



2020 Corporate Sustainability Report





PURE WHOLESOME
GOODNESS IN EVERYTHING
WE DO.



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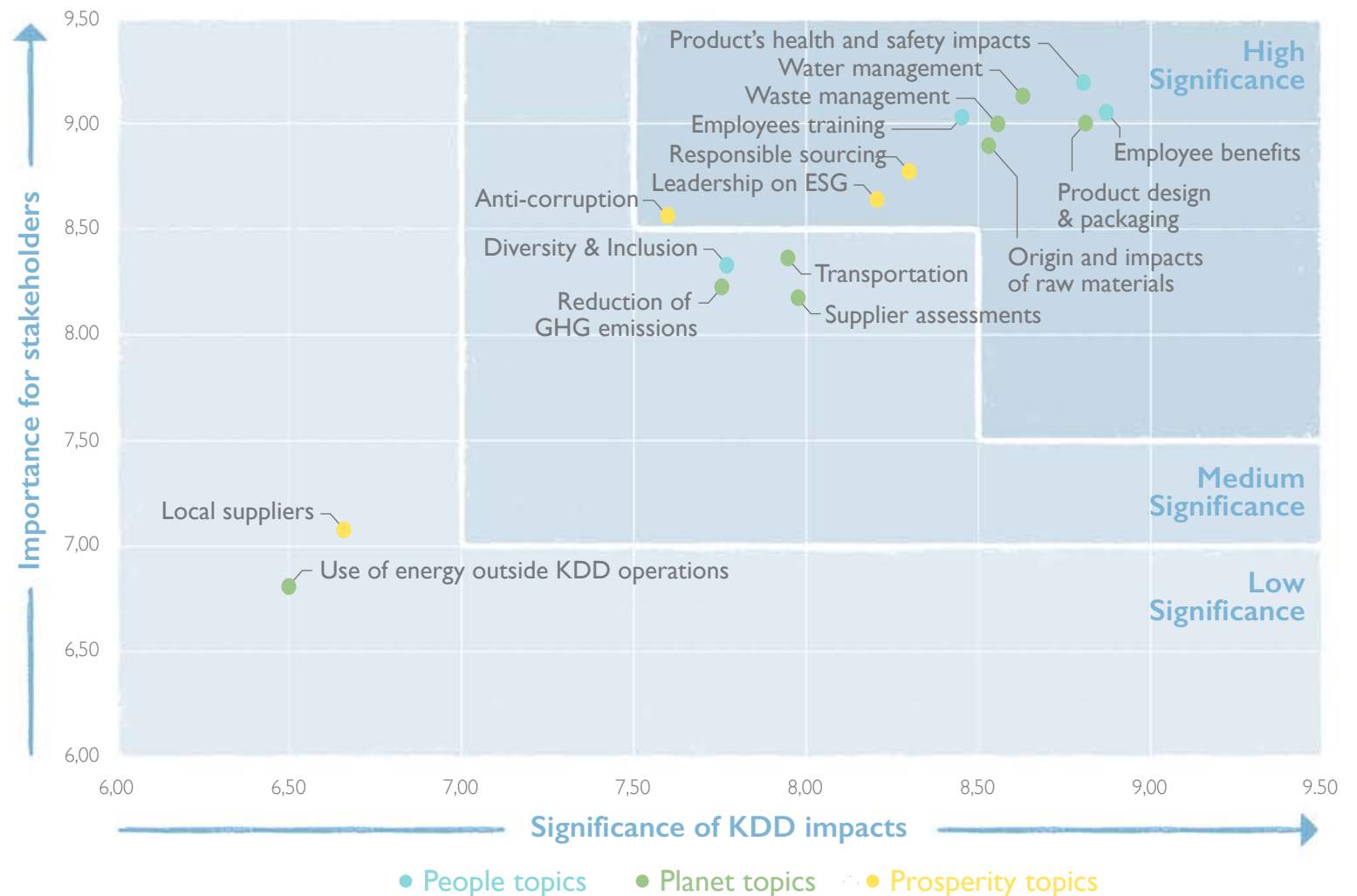
About This Report

This is KDD's first corporate sustainability report. It describes our approach and performance for calendar year 2020 and includes Kuwaiti operations only, except where noted. Performance data from additional countries will be included in future reports.

Where relevant, this report includes 2019 data to provide context for 2020 data. Because of the COVID-19 global pandemic, 2020 data does not represent typical KDD performance.

This report focuses on the environmental, social and governance issues most material to KDD and its stakeholders as determined by a [GRI-aligned](#) materiality assessment conducted in 2020 by an independent third party. In addition to informing the content of this sustainability report, this materiality assessment sets forth KDD's strategic sustainability priorities.

Materiality Assessment



MESSAGE FROM OUR CEO

Sustainability is a global priority. We must do business in a manner that leaves a better world for our children and grandchildren across the full range of environmental, social and governance topics.

KDD has been doing a lot of work over the past few years, conserving water and energy and reducing waste to minimize our discharge to landfill. We've built systems and processes to measure and track our performance in these areas.

KDD cares about and is committed to its communities and to our planet. We have always been at the forefront in supporting various social causes. This includes our economic impact on society as well as on the metabolic health of the consumer base that we serve. We strive to protect lives and livelihoods while protecting the planet on which we live.

KDD's ethos is to be equitable, transparent and focused on sustainable development. As a privately-owned company, our almost 60 years in business demonstrate our dedication to the people and communities we serve.

We have always been and will always be on a quest for continuous improvement, be it in streamlining our production processes, enhancing the nutritional impacts of our products or by reducing our environmental footprint.

Despite a very challenging year due to COVID-19, we are proud to say that we have formally started our sustainability journey by conducting a materiality assessment and establishing an environmental corporate footprint.

These milestones will serve to inform our future strategy, actions and targets.

We are the first food & beverage company in Kuwait to undertake such an endeavor. We realise that this journey will not be easy, but we will persevere and do our part in creating a world where planetary boundaries are respected.

The aim of our first sustainability report is to give an account of where we currently stand in our sustainability journey and to provide details on our next steps, our successes and the challenges we face.

Enough is never enough and we are ready to take on those challenges that the future has in store for us.

Sir Mohammad Ezzat Jaafar
Chairman and Chief Executive Officer



“ We have always been and always will be on a quest for continuous improvement, be it in streamlining our production processes, enhancing the nutritional impacts of our products or reducing our environmental footprint. ”

Our business

In this section



Who we are and how we operate

KDD, The Kuwaiti Danish Dairy Company, is a leading manufacturer and distributor of food and beverages in the Gulf Co-operation Council (GCC) countries. KDD has been in business since 1962, making it the longest-established dairy and food company in Kuwait.

KDD products are available in Kuwait, Bahrain, Oman, Qatar, Saudi Arabia, the UAE, Iraq, Lebanon, Jordan, Palestine, Canada, the US and the UK. The company employs approximately 2000 people, 85% of whom work in Kuwait where the entire range of products is produced.

KDD has maintained its strength and success since its first day, when it



produced 2,000 litres of pasteurized milk and yoghurt at its Shuwaikh plant in 1962. Today, the company's main production facility is the 40,000 square-metres recombining dairy plant at Sabhan, a large and fully automated and technically advanced facility in the Middle East. This facility includes a fully equipped laboratory with qualified and trained laboratory technicians conducting the analysis of all raw materials, as well as final products.

Through extensive testing – physical, chemical, and bacteriological – the company works to ensure that all materials used in the production process, in addition to the products released to the market, are aligned with national and international standards and KDD's even stricter standards.

Packaging of long-life products is carried out on modern Tetra Pak equipment using specialised paper which has seven layers including paperboard, aluminium laminate and polyethylene lining. The packs are completely sealed and remain sterile for at least six months. Containers and cups for dairy product packaging, such as yoghurt, labneh and ice-cream, are manufactured in the company's plastics factory at the Sabhan plant.

OUR MAIN ACTIVITIES

MANUFACTURING

MARKETING

SALES & DISTRIBUTION

KDD's main activities include manufacturing, marketing, sales and distribution of dairy, juices, ice cream and culinary products made to international quality standards through the use of modern state-of-the-art production and packaging:

DAIRY

Plain, fortified and flavoured milks, yoghurts, laban and labneh

JUICES

100% pure juices, drinks and nectars

ICE CREAM

Cones, cups, sticks, family packs, sandwiches, lollies, frozen yoghurt and premium ice cream

CULINARY

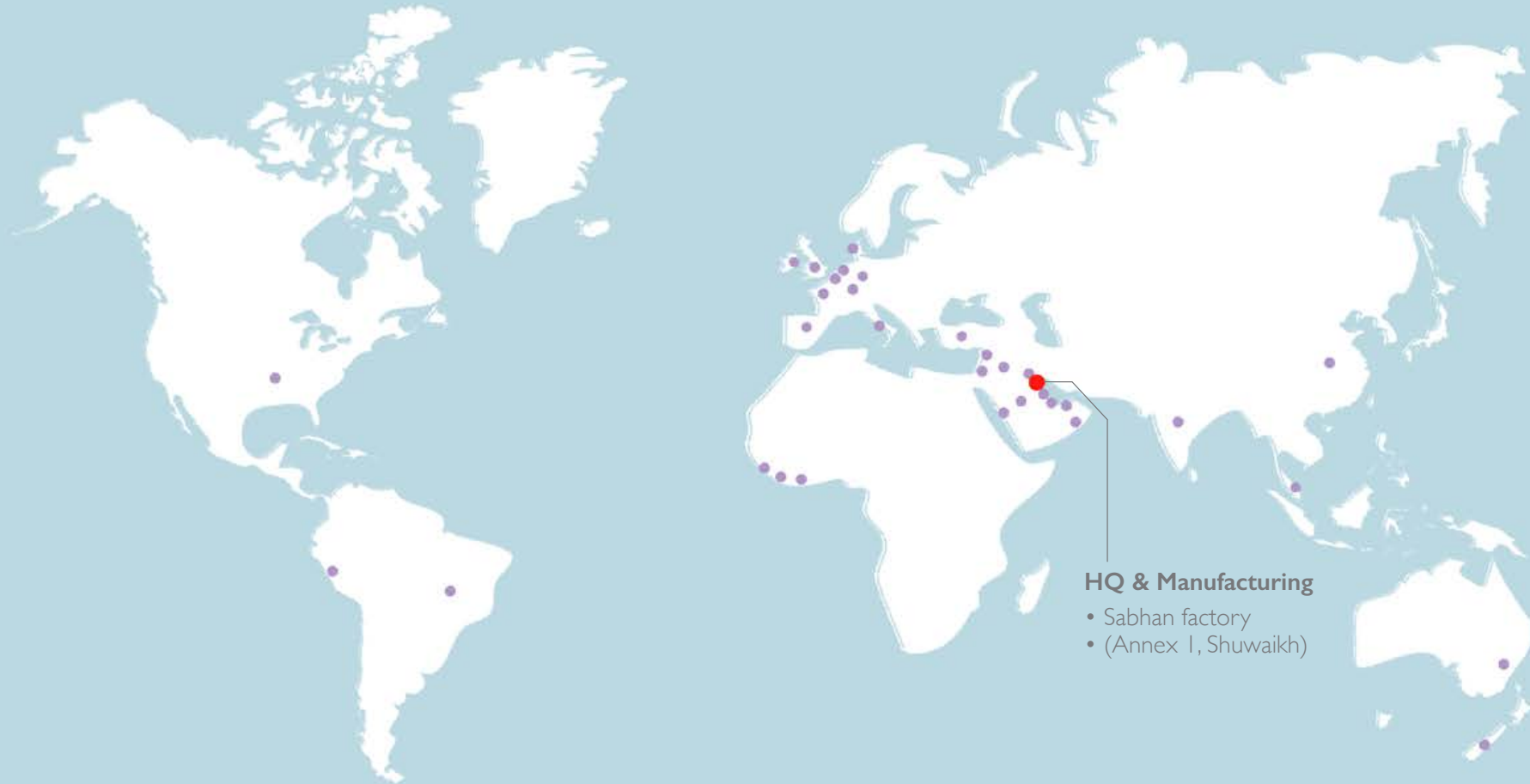
Thick cream, liquid cream, butter, olive oil, tomato paste, béchamel sauce and evaporated milk

KDD's Finished Goods Warehousing operation controls the movement of incoming and outgoing pallets. The entire operation is automated and system-driven, allowing for operational flexibility with minimal human intervention.

KDD uses a fully integrated Enterprise Resource Planning system, automating

business processes in a closed loop of Planning-Forecasting-Budgeting-Execution-Reporting. An experienced and dynamic IT team ensures that KDD's systems remain state-of-the-art across the enterprise.

A Global SCOPE



HQ & Manufacturing

- Sabhan factory
- (Annex I, Shuwaikh)

Warehouses

- Kuwait
- Saudi Arabia (Jeddah & Riyadh)
- UAE

Retailers

- Kuwait
- Iraq
- Saudi Arabia
- Qatar
- UAE
- Jordan
- Bahrain
- Oman

Additive & Flavours

- Denmark
- Switzerland
- France
- ...

Packaging Production

- Tetra Pak (UAE, Turkey, ...)
- Others (Kuwait, KSA, Oman, Switzerland)

Agricultural Products

- Australia
- UAE
- Malaysia
- USA
- Kuwait
- India
- UK
- Germany
- Spain
- Netherlands
- Belgium
- Brazil
- Italy
- Denmark
- Lebanon
- Ivory Coast
- ...

OUR HISTORY, MISSION AND VALUES

Operating from its first plant in the Shuwaikh area in Kuwait, KDD began producing milk and yoghurt in 1962 as a joint venture with the Danish Dairy Federation under the name Dankuwa.

In 1982, the company became 100% Kuwaiti owned under the name KDD and opened its second factory in Sabhan. It also added juice to its product portfolio. In 1985, the company commenced exports to the MENA region. During the Iraqi invasion of Kuwait, KDD was one of the very few companies supporting its local citizens with products. The factory was bombed in January 1991 and rebuilt partly in October 1991 and fully in 1994. In 2014, we eliminated artificial colours from our entire product portfolio. We launched lactose free milk in 2016 and eliminated trans-fatty acids from our dairy products in 2019. In 2020, KDD scientists finalised an approach to nutrition that can be used by any food and beverage company to develop new products or improve existing ones.

KDD is currently working to determine an appropriate science-based emission-reduction target as well as a roadmap for achieving this ambition.



**OUR MISSION IS TO PROVIDE
SAFE, HEALTHY AND CONVENIENT
PACKAGED FOOD TO OUR CUSTOMERS
WHILE RESPONDING TO THE
NEEDS OF OUR STAKEHOLDERS
AND FULFILLING OUR OBLIGATIONS
TO THE ENVIRONMENT.**



Metrics at a glance

Founded in
1962

In business for almost
60 years

2006
employees

40,000
square meters
production facility

4
management system
certifications

4

product categories
(dairy products, juices,
ice-creams, culinary)

All dairy
products are

free
of artificial
transfats

No
artificial colouring

Exports to
more than

14
countries in the
MENA region
and beyond

GOVERNANCE AND STAKEHOLDER ENGAGEMENT

The KDD board of directors consists of seven members with experience from a range of sectors and representing all shareholders. The board is elected for three years, they appoint the Chairman and Deputy Chairman, and meet six times a year.

KDD is headed by the two active board members Sir Mohammad Ezzat Jaafar who is the Chairman & CEO and Mrs. Bahia Ezzat Jaafar, who is the Deputy Chairman, Deputy CEO and CFO of the company. Both of them guide the senior leadership team, which is responsible for the company's performance, including the implementation of KDD policies.

KDD has a wide range of processes and policies that determine how the business

is operated. Processes include, but are not limited to, an incident reporting system. Policies include, but are not limited to, our Code of Conduct, Employee Handbook, Anti-harassment Policy, Child-Labour Policy, Performance Appraisal Policy, Employment Anti-discrimination Policy, Succession Planning, Internal Promotion Policy and Environmental Policy. All policies are published on our internal website and are available for employees' review.

Our Code of Conduct and Employee Handbook describe our expectations for how employees must conduct themselves in the workplace. We train each employee on relevant policies every year according to the requirements of their job.

Stakeholder engagement

KDD engages with and responds to the needs of a wide range of stakeholders. These include customers, employees, public and regulatory authorities, retailers, suppliers, consumers, and others. As we work to improve our business practices, we listen and adapt to the needs of our stakeholders. This helps us create a more sustainable future for the communities we serve.

Stakeholder engagement takes many forms, including employer and consumer surveys, in-person meetings with clients to ensure their needs are met, and with public and regulatory authorities, to ensure compliance with all relevant rules and requirements.

Key public authorities include the Public Authority for Food and Nutrition (PAFN), Environment Public Authority (EPA), Public Authority for Industry (PAI), Ministry of Health (MOH) and Ministry of Commerce and Industry (MOCI). Key industry partners include the World Business Council for Sustainable development (WBCSD) and the World Economic Forum (WEF). Key business partners include the Kuwait Industries Union, Kuwait Chamber of Commerce and International Dairy Federation.

Memberships

Collaboration is an important value at KDD. We participate in the following initiatives:

- [FReSH](#) develops solutions to drive food system transformation for healthy people and a healthy planet
- [The Circular Plastics and Packaging Initiative](#) helps companies to accelerate solutions to make plastics and packaging circular and sustainable
- [SOS 1.5](#) supports companies from all sectors to stay within the 1.5°C safe operating space.

Through our membership in the World Economic Forum, we also participate in the following initiatives:

- [Principles of Stakeholder Capitalism](#)
- [Shaping the Future of Advanced Manufacturing and Production](#)
- [Scale 360](#) A strong emphasis on innovation and collaboration helps KDD improve performance and reduce risk in these and other areas.

Management System Certifications

FSSC 22000: 2019 Food Safety Management Systems for Dairy and Plastic

ISO 14001: 2015 Environmental Management System

ISO 45001: 2018 Occupational Health and Safety

ISO 27001: 2013 Information Security Management System



SUSTAINABILITY MANAGEMENT, PRIORITIES AND VISION

KDD works to continuously improve its environmental, social and nutritional performance.

All topics related to corporate sustainability are managed by the senior leadership team. Senior leadership is currently in the process of forming the sustainability department and governance structure.

Company leaders and managers work across the value chain to monitor, manage, and publicly report on use of water, energy and fuel – as well as the generation and management of Greenhouse Gas (GHG) emissions and waste. Improving nutrition and reducing food waste, carbon emissions and packaging are also important elements of KDD's approach to sustainability.

The KDD Sustainability Vision

Producing sustainably, providing healthy Goodness, leaving only Goodness behind.

- Sustainably manufacturing and distributing high quality nutritious food & beverage is at the heart of everything we do. This is what we mean by **producing sustainably**.
- Our purpose goes beyond that. To address metabolic health we want to feed the gut, protect the liver and support brain health through our products, ultimately contributing to a healthier population. This is what **providing healthy Goodness means**.
- We aim to do what is in our power to minimise our environmental footprint, protect the planet and **leave only Goodness behind**. "Goodness" also reflects the actions and initiatives that we take in support of our employees and the communities we serve.



The KDD Sustainability Journey



Our Sustainability Framework

By 2030, KDD aims to strengthen its position as a leading food & beverage company, with a holistic approach to human wellness, environmental health & a thriving society



PEOPLE

Be a diverse, fair and inclusive employer that empowers people and creates opportunities for communities in the region

Focus areas

- Promote diversity and inclusion
- Support local communities
- Foster a healthy and safe workspace
- Provide development opportunities with fair compensation

Supporting SDGs



PLANET

Leave the smallest environmental footprint behind, while addressing the biggest sustainability challenges in the region

Focus areas

- Sustainable ingredients sourcing
- Sustainable manufacturing, logistics & distribution
- Sustainable packaging & end of life treatment

Supporting SDGs



NUTRITION

Be a leader in the development of food & beverages that improve metabolic well-being

Focus areas

- Engineer existing portfolio, ingredients & process to deliver optimal metabolic health
- Solve for dietary imbalances with new functional foods
- Socialise the new nutrition philosophy among employees, stakeholders, consumers

Supporting SDGs



Enabling fair & transparent business practices across all activities contributing to local economic prosperity

OUR SUSTAINABILITY TARGETS

Targets have been defined in 2021 for the people and nutrition pillars. For the planet pillar, we are currently working on defining science-based targets. An update on our progress will be included in following reports.



PEOPLE

Targets

- Provide satisfying careers to young Kuwaitis and go beyond the Kuwaitisation percentage required by the government
- Collaborate & support at least two locally relevant SMEs each year
- Roll out a “zero-incident programme” in all departments by 2022
- Starting 2022, undertake an annual benchmarking survey to evaluate compensation across positions and provide constructive management feedback



PLANET

Targets

- We are currently working on defining targets for the reduction of GHG emissions, water and plastic, for Scopes 1&2 but also Scope 3, based on the results of our corporate footprint



NUTRITION

Targets

- By 2021, formulate and implement a nutrition matrix under a scientifically vetted and robust tiering system that informs the development of new products and the reformulation of existing products
- From 2022, educate all KDD employees on the organisation's new vision for nutrition
- Embed this new vision of metabolic health in the company's strategic decisions
- Communicate this evolved approach to consumers and other key stakeholders

Shaping the future of nutrition

In this section

Related UN SDGs



A Different Approach to Health

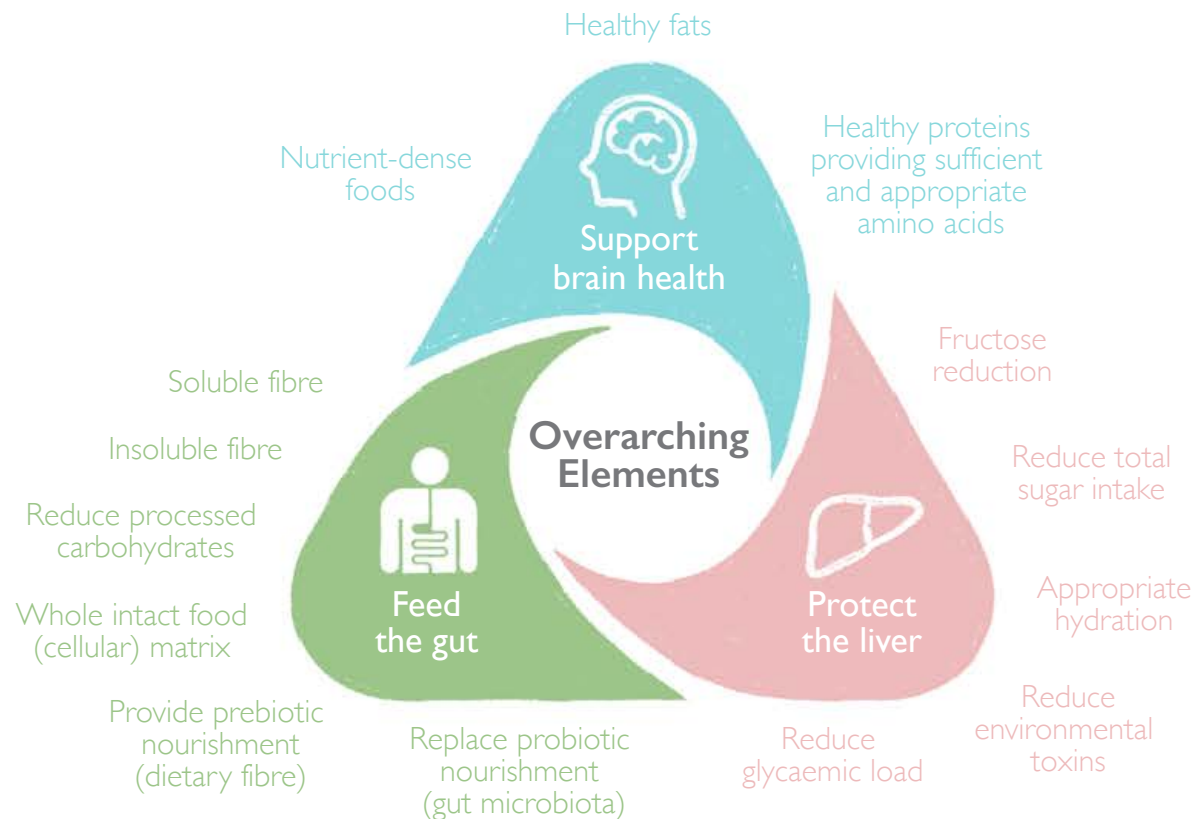
For many decades, the food and beverage sector has sold the notion that personal responsibility and calories cause chronic disease. This approach has led to epidemics of diabetes, kidney disease and dementia, impacting quality of life, medical resources and healthcare budgets around the world. These impacts are very significant in the regions where KDD operates: in the Middle East and North Africa (MENA).

KDD is taking a different approach. We focus on the full range of nutritional benefits instead of only looking at sugar and calories. Our scientists have developed the KDD Metabolic Matrix: a model that can be used by any food and beverage company to develop new products or improve existing ones.

If adopted broadly, this approach could save millions of lives and allow trillions of dollars to be redirected toward other challenges such as climate change.

For more on KDD's approach to reducing environmental impact, please see [page 22](#).

Pillars and Principles of the Metabolic Matrix



Metabolic Disease in the MENA Region

One in four people in the Middle East are affected by Metabolic Syndrome today. By 2045, it is estimated that 108 million adults (one in four) in MENA will be living with diabetes.



Taking Action to Support Metabolic Health

KDD is already moving forward. The KDD Re-Engineering Team includes world renowned experts in metabolic health and nutrition, with specialties that include neuroendocrinology, paediatrics, culinary medicine, food law, healthy fats and brain health, public health advocacy, translational science, and computer informatics.

KDD interdisciplinary teams work to align food science, nutrition, and metabolic impacts to assure that healthy and sustainable products are also delicious and appealing, maintaining our commitment to "Pure, Wholesome Goodness." KDD has developed an advanced, evidence-based, highly quantified framework (with thousands of data points) that is being applied to the entire KDD portfolio to assure positive nutrition.

As KDD looks to its future – and the future of our industry – we are working to develop a new framework to drive change which includes the following elements:

- **Science** – A precise science and outcome-based definition of the metabolic model. Laboratory testing to generate detailed data on ingredients and products, with every decision regarding formulation or reformulation guided by data, evidence, science, metabolic impact.
- **Engagement** – Robust and transparent stakeholder engagement and acceptance, based on a time-bound set of KPIs and milestones. This should include internal teams and external business, government, science and other interested parties.

- **Leadership** – Company leaders at all levels and across all key divisions (product development, production, marketing, sales, etc.) who will examine the company's entire portfolio.
- **Credibility** – An independent team of scientists, doctors, and researchers paid by a trust set up outside of the company to maintain objectivity.
- **Goals** – Time-bound set(s) of milestones will be crucial for establishing and maintaining stakeholder acceptance. This should involve both internal and external stakeholders and must be integrated into a KPI framework.

When successful, this approach will result in significant improvements in food quality and health outcomes. It will also improve the financial health and reputation of the food and beverage sector – a true sustainability success story.

Non-Alcoholic Fatty Liver Disease

Non-alcoholic fatty liver disease (NAFLD) is perhaps the best example of the mistake of focusing on calories as the key measure of nutritional value.

NAFLD is one of the fastest growing chronic diseases on earth. It is present in underweight, normal weight, and overweight people and is accelerated by ultra-processed, sugar laden, fibre-deficient foods and beverages. In the U.S., 74% of food products sold have added sugar and four out of ten adults have NAFLD. Research shows that NAFLD is not only a liver disease, but also the precursor to the development of other chronic diseases, including cardiovascular disease and type 2 diabetes.

The solution is not more (or less) calories. The components that truly determine health are protein and micronutrients, irrespective of calories.

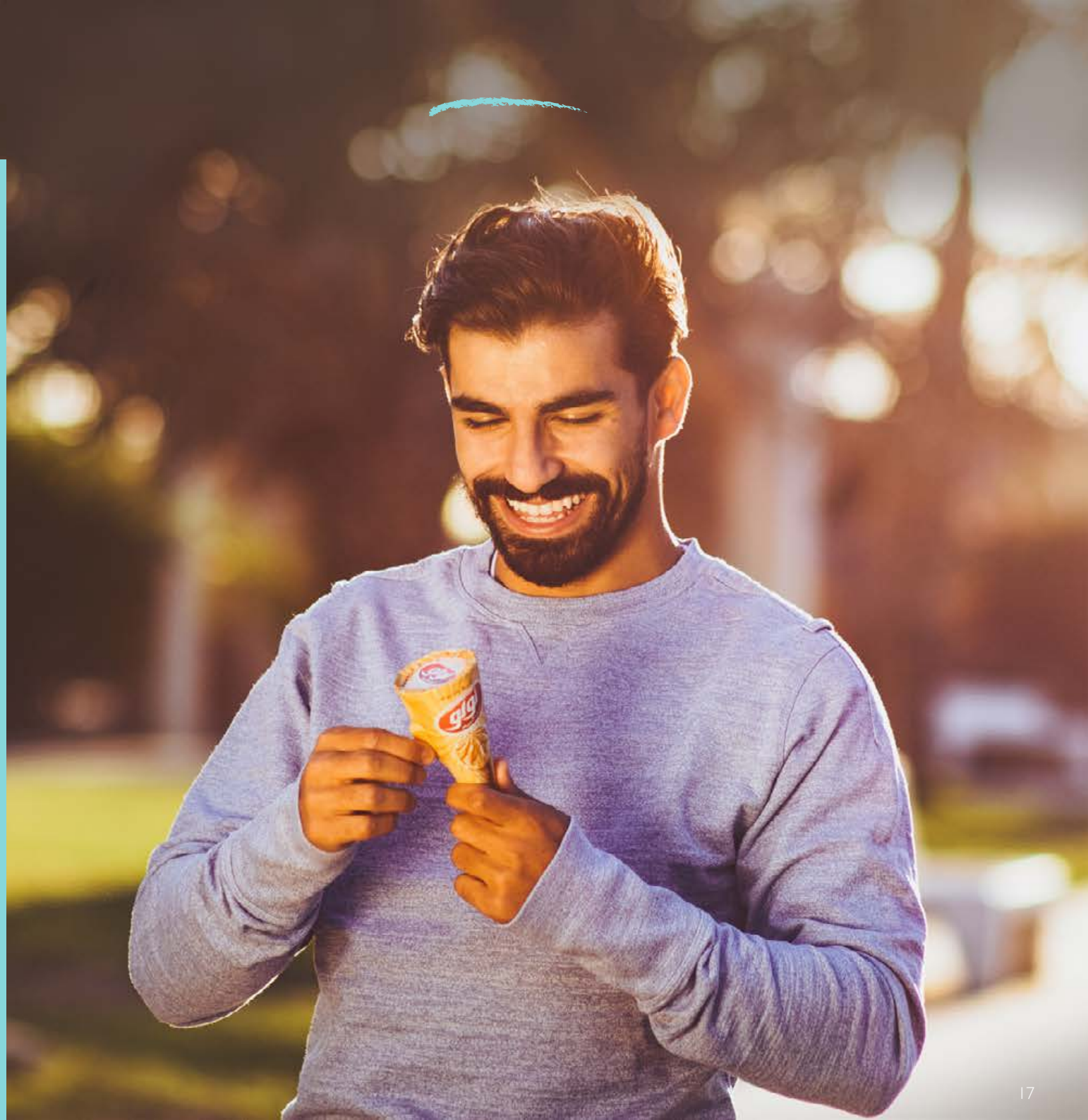
NUTRITION MILESTONES



Serving our people and communities

In this section

Related UN SDGs



EMPLOYEE RECRUITMENT, DEVELOPMENT, ENGAGEMENT AND RETENTION

KDD's employees produce and distribute quality food products for communities across the GCC and abroad. We work to create a safe and inclusive workplace where our employees are respected and valued.

KDD's vision is to be the most preferred employer in the food and beverage sector in the GCC region. In 2020, KDD surveyed two of the company's largest departments to measure employee satisfaction. In the coming years, we plan to expand this survey to include every employee. This will help us determine additional ways to improve our workplace and company culture.



Attracting and retaining talented employees is a high priority for KDD. To help employees perform in their current jobs, each employee receives an annual performance review. The company is currently working to improve this review process so that it more effectively identifies and rewards excellent performance. Every year on an average, 98% of employees received either a performance bonus or a salary increase.

KDD also provides employees with the opportunity to learn and develop. We offer our employees a wide range of trainings, including:

- Food safety
- Environment awareness
- Environment monitoring, data reporting and waste management
- Workplace mindset (positive attitude)
- Resilience & wellbeing in times of crisis
- Team building trainings for supervisors, up to middle management
- Advanced negotiation skills trainings for middle and senior management

Employee Data

On average people work with KDD for
9 years
(8.94)

Average hours of training given per year:
16 hours
per employee per annum

Turnover rate is about
10%
for 2019; 2020

Number of people trained per year:
597

Internal selection rate*
6.79
for 2019 and
28.9
for 2020

employees trained in 2020 and
2012
trained in 2019

* Total number of promotion + transfers/budgeted vacancies

A significant reduction in 2020 was due to covid 19. Currently, online solutions are being studied to ensure distance training in the future.



DIVERSITY AND INCLUSION

KDD values and promotes diversity and inclusion. We also acknowledge the need to improve in several areas.

Women and Men are equally offered the same remuneration and base pay when the employee is performing the same job.

DIVERSITY AND INCLUSION DATA

Women's representation as percentage of the workforce:
2% in 2019 and **4.9%** in 2020

Nationalities working at KDD:
58 different nationalities working at KDD in 2019 and 2020



EMPLOYEE SAFETY, HEALTH AND WELLNESS

Safety is KDD's top priority. We want each employee to return home safely every day. We also work to create a workplace culture that supports employees' health and wellness.

KDD complies with the latest country-specific and international health and safety rules and regulations. Our health and safety management system has been implemented in accordance with ISO 45001: 2018 standards.

Health and safety risk assessments are conducted, at a minimum annually, by a team of people who have detailed

OSHA INCIDENT RATE

Incident rate per 100 full-time employees per year:

8.76 in 2019, **13.91** in 2020

0 work related fatalities for 2019 & 2020

knowledge of the relevant work activities. Each team is headed by a representative from the Health & Safety Department and includes representatives from the associated department. Results are documented to ensure consistency and comparability across all functions and are

included in the annual budget planning process to ensure sufficient budget is available should it be required to eliminate or reduce identified risks.

During the Covid-19 pandemic, KDD rented accommodations for employees to protect them from contracting COVID. We also implemented a daily medical screening process and provided 3 meals per day to factory-based employees as well as those who chose to live in KDD accommodation. Work from home was made possible based on the nature of the work. We are proud that we did not have to eliminate any positions as a result of the pandemic.

A CULTURE OF SAFETY

KDD works to create a culture of safety – one where every employee prioritizes their own safety as well as the safety of their co-workers. This culture includes:

- Daily meetings at work sites with the Health & Safety representatives
- Employee participation in risk assessments, hazard identification, incident investigations and review of health and safety procedures
- Quarterly meetings where management listens to safety representatives of each department and identifies medium and long-term actions to minimize or eliminate health and safety risks
- Two procedures to support these processes: Incident Investigation, Non-conformity and Remedial Action Procedure, Hazard Identification and Risk Assessment Procedure



Safety Training

KDD provides employees with a wide range of safety trainings, depending on their role:

- General Safety
- Forklift Operator
- Transporter Operator
- Mobile Elevating Work Platform Operation
- Manual Forklift Operator
- Hazardous Material Handling and spill response
- Defensive Driving



Health and Wellness at KDD

To promote employee health and wellness, KDD offers a wide range of programs and resources:

- Employee cafeterias with healthy food options
- Nutrition education at work
- Paid maternity leave
- Primary caregiver benefits
- Health checks on an as-needed basis
- Annual health checks
- Group health insurance
- On-site clinic with resident doctor and nurses
- Robust Covid-19 protocols

SUPPORTING THE COMMUNITIES WE SERVE

At KDD, we support the communities where we do business through a wide range of philanthropic initiatives.

Categories include:

- Improving health and nutrition awareness
- Supporting training and educational initiatives (see example, below)
- Supporting children who are differently abled or terminally ill
- Supporting families who have been displaced due to conflicts in countries where KDD operates
- Providing charitable contributions during religious occasions
- Providing medical aid for those who cannot afford it



As a specific example, KDD supports the training and education of Kuwaiti citizens through the “Kuwaitisation Fresh Graduate” programme. All Kuwaiti Fresh graduates who joined KDD undergo a job training in their department under department head supervision. All Kuwaiti Fresh graduates receive direct invitations from HR to attend leadership and behavioral trainings from all of KIU, KFAS and chamber of commerce in addition to internal weekly stewardship sessions for brainstorming, constructive suggestions and problem solving Zoom workshops.



Caring for our planet

In this section

Related UN SDGs



ENVIRONMENTAL SUSTAINABILITY MANAGEMENT

At KDD, we aim to minimise our environmental impact to protect the world for future generations. Our sustainability vision is to achieve the smallest feasible environmental footprint while addressing the biggest environmental challenges where we operate.

We take an integrated approach to environmental management. Our data management system tracks emissions, water (we operate in a desert region with scarce water resources) and waste. We measure our impact relative to output on a monthly basis.

In 2021, we completed a comprehensive [corporate footprint](#) using 2019 data under the guidance of the sustainability consultancy, Quantis International. This corporate footprint includes not only carbon, but also water and plastic. It covers the entire KDD value chain, worldwide. This data will allow us to set goals and establish plans to reduce our impact.



CORPORATE FOOTPRINT

In the coming years, KDD will improve its understanding of which products contribute the most to its corporate footprint and then develop a road map to include short and long-term (and operational and life-cycle) performance targets across its key environmental categories: greenhouse gas emissions, water and waste.

Environmental Certifications

ISO 14001: 2015 Environmental Management Systems

ISO 45001: 2018 Occupational Health and Safety



We have already made significant progress. In 2020, we:

- Replaced 90% of the vehicles in our fleet with lower emissions vehicles;
- Mapped electricity consumption across our company, including at our main manufacturing (production) site;
- Mapped freshwater distribution across the company;
- Reused around 30 million cubic metres of treated effluent water for manufacturing and production;
- Reduced by 17% our waste to landfill compared to 2019;
- Introduced a colour-coded waste type segregation across our factory, to facilitate recycling and the safe handling of our waste.

OUR CORPORATE FOOTPRINT AT A GLANCE*



Total CO₂ emissions:
600,000t CO₂-eq

mainly coming from raw material production, upstream transports, downstream transports, retail, use, end-of-life and recycling.



Total water consumption:
20,000,000 cubic meters

mainly coming from raw material production.



Total plastic leakage:
3,680 tonnes

mainly coming from manufacturing, retail and end-of-life.

* Covers KDD's entire value chain (incl. raw material production)

Key findings from the corporate footprint include:

- KDD's carbon footprint is primarily driven by scope 3 (86%), in particular by the production of raw dairy products and fruit pulp.
- 90 percent of our water consumption occurs within our supply chain.
- The main contributor to our water consumption is the production of raw materials (irrigation and water used for agricultural products such as tomato paste concentrate, pineapple concentrate, etc.).
- Plastic leakage is mainly due to the absence of end-of-life solutions in the markets we serve. In the coming years, we plan to implement a plastic management strategy.



GREENHOUSE GAS EMISSIONS

At KDD, we recognise that we have a role to play in combatting climate change. We work to reduce emissions across our value chain – both in our own operations and in our supply chain.

Scope 1 includes KDD's direct emissions that occurs during manufacturing and downstream transport, Scope 2 includes KDD's indirect emissions related to electricity consumption during manufacturing, downstream transport,

storage and retail, and Scope 3 includes indirect emissions from the value chain such as raw materials production, upstream transports, downstream transports, retail, use, end-of-life and recycling.

Overall, KDD's carbon footprint is mainly driven by Scope 3, in particular, by the production of raw dairy products and fruit pulp.

2019 ENERGY USE*

Total electricity consumption: **66,725 MWh**

Electricity intensity: **0.30 MWh/m³****

Total fuel consumption:

Diesel: **8,225,000 L** (used in boilers and vehicles)

Petrol: **625,000 L** (used in vehicles)

Natural gas: **124 tonnes** (used on the manufacturing site)

Fuel intensity:

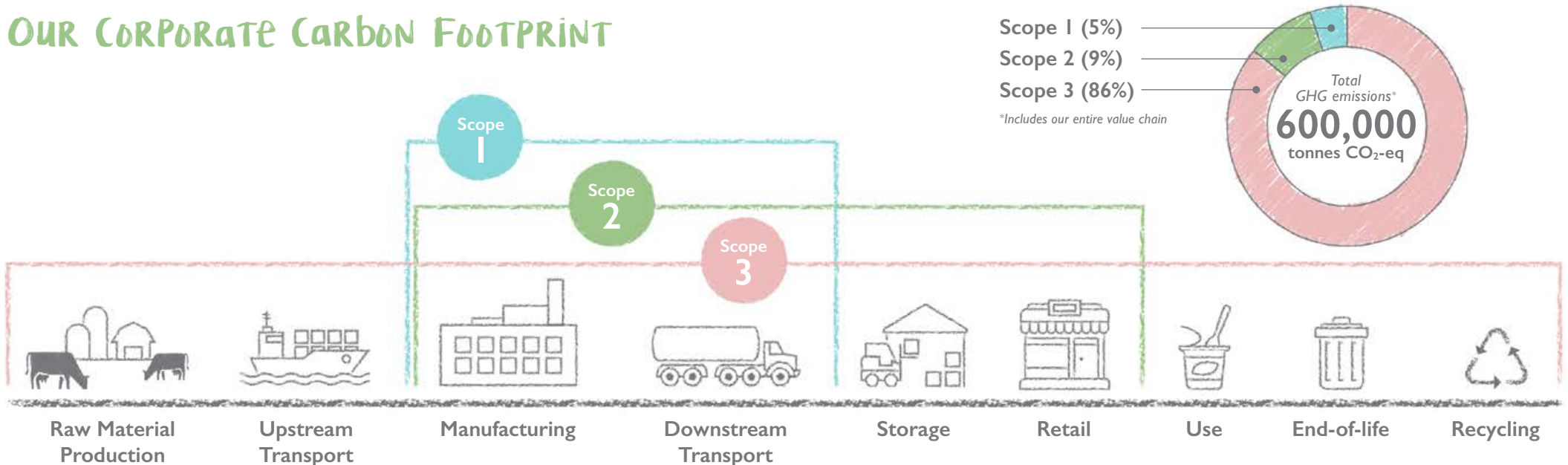
Diesel: **37 L/m³****

Petrol: **3 L/m³****

Natural gas: **0.6 kg/m³****

* Includes all Kuwaiti operations except for the two retail shops the company operates ** Per m³ of KDD products

OUR CORPORATE CARBON FOOTPRINT



Water

Water is crucial to KDD's future. Water is the primary ingredient in KDD products and in Kuwait, all water comes from desalination. KDD seeks to minimize resource consumption and maximize the re-use and recycling of water.

We have already completed many initiatives over the years to save water, including the mapping of our water activities and the optimisation of our water consumption by recovering and re-using water where possible.

2019 Water Use*

Total water withdrawal:

1,074,000 m³**

Water withdrawal intensity:

5 m³/m³**

Total water consumption (evaporated water or integrated into products):

373,000 m³**

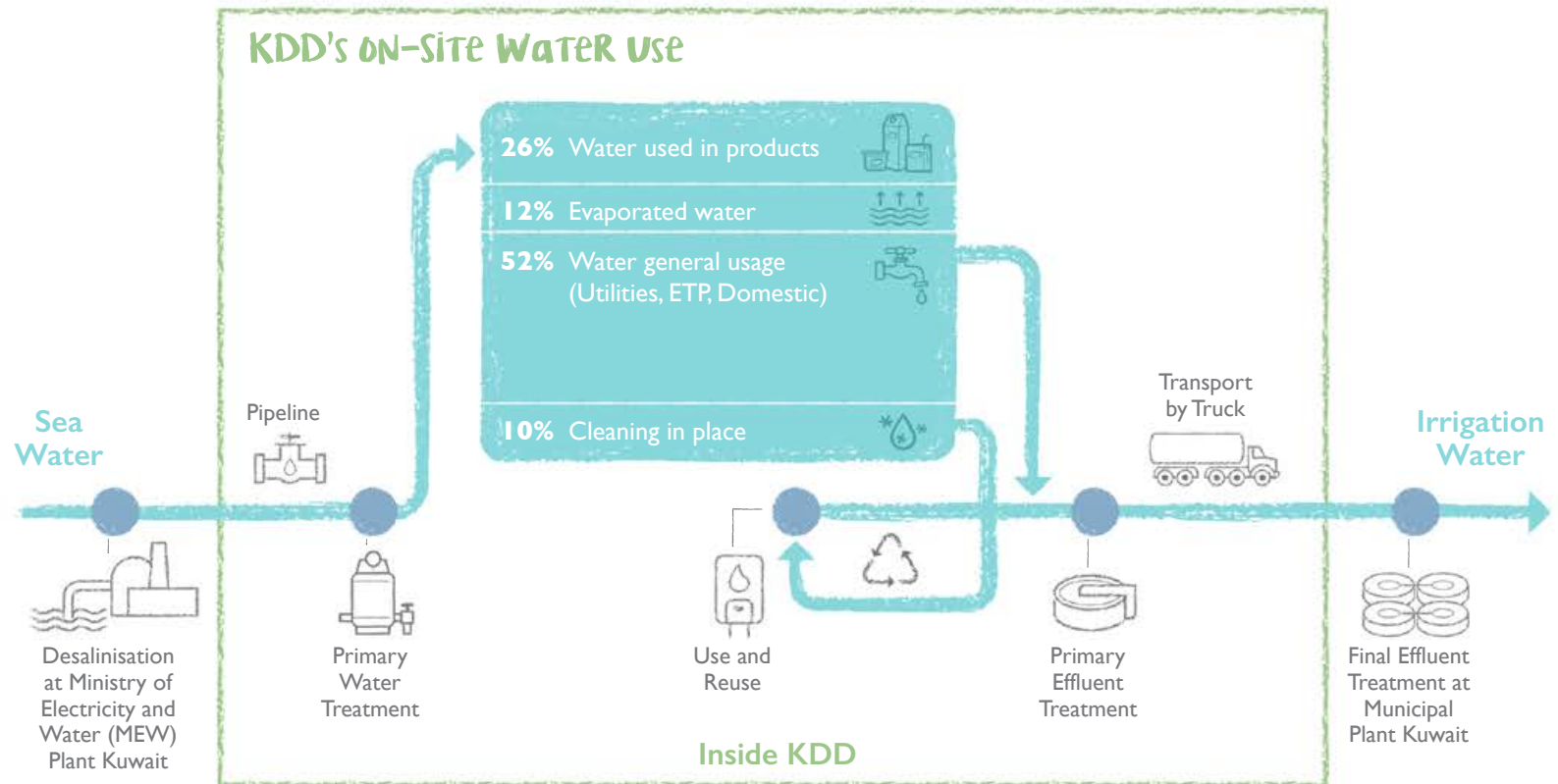
(35% of total water withdrawal)

Water consumption intensity:

1.7 m³/m³**

* Includes all Kuwaiti operations except for the two retail shops the company operates

** Per m³ of KDD products



KDD PLANS NEW EFFLUENT TREATMENT PLANT

KDD is working on building a new secondary biological effluent treatment plant that will be able to treat all the wastewater from its main production facility – up to 2,350 cubic metres per day, equal to 100% of our daily waste water output – with the exception of domestic water. Treated water from the new plant will be able

to be re-used for irrigation as well as for landscape gardening within the factory or in near-by areas. Re-using the treated water will eliminate the need for daily effluent transport, which currently requires the consumption of approximately 785,000 litres of diesel each year. It will also reduce the load on municipal wastewater treatment facilities.





Recycling and Waste

KDD seeks to reduce waste, minimise consumption and maximise re-use and recycling.

We separate and quantify different types of solid waste, effluents and gaseous emissions to ensure effective waste management. This includes the



segregation of recyclable and non-recyclable waste in order to expand the potential for recycling and re-use. Because in-country recycling facilities are limited in Kuwait, we often send our waste to other countries where it can be recycled.

KDD has completed many waste-reduction initiatives over the years, including:

- Our plastic factory re-uses cartons, paper cores and certain plastics in their production processes.
- We monitor the consumption of paper, ink and the disposal of black plastic bags.



2019 Solid Waste*

Total solid waste:
7,570,000 kg

Solid waste intensity:
34 kg/m^{3}**

Total solid waste recycled:
4,123,000 kg

Recycled solid waste intensity:
19 kg/m^{3}**

Total solid waste going to landfill:
3,446,000 kg

Landfill solid waste intensity:
16 kg/m^{3}**

% solid waste recycled:
54%

% solid waste to landfill:
46%

2019 Liquid Waste*

Sludge:
3,600 tonnes

Sludge intensity:
0.02 tonnes/m^{3}**

100% of our sludge and effluent goes to treatment facility and is then re-used.

Effluent:
698,000 m^{3}**

Effluent intensity:
3 m³/m^{3}**

* Includes all Kuwaiti operations except for the two retail shops the company operates ** Per m³ of KDD products

GRI Index

In this section



GRI 102: General Disclosures

Organisational Profile

GRI Topic	Disclosure Title	
102-1	Name of the organization	The Kuwaiti Danish Dairy Co. KCSC (KDD)
102-2	Activities, brands, products, and services	See sustainability report, p. 7
102-3	Location of headquarters	The Kuwaiti Danish Dairy Company (KDD) Sabhan Industrial Area, Block I, Plot 157, Street 104, Sabhan, Kuwait Postal Address: PO Box 835, 13009, Safat, Kuwait Factory Coordinates: 29.230493, 48.002788
102-4	Location of operations	See sustainability report, p. 7 , 8 and 9 For 2020 the report will mainly focus on Kuwaiti operations, and will be extended to other operations in the future.
102-5	Ownership and legal form	The Kuwaiti Danish Dairy Company is a Kuwaiti Closed Shareholding Company.
102-6	Markets served	See sustainability report, p. 7 Sectors served are mostly Retailers, Food Service and Direct to Home. Our customers vary from small groceries to large hypermarkets.
102-7	Scale of the organization	See sustainability report, p. 9 Total production for 2019 = 222,092 m ³ products.
102-8	Information on employees and other workers (number)	KDD employed 2006 people at the end of the reporting period (2020), amongst which 99 are female and 1907 are male.
102-9	Supply chain	See sustainability report, p. 8 and 23
102-10	Significant changes to the organization and its supply chain	No changes to be reported.

Organisational Profile *(continued)*

GRI Topic	Disclosure Title	
102-11	Precautionary Principle or approach	See sustainability report, p. 10 We maintain certification for FSC22000, ISO 45001, ISO 27001 and ISO 14001. We ensure that all products are compliant with local regulations and regulations of the country of final destination of the product. For the entire range of products, we ensure compliance to Gulf Cooperation Council (GCC) standards and specifications, governmental laboratories such as Amiri lab for the approvals of all our products, and also procure municipality health certificates for all exports. We also obtain all required approvals from The Saudi Food and Drug Authority (SFDA) and Emirates Quality Mark (EQM), apart from Food Safety certifications, Health and Safety certification etc. Over and above, we welcome supplier audits from reputed suppliers like McDonalds® and the US Army and ensure compliance with their Audit programmes.
102-12	External initiatives	See sustainability report, p. 10
102-13	Membership of associations	See sustainability report, p. 10

Strategy

GRI Topic	Disclosure Title	
102-14	Statement from senior decision-maker ("CEO letter")	See sustainability report, p. 5
102-15	Key impacts, risks, and opportunities (high-level strategy)	See sustainability report, p. 4 , 11 , and 12

Ethics and Integrity

GRI Topic	Disclosure Title	
102-16	Values, principles, standards, and norms of behaviour	See sustainability report, p. 9 and 10
102-17	Mechanisms for advice and concerns about ethics	HR Employee Handbook is currently pending top management approval.



Governance

GRI Topic	Disclosure Title	
102-18	Governance structure	See sustainability report, p. 10 KDD is currently working on integrating a new sustainability governance mechanism within the existing structure.

Stakeholder Engagement

GRI Topic	Disclosure Title	
102-40	List of stakeholder groups	See sustainability report, p. 10
102-41	Collective bargaining agreements	Does not apply to KDD. All employees have a contract which is also registered in the relevant ministry. There are no workers unions in Kuwait.
102-42	Identifying and selecting stakeholders	See sustainability report, p. 10 Stakeholders are engaged based on the requirements of local authorities to ensure compliance in the different markets we serve. We also engage stakeholders that can help us move towards creating a more sustainable future, for our company, but also for the communities that we serve not only at the environmental level, but also from a social and nutritional point of view. Finally we engage our retailers and consumers, to obtain feedback on our activity and better meet their needs.
102-43	Approach to stakeholder engagement	See sustainability report, p. 10
102-44	Key topics and concerns raised	See sustainability report, p. 4 and 10



Reporting Practices

GRI Topic	Disclosure Title	
102-45	Entities included in the consolidated financial statements	<ol style="list-style-type: none"> 1. The Kuwaiti Danish Dairy Company (the Parent Company) is a Kuwaiti Closed Shareholding Company (K.C.S.C.) established in December 1962, and engaged in the production and sale of dairy products, fruit juices, tomato paste, ice cream and plastic materials necessary for packaging. 2. Saudi Kuwaiti Food Company W.L.L. was incorporated in the Kingdom of Saudi Arabia on 1 July 2004 to engage in the sale and marketing of the Parent Company's products. 3. Sabhan Holding Company K.C.S.C. (Holding Company), Sabhan United Trading and Contracting Company W.L.L and Jabriya Real Estate Company K.C.S.C. were established in Kuwait in 2008. Sabhan Holding Company K.C.S.C., a holding company and its subsidiary Sabhan United Trading and Contracting Company W.L.L's objectives are setting up retail units to sell the products of the Parent Company and also general trading and contracting activities. Jabriya Real Estate Company K.C.S.C.'s objectives are developing, selling and managing properties. 4. KDD India Private Limited, (a limited liability shareholding company) was established in India in 2009 and its objectives are contract packing, selling and distributing dairy products and fruit juices. 5. Green Garden Iraq (a limited liability company) was established in Iraq in 2012 and its objectives are to manufacture, produce and distribute dairy products, juices, ice cream and plastic material. 6. Al Jabriya Kuwaiti General Trading Company (a single person company) was established in Kuwait on 20 February 2018 and its objective is to provide general trading services. 7. KDD IT Consultancy Company (a single person company) was established in Kuwait on 20 February 2018 and its objective is to provide IT consultancy services. 8. KDD Logistical Service Company (a single person company) was established in Kuwait on 20 February 2018 and its objective is to provide logistic services. 9. Sabhan Royal Import & Export Company (a single person company) was established in Kuwait on 20 Feb 2018 and its objective is to manage exports and imports. <p>This report covers the activities of the parent company, the Kuwait Danish Dairy Company K.C.S.C. in Kuwait. However, the corporate footprint for plastic, water and GHG emissions includes the Kuwait Danish Dairy Company activities in Kuwait and in the United Arab Emirates, but also the activities of the Saudi Kuwait Food Company (main activity: distribution of KDD's products). Other subsidiaries have been excluded, either because their share of turnover is very low, or because of missing data to include in the footprint.</p>
102-46	Defining report content and topic Boundaries	<p>This report is a GRI referenced report. Everywhere possible we have tried to comply to the GRI recommendations. The content of this report has been informed by a GRI compliant materiality assessment performed by a third party. Overall, this reports covers KDD's activities in Kuwait, where all the production takes place. However, the corporate footprint goes slightly beyond Kuwait and the activities of the Kuwait Danish Dairy Company, for more details see disclosure 102-45. Activities performed outside of Kuwait will be integrated in future versions of this report.</p>



Reporting Practices *(continued)*

GRI Topic	Disclosure Title	
102-47	List of material topics	See sustainability report, p. 4 This reports addresses KDD's material topics and provides information on KDD's sustainability strategy, and its related activities in the environmental, social, governance and nutrition sectors.
102-48	Restatements of information	Not applicable - this is KDD's first report.
102-49	Changes in reporting	Not applicable - this is KDD's first report.
102-50	Reporting period	Reporting period is 2020. However, the baseline for the corporate water, plastic and GHG footprint is 2019. Where necessary we have also included 2019 data to put 2020 datas in context since this was not a "business as usual" year, due to COVID-19.
102-51	Date of most recent report	Not applicable - this is KDD's first report.
102-52	Reporting cycle	Every other year.
102-53	Contact point for questions regarding the report	Vijay Fernandes (VijayF@kddc.com)
102-54	Claims of reporting in accordance with the GRI Standards	Not applicable - this is a GRI referenced report.
102-55	GRI content index	This GRI content index is available at the end of KDD's 2020 sustainability report.



GRI 300: Environmental Standards

Incl. GRI 103 Management Approach for material topics

Materials

GRI Topic	Disclosure Title	
103-1	Explanation of the material topic and its Boundary	<p>Materiality assessment, p. 4 KDD's value chain, p. 23 KDD's environmental management certifications, p. 24 KDD uses predominantly raw agricultural ingredient for its production (fruit pulp, milk powder, etc.). Raw material production is the biggest contributor to KDD's corporate carbon footprint, both in terms of GHG emissions and water.</p>
301-1	Materials used by weight or volume	<p>Most of KDD's products originate from raw agricultural products such as fruit pulp, powder milk, and hence are renewable. Total dairy raw products for 2019: 20,741 tonnes Total other agricultural products for 2019: 44,370 tonnes Total chemicals (incl. flavours, stabilisers, etc.) for 2019: 2,145 tonnes</p> <p>Packaging mostly comes from non renewable sources, except for cardboard. We have two distinct types of packaging: Tetra Pak packaging and other packaging.</p> <p>For Tetra Pak packaging: Total packaging (except cardboard) for 2019: 1,564 tonnes Total cardboard, paper and carton for 2019: 1,540 tonnes</p> <p>For other packaging: Total packaging (except cardboard) for 2019: 2,972 tonnes Total cardboard, paper, carton for 2019: 8,667 tonnes</p> <p>Total other plastics for 2019: 1,553 tonnes</p> <p>Total Miscellaneous for 2019: 131 tonnes</p> <p>As of today we do our best to recycle our waste within KDD. Further improving our use of plastic will be at the centre of future sustainability initiatives. See sustainability report, p. 27</p>
301-2	Recycled input materials used	<p>The most material area for KDD to measure the percentage of recycled input is packaging. As for today the amount of recycled input materials is negligible. However, this will be at the heart of KDD's future developments.</p>

Energy

GRI Topic	Disclosure Title	
103-1	Explanation of the material topic and its Boundary	Materiality assessment, p. 4 KDD's sustainability framework, p. 12 KDD's environmental management system, p. 11 and 23 KDD's environmental certification, p. 24 KDD's GHG emissions, p. 25
302-1	Energy consumption within the organisation	See sustainability report, p. 25
302-2	Energy consumption outside of the organisation	See sustainability report, p. 24 and 25 Energy consumption outside the organisation is included in KDD's scope 2 and 3 carbon footprint as reported.
302-3	Energy intensity	See sustainability report, p. 25

Water and Effluent

GRI Topic	Disclosure Title	
103-1	Explanation of the material topic and its Boundary	Materiality assessment, p. 4 KDD's sustainability framework, p. 12 KDD's environmental management system, p. 11 and 23 KDD's environmental certification, p. 24 Water management at KDD, p. 26
303-1	Interactions with water as a shared resource	See sustainability report, p. 26
303-2	Management of water discharge-related impacts	See sustainability report p. 26 All of KDD's effluent is first treated internally and then sent to the industrial waste water treatment plant for further treatment.
303-3	Water withdrawal	See sustainability report, p. 26
303-4	Water discharge	See sustainability report, p. 26
303-5	Water consumption	See sustainability report, p. 26

Emissions

GRI Topic	Disclosure Title	
103-1	Explanation of the material topic and its Boundary	Materiality assessment, p. 4 KDD's sustainability framework, p. 12 KDD's environmental management system, p. 11 and 23 KDD's environmental certification, p. 24 KDD's GHG emissions, p. 25
305-1	Direct (Scope 1) GHG emissions	See sustainability report, p. 25
305-2	Energy indirect (Scope 2) GHG emissions	See sustainability report, p. 25
305-3	Other indirect (Scope 3) GHG emissions	See sustainability report, p. 25
305-5	Reduction of GHG emissions	During the years 2019 and 2020 KDD, focused on upgrading and monitoring data for Scope 1 & 2. No reduction comparisons were carried out during these years. For implemented actions, see sustainability report, p. 24

Waste

GRI Topic	Disclosure Title	
103-1	Explanation of the material topic and its Boundary	Materiality assessment, p. 4 KDD's sustainability framework, p. 12 KDD's environmental management system, p. 11 and 23 KDD's environmental certification, p. 24 Waste management at KDD, p. 27
306-1	Waste generation and significant waste-related impacts	See sustainability report, p. 27
306-2	Management of significant waste-related impacts	See sustainability report, p. 27
306-3	Waste generated	See sustainability report p. 27



Supplier Engagement

GRI Topic	Disclosure Title	
103-1	Explanation of the material topic and its Boundary	Materiality assessment, p. 4 KDD's sustainability framework, p. 12
308-1	New suppliers that were screened using environmental criteria	No work has been done on this front to date. It is an integral part of KDD's sustainability strategy for the future.
308-2	Negative environmental impacts in the supply chain and actions taken	No work has been done on this front.

GRI 400: Social Standards

Incl. GRI 103 Management Approach for material topics

Employment

GRI Topic	Disclosure Title	
103-1	Explanation of the material topic and its Boundary	Materiality assessment, p. 4 KDD's sustainability framework, p. 12
401-1	New employee hires and employee turnover	<p>2019: 218 new hires in total: Over 50 years old: 1 hire (1 female) 40-50 years old: 122 hires (6 females and 116 males) 30-40 years old: 0 hires less than 30 years old: 95 hires (11 female and 84 male)</p> <p>2020: 204 new hires in total: Over 50 years old: 6 hires (2 females, 4 males) 40-50 years old: 35 hires (35 males) 30-40 years old: 97 hires (2 females, 95 males) 20-30 years old: 66 hires (6 females, 60 males)</p>
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	<p>See KDD's list of employee policies, p. 10 See Employee Safety, Health and Wellness, p. 20 In addition, all our full time employees enjoy:</p> <ul style="list-style-type: none"> • Life insurance: Worldwide & 24/7 cover benefit is provided in the event of natural/accidental death as well as the partial disability due to sickness. The policy cover is extended to include, medical expenses, repatriation, and loss-of-income "due to accident" subject to the policy terms/conditions and limitations as applicable. • Personal Accident insurance covering accidental death and/or total, partial, temporary & permanent disabilities due to accident. • Comprehensive Individual travel insurance scheme is provided to those employees who have business travel including to and within Iraq. <p>All other benefits are covered as per Kuwait State Labour Law. Locations of Operations is defined by all KDD Full time employees located in Kuwait.</p>
401-3	Parental leave	<p>All married women working full time are entitled to parental leave. In 2019, 4 women took parental leave. In 2020, 1 woman took parental leave. They all returned to work at KDD after the end of their parental leave.</p>



Labor/Management Relations

GRI Topic	Disclosure Title	
402-1	Minimum notice periods regarding operational changes	<p>In case of resignation or termination, a working notice period of 3 months is mandatory for resigning employees. In case of internal promotion, a minimum of 3 months trial period is required for the designated employee to fulfil his/her learning charter given a passing grade in all assigned learning objectives.</p> <p>There are no collective bargaining agreements in Kuwait.</p>

Occupational Health and Safety

GRI Topic	Disclosure Title	
403-1	Occupational health and safety management system	<p>Our occupational health and safety management system defines the scope of our activity. All workers are covered.</p> <p>See Employee Safety, Health and Wellness section, p. 20</p>
403-2	Hazard identification, risk assessment, and incident investigation	<p>See Employee Safety, Health and Wellness section, p. 20</p>
403-3	Occupational health services	<p>See Employee Safety, Health and Wellness section, p. 20</p>
403-4	Worker participation, consultation, and communication on occupational health and safety	<p>See sustainability report, p. 20</p> <p>Participation and representation of the workforce regarding health and safety matters is ensured through daily meetings on the shop floor and meetings with the Health & Safety Representatives. Employees and safety representatives are involved in incident investigation, review of HS procedures, as well as hazard identification, risk assessment and the appropriate precautions to be taken, consultation where there are changes that affect their safety.</p> <p>The employees of KDD are involved in hazard identification and risk assessment and their review at regular set intervals as mentioned in the HIRA procedure.</p> <p>Employees are also involved in incident investigations by providing appropriate input and by being part of the investigation conducted as per the Incident Investigation procedure.</p> <p>Quarterly meetings are held with the safety representatives of the departments. Input from these meetings are acted upon by management, with short, medium and long term actions.</p>
403-5	Worker training on occupational health and safety	<p>See Employee Safety, Health and Wellness section, p. 20</p>

Occupational Health and Safety *(continued)*

GRI Topic	Disclosure Title	
403-6	Promotion of worker health	See Employee Safety, Health and Wellness section, p. 20
403-8	Workers covered by an occupational health and safety management system	See Employee Safety, Health and Wellness section, p. 20
403-9	Work-related injuries	See Employee Safety, Health and Wellness section, p. 20 There were no work related fatalities for years 2019 and 2020. Given KDD's activity, main work related hazards include: Working at height; working in confined spaces; working with chemicals; manual handling; operating forklifts. Safety is one of our top priorities. This is why in addition to training our employees, we have undertaken several actions to minimise risks, such as upgrading lights in the facility, upgrading and automating Concentrated Lye and Acid delivery line, and installing additional lifting aids.

Training and Education

GRI Topic	Disclosure Title	
103-1	Explanation of the material topic and its boundary	Materiality assessment, p. 4 KDD's sustainability framework, p. 12
404-1	Average hours of training per year per employee	See Employee Recruitment, Development, Engagement and Retention section, p. 18
404-2	Programmes for upgrading employee skills and transition assistance programmes	See Employee Recruitment, Development, Engagement and Retention section, p. 18
404-3	Percentage of employees receiving regular performance and career development reviews	See Employee Recruitment, Development, Engagement and Retention section, p. 18

Diversity and Equal Opportunity

GRI Topic	Disclosure Title	
405-2	Ratio of basic salary and remuneration of women to men	See Diversity and Inclusion section, p. 19

Non-discrimination

GRI Topic	Disclosure Title	
406-1	Incidents of discrimination and corrective actions taken	None

Child Labor

GRI Topic	Disclosure Title	
408-1	Operations and suppliers at significant risk for incidents of child labour	No significant risk for child labour or young workers exposed to hazardous work which is required by law to be reported in Kuwait. All our recruitment agreements with suppliers are protected by this clause: "Both parties agree to comply in full to prevent, suppress and punish trafficking in persons, especially women and children, supplementing the United Nations Convention against Transactional Organized Crime that was adopted by resolution A/RES/55/25 of 15 November 2000 at the fifty session of the General Assembly of the United Nations and that is signed by Kuwait state on 12th May 2006."

Forced or Compulsory Labor

GRI Topic	Disclosure Title	
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labour	No significant risk for forced or compulsory labor. All our recruitment agreements with suppliers are protected by this clause: "Both parties agree to comply in full to prevent, suppress and punish trafficking in persons, especially women and children, supplementing the United Nations Convention against Transactional Organized Crime that was adopted by resolution A/RES/55/25 of 15 November 2000 at the fifty session of the General Assembly of the United Nations and that is signed by Kuwait state on 12th May 2006."

Security Practices

GRI Topic	Disclosure Title	
410-1	Security personnel trained in human rights policies or procedures	All new hires receive an HR induction in compliance to Kuwait Labour Laws and company's policies and procedures. In case of any onsite contractors all the below foundation trainings are mandatory for third-party workers: <ol style="list-style-type: none"> 1. COVID-19 Awareness and Prevention 2. Basic Environment Awareness Training 3. Health and Safety Training 4. Food Safety Awareness Training

Right of Indigenous People

GRI Topic	Disclosure Title	
411-1	Incidents of violations involving rights of indigenous peoples	None

Human Rights Assessment

GRI Topic	Disclosure Title	
412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	None

Supplier Social Assessment

GRI Topic	Disclosure Title	
414-1	New suppliers that were screened using social criteria	100%

Customer health and safety

GRI Topic	Disclosure Title	
103-1	Explanation of the material topic and its boundary	Materiality assessment, p. 4 KDD's sustainability framework, p. 12
416-1	Assessment of the health and safety impacts of product and service categories	See sustainability report, p. 7 We ensure that all products are compliant with local regulations and regulations of the country of final destination of the product. For the entire range of products, we ensure compliance to Gulf Cooperation Council (GCC) standards and specifications, governmental laboratories such as of Amiri lab for the approvals of all our products, and also procure municipality health certificates for all exports. We also obtain all required approvals from The Saudi Food and Drug Authority (SFDA) and Emirates Quality Mark (EQM), apart from Food Safety certifications, Health and Safety certification etc. Over and above, we welcome supplier audits from reputed suppliers like McDonalds® and the US Army and ensure compliance with to their Audit programmes.
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	171 Incidents resulting in warning letters as proven violations against Company/ Country Laws and Regulations



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