



Sustainability Report 2021

Détergents

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About Us



SAH Group (“Lilas”) is the leading Tunisian FMCG producer of disposable, paper-based household and personal products for babies, women, and adults as well as a leading player in the detergent market. Founded in 1994 by Jalila Mezni and Mounir El Jaiez, Lilas started its operations with the production of feminine hygiene. In order to secure availability and reliability of its main raw material, it moved into the production of cellulose wadding with the opening of Azur Papier site in 2013. In 2019, the Group entered the detergent market. The Group operates 9 state-of-the-art plants with up-to-date technologies and high-speed lines located in Tunisia (5), Algeria (1), Libya (1), Ivory Coast (1) and Senegal (1), and exports to more than 20 countries in the MENA and Sub-Saharan African regions.



SAH embarked into a heavy investment cycle to grow its existing production capacity, diversify its product portfolio, and expand its regional footprint across Sub-Saharan Africa. The company progressively transformed from a local champion to a regional leader through export outreach and local production capabilities. SAH doubled its employee base over the last 5 years, mostly hiring from neighbouring communities living around its manufacturing sites.



Not only Lilas impacted thousands of people and their families, but it also reached millions of customers through its full range of products, including baby diapers, feminine hygiene, disposable bathroom and facial tissues, kitchen towels, bleach, powder, and liquid detergents. Lilas’ mission is to improve people’s everyday life by providing safe, affordable, and quality products. In line with its quality-based approach, Lilas has developed Quality Management Systems that are aligned with international standards, enabling it to obtain ISO 9001 certification for three of its manufacturing sites in Tunisia and ISO 22 716 for its wipes production process.

SAH continues to leverage its position as a regional leader to improve the quality and accessibility of household and personal care products across the African continent. As production diversifies and operations expand regionally, SAH reiterates its commitment to reduce its environmental footprint, provide optimal working conditions to its employees and support local communities.

Message from the CEO

“At SAH Group, sustainability is embedded in our corporate culture.”



The SAH Group is proud to present its sustainability report for the year 2021. For the second year in a row, 2021 was marked by global macroeconomic uncertainties triggered by the Covid-19 pandemic. Despite our commercial resilience, our Group’s financial profitability has been impacted by the scarcity and soar in raw materials’ prices, including the cellulose, super absorbent, and sulphonic acid as well as the exponential increase in logistics and maritime transport costs. Additionally, we have experienced few setbacks at the Libyan and Algerian subsidiaries caused by the sharp depreciation of the Libyan dinar and the difficulties in exporting to Algeria with the prolonged borders’ closure. At the local level, we have witnessed a marked decrease in the purchasing power and distressed market conditions amid the government’s fight against corruption.

Thanks to our regional and product diversification strategy, we have managed to increase our revenues and mitigate the impact of inflation on our profitability. Our growth has been driven by Azur Papier, following the successful launch of the second line of cellulose wadding as well as the increasing contribution of detergent sales and our sub-Saharan subsidiaries in Ivory Coast and Senegal. We expect a strong recovery in the coming year with raw materials prices stabilizing to a new benchmark and selling prices adjusting to absorb inflation. Building up on our Group’s strong brand notoriety and distribution network, we embarked into a new journey with the project to develop Lilas cosmetics’ range. Our new facility will be adjacent to Azur detergent plant and will manufacture shampoo, conditioner, liquid soap, shower gel, deodorant, etc.

We believe that manufacturing is a route for creating job opportunities and building more sophisticated supply chains that can have a positive impact on sustainable economic growth. We value our transformational path, and we are proud to evolve from a regional player to a leading regional FMCG manufacturer. As we pursue our expansion, we put at heart the customer’s needs by providing quality and affordable products to a wide segment of the population, catering to the demands of both middle class and low-income populations and offering an alternative to high-priced imported products and international brands.

We remain strongly committed to reduce our footprint on the environment as we gain scale, provide safe and appealing working conditions to our employees, and support our neighbouring communities in all countries in where we operate. We will continue to step up for nature respect and people empowerment through our products and services. We believe that we can deliver positive change for our customers, our communities, and our stakeholders.

Jalila Mezni

Group Chief Executive Officer

2021 Sustainability Update



*: Data on recycled waste and energy and water consumption provided for Tunisian subsidiaries

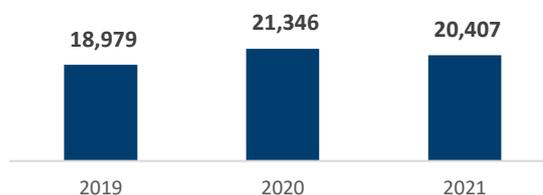
Environmental Impact

At SAH, we are committed to reduce the environmental footprint of our operations as our business grows and our activities diversify and expand geographically. The Group fully meets local environmental practices and regulations and is looking to comply with international standards, naming IFC Performance Standards and World Bank Group (WBG) EHS Guidelines. The Group has implemented resource efficiency measures across its facilities including the setup of Wastewater Treatment Plants (WWTP), the installation of a co-generation system for in-house electricity production and the launch of a LED replacement program.

Water Consumption

At Azur Papier, SAH Group processes virgin and recycled paper to produce cellulose wadding, which is lately integrated into its production process for the manufacturing of kitchen towels, napkins, and other paper-based products at SAH Zriba. Water effluents are efficiently treated at the on-site WWTP before being discharged into the public sewage. Treatment includes decantation, flocculation, and biological digestion. Water parameters are regularly measured and tracked against the local limits. As Azur Papier extended its operations with the addition of a second line, WWTP treatment capacity has been increased to be able to process the water effluents generated by the two lines. At Azur Detergent, SAH Group is looking at setting up its second WWTP to recycle 100% of its wastewater. As the new manufacturing plant for cosmetics is under construction, the second WWTP will be mutualised and operationalised across the two sites. Also, a third, yet smaller WWTP is to be set up at SAH Zriba plant. To ensure compliance with local regulations, SAH Group engaged with the local authorities to process the wastewater while finalizing the construction of its WWTPs.

Water Usage '000s m³

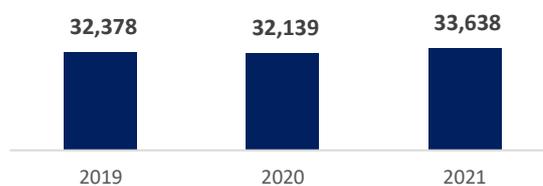


*: Data provided for Tunisian subsidiaries

Electricity Consumption

Our electricity consumption is needed to power our production lines and light up our facilities. Power is supplied by the national grid, and we receive quarterly bills detailing our consumption. All our sites are equipped with an electric transformer and one back-up generator to prevent production interruption. At Azur Papier, we are equipped with a co-generation boiler that produces steam for the cellulose wadding manufacturing and electricity for own consumption. Our electricity production exceeds frequently our needs; hence excess is supplied to the national network. We closely track our electricity consumption and undertake energy efficiency audits in line with the local regulation requirements.

Electricity Usage (000's KWh)



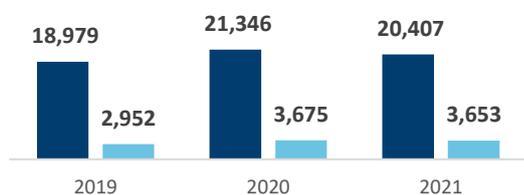
*: Data provided for Tunisian subsidiaries

Waste Management

In line with SDG 12 ("Sustainable Development Goal") on responsible consumption and production, Azur Papier has continuously sustained its recycling initiative. Recognising the need to ensure that manufacturing sites work in synergy rather than separately, Azur Papier collects and recycles paper waste arising from SAH Zriba

as part of its production process. Not only does this exemplify the possible synergies among SAH sites, but this initiative has partially enabled Azur Papier production of recycled paper to grow, representing a steady c.35% of total production. The Group has implemented a comprehensive waste management system at site level, including waste management procedures from waste segregation to disposal. Our waste management system is proven to be efficient as we steadily increase our recycling ratio each year (16% in 2019, 17% in 2020 and 18% in 2021).

Waste Disposal & Recycled Waste (Tons)



*: Data provided for Tunisian subsidiaries. Recycled waste excludes water effluents processed through WWTP

Supply Chain

We believe that our impact on the environment is closely related to the suppliers we select across the supply chain. In line with SDG 12 on responsible production and consumption, we base our selection, among other criteria, on how eco-friendly the supplier is. We source our main material, the virgin paper fibre, from Scandinavian and Brazilian suppliers certified by the Forest Stewardship Council.

Social Responsibility

We proudly think of ourselves as a socially responsible Group that puts special care in preserving the well-being and security of our employees, communities, and other key stakeholders. We are committed to provide a safe

Consumer Satisfaction

Every day, thousands of families and households entrust us when using our feminine pads, diapers, detergent, and tissues. We hold ourselves to the highest standard to ensure product safety. We hold ourselves responsible for providing affordable and quality products including baby care, feminine care, incontinence care, family care and detergent products. Product innovation is at the core of our operations, allowing us to consistently launch new products and customize our products to each market. We have developed a strong brand recognition and earned the consumer's loyalty within the local market and abroad, namely across the African country. The Group has put in place a free-toll customer complaints number that is available for all consumers. All our customers' grievances are escalated to our Quality department, which ensures the effective redressal without delays. Strongly committed to our mission, we will continue to promote people's everyday life by providing soft, effective, and affordable products.

Ethical Marketing

We have policies on marketing ethics that guide all related activities and ensure their alignment with local regulations for each market. We abide by these policies as we market our products via social media, sponsoring events, partnerships, or traditional channels. We market our hygiene products under five brands dedicated to baby care, feminine care, incontinence care, family care and detergent. We find comfort in witnessing our strong brand recognition in diverse markets including the Tunisian, Libyan and Mauritanian markets. We unconditionally refrain from any act of disloyal competition, and we seek no reputation harm to our competitors.

and healthy work environment to our employees across all our facilities and actively engage with our direct communities, while continuing to meet the consumers' needs in personal care and household care products.

Employees

We strongly believe that our people are the key to our sustained success. The Group's employees have developed an undeniable sense of belonging and pride and freely committed themselves to the success of Lilas. Our turnover rate stood at 5.7% for the year 2021, implying a retention rate of c.94%. The relationship we have with our employees is based on mutual respect. We are committed to full compliance with legislative workplace requirements in Tunisia. The health and safety of our people is also a key priority and is tied to the Group's overall performance. Thus, we maintain the highest level of health and safety as we understand that it lays the foundation towards providing high productivity and efficiency. In line with SDG 8 on economic growth and decent work, SAH Group has committed to extend healthcare benefits beyond social insurance cover to private insurance cover. We regard our employees as valuable assets and we strive to create a safe, stimulating and rewarding work environment for them. We are proud of our ability to attract a talented pool of highly competent individuals who contribute to our long-term success and viability.

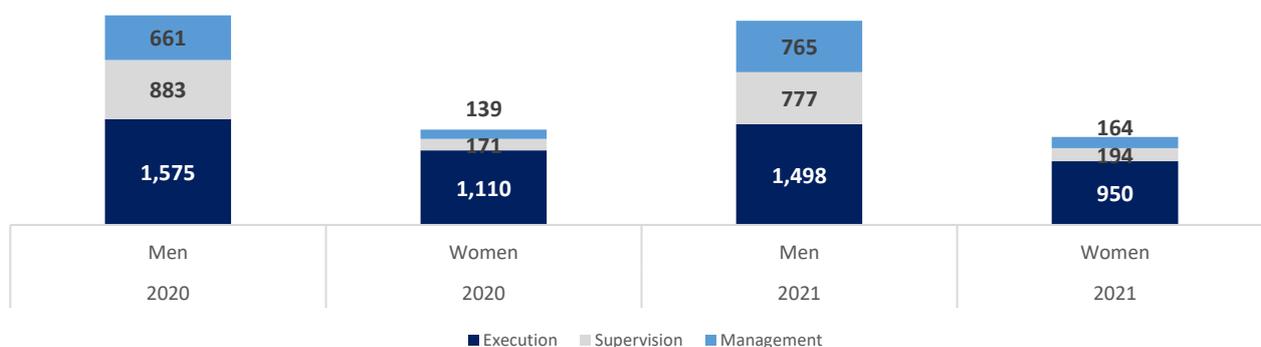
Diversity & Inclusion

As the leading producer of disposable, paper-based personal care products in Tunisia, we recognize the importance of maintaining a diverse work environment through the creation of a strong and healthy workplace that fosters innovation and shared learning experiences. We provide equal employment opportunities that allow all individuals to maximise their capabilities and thereby enrich our work environment. In order to preserve such achievement, we implemented a non-discrimination policy to educate employees on discrimination and

harassment topics, as well as how to address them and report them shall they occur. At SAH Group, we are strongly committed to ensure that our women employees improve their work-life balance and increase their engagement level and career progression. Our female workforce represents currently 30% of our total workforce and we aim to achieve a ratio of 50% over the coming decade. In line with SDG 5 on gender equality and women’s empowerment, SAH Group aims at lowering female attrition rates and retaining women in management positions through multiple initiatives that include the development of customized healthcare benefit packages and the implementation of flexible

working-time arrangements (Extended maternity leave and work from home protocol). We have also committed to increase women representation at our facilities in Ivory Coast and Senegal with special focus on women living in rural areas. We believe in social inclusion and thrive to tackle issues of inclusive employment and gender balance through a targeted recruitment strategy favouring women living in the neighbouring local communities. Through local community hiring, we intend to create decent jobs and training opportunities and contribute to advancing economic prosperity and stability of local communities.

Women vs men employees 2020,2021



Employees by age distribution 2020, 2021

Group	Female				Male				Total Less than 30	Total 30 to 50	Total More than 50	Grand Total
	Less than 30	30 to 50	More than 50	Total Female	Less than 30	30 to 50	More than 50	Total Male				
Dec 2020	623	741	56	1 420	1 094	1 816	209	3 119	1 717	2 557	265	4 539
Dec 2021	587	678	43	1 308	1 107	1 744	189	3 040	1 694	2 422	232	4 348

Continuous Education

We believe that working at SAH Group is a career opportunity, and not simply a work opportunity. We commit to support our employees in building up their career paths by investing in training and education. A group-wide training procedure has been developed and included in our HR manual. We defined two levels of training at SAH, mandatory training and continuous training. Mandatory training includes EHS (Environmental, Health & Safety) and Quality induction

as well as technical training related to job position. Continuous training is started after first year in service and is defined based on employee request and performance and company needs. An annual training program is developed annually by the site HR Managers. In 2021, we have provided more than 7 thousand hours of training to a total population of 399 employees.

Performance Management

A consistent performance management system is applied throughout the Group, which allows us to identify and manage the training needs of individual employees, and to discuss career development. Performance tracking discussions take place on a continuous basis throughout the Group. There is a dedicated commitment to optimize the quality of these discussions where expectations regarding performance and development are shared and personal development plans compiled accordingly. These discussions also provide the opportunity to translate the organizational strategic goals to individual employee objectives, activities, and deliverables.

Occupational Health & Safety

With more than 4,300 employees, SAH Group put special concern on fostering a safe and healthy work environment. Besides from maintaining workers' health and working capacity, we commit ourselves to improve the working environment and implement a working culture that promotes the OHS undertakings. We believe that favourable health and safety conditions nurture a positive social climate, thus improving productivity. A group OHS policy and management system, structured around strategic themes, priorities and KPIs in line with OHSAS 18 001/ISO 45 001 principles, have been developed pending the approval of top management. In parallel, OHS risk assessments are being updated for all sites based on the additional production capacities set up during the year. Also, SAH is considering integrating its OHS policy as part of the overall ESMS policy. We closely monitor the levels of dust and noise along the production lines of cellulose wadding and feminine pads. We are collectively

engaged in reducing the impacts of such disturbances, aiming to comply with international standards. Noise isolation system has been installed for the first site with the objective to replicate the same system for the second (and last) site. Adequate PPE is provided and worn, awareness and sensitisation for employees at risk is conducted, and yearly monitoring of noise levels is performed. In order to ensure the proper handling and storage of chemicals, we developed a clear and extensive procedure and displayed simplified guidelines in the appropriate locations. All our sites are equipped with adequate firefighting equipment and emergency preparedness and response plan are being constantly updated to reflect the ongoing layout changes due to capacity increase. We recently hired a consultancy firm to assist our H&S teams preparing and updating the hazard assessment studies as we are expanding our production capabilities to include the cosmetics' manufacturing. We report on work accident and have implemented a dedicated management procedure, with the objective to prevent and reduce the number of accidents.

Community

As a leading, committed, and proactive corporate community partner, SAH believes in community involvement where we work and serve. We sponsor the development and implementation of community projects in remote areas, namely in the healthcare, education and arts and culture. We partner with governmental and non-profit organizations to help improve the lives of women, children, and elderly people.

Corporate Governance

At SAH Group, we believe that good corporate governance enables a company to mitigate risk because it involves creating checks and balances in decision-making processes and promoting a culture of inclusive consideration of ethical, legal, and business considerations. Good corporate governance enables a company to be a positive contributor to the environment and society because it involves holistic, long-range decision-making based on the interests of the company and all stakeholders. As such, we commit to improve our corporate governance structures in order to meet best international practices. Our board of directors is composed of twelve directors, one of whom is representative of minority shareholders and two independent members (Appointed in 2019 and 2020), with extensive experience in both the FMCG and financial sectors, bringing expertise and operational efficiency to the board.

Our Board of Directors:

- Mounir El Jaiez (Chairman)
- Jalila Mezni (CEO)
- Chokri Mezni
- Mohamed Amine Ben Malek
- Adel Goucha
- Ahmed Badreldin
- Tarek Kabil (Independent)
- Adel Grar (Independent)
- Achraf Mezni
- Abdelbasset Ben Moussa
- Nayel Vidal
- Hamadi Mokdadi (Representative of minority shareholders)

Audit Committee

Consisting of three non-executive directors, one of whom is independent, the Audit Committee assists the Board in its oversight of financial statements and disclosures, ensuring that they adhere to the recommendations of both the auditor and the local accounting principles.

Disclosure & Communication

In addition to the quarterly financial release required by the Financial Market Authority, SAH further developed a more extensive financial disclosure, including historical financial information and operating reviews, as well as information that forward looking, gives strategic direction and discuss targets, risks, and opportunities to be addressed in the medium-to-long term.