup>3</sup> of water annually.



# Supply Chain Management

*Edita's supply chain department aims to achieve efficient and sustainable performance across the company's value chain, from supplier vetting and the procurement of raw materials to manufacturing, packaging, and logistics*

Part of Edita's strategy to manage its impact is making conscious decisions that closely monitor the ethical, high-quality sourcing and utilization of raw materials, as well as maximizing the efficiency of all surrounding processes for the benefit of its stakeholders. Tools like the EVAP are utilized to outline objectives and courses of actions that help the company take tangible steps toward achieving said goals. The EVAP plan monitors the performance of vendors to ensure continuous compliance with international standards (ISO and FSSC) and operates in-line with local regulations surrounding each vendor.



*Edita's supplier network is comprised of large-scale material providers, 95% of which comply with ESG best practices*



## SOURCING OUR MATERIALS

### Responsible Sourcing

Toward addressing challenges that face sustainable supply chain practices, Edita emphasizes proper sourcing and efficient use of raw materials as key aspects of its evolving resource optimization plan. The company is meticulous in ensuring the acquisition of ethically-obtained, high quality ingredients and food grade resources needed to manufacture its products. This calls for identifying and contracting responsible suppliers that align with Edita's ESG standards and internal policies, and they are then regularly monitored for compliance using rigorous auditing mechanisms.

### Supply Interruption During COVID-19

At the start of 2020, days of inventory on hand (DOH) for raw materials were in line with regular levels usually maintained by the supply chain

department. During the height of the pandemic, DOH were pushed to high limits to ensure the availability of imported raw materials and offset slowdowns to maintain regular production.

To further safeguard its operations against potential supply risks while increasing its support of local business partners, Edita's interest in locally sourcing its materials has seen substantial increases. Expanding its national supplier base is now part of a diligent localization strategy, especially following the challenges triggered by the pandemic. The supply chain department now focuses on striking diversified local agreements to gain wider, quicker access to well-priced raw materials. This mitigated availability and emergency supply risks so that the company is able to continue operating under unusual circumstances.

### Supplier Selection and Auditing

Edita follows a well-established supplier selection and material acquisition framework to build a reliable network of business partners. New suppliers face document reviews, self-auditing, and on-site inspections, while existing suppliers are monitored and evaluated through first-time-right delivery and the issuance of defect reports when incidents arise. Edita's purchasing department also provides support in the form of overall performance evaluations for each supplier, which allows supply chain department to capitalize on successful, strategic partnerships and terminate inadequate deals. As a result, 95% of Edita's suppliers comply with ESG best practices.

### PACKAGING AND SUSTAINABLE SOLUTIONS

Edita seeks to continuously improve the sustainable nature of its packaging materials in order to decrease waste produced by its operations and further mitigate negative impact on the environment. Display boxes and cartons are 100% recycled at Edita, and paper-based secondary and tertiary packaging are used, with printed safe disposal icons present on all outgoing materials. Additionally, the company used reusable plastic crates for Molto Sandwich, saving around a combined total of 1,080 tons of carton across the reporting period. Edita also saved 222 tons of Oriented Polypropylene Plastic (OPP) through other packaging optimization of its high-runner products, such as its cakes, bakery, and rusks product ranges, during the same period.

Parallel to its conservation efforts, Edita regularly launches recycling initiatives to reduce packaging waste, including offering traders additional benefits if they save and return cartons for recycling.

Carton saved  
due to reusable trays

528 tons

in 2020

552 tons

in 2021

OPP saved:

119 tons

in 2020

103 tons

in 2021



# Waste Control

*Edita actively works to minimize and safely dispose of waste produced during its production process*

## WASTE MINIMIZATION EFFORTS

Edita monitors its waste production through its scorecard program and limits the maximum amount of waste allowed per category for each facility. Exceeding the set limit negatively affects the performance appraisals for the plant. The company sets an annual target for each production line and product category, and tracks performance by stage to assign optimization taskforces for stages with the highest waste production rates. Workers are also encouraged to help their plants ensure their numbers do not exceed the set limits through Edita's incentive program, which offers workers a monthly bonus for fulfilling specific tasks. When a plant achieves the set targets for waste reduction, each of its workers receives 10% of the monthly incentive.



## Waste Production

	Unit	2019	2020	2021
Waste	Tonnage	996	1,005	1,088
	Per production ton	1.05%	1.05%	0.89%

Although Edita's waste production increased along with the rise in its overall production in 2020 and 2021, the company successfully managed to reduce the percentage of waste in its overall production capacity by 0.03% in 2020 and 0.01% in 2021 on the back of its successful waste minimization efforts. Between 2018 and 2020, the company lowered its production waste by an impressive 35% on average across production lines and some categories at Edita. Most notably, the company's rusks and wafers segments have seen a significant decline in their production waste throughout the years.

Moreover, and to further control waste production across its footprint, Edita launched an online data monitoring system to reduce paper consumption and printing activities by replacing paper documents with digital records. The company also introduced a new silicon coating technique to the cake line in Hall B at E07 plant, and it is now used to recoat all Twinkies trays. The use of silicon coating reduces the consumption of sprayed pan oil, as silicon requires minimal oil to produce the best results in terms of cake formation, quality, and stickiness.

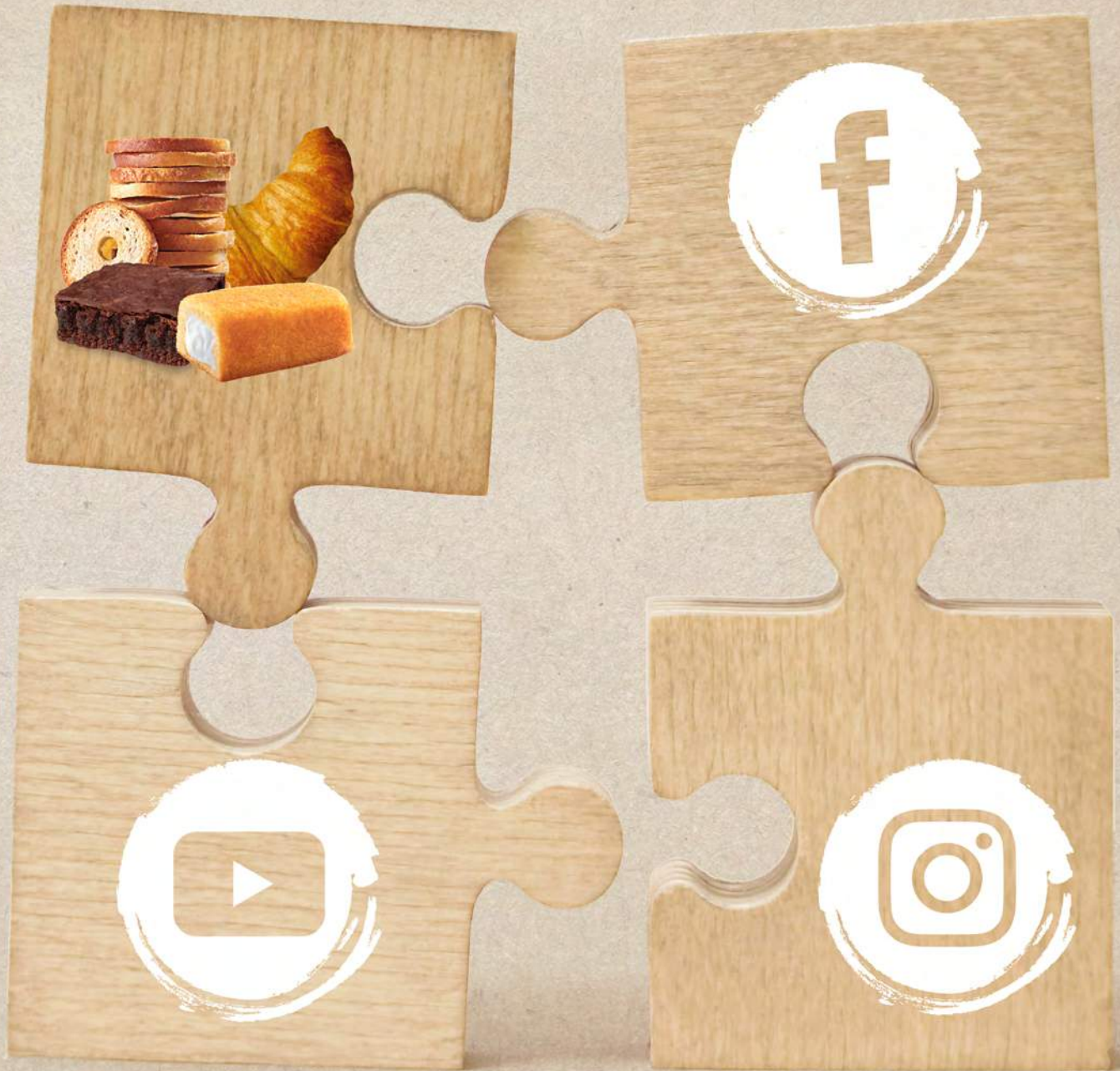
### WASTE DISPOSAL MANAGEMENT SYSTEM

In 2021, Edita launched a new waste disposal management system, by which the company uses legal documents to track the final destination of its different types of waste, including cartons and papers, expired products, production waste, scraps, and consumables. This system requires all waste to be directed to recyclable purposes. As a result, the company only contracts waste disposal companies that abide by the system's requirements and have a registered license to collect and recycle waste.

As such, Edita signed an agreement in November 2021 with Ghosoun Company, a company recommended by the Prime Ministerial Committee as the only licensed trader, to purchase the company's expired products for recycling and reuse as fodder and fertilize.

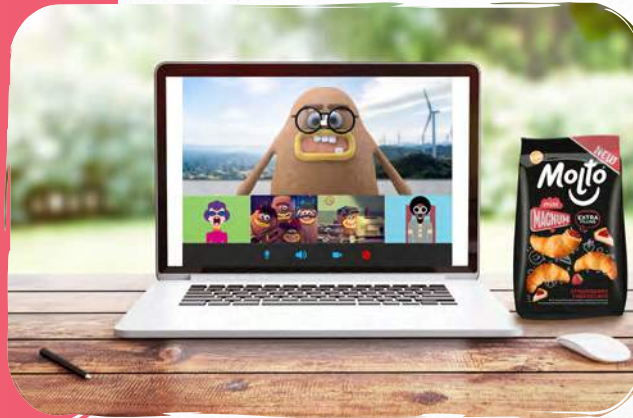


**SOCIAL**



# Stakeholder Engagement

*Edita believes that regular and effective communication with its stakeholders is essential for transparent, supportive, and accountable business operations*



Edita relies on a range of stakeholder communication mechanisms to actively keep in touch with different groups and gather feedback that helps identify potential areas of improvement in its operations. The company uses a variety of formal and informal channels, and it documents all interactions to ensure that they match Edita's open communication and feedback policies. It also continues to implement the Stakeholder Engagement Plan (SEP), originally developed in 2019 as part of its EVAP, which has instated complaint mechanisms to record any community grievances that are then submitted to the IFC for review.

## EMPLOYEES

Edita strives to cultivate a long-term, trustworthy, and fruitful relationship with its employees by regularly communicating with them through different, personalized channels. Professional or leisurely announcements, updates, and news are shared through mediums that include, but are not limited to, emails, signs on bulletin boards, monthly newsletters, CEO messages, department meetings, one-on-one meetings, and onboarding initiatives for new employees.

Additionally, the company provides its people with channels to communicate their feedback, needs, challenges, and any forms of discrimination. It conducts an annual Organizational Climate Survey and implements the In Touch program to allow its employees to voice their opinions and feedback. It also utilizes IVoiceUp, a whistleblowing platform that allows employees and suppliers to report misconducts or concerns and suggest improvements.

## Communication with employees during COVID-19

Effective internal communication gained significant importance amid the uncertainty posed by COVID-19. It was heavily relied on to inform all employees of the company's initial health and safety and business continuity protocols, as well as subsequent changes across the work environment. The internal communication department worked diligently to strengthen all internal communication tools; it primarily turned to the company's newly developed virtual platform to enable remote communication with all of Edita's people. Additionally, the department worked to enhance external communication tools to facilitate virtual meetings to avoid face-to-face interaction outside the company.

Furthermore, Edita placed emphasis on interdepartmental communication in 2020 to foster a sense of belonging and strengthen employee bonds during such a challenging year. The company provided professional development trainings and fun team building activities that brought members of its departments together.

## CUSTOMERS

Edita uses numerous channels to communicate with its customers and ensure that they are informed of all relevant updates instantly and efficiently. The company uses its website, various social media platforms, and wide-ranging advertising campaigns to announce product releases, product promotions, and other relevant information to its customers.

To assess degrees of satisfaction, Edita encourages customers to submit any complains about sales or products through the company's hotline. During the last year, the number of complaints received increased as Edita made sure more customers were made aware of the availability of this option. The company also implemented improvements across its customer service department to ensure the provision of strong support services that effectively receive and resolve complaints.

Additionally, Edita conducts regular market research to gather feedback on its customer communication efforts. A dedicated team at Edita's call center conducts monthly surveys by reaching out to a random sample of customers who had recently contacted the hotline. The team ensures that all submitted inquiries and complaints were successfully resolved and, subsequently, measures satisfaction levels. The company also uses its Customer Relationship Management (CRM) system to record and resolve consumers' complaints.

## BUSINESS PARTNERS

Edita recognizes its suppliers, distributors, traders, and contractors as key to its operational successes. The company aims to maintain consistent and clear communication with them through its website, advertising and public relations efforts, an annual wholesalers' event, and more interpersonal methods. It ensures that they are informed of its compliance obligations, operational best practices, and health and safety requirements; updated on all the company's important announcements; and rewarded for their contributions to the company. Additionally, Edita conducts monthly surveys to gather traders' feedback to help improve operations and solidify mutually successful business relationships. The survey covers multiple areas relating to the quality of Edita's products, prices, services, and more. It is conducted by a specialized call center team that targets a random sample of the company's traders to measure satisfaction and resolution levels.

## SHAREHOLDERS

As a listed company in the Egyptian Exchange (EGX), Edita is mandated to regularly disclose all company-related information to its shareholders, as well as release its quarterly financial reports and annual reports. To do so, the company's investor relations department publishes up-to-date information, news updates, press releases, and sustainability reports on the company's corporate and investor relations websites. Moreover, the department hosts an annual shareholders meeting, one-on-one meetings, investor conferences, and investor roadshows.

In light of the pandemic, the department placed emphasis on maintaining effective and engaging communication with investors. In 2021, Edita communicated with its investors



through virtual investor meetings and conferences. It also participated in several global virtual investor conferences, which provided exposure to more than 300 institutional investors ranging from corporates to leading fund and portfolio managers with an aggregate asset under management (AUM) of USD 12 trillion.

## GOVERNMENT

Edita endeavors to contribute to the implementation of Egypt's sustainable development strategy, Egypt's Vision 2030, by shifting to sustainable production. The company regularly communicates with all governmental entities and regulators, and it reflects any changes in national laws, policies, and regulations in its corporate policies. It upholds transparency

in all interactions to maintain its trustworthy track-record and fortify its position as a contributor to the advancement of the fast-moving consumer goods market in Egypt.

## NON-GOVERNMENTAL ENTITIES

In contribution to its own operational development while benefitting its surrounding communities, Edita maintains regular communication with standards organizations, industry associations, and environmental agencies to uphold clean and efficient operations. Moreover, it communicates with non-governmental entities, such as Misr EL Kheir, Tahya Misr Fund, Magdi Yacoub, and others, to identify potential collaborations as part of their efforts in giving back to the communities in which it operates.

# Employee Affairs

*Edita views employee welfare as a key cornerstone of its social development plans, and it strives to protect its people by creating a fair, safe, and encouraging environment that celebrates diversity, inclusion, and a drive for growth through professional advancement opportunities*

## In 2020

**7,900**

Total Number of employees, excluding outsourcing

**769**

Total number of terminations, excluding outsourcing

**10%**

Turnover rate (voluntary)

**7%**

Turnover rate (for cause)

## In 2021

**7,742**

Total Number of employees, excluding outsourcing

**971**

Total number of terminations, excluding outsourcing

**12%**

Turnover rate (voluntary)

**5%**

Turnover rate (for cause)





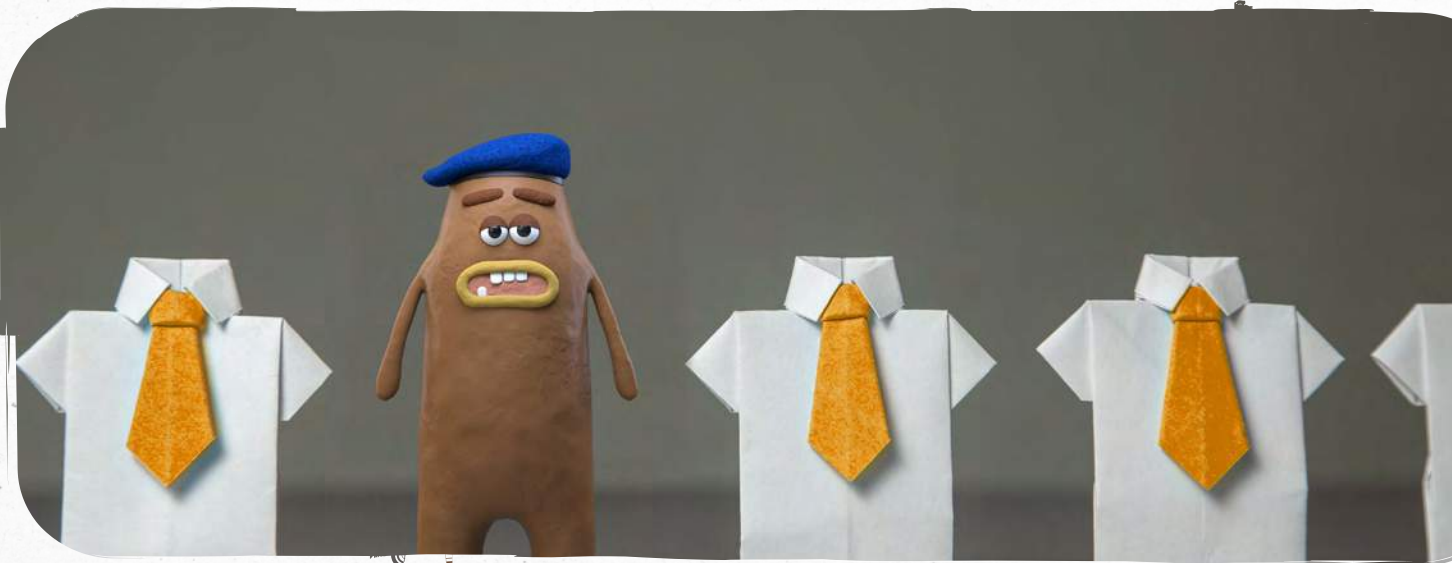
## LABOR RIGHTS

Edita is committed to providing its employees with lawful and complete rights and fair compensation under its employment. To do so, it abides by the Egyptian labor law and upholds global best practices of fair labor standards, and it ensures that neither it nor its partners engage in illegal practices that include forced labor, child labor, and any practice that infringes human and labor rights. The company also ensures the cultivation of a safe environment for its employees by applying zero-tolerance policies against any forms of discrimination and harassment.

### Compensation and Benefits

Edita customizes a different returns scheme for each employee segment, offering fair and reasonable compensation in line with the law and market norms. It also uses additional incentives to reward its people for their contribution to its success.

In 2020, the company raised its salary scale between 7% and 10%. Merit increases were applied during the year at a 12% flat rate for blue-collar workers and at an average increase of 12% to white-collar workers as per their performance evaluation. The company also focused on retaining and compensating key position holders through special salary adjustments, taking both the criticality of their positions and average market pay into consideration. Such changes were made possible due to cost-saving initiatives applied by the company following the onset of COVID-19, which include hiring freezes for non-operational functions; freezing July 2020 promotions; and setting budgets for international travel, trainings, cars, and some CAPEX spending.



## DIVERSITY AND INCLUSION

Stringent policies are put in effect across Edita's operation to battle any form of discrimination based on age, gender, race, religion, disability, or any other distinctive characteristics. To ensure that all of its people are made fully aware of this policy, new employees are briefed on all discrimination policies during their onboarding processes, with related documents made available and regularly updated on the company's SharePoint access. Additionally, Edita has trusted reporting and whistleblowing mechanisms in place, namely IVoiceUp and In Touch, to allow employees to report any violations anonymously. These systems are tied to a strict penalties system to ensure that any violations are immediately and efficiently investigated and appropriately dealt with.

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*In line with its commitment and support of the UNGC's pillars, Edita adheres to the highest standards of human and labor rights in order to protect its employees and provide them with their lawful and complete rights.*

## EQUAL OPPORTUNITY HIRING

### Employees – By gender (including outsourcing)

	2019	2020	2021
Total number of employees by gender	Females: 315 (4.52%)	Females: 309 (3.91%)	Females: 264 (3.14%)
	Males: 6,640 (95.47%)	Males: 7,591 (96%)	Males: 8,129 (96.85%)
	<b>Total: 6,955</b>	<b>Total: 7,900</b>	<b>Total: 8,393</b>
New hires by gender	Females: 66 (3.98%)	Females: 41 (1.85%)	Females: 18 (0.67%)
	Males: 1,590 (96%)	Males: 2,171 (98.14%)	Males: 2,665 (99.32%)
	Total: 1,656	Total: 2,212	Total: 2,683

### New hires – By category

	2019	2020	2021
Blue-collar	Female: 48	Female: 29	Female: 7
	Male: 1,554	Male: 2115	Male: 2,618
White-collar	Female: 18	Female: 12	Female: 11
	Male: 36	Male: 56	Male: 47

### New hires – Employees with disabilities

	2019	2020	2021
Female: 39	Female: 18	Female: 0	
Male: 88	Male: 35	Male: 0	

### New hires – Management

	2019	2020	2021
Female: 7	Female: 6	Female: 3	
Male: 5	Male: 7	Male: 3	



**2,683**  
Newly-hired employees in 2021

**46.15%**  
Female employees in management positions in 2021

Equal opportunity hiring is part and parcel of Edita's anti-discrimination practices. The company selects candidates from all over the country whose qualifications and job experience pertain to the requirements of available vacancies. It specifically ensures the representation of diverse community members across its departments to enrich the company's internal culture. Edita also seeks to provide employment to suitable female candidates and disabled individuals despite constraints presented by the nature of the industry. The company faces obstacles in hiring female workers for shift-based vacancies at its plants due to cultural challenges. However, it prioritizes hiring female candidates in fixed-hours vacancies.

Edita also aspires to provide its employees with equal benefits, opportunities, and support. The company works diligently to decrease the pay gap that currently exists between men and women in the workforce, and it invests in empowering its female employees by providing them with more opportunities to reach effective leadership and decision-making roles using personalized developmental programs. Additionally, the company monitors all its induction materials, policies, and communication collateral to ensure clear promotion of gender equality.

In March 2020, Edita ran a campaign to empower women, in which each female manager wrote a sentence on what she thinks women empowerment could do, and all the quotes were posted on Facebook and LinkedIn.

### **ANTI-SEXUAL HARASSMENT POLICY**

Further to its efforts in protecting its employees against any physical or emotional harm, Edita instates a strict anti-sexual harassment policy. All employees are required to avoid making any remarks, gestures, or actions that would be construed as sexual harassment. Victims or witnesses are encouraged

to report any incidences to the company's compliance and corporate governance department, which will immediately investigate the reported violations with severe, lawful actions taken against offenders.

### **ASSESSMENTS, SURVEYS, AND CAREER MANAGEMENT**

Career development falls in line with Edita's strategy to advance its employees and pave the way for their progression. The company regularly assesses the knowledge and skills of its employees and provides job rotation programs to prepare its people for succession, enhance the business process, and reduce monotony.

### **Employee Feedback Mechanisms**

Edita aspires to elevate its employees' satisfaction, along with identifying potential areas of improvement in its systems. To do so, the company works to provide its workers with multiple channels to communicate their feedback, needs, and challenges, as well as any forms of discrimination. It conducts an Organizational Climate Survey periodically to assess the satisfaction of white-collar employees, coupled with its In Touch program, which allows blue-collar employees to voice their opinions and feedback. It also relies on IVoiceUp, a reporting platform that allows employees and suppliers to report misconducts or concerns and make suggestions for enhancements.

In 2020 and 2021, the company held five meetings as part of its In Touch program, resulting in key findings and actions per plant presented in the following table.



## Key Findings and Actions Per Plant in 2020

Plant	Key findings	Actions	Monitoring technique
E06	1. A lack of changes in income taxes and deductions 2. Exclusion of employees from L7 –9 from some benefits and activities	1. Conducted awareness sessions for more clarity 2. Explained the reason for the exclusion	HR business partner in each plant is following up on conducting awareness sessions and answering employees' queries
E07	1. High absenteeism rate (18%)	1. Requested extra headcount to cover high absenteeism	Monitoring absence without permissions and excluding them from the overtime plan
E08	1. Separation of E07 and E08 buses 2. Low salaries compared to the market	1. Postponed till next year for budget constraints 2. Raised the complaint to the compensation and benefits team	N/A
E10	1. Limited profit share (one month) 2. Loyalty allowance is excluded when calculating annual increase	1. Discussed with the CEO and approved (however, this was stopped due to the pandemic circumstances) 2. Loyalty allowance as a concept was explained to the employees	N/A
E15	1. A lack of Metlife coverage in Beni Suef 2. Low number of employee lockers	1. Coordinated with Metlife to include more hospitals in their Beni Suef network 2. Coordinated with the admin team to solve the lockers issue	HR business partner is following up

## Key Findings and Actions Per Plant in 2021

Plant	Key findings	Actions	Monitoring technique
E06	1. High absenteeism rate (14%)	1. Requested extra headcount to cover high absenteeism 2. Controlled submitted annual leave requests	Monitoring absence without permissions and excluding them from the overtime plan
E07	1. High absenteeism rate (18%)	1. Requested extra headcount to cover high absenteeism	Monitoring absence without permissions and excluding them from the overtime plan
E08	1. Separation of E07 and E08 buses	1. Postponed till 2023 due to limited budget	NA
E10	1. Needs to be enrolled in the private medical insurance	1. Discussed with the CEO and approved	Done with the onset of 2022
E15	1. Meals at the three shifts need to have more food varieties	1. Coordinated with the admin team to add more types of food	Done since December 2021

## LEARNING AND DEVELOPMENT

Stemming from Edita's strong belief in the impact of its employees' professional advancement on its operational success, the company continues to tailor professional development programs that would drive its existing pool of well-selected employees forward and prepare them to sustain and lead the company on the long-run. As such, it provides diversified trainings through the Edita Sales Academy, Edita Manufacturing Academy, and Edita Quality Academy; in addition to its evolving company training plan that offers versatile learning opportunities through Virtual Skill Bite Trainings and online webinars.

### Academy Trainings

Challenged by the disruptions caused by COVID-19, some of the company's trainings were paused and others were carried on online. The Edita Sales Academy and Edita Manufacturing Academy paused all trainings as they believe in the importance of the classroom to deliver their trainings.

The Edita Quality Academy resumed trainings for the company's quality and production teams on real-life improvement projects across the plants, certifying a total of 22 people in 396 training days during 2020. It delivered a three-day Six Sigma Training of Trainers (TOT) course to 19 employees to become internal trainers themselves.

### Company Training Plan

Inspired by the changes posed by the pandemic, Edita's training plan focused on the topic of "Agility" in 2020 to help its employees thrive in times of change and increase overall

resilience and tolerance. The plan was transferred to Edita's virtual learning platform, where trainings are delivered online and participants are able to attend sessions, communicate with peers and trainers, view presentations or videos, and engage with other work colleagues remotely. The platform included online Skill Bites trainings, online webinars and online team bonding activities.

As part of its training plan, Edita also provides its employees with the opportunity to attend courses and seminars organized outside the company including self-study programs or virtual seminars. In 2020, more than 100 employees took part in external training and development programs, for a total of 824 training days.

### Online Skill Bites Training

After performing needs assessments to determine skill development requirements, and in line with Edita's competencies framework, Edita conducted different Skill Bites trainings (specialized soft skills trainings) that cover topics like emotional agility, innovation and design thinking, bounce back, leadership agility, and more. Each "bite" ranges between two and three hours and provides support tools that would help trainees refine their related knowledge or practice.

### Online Webinars

As part of its virtual learning plan, Edita replaced its Functional Trainings and "Learn with Leaders" sessions with two online webinars on "The Mindset Shift Process" and "Why My Brand?" topics.



### Team Building Activities

Edita strives to strengthen the bonds between its people by bringing different teams from across its plants together for different activities. In 2020, the company organized two online team building competitions: the "Corporate Kitchen" and "the Red Box". The first was a fun cooking competition where participants were provided with ingredients and tools they need for cooking. Each team was expected to use its cooking skills and prepared a three-course meal, and teams were evaluated based on the taste and presentation of their plates. In "the Red Box" competition, every two participants received a unique box with different clues: some that functioned individually, some that had to be combined with others, and some that required interaction with something in the surrounding environment. By combining all the clues and activities in the boxes, the teams were able to finish the challenge.

## FORWARD LOOKING GOALS

Edita plans to resume its training plan, Edita Sales Academy, and Edita Manufacturing Academy by 2022. It is also planning to conduct an Organizational Climate Survey by 2022 to assess satisfaction levels among its people.

## HEALTH AND SAFETY MEASURES

Edita strives to protect its employees and their wellbeing by creating systems and policies to minimize health and safety hazards and ensure effective emergency responses across its premises. It regularly monitors and updates its safety systems, renews its international safety certifications, provides safety tools and proper personal PPE, and delivers safety trainings, awareness sessions, and drills.

### SHE Policies

Edita's rigorous policies and systems correspond with various international safety certifications to guarantee operational safety across its premises. The company's SHE manual aims to create a healthy and environmentally-conscious work environment and has a set of strict policies and protocols in place that are based on property protection, injury prevention, and environmental sustainability pillars.

In 2020, Edita maintained its Quality Management System certification (ISO 9001) across all facilities. Additionally, Edita has successfully migrated to ISO 45001 across all of its facilities and has updated its SHE manual policies and procedures accordingly. The new SHE manual requires Edita to identify its context by describing the influences of various elements on the company and how they reflect on the Occupational Health and Safety (OH&S) Management System, as well as defining its size, culture, customers, markets, objectives and goals, complexity of products, flow of processes and information, etc.

Additionally, Edita needs to consider relevant risks and opportunities for all aspects of the OH&S Management System and prepare a documented plan for how to address each risk. It must also establish an ongoing and proactive process for hazard identification and implement changes



to Edita's existing procedure for identification and evaluation of OH&S hazards.

### eREMS

eREMS lies at the heart of Edita's efforts to protect its workers, contractors, and visitors by monitoring the company's performance and improving its emergency responses. The system integrates SHE policies into all standard procedures and monitors compliance across all plants through designated representatives. Like SHE policies, the eREMS system was also updated in 2020 to reflect changes made to the ISO 45001 certification.

### Preserving Air Quality Inside Plants

Edita's plants are located in industrial zones, far from residential areas, to mitigate impact on the company's surrounding communities. Furthermore, and to maintain a healthy internal environment that preserves plant air quality and employee wellbeing on the job, the company installed

state-of-the-art central ventilation systems across its plants, and dust collectors in specified areas, which are maintained on a monthly basis.

### Additional Safety Standards

General safety systems and necessary safety equipment are set up across Edita's facilities as per local civil defense regulations, the Egyptian fire code, and needs assessments. They include firefighting pumps, boxes, hoses, and extinguishers; alarm systems; multiple emergency tools; and first-aid kits, as well as a clinic in every plant. All systems are monitored and tested periodically, with detailed records kept, and are maintained by third-party experts when needed.

Moreover, appropriate safety gear and PPE are made available for workers across plants, as determined by each function's requirements, for optimal work conditions. Individual equipment includes safety shoes; heat-, electricity-, and cut-resistant gloves; dust and gas masks; eye protection goggles;

welding face shields and aprons; and safety harnesses and belts. All gear is regularly maintained and upgraded per the latest safety standards available.

### Safety Trainings

Regular trainings on the SHE protocols, first-aid response, and the use of safety equipment to prepare employees for safety risks are regularly conducted at Edita. The company also continued to provide the mandatory 7Cs training program, which covers critical safety risks, and the “Toolbox Talks” program, which keeps employees refreshed on occupational and environmental safety standards and communicates any important changes. Safety training hours slightly decreased in 2020 due to COVID-19, but trainings remained in effect to safeguard Edita’s people. Hours increased to 46,219 during 2021, signaling a return to normal training conditions.

### FORWARD LOOKING GOALS

To further improve health and safety protocols across its premises, Edita will continue to optimize its health and safety standards by providing its employees with external and internal trainings and updating the SHE policies. The company will also continue to sustain its ISO 45001 and 14001 certifications across all its plants.

### In 2021

406

Observation  
report  
submitted

0.16

Occupational lost  
time injury rate  
(LTIR)

7

Loss time  
incidents

0.0016

Average number of  
loss time incidents  
per employee

46,219

Total hours of  
safety trainings  
conducted

6.32

Average safety  
training hours per  
employee



# Consumer Wellbeing

*Edita is a consumer-centric company that understands its immense responsibility toward people, and thus employs the highest standards of safety, quality, innovation, and ethical communication in presenting its products*

A well-rounded system that ensures the delivery of top-of-the-line, high quality products through meticulous processes that are rooted in ethics and innovation is what Edita continues to cultivate. Using a robust supply chain framework, regularly improving product lifecycle management and quality control systems, and a full-fledged research and development (R&D) department, Edita's commitment to upholding the best product innovation and creation standards in the market continues to grow.

## PRODUCT SAFETY AND QUALITY MANAGEMENT

Edita is registered on the whitelist of the NFSA, and it benchmarks its operations against the best international guidelines and practices in production value and care. Four primary food safety and quality management certificates were obtained across all five of the company's state-of-the-art plants to ensure that their operations are in close alignment with local and global best practices. These certifications are:

- Food Safety Management System (ISO 22000)
- Quality Management System (ISO 9001)
- Food Safety System Certification (FSSC 22000)
- HALAL Food Certification



The company's factories are also constructed at a safe distance from residential areas and are undergo regular audits, assessments, and evaluation to ensure their compliance.

## INNOVATION AND R&D

Edita's R&D department aims to maintain the company's innovative and ground-breaking edge by helping it push exciting, safe, and delicious products into the market, as well as improve on the company's existing product portfolio. R&D is responsible for lab work, prototype samples, and scale-up trials for market readiness. It also determines the adequacy of supporting factors, such as shelf life, production capabilities, and labeling. The department operates under the supervision of NFSA to ensure Edita's full compliance with Egyptian regulations and legislations at all times. Keeping up with changing global trends is also among its key priorities, which allows it to assist Edita in remaining ahead of unique product launches in the local market.

## Nutritional Value

Living up to the trust that consumers have in the brand, Edita is committed to regularly improving the content of its snack foods and improving on its use of raw materials to best serve customer health, nutrition, and wellbeing. Next to only using natural ingredients and not using any synthetic flavors or colors in its production process, the R&D department has continued the efforts it had started in 2019 to replace partially-hydrogenated fats with non-hydrogenated fats across its products. So far, all Molto and Freska SKUs and some of Edita's cakes have already undergone the change, with the rest of its product lines now in the pipeline. Today, Edita's Molto range is free of hydrogenated fats and was approved by NFSA in 2021 to be labelled as such. The R&D department is also considering further improvements to the products' sugar and salt contents.

## ETHICAL MARKETING

Edita will continue to advocate for ethical and transparent marketing and communication with its consumers at all times, and it has strict guidelines in place for its marketing department to follow when communicating any information on behalf of the company. It also encourages viewers and customers to contact the company through the hotline to report any grievances or suggestions, and it encourages customer feedback through mutual communication on social media. Edita also proudly employs a no-censorship (with the exception of inappropriate content) policy on its social media platforms that encourages its customers to speak their minds and engage in constructive conversation.



# Corporate Social Responsibility

*The Edita Foundation for Social Development seeks to positively impact its surrounding communities by deploying initiatives and programs that support both individual and family wellbeing*

To strengthen its ties to members of its community, the Edita Foundation invests in various social projects that aim to enable and empower underserved individuals and prioritize their wellbeing. The company now consolidates its contributions under the Edita Foundation for Social Development, a social platform that the company established in March 2020. Since its launch, the foundation has undertaken a number of initiatives related to health and education, in addition to multiple relief efforts to help mitigate the impact of COVID-19.

## EDUCATION INITIATIVES

### School Transformation Journey

The Edita Foundation kicked off the second phase of its School Transformation Journey program in 2020. The program, launched in 2019, trains teachers, counselors, school administrators, and educational leaders from the Ministry of Education on means to enhance students' self-learning capabilities, as well as cognitive and psychological development. It looks to transform schools into independent learning entities by 2022, thus contributing to the advancement of education in Egypt. In this phase, the Edita Foundation held both in-person and virtual trainings in compliance with pandemic restrictions.



**+40**

Teachers and administrators in attendance

**65**

Training days

**16**

Coaching days

### Educate Me's Blended Learning Program

Leveraging its successful partnership with Educate Me Foundation in the Building Pioneers Program, Edita Foundation collaborated with Educate Me on a one-year blended learning program for public school educators and principals. Edita sponsored 100 educators out of the overall targeting of 5,000 educators. The program includes two-level trainings and a digital illiteracy team training, as well as coaching and follow-up.

### Baserty Scholarship

Edita Foundation is cooperating with Baserty to sponsor a two-year Higher National Diploma Scholarship offered to a minimum of 20 graduates from technical schools, chosen based on a thorough joint selection process. Each student will receive EGP 33,000 per year for two years, totaling EGP 660,000, in addition to a three-month employment training at one of Edita Foundation's plants each summer. At the end of the two years, Edita Foundation plans to hire up to 15 of the top graduates.

## HEALTH INITIATIVES

### The Virtual Heart Run

Edita Foundation collaborated with Magdi Yacoub Foundation and Cairo Runners in sponsoring the "Virtual Heart Run" in September to help raise awareness on heart health. Participants signed up for their distance of choice on the Cairo Runners website and had five days to complete the run, receiving medals once finished. Edita Foundation directly contributed EGP 200,000 in donations, while Edita Foundation employees who were interested and willing to participate contributed with the race fees. All funds collected were donated to the Magdi Yacoub Hospital.

### Making Donations Where It Counts

Working closely with the National Cancer Institute, Edita Foundation distributed more than 1,200 food boxes of Edita's products to children on a monthly basis. The company also took part in a blood donation campaign in cooperation with the National Blood Transaction Services to fulfill the needs of the bank and raise awareness on the life-saving importance of donating blood. The campaign targeted all employees across Edita Foundation plants and offices during October and collected a total of 218 blood bags.

## FORWARD LOOKING GOALS

Edita will continue to put efforts and invest in various initiatives to positively impact its community. The foundation will launch the third phase of its School Transformation Journey program, in which in-person trainings will be resumed.

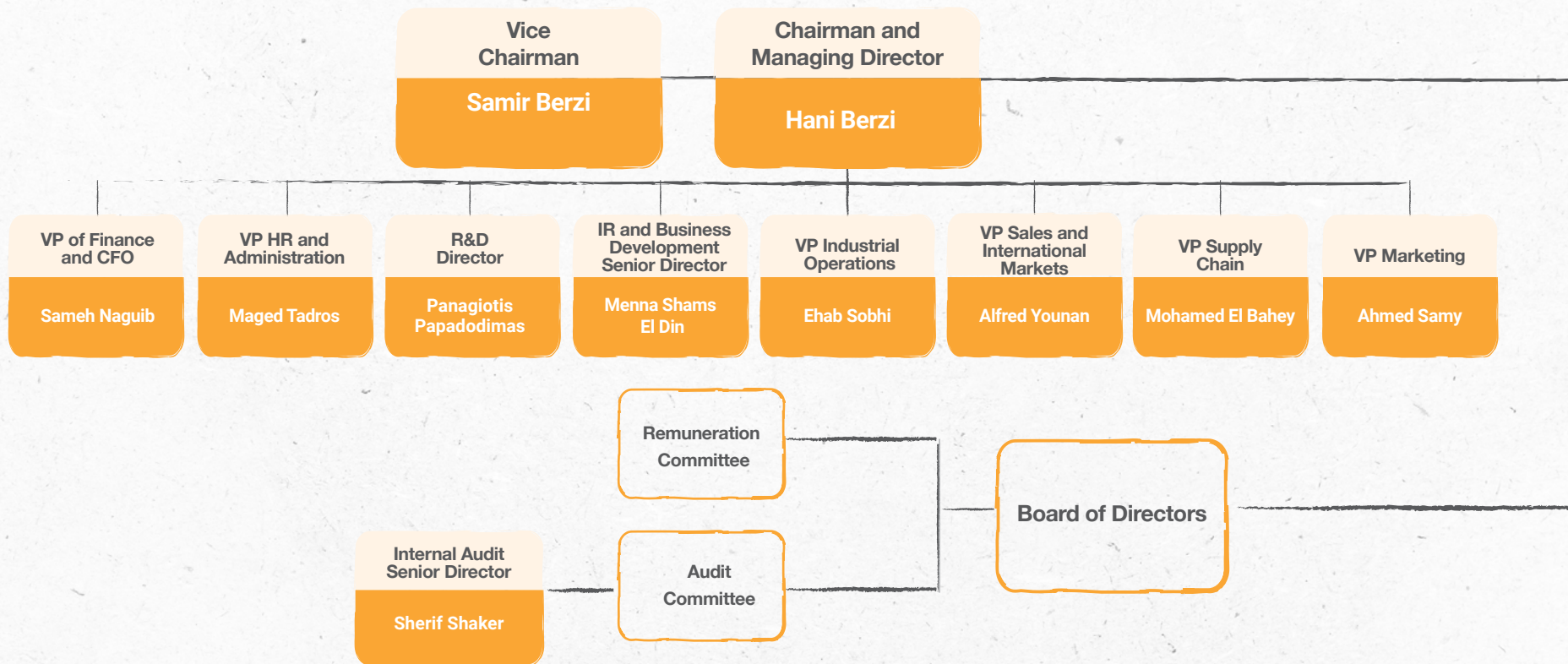
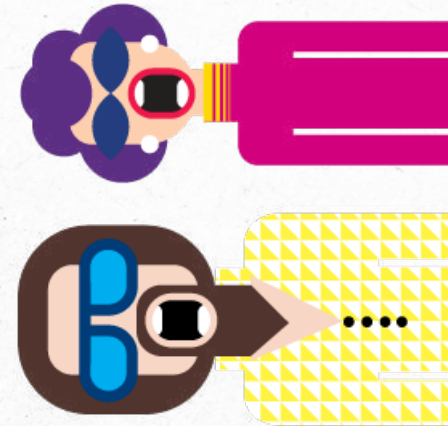


# CORPORATE GOVERNANCE



# Organizational Structure

Edita's management team and board of directors are comprised of leading professionals who are entrusted with guiding the company using their expert technical and professional knowledge



# Governance Mechanisms

*Edita's Board of Directors monitors the company's operations to ensure compliance with relevant laws, regulations, and policies*

## BOARD OF DIRECTORS

Edita's Board of Directors guides and monitors the development and implementation of the company's multiple strategies of operation to maximize positive returns for its stakeholders. The board was founded in line with the rules and regulations for joint stock companies in Egypt and is currently comprised of eight members: two executives and five non-executives, three of which are independent.

The board is tasked with a wide range of responsibilities, from policy writing to the creation of monitoring committees and providing advisory to Edita's executive management on core operational developments and changes. One of its main duties is to oversee the company's ESG performance and direct its improvement across all fronts, aiming to substantially offset Edita's negative impact on the environment and society through sound governance practices. The board's performance is reviewed at Edita's annual Ordinary General Assembly, as well as by an external auditor twice a year and within the company's monthly internal audit report.

## BOARD MEMBERS



### Eng. Hani Berzi

**Chairman and Managing Director, Representing Quantum Invest BV**

Mr. Berzi has 36 years of experience in the food and beverage industry, having started his career in 1986 by joining Tasty Foods Egypt, his family's snack food business. Mr. Berzi subsequently held the position of Sales and Marketing Vice President at Tasty Foods Egypt, after a sale of a part of its shares to PepsiCo, from 1990 to 1992. In 1993, Mr. Berzi founded Digma Trading Co., which is specialized in the distribution of food products. He also founded Edita Food Industries in 1996 and remained a Board Member before he became the Managing Director and Chairman of the Board in 2006. Mr. Berzi is also a member of the board of the Chamber of Food Industries, a member of the Egyptian Centre for Economic Studies, Chairman of the Egyptian-Greek Business Council (Egyptian side), Chairman of the Food Export Council, and Board Member of the Export Development Fund. Previously, he was a member of the boards of a number of companies, including Technopak in 1987, Rotopak in 1989, and Egypt Sack in 1997, and he also served as a Board Member of the Federation of Egyptian Industries. He graduated from Ain Shams University (Cairo, Egypt) with a BSc in Computer and Control Engineering.



### **Mr. Samir Nabih Aziz Berzi**

**Vice Chairman, Representing Quantum Invest BV**

Mr. Berzi has 39 years of experience in the food and beverage industry, having started his career by joining Tasty Foods Egypt. In 1986, Mr. Berzi founded Berzi Confectionary, which was later acquired by Tasty Foods Egypt. He subsequently held the position of Industrial Operation Vice President at Tasty Foods Egypt after a sale of a part of its shares to PepsiCo. Mr. Berzi has also established a number of companies, including Digma Trading, a fast-moving consumer goods distribution company, and Edita Food Industries. Mr. Berzi became a Board Member of Edita Food Industries in 1996. He is also the Chairman of Digma Trading and Edita Confectionary Industries; a member of the American Chamber of Commerce; a Board Member and shareholder of Le Pacha 1901; a Board Member and shareholder of Mirage Hotels S.A.E, which owns the JW Marriott at Mirage City; and a Board Member and shareholder of Sakkara Tourism Investment S.A.E, which owns the Mirage City compound in New Cairo. He graduated from Cairo University (Cairo, Egypt) in 1982 with a BA in Commerce.



### **Ms. Fatma Lotfy**

**Board Member, Representing Quantum Invest BV**

Ms. Lotfy has been a member of Edita's Board of Directors since 2015, with over 35 years of commercial and investment banking experience under her belt. Since she began her career in the late 1980s, Ms. Lotfy has held senior and key executive positions in a number of renowned international and local banks, and she sits on the boards of several large-scale financial institutions. Since 2015, she has been a Board Member of Credit Libanias Beirut, and she is currently the Chairperson of EFG Hermes Finance. Prior to that, Ms. Lotfy was the Deputy Chairperson and Managing Director at Bank Audi Egypt, the First Deputy Chairperson and Managing Director at Alexbank Intesa San Paolo, and Managing Director and Board and Executive Committee Member at Al Watani Bank of Egypt (currently NBK Egypt), in addition to several other senior positions at various institutions including the Commercial International Bank (CIB). Ms. Lotfy is also highly engaged in her role as an active corporate citizen through her activities as a member of the Egyptian European Council, the Young Presidents Organization (YPO), the Egyptian British Chamber of Commerce, and the Egyptian American Chamber of Commerce, in addition to being an active member of the Economic Committee of the Women's National Congress.



### **Mr. Hussein Choukri**

#### **Independent Board Member**

Mr. Choukri is among the pioneers of Egypt's investment banking sector. He joined the Investment Banking department of Morgan Stanley in New York as an Associate in 1980 and acted as Managing Director from 1987 to 1993. In 1993, he became its Advisory Director and served in this capacity until 2007. In 1996, he established HC Securities & Investment, which is currently one of the leading investment banks in the Middle East and North Africa. Mr. Choukri is a Board Member of a number of associations and reputable companies, including Holding Company for Tourism, Hotels, and Cinema and the Egyptian-British Business Council (EBBC). Mr. Choukri joined Edita as a Board Member in January 2015. Mr. Choukri is the Head of Edita's Remuneration Committee and is also a member of the Audit Committee. He graduated from Ain Shams University with a degree in Commerce and obtained a degree in Management from the American University in Cairo.



### **Mr. Tamir Saeed**

#### **Board Member, Representing Kingsway Fund**

Mr. Saeed has 17 years of experience in the finance industry, having started his career at Goldman Sachs where he spent eight years in a variety of roles in the firm's Investment Banking, Equity Derivatives Trading, and Principal Strategies groups. Currently, Mr. Saeed is a Managing Partner at Kingsway Capital Advisors LLP, a leading investment management firm based in London, England, specialized in managing institutional capital with a long-term investment horizon and a focus on high-quality consumer franchises in frontier and emerging markets. Aside from Edita, Mr. Saeed is a Board Member of a number of reputable companies in Egypt and the broader region, including Al-Eqbal Investment Company (EICO) in Jordan. He graduated from the University of Cambridge (United Kingdom) with an MA in Economics, and he is a CFA Charterholder.



### **Mr. Mounir Fakhry Abdel Nour**

#### **Independent Board Member**

Mr. Abdel Nour is a veteran banker, industrialist, and public servant. Mr. Abdel Nour first entered government service in 2011 as Minister of Tourism, a post he held until 2012. He rejoined cabinet as Minister of Trade and Industry in July 2013 and went on to serve as Minister of Trade, Industry, and Investment and as Minister of Trade, Industry, and SMEs until he left office in September 2015. Prior to entering government, Mr. Abdel Nour was a banker with Banque de l'Union Européenne and American Express. He founded Vitrac, a leading Egyptian maker of jams, juices, and syrups, in the 1980s and grew the company into a category-defining player with a dominant market share in Egypt and strong export network. Mr. Abdel Nour led Vitrac's sale in 2002 to Hero Group, a leading Switzerland-based, international consumer foods company. Mr. Abdel Nour was Chairman of Hero Middle East from 2004 to 2011. He is currently a Board Member of GB Auto, Domty, and Beltone Financial. His past directorships include service to the Egyptian Exchange (1999–2002), the Federation of Egyptian Industries (2004–2007), the Egyptian Competition Authority (2005–2007), among others. Mr. Abdel Nour holds a BSc in Statistics from Cairo University's School of Economics and Political Science and an MA in Economics from the American University in Cairo.



### **Ms. Sahar El Sallab**

#### **Independent Board Member**

Ms. El Sallab worked and trained at Citibank Cairo and Athens before spending 26 years working at the Commercial International Bank (CIB), where she assumed the roles of Vice Chairman and Managing Director. She was also the Chairperson of the Commercial International Capital Holding Company (CI Capital) and is currently Chairperson of HitekNOFAL Company and a Board Member at the National Bank of Egypt. After significant private sector experience, she became the Deputy Minister of Trade and Industry for Development and Investment in Internal Trade in Egypt. Ms. El Sallab has been nominated as one of the 100 Most Powerful Arab Women 2011 by South African Magazine and one of the 10 Most Powerful Egyptian Women in 2011 by the Egypt Business Directory. Ms. El Sallab is also the Head of Edita's Audit Committee. She graduated from the American University in Beirut and from the Harvard Kennedy School for Management.



## Board Attendance

The board held 8 meetings in 2020.

Name	2020
Hani Berzi	8/8
Samir Berzi	8/8
Fatma Lotfy	8/8
Tamir Saeed	2/8
Hussein Choukri	8/8
Sahar El Sallab	8/8
Mounir Fakhry Abdel Nour	8/8
Hanny Elmessiry	8/8

## Board Meetings' Highlights

The beginning of the year saw Edita's board approve and finalize all remaining matters that pertain to the previous fiscal year. This included approving the Board of Directors' report for company activities, the company's standalone and consolidated FY2019 financial statements and the auditor's report for them, and the proposal for distribution of FY2019 dividends. All these documents were presented for approval at the Ordinary General Assembly Meeting held on 30 March 2020.

Throughout the rest of the year, the board carried out its usual duties of reviewing and approving Edita's quarterly financial statements, internal audit reports, Audit and Remuneration Committees' reports, and the company's activities during the timeline under review. It also approved dividends distribution and other information pertaining to its quarterly and yearly financial reporting.

Additionally, the board received regular updates on the construction of Edita's first overseas factory in Morocco, which was completed during the year with production set to kick off in the first half of 2021.

## Committees

The board's committees are vital to fulfill its development, monitoring, counseling, and crisis communication tasks. The board's current standing committees are its Audit and Remuneration Committees, each is comprised of four members who meet four times per year to discuss updates and carry out relevant duties.

### Audit Committee

Name	Attendance
Fatma Lotfy	4/4
Hussein Choukri	4/4
Sahar El Sallab	4/4
Mounir Fakhry Abdel Nour	4/4

The Audit Committee was established in compliance with EGX listing rules to assist the board in fulfilling its oversight responsibilities, which include reviewing internal and external audit reports, auditing financial statements, monitoring any changes across the Egyptian Accounting Standards (EAS) or the International Financial Reporting Standards (IFRS), and monitoring and assessing any assignments deployed to the company's Internal Audit department.

The committee acts as an advisor in the appointment of auditors and is responsible for resolving any misunderstandings between the board and the auditors. It is also tasked to ensure that Edita adheres to the recommendations of the auditors and the European Food Safety Authority (EFSA).

Additionally, the committee regularly revises internal audit procedures and Edita's policies and procedures to ensure compliance with laws and regulations. It also reviews internal audit findings and reports potential risks to the board to ensure the establishment of a risk management process and an effective internal control system.

The Audit Committee's quarterly meeting is attended by Edita's Internal Audit Director, with other directors able to attend per relevance to the meeting's subject matter. In 2020, it reviewed and approved the quarterly financial statements and audit report presented by PriceWaterhouseCoopers (PwC), Edita's external auditor.

### Remuneration Committee

Name	Attendance
Fatma Lotfy	1/1
Hussein Choukri	1/1
Sahar El Sallab	1/1
Mounir Fakhry Abdel Nour	1/1

The Remuneration Committee develops all Edita's policies on pay, compensation, and benefits for the company's employees and senior managers. It also reviews the frameworks, terms, and conditions of employment of Edita's Chairman of the board and executive directors and sets their detailed remuneration throughout their employment and upon their dismissal. Furthermore, it ensures that adequate incentives are presented to executive directors based on their contribution to the company's performance. The Remuneration Committee also ensures complete transparency between the board and Edita's shareholders on how remuneration for executive directors is decided. Its quarterly meeting is attended by Edita's VP of HR and Administration, with other directors able to attend per relevance to the meeting's subject matter.

In 2020, the committee monitored the application of the recent upgrade for white-collar, blue-collar, and managerial salaries, as well as the provision of additional employee benefits.

# Governance and Compliance

*Edita upholds values of good governance and instates policies, systems, and frameworks to ensure the compliance of its operations and people with these values and with laws, regulations and requirements relevant to its operations*

## INTERNAL AUDIT DEPARTMENT

Edita's Internal Audit Department strives to strengthen the company's compliance efforts and organizational operations by guarding against corruption, promoting ethical conduct, and adding value to the company. To do so, the department oversees the implementation of several internal anti-violation policies, codes, and regulations; ensures the alignment of company policies with legal regulations and sound business practices; ensures the operation's consistency with business objectives; supervises the company's risk management framework and controls; and works diligently to promote ethical conduct among employees.

Guided by Edita's pre-established strategic objectives, the Internal Audit Department acts as an advisor and consultant that perpetually reviews the company's operations and provides appropriate recommendations to senior management.

As it monitors the company's operations, the department is tasked with investigating any reports of wrongdoings, including but not limited to fraud, embezzlement, theft, and waste. It also follows up on the company's hiring processes to ensure that they remain committed to their transparent and merit-based nature. The department issues comprehensive reports to the Audit Committee, as well as Edita's CEO and its VPs, to report on findings and provide advice and recommendations across all company departments and sectors.

### Highlights

During 2020, the Internal Audit Department successfully fulfilled 85% of its audit plan for the year. It highlighted weaknesses and gaps in the health and safety environment across the company's premises, urging top management to improve it to ensure compliance with laws, regulations, and internal policies. Based on the Internal Audit Report, some of Edita's policies were modified and updated to empower health and safety teams in the supplier selection committees and the follow-up on contractors.

Furthermore, the department noted that standard fuel consumption was not determined for some service vehicles and was not updated for the sales vehicles, which had a different actual standard consumption level than the one set by the company. As a result, the missing and inaccurate standard consumption levels were updated.

## COMPLIANCE AND CORPORATE GOVERNANCE DEPARTMENT

Edita's Compliance and Corporate Governance Department works diligently to protect the company from sanctions by ensuring that it does not violate laws relevant to its operations. It is tasked with a broad range of responsibilities including verifying that all of the company's corporate policies reflect

Edita's strategy, mission, and vision, and that they all comply with relevant government laws, regulations, and requirements. It also developed corporate policies and procedures for Edita Morocco. The department also educates the company's employees on applicable laws and corporate policies that affect their operations, including securities, antitrust, and environmental regulations, among others, and it monitors them to ensure their compliance, in addition to monitoring and managing the whistleblowing channel.

The department tracks changes in new laws and regulations and reviews policies in place to ensure their legal soundness, as well as updates Edita's corporate policy manual, which encompasses the company's internal policies and operational procedures when necessary. It also reviews all contracts and agreements made with third parties to ensure that terms and conditions comply with Edita's policies, risk management standards, and all relevant laws. Furthermore, the department assists the company's various auditing parties in ensuring that no illegal or illicit activities, such as money laundering, corruption, and terrorism funding, are committed internally. Any complaints submitted through the whistleblowing channel are dealt with objectively and discretely, with the submitters' identities kept anonymous.

### Highlights

The Corporate Governance Department implemented several adjustments in 2020 to comply with new national laws and regulations.

### NFSA Warehouse Registration

All branches of Edita's Digma distribution network have applied for the first batch registration of the NFSA warehouses' whitelist. This guarantees that the company meets

all established food safety guidelines and complies with all specifications and standards set by NFSA for food handling.

### Customs (ACI)

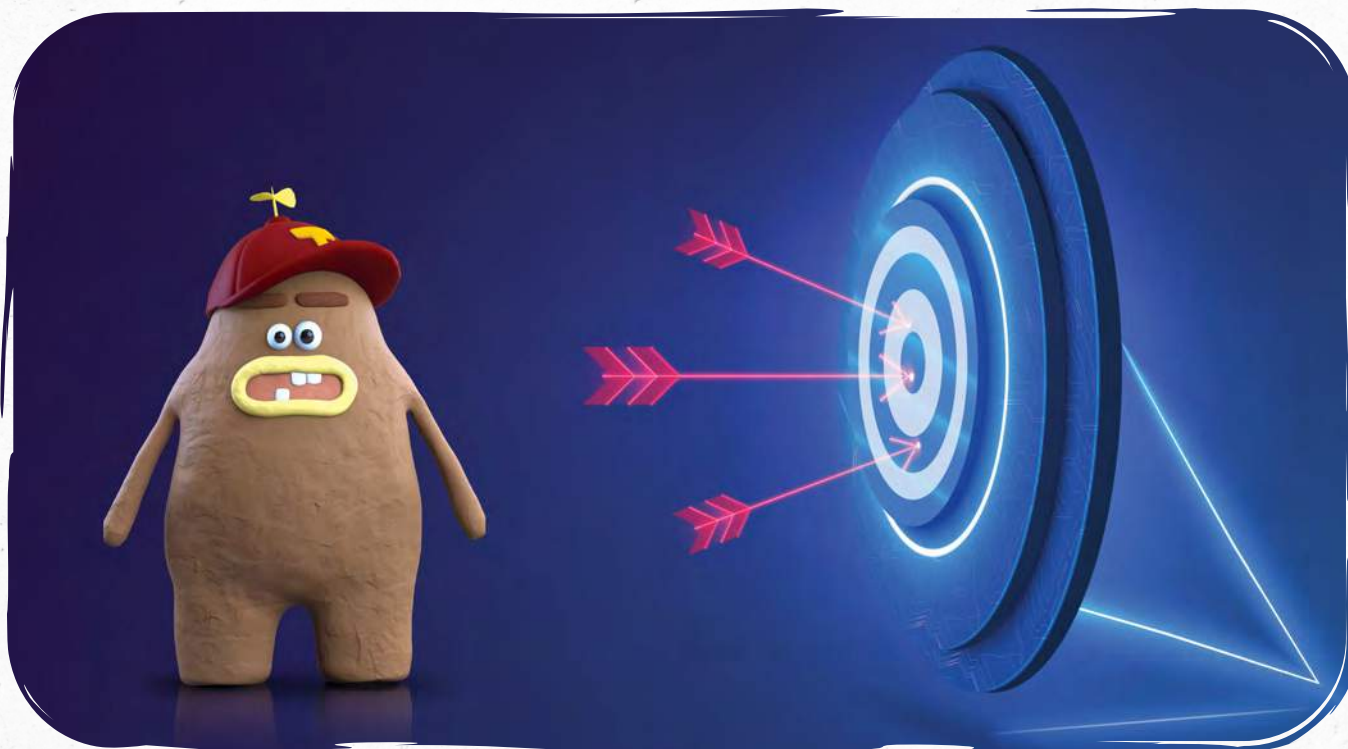
In accordance with the new Egyptian Customs Law no. 207 of 2020, effective as of November 2020, and its related decree, Edita immediately registered in the Advance Cargo Information (ACI) system. Accordingly, cargo data and documents, including commercial invoices, packing lists, bills of lading, and cargo manifests, are submitted 48 hours before the vessel departs from a loading port. All exporters that Edita deals with are now also registered and verified by the ACI system, which accelerated and simplified customs procedures for export operations to Egypt.

### CODE OF CONDUCT

Edita's governance and compliance efforts are complemented by its professional Code of Conduct that aims to set the standards and the guidelines for the conduct expected from employees concerning work ethics, information security, health and safety, compliance to the related laws and regulations, and protecting the company's assets and resources. The code provides a framework to the matters related to ethical affairs in order to create and keep a culture of integrity, honesty, and professional efficiency.



*Edita developed its new ESG strategy with the aim of aligning its operations with the highest sustainability standards and global best practices to ensure the company's positive impact.*



### FORWARD LOOKING GOALS

To maintain its efficient governance, Edita will continue to strengthen its governance and compliance efforts, including the following:

- Reviewing the company's policies every three years to apply changes or amendments in keeping with changing conditions or times, if any
- Conducting compliance checks to ensure the effectiveness of the policies
- Sharing self-assessments with department heads to ensure compliance with policies and make sure that all internal controls under their management area are in place
- Maintaining a risk register for all identified gaps, risks, and mitigation tools used to resolve them
- Keeping up with all laws, regulations, decrees, and instructions published by the government
- Leading awareness campaigns on new and modified policies and procedures

# Security and Data Protection

*Cyber security and data protection remain a priority at Edita, as the company continues to enforce policies and procedures that safeguard the confidentiality of its information*

Edita's digital infrastructure continued to evolve in 2020 to accommodate the changing nature of business operations and to further reinforce safety and security across the company. Additionally, and due to the restrictive measures adopted to limit the spread of the pandemic, Edita continued to digitize fundamental parts of the business to help employees maintain their day-to-day work remotely, while ensuring that no valuable company information would be subject to security risks. Edita regularly monitors, revises, and updates its online safety measures to protect its systems and data. It also performed data classification for the Finance Department to identify and update confidential and key documents as a vital step in protecting the company's proprietary and confidential data.

## DEPARTMENTAL ACTION AND PREVENTION

The Information Security department and Information Technology (IT) team at Edita are tasked with reviewing the company's information security controls and updating them, as well as responding to security breaches and mitigating risks associated with the theft, loss, misuse, damage, or abuse of information.

In collaboration with the Information Security Committee—comprised of other company employees—the department regularly monitors and upgrades Edita's Data Loss Prevention (DLP) system to protect Edita's information assets, detect any breaches, and act immediately with protective measures. In 2020, the Information Security department amended the system based on an external assessment that was conducted on Edita's DLP policies in 2019, benchmarking them against best practices in the market. It configured the DLP system with different policies and rules to block unauthorized operations and tighten the company's security controls.

To further secure its system, the IT team performed an internal assessment on Edita's digital infrastructure, network, and applications to ensure that the access management process, SAP roles, and SharePoint permissions are controlled and managed properly and matches IT best practices. As a result of the assessment, Edita automated some processes, including the permissions removal system, to avoid manual checks. The team also performed an initial IT risk assessment to identify key risk areas and plan and budget for mitigation controls and security solutions to enhance recovery and response capabilities against increasingly advanced threats.



# Risk Management

*Edita's governing bodies work to identify and mitigate potential risks to the company's operations and establish a solid, ever-evolving business continuity framework*

To strengthen the preparedness of its operations in the face of unforeseen crises and market fluctuations, Edita has solid risk management and business continuity frameworks in place. As part of its compliance program, the company carries out risk assessments for its business operations to identify areas at risk and inform management to take proper mitigating actions. Quick and effective response to COVID-19 proved the success of the company's crisis mitigation methodologies. The company managed to defend its people and operations against the impact of the pandemic by implementing guidelines for health and safety, social distancing, and operational efficacy, thus decreasing the spread of the virus among its people and minimizing interruptions across its operations.

## CRISIS MANAGEMENT COMMITTEE

Edita's Crisis Management Committee, operating under the supervision of its Board of Directors, assists in the monitoring and execution of crisis management frameworks. In cooperation with the Internal Audit and the Compliance and Governance Departments, the committee carries out a

wide-array of monitoring, evaluation, and planning duties on a monthly and annual basis. It also meets on a weekly basis to discuss evolving situations and take proactive measures to ensure business continuity. Drawing on the lessons learnt from earlier challenges, conferences with stakeholders, and extensive market monitoring, Edita's Crisis Management Committee puts efficient business continuity plans, crisis control and aversion protocols, and specialized disaster recovery procedures in place.

## FINANCIAL RISK MANAGEMENT

The volatility of financial markets poses a variety of risks to Edita within the areas of market-foreign exchange, interest rate, security, credit, and liquidity. The company's Central Treasury department leads financial risk management under policies approved by the Board of Directors, and it identifies and evaluates financial risks in cooperation with the company's departments. The board provides written principles for overall

risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative and non-derivative financial instruments, and investment of excess liquidity.

Throughout 2020, Edita took advantage of the low interest rate environment and the CBE's scheme to help businesses during the pandemic to secure more than EGP 350 million in medium-term loans to support its distribution capability expansions and planned CAPEX outlays for the year. It also implemented various cost control initiatives to reduce and optimize employee related costs. These included savings on expenses; a temporary freeze on all hiring (minus replacement of a few essential operational positions that impact business continuity); a temporary halt to promotions, raises, and select employee benefits (such as the car ownership program); and some reduction in trainings.



# APPENDICES

## APPENDIX A:

### Edita's Environmental Management Systems and Plans

#### SHE Policies

The Safety, Health and Environment (SHE) manual was created by Edita in 2016, and consists of a combination of policies and protocols that create a healthy and environmentally-conscious work environment. SHE policies are built on the core pillars of property protection, injury prevention and environmental sustainability, and provide adaptive guidelines on operational best practices under those pillars for the Industrial Operations department.

#### eREMS

The Edita Risk and Environmental Management System (eREMS), launched in 2016, is key to minimizing environmental risks. Next to its role in maintaining health and safety across Edita's premises, it monitors the company's consumption, emissions, and waste disposal; ensures that risks are reported and swiftly mitigated; and is regularly updated per internal and external insights. The system's standards include:

- Detailed environmental management policies
- Opportunities assessment systems
- Operational controls
- Monitoring and review protocols
- Management review protocols
- Risk assessment systems
- Environmental accidents investigation protocols
- Emergency preparedness protocols for potential environmental hazards

The system evolves per changes in local and international best practices, and grows to encompass new laws, regulations, or guidelines as they are introduced.

#### ESAP

The Environmental and social action plan (ESAP) is a four-year plan laid out in 2019 to set indicators and expected dates of completion for companywide improvements. The plan covers tasks that range from employee protection and stakeholder engagement activities to monitoring, supply chain and wastewater treatment efforts.

## APPENDIX B:

### Supplier Selection and Material Acquisition Framework

1. Evaluating the commodities' market and reaching out to multiple suppliers to request proposals for strategic and additional raw materials, including their supply period.
2. Examining suppliers' documents and certificates, and conducting pre-audits in collaboration with the Compliance and Corporate Governance department.
3. Pre-auditing suppliers' facilities and procedures used across them, as per an Edita's specifications quality checklist.
4. Conducting screenings per the standards determined by the ISO 14001, as well as requesting pesticide tests for all raw materials acquired.

## APPENDIX C:

### Pay Strategy

Blue-Collar	White-Collar	Management
Average between the median and upper quartile of the fast-moving consumer goods (FMCG) market	Average between the median and upper quartile of the general market	Average between the upper quartile and the top 10 companies in the general market

## APPENDIX D:

### Employee Benefits

Standard employee benefits that apply outside the few temporary restrictions caused by COVID-19 include social insurance coverage as well as medical and life insurance coverage, the values of which are determined according to the income level of each employee. Other benefits include a '13th month' bonus payment for all employees, in the form of splits distributed on different religious feast celebration days. Promotions and extra bonuses in the form of annual profit shares are also granted to employees based on their performance throughout the year.

Based on job nature and seniority, some additional fringe benefits are offered including fuel and mobile phone allowances; two meals per day for every blue-collar worker; transportation buses for all employees; company cars for some managers; and further benefits that are determined on a case-by-case basis. In an attempt to support its pool of female employees, the company provides them with convenient maternity leaves that can be extended as unpaid vacations. As a result, all the company's working mothers have returned to work after their leaves had ended.

## APPENDIX E:

### Edita's Training Academies

#### Edita Sales Academy (ESA)

Established to refine the skills of the Edita sales team, ESA collaborates with international training entities to deliver top-tier programs to employees.

#### Edita Manufacturing Academy (EMA)

EMA pioneered the delivery of the industrial version of Franklin Covey's '7 Habits of Highly Effective People'. The academy collaborated with FC Egypt to deliver the program across its factories to all blue-collar workers.

#### Edita Quality Academy

Using the data-driven Six Sigma Methodology to improve its quality processes, the Edita Quality Academy began training the company's Quality and Production Team in 2018 on real-life improvement projects across the plants.

## APPENDIX F:

### Audit Committee Responsibilities

The Audit Committee's primary responsibilities include assisting the Board in fulfilling its oversight responsibilities in connection with:

- The inspection and review of internal audit procedures and the company's system of internal control to ensure compliance with laws and regulations;
- The inspection and review of accounting standards and any changes resulting from the application of new accounting standards;
- The inspection and review of internal audit procedures, plans and results;
- The inspection and review of the periodic administrative information presented to the different levels of management and the methods of such preparation and timing of submission;
- Ensuring the implementation of appropriate supervisory procedures in order to protect our assets;
- Ensuring adherence to auditor and EFSA recommendations;
- The inspection of the procedures carried out in preparing and reviewing:
  1. the financial statements,
  2. offerings relating to securities, and
  3. estimated budgets, cash flow and income statements;

## APPENDIX G:

### Edita's Internal Policies and Procedures

*Strict policies, codes and regulations allow Edita to maintain efficiency and transparency across its operations, and create a successful work environment where all types of corruption can be swiftly identified and eliminated*

#### Whistleblowing

Edita designed a formal policy to encourage employees to report any instances of corporate wrongdoing, irregularities, misconducts, and violations against laws and internal policies. The policy explains how an employee can use the internal system IVoiceUp to anonymously report adverse incidences, suspected corruption, bribery, and any other suspicious activities. It also explains how the complaint will be handled, in reassurance on how seriously Edita handles all submitted grievances. Furthering its anonymity pledge, the policy also clearly states that under no circumstances will whistleblowers be pursued for their submissions or will the process affect their careers at Edita.

#### Anti-Bribery/Anti-Corruption (ABAC)

Edita has a strict, zero-tolerance policy in place against all forms of bribery, kickback, and corruption, which it defines as employees using their official positions for personal gain. Under the company's code of conduct, any individual who receives any form of bribery or commissions – offering or receiving any material of value for the purpose of incurring change in personal behaviour or professional decisions – will be penalized. Employees should not provide or seek to obtain any valuable exchanges with customers, suppliers, individuals or institutions that are involved in a business relationship with Edita, and must not accept, directly or indirectly, any offering that is intended to alter business decisions.

#### Gifts

Under its HR policy, Edita clearly states that employees are not permitted to accept gifts from other employees of the company, or from entities that the company is in business with. Symbolic gifts of a specified lower value are excluded from the policy, with the HR department available to advise on individual cases.

#### Information Security

Under this policy, Edita describes the minimum level of information protection that must be implemented across its operations mitigate risks that stem from theft, loss, misuse, damage, or abuse of company assets. The policy also explains the responsibility of Edita's people in protecting the confidentiality and integrity of the data

they handle at all times. Through strict adherence, Edita strives to protect its information and data banks, maintain adequate regulatory compliance, and ensure business continuity. More details on the company's related efforts can be found in the Information Security and Data Protection section.

#### Project Management

Edita created this policy to homogenize its project management protocols and ensure that all its projects follow a consistent framework across their versatile phases. The policy insists on clear project ownership, and employs methodologies that facilitate successful delivery against clear time, cost, and quality parameters. Since implementation, this policy has proven essential to Edita's success, and has assisted the company in streamlining operations for better results.

#### Management of Fixed Assets

A consistent growth in its fixed assets has prompted Edita to enforce a policy that helps it monitor asset location, quantity, condition, maintenance, and depreciation status. The company believes this to be crucial for financial accounting purposes, as well as beneficial in safeguarding assets against theft, corruption, and misuse.

## APPENDIX H:

### Financial and Non-Financial Disclosures

Edita is listed on the Egyptian Stock Exchange (EGX) and the London Stock Exchange (LSE), and strictly adheres to the listing rules of both entities. It is also subject to their disclosure requirements, and accordingly submits annual and quarterly financial statements that follow the directives of the EAS and the IFRS. Notice of all materials published is mandatory to the EGX, the LSE, and the Egyptian Food Safety Authority (EFSA), and all publications are made easily accessible to Edita's stakeholders and the wider public through the company's website, and at least two local daily newspapers. Edita's corporate affairs are also governed by the Egyptian Companies Law, Egyptian Capital Market Law, and all other laws applicable to Egyptian companies.

#### Non-Financial Disclosures

- Company goals, strategies and plans
- Employee care, learning and development
- Ownership structures of sister companies and subsidiaries
- Transactions with relevant third parties
- Potential risks and risk management techniques
- Disclosure to shareholders and regulators on stocks
- Periodical, timely reports to the EGX and the LSE
- Disclosure of board decisions and reports
- Disclosure of decisions of the General Assembly

## APPENDIX I:

### A Summary of Edita's Code of Conduct

The code introduces the laws governing Edita and require its employees to bear the responsibility of understanding and complying with these laws, and any other regulations relevant to Edita's operations, as well as all the Company's policies and procedures. Work Ethics Code is part and parcel of Edita's essential values that governs the employee's actions and behaviors. Such values include integrity, distinction, respect, commitment, enthusiasm, team spirit and communication. Employees are expected to perform all operations with honesty and integrity with work colleagues and companies dealing with Edita. This includes prohibiting stealing of information, unethical commercial practices, forging or concealing information, or any other kind of falsification.

The code requires Edita to take all necessary procedures to protect its employees against any unfair privileges or defaults resulting from discriminatory factors. It also prohibits bribery, getting commissions, receiving any gift, donation, loan or any other means of complimentary actions, as well as practicing commercial business or activities during or after working hours and all other forms of corruption.

As an integral part of the company's Human Resources policy, non-compliance of any worker to the code will lead to the application of corrective measures in accordance with the labor law and the internal disciplinary regulations of the company. The code requires Edita's employees to report any violation to the code and/or any breach to the applied laws and regulations. These reports will be handled seriously on confidential bases and via a complete and equitable investigation, during which any false or misleading testifying will lead to immediate termination of the work.

## APPENDIX J:

### Crisis Management Committee Responsibilities

Through extensive observation of companywide dynamics, national and international behaviors, and varying trends, the committee is tasked with:

- Conducting sensitivity analyses and determining potential threats in a timely manner, thus allowing for proper planning, response, and mitigation
- Conducting gap and impact analyses that look at Edita's capabilities in managing different risks, and providing recommendations per the potential impact of a crisis, the likelihood of its occurrence, and recovery requirements in case of excess impact
- Developing risk mitigation plans and protocols based on versatile scenarios, categorized by the operational sector that is most likely to be affected, likelihood, and immediate responses.



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