

A close-up photograph of a woman with long brown hair, wearing a light pink top, holding a newborn baby. The baby is wearing a Lilas diaper with a cartoon elephant and the text 'Lilas COMFORT Plus Active' and the number '2'. The woman is looking down at the baby with a gentle smile.

Lilas[®]

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About Us



SAH Group (“Lilas”) is the leading Tunisian producer of disposable, paper-based household and personal care products for babies, women and adults in addition to being a leader in detergents. Founded in 1994 by Jalila Mezni and Mounir El Jaiez, Lilas started its operations with the production of feminine hygiene products. In order to secure availability and reliability of its main raw material, in 2013, it moved into the production of cellulose wadding with the opening of Azur Papier site. 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).

Over the last two years, SAH invested c. TND 300 million to expand its existing production capacity, diversifying its product portfolio and expanding its regional footprint across Sub-Saharan Africa. The company progressively transformed from a local champion to a regional leader through local production capabilities and export reach. SAH doubled its employee base over the last 4 years, mostly hiring from neighbouring communities to its manufacturing sites.

Not only SAH has impacted thousands of people, it has also reached millions of customers through its full range of products, including baby diapers, feminine hygiene products, disposable bathroom and facial tissues, kitchen towels, bleach, powder and liquid detergents. SAH’s mission is to improve people’s everyday life by providing safe, affordable and quality products. In line with its quality-based approach, SAH 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 the optimal working conditions to its employees and support the local communities.

Message from the CEO

“At SAH Group, our approach to sustainability is at the heart of the way we do business. We want to be known not only for our superior products and brands, but also for the positive impact we have on our community.”



The SAH Group is one of the prominent success stories in Tunisia, as we grew from a local company producing feminine hygiene to a regional leader operating eight subsidiaries in the household and personal care sector. We led the way over more than two decades – decades filled with tremendous progress and transformation. We also navigated through several challenging times, while staying true to our purpose to “Help improve people’s lives”. Today, we face unprecedented challenges in relation with the novel coronavirus COVID-19. Yet, our company’s purpose remains the same. SAH has a strong background of leadership and resilience that, we believe, will guide us through these exceptional circumstances.

We delivered strong revenue and profit growth this year. We started the production of detergent and launched a full range of products – 129 SKUs including bleach, powder and liquid detergents. Benefiting from Lilas brand recognition and efficient distribution network, we have gained the local market confidence and kicked off exports over the first six months of operations. We have expanded our paper products portfolio by launching six new SKUs dedicated for professional use. We have grown our local revenues by 48% despite market’s maturity. We have grown our revenues in North African countries by 17%, consolidating our presence and leadership positions in the region. Our exports reached 32% of our sales, with a presence in more than 15 countries in Africa. As part of our expansion strategy in the UEOMA region, we have set up local production capabilities in Senegal, which will serve as well as export platform to neighbouring countries. Building up on this successful strategy, we will continue to innovate and adapt our products to each market to satisfy our customers’ needs and praise them for their loyalty.

We know it’s our responsibility to use our scale for good. We care about our impact on the environment and we are trying to build a more sustainable future for our communities and employees. We have launched the construction of a Wastewater Treatment Plant (WWTP) at the detergent site to process our wastewater. We stood with our employees in the times of COVID-19 by putting in place strict measures to prevent the spread of the virus, while continuing our operations. We reiterate our commitment to preserve our environment, the safety and well-being of our employees and we will continue to provide assistance and support to the communities we serve.

Jalila Mezni

Group Chief Executive Officer

2019 Sustainability Update

Governance



26 Board meetings held in 2019 in all subsidiaries



10% of **Independent** Board Members*

*: At the HoldCo level

Social



4 098 Employees across all subsidiaries



US\$191m Total turnover across all subsidiaries



4 Philanthropic projects backed

78% of employees **receive an annual performance review**



33% of employees **have long term contracts**



32% of total employees are **women**



43% of total employees are **less than 30 years old**

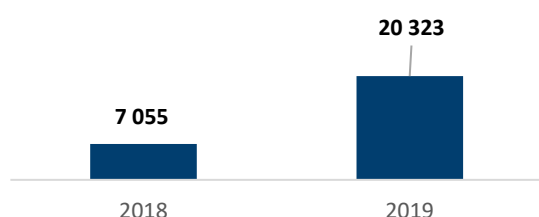


Environmental Impact

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

Water Usage '000s m³

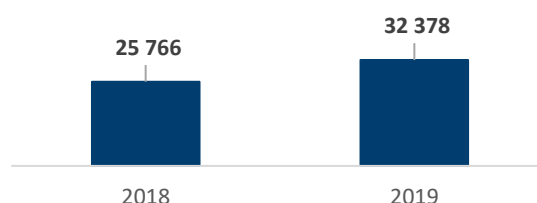


In line with its commitment to preserve its natural environment and protect the ecosystem, the Group has set up two WWTPs at each of Azur Papier and Azur Detergent production sites. SAH Group is also looking at the construction of a third WWTP in addition to four rainwater collection reservoirs. At Azur Papier, wastewater from paper recycling is discharged to the on-site WWTP where it is treated before being discharged into the public sewage. Treatment include decantation, flocculation and biological digestion. Water parameters are regularly measured and tracked against the local limits. Given its ongoing capacity extension, Azur Papier is planning on increasing its water treatment capacity by 20% and upgrading its treatment process to ensure that set limits comply with the WBG EHS guidelines over the medium term. Our growth in water consumption is driven by the entry in production of Azur Detergent in 2019.

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. Our growth in electricity consumption also tracks our growth in operations and production growth.

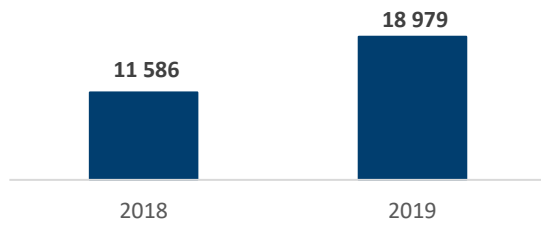
Electricity Usage (millions KWh)



Waste Management

The Group has developed a comprehensive waste management system at site level, including waste management procedures from waste segregation to disposal. Our paper mill output is based up to 65% on recycled paper, supporting the Group's commitment to waste reduction. We also commit to reduce our plastic footprint by collecting and transforming our plastic waste, up to 15% of it is recycled and incorporated in our packages. As for hazardous waste, the Group has established contracts with accredited specialized companies for the collection, processing and destruction of ink and chemicals.

Ordinary & Hazardous Waste Disposal (Tons)



Supply Chain

We believe that our impact on the environment is closely related to the suppliers we select across the supply chain. 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, women, mothers and households entrust us when using our feminine pads, diapers and family care products. 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 four brands dedicated to baby care, feminine care, incontinence care and family care. 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

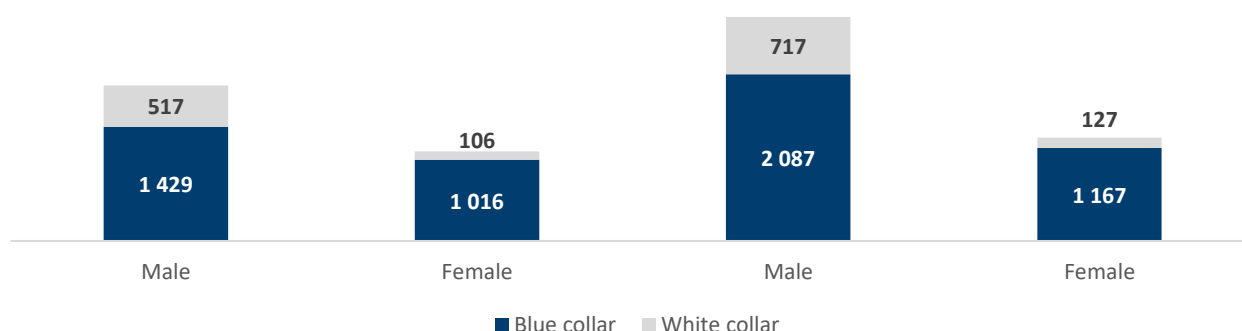
We strongly believe that our people are the key to our sustained success for over the past 25 years. The Group's employees have developed an undeniable sense of belonging and pride and freely committed themselves to the success of Lilas. Therefore, at SAH we heavily invest in the wellbeing and prosperity of our employees. 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. 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, the Group has decided the implementation of 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.

Female vs male employees 2018, 2019



Employees by age distribution 2018, 2019

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 2018	563	527	32	1 122	669	1 139	138	1 946	1 232	1 666	170	3 068
Dec 2019	661	605	28	1 294	1 115	1 557	132	2 804	1 776	2 162	160	4 098

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. Accordingly, in 2019, 479 employees took part of the training sessions.

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 4,000 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. The Group has adopted a risk-based approach to identify key OHS risks associated with its activities and has developed the mitigation measures accordingly. 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. All our sites are equipped with adequate firefighting equipment, and an emergency preparedness and response plan has been developed for each production site. We report on work accident and 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. Our support to the community extends to exceptional circumstances when the Group responded to the Ministry of Health call for fund raising during the times of COVID-19. SAH made contribution of TND 200 thousand to the Solidarity fund and donated 80 000 litres of detergent products to public health facilities. SAH also stepped out to support 400 families in need in partnership with Aziza, the soft discount retail chain, and supported the local authorities and communities in the governorates of Zaghuan and Béja.

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 eleven 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. In June 2020, SAH stepped out and voted for the separation of the functions of Chairman of the Board and Chief Executive Officer, in pursuit of more transparency and integrity.

Our Board of Directors:

- Jalila Mezni
- Mounir El Jaiez
- Chokri El Mezni
- Amine Ben Malek
- Adel Goucha
- Ahmed Badreldin
- Tarek Kabil (Independent)
- Adel Grar (Independent)
- Achraf Mezni
- Abdelbasset Ben Moussa
- 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. The freshly hired IR officer set up a clear reporting calendar targeting the local financial market, developed dedicated disclosure packages to existing and potential investors and took the lead with the website upgrade.