



# UN Global Compact Communication on Progress

2015



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# A local focus with a global reach

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BMML is a diversified retail and distribution, and contract services and supply Group, supported by a world-class integrated logistics capability.

# Letter of commitment



## **To our stakeholders:**

I am pleased to confirm that the BMMI Group reaffirms its support of the Ten Principles of the United Nations Global Compact (UNGC) in the areas of Human Rights, Labour, Environment and Anti-corruption.

In this annual Communication on Progress (COP), we describe actions we have taken to continually improve the integration of the Global Compact and its principles into our business strategy, culture and daily operations for the period January - December 2014.

During 2014, BMMI took steps to work towards a post-MDGs agenda in contributing to sustainable development goals (SDGs) that align with our core business. With heavy involvement in the food industry, we see ourselves as a company that nourishes the lives of our employees, our customers, the communities in which we operate and our planet. Therefore in 2014 we launched our Sustainability Policy: Nourishing Life.

While corporate citizenship is not a new concept at BMMI, we recognise that as with any worthy endeavour, sustainability at BMMI will be an on-going and continuously evolving journey. And in line with our first corporate value—Honesty—we commit to being transparent in sharing this information with our stakeholders, both through this annual COP and through our primary channels of communication. We ask for your feedback and partnership in this journey.

Sincerely yours,

**Gordon Boyle**  
President & CEO, BMMI



## About us

Based in the Kingdom of Bahrain, with international operations spanning the Middle East and Africa, BMMI is a diversified retail and distribution, and contract services and supply group, supported by a world-class integrated logistics capability.

## What we do

With over 130 years of uninterrupted international operations, the Group specialises in the wholesale, distribution and retail of food and beverages and represents a leading portfolio of global household name brands.

## Who we serve

BMMI is also a fully-fledged international provider of end-to-end supply chain solutions and integrated facilities management, to a broad customer base. BMMI has successfully expanded its business operations outside the Kingdom of Bahrain. The Group's overseas presence now covers eleven countries, with a presence in Djibouti, Gabon, Ghana, Iraq, Kenya, Mali, Qatar, Saudia Arabia, Sudan and South Sudan.

Listed on the Bahrain Bourse, BMMI is one of the fastest growing companies in its sector, with an annual turnover exceeding US\$300 million. The Group adopts a performance-driven, customer-focused business approach, in line with international standards and global best practice.

# Hello.

# Our business activities

In addition to its specialist divisions and wholly owned subsidiaries, BMMI has established a number of joint ventures and strategic alliances with regional and international partners.

The Group's core business activities are:

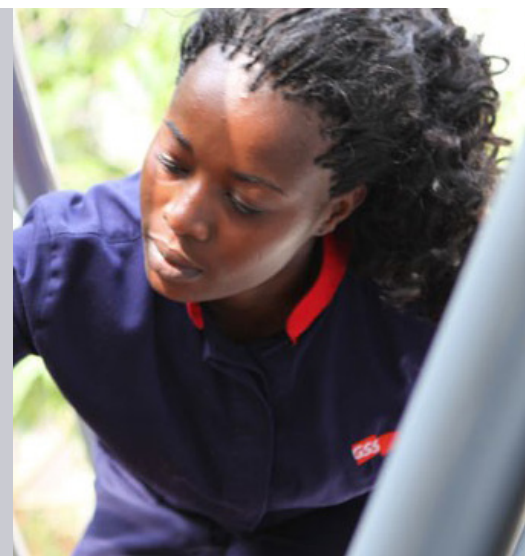
## Retail & Distribution

- Food and household goods
- Beverages: wholesale and retail
- Supermarkets
- Convenience meals and cafés
- Restaurants
- Hotel and hospitality management



## Contract Services & Supply

- Catering
- Janitorial
- Laundry
- Security
- Property and maintenance
- Contract logistics
- Technical sourcing and supply
- Rations and technical procurement
- Camp design and temporary structures



# Three Pillars of BMMI's Sustainability Policy: Nourishing Life

## ZERO WASTE

- Not wasting precious **natural resources** like water, raw materials, food, energy, and entire habitats and eco-systems.
- Not wasting **talent** or **dreams**. The talents and dreams of our employees, the talents and dreams of youth, or the talents and dreams of the communities and stakeholders with whom we interact.
- Not wasting **business resources**—our money, time and energy, by making our processes more efficient.
- Not wasting **opportunities**. Equal opportunities for our employees to excel. Business opportunities that serve some of the most pressing societal needs—like food security and affordable and nutritious food. Opportunities for local communities and for diverse suppliers.

## TRUTH

- First and foremost, being true to **our values** in all of our interactions with each other and our stakeholders.
- Being truthful and **transparent** with our employees, customers, communities and other stakeholders about our products, activities, their impacts, and how we are working to improve.
- Being truthful in the way we **operate**: lawfully, ethically, with integrity, and without misrepresentation or corruption.
- Being true to **ourselves**: the personal vision and potential we each hold.
- Being **authentic leaders**, who are genuine and self-aware, who cultivate honest relationships, and make decisions on an ethical foundation, to lead with our hearts and minds.

## WELLBEING

- The physical, emotional and mental wellbeing of our **employeess**, as well as their health and safety.
- The wellbeing of **humans**, including migrant workers, children, and the rights of all humans to a life of dignity.
- The wellbeing of **local communities**. Their economic health, social and environmental health, and the physical health of individuals in those communities.
- The wellbeing of our **customers**: food safety, providing healthy products, and educating our customers on the importance of proper diet and nutrition.
- The wellbeing of our **planet earth**: enriching its biodiversity, replenishing natural resources, and working to raise the environmental standards of our products and services.

# Stakeholder engagement

In developing our **sustainability policy** we engaged various stakeholder groups to understand the issues that most concerned them.

Youth are not typically defined as a major stakeholder consulted by businesses. However, given our operations in the Middle East and North Africa (MENA) region and Africa overall, the population demographics have a high percentage of youth in comparison to global population demographics.

Suppliers will be engaged through communication of our Sustainability Policy, and supplier guidelines and assessments for social, economic and environmental standards, which we are currently developing for 2015.

As part of the on-going dialogue, we will continue to engage local communities, governments, NGOs, shareholders, media, regulatory bodies and other organisations affected by, or influencing our business.

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## Employees (internal stakeholder)

- Conducting sustainability interviews with department and division heads.
- An employee sustainability survey.

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## Customers (external stakeholder)

- We conducted a sustainability survey for our contract clients.

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## International organisations (external stakeholder)

- We met with the UN Development Programme & UN Environmental Programme for West Asia to gain insight into priority issues and SDGs.
- We consulted various UN Sustainable Development reports, World Health Organisation reports, and Investment & Trade reports for Africa and the Arab states.

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## Youth (external stakeholder)

- We conducted a youth poll to rank the most important sustainability issues.
  - We consulted the UN 'World We Want 2015' data for respondents aged under 15 and aged 15-30 to identify priority issues.
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# Stakeholder engagement

Based on our stakeholder consultations, and recognising our impact on issues that are important in our industries, we prioritised the following issues, which incorporate, but also go beyond, the Global Compact principles of human rights, labour, environment and anti-corruption:

- Our **employee development, equal opportunity, and wellbeing**.
- **Anti-corruption, compliance**, and both internal and external **transparency**.
- **Energy**, the **packaging** of our goods, and **food waste**— including the link between the latter and fighting **hunger** and **malnutrition**.
- **Protecting human rights**, including the right of **indigenous communities**, and the **abolition of child and forced labour**.
- **Customer health and wellbeing**, including **food safety**, and also addressing diet-related **non-communicable diseases** and **malnutrition**.
- **Ethical and green sourcing and procurement**.
- **Local hiring and local procurement. Economic empowerment** and development of **local communities**, including **entrepreneurship**, opportunities for **youth** and **women** and other vulnerable groups.
- **Public policy participation** in **social** and **environmental** aspects relevant to our business.

BMMI will continue to support—financially or in-kind— initiatives that are aligned with these areas, and have measurable impacts. These all contribute towards the SDGs by creating healthy and more inclusive economies and communities, and ensuring food security and sustainable agriculture:

- **HEALTH** with a focus on obesity, diabetes, heart health and non-communicable diseases in the Middle East. Malnutrition, HIV/AIDS and arising health threats in Africa.
- **EDUCATION** with a focus on marginalised or at-risk youth, girls, and the differently-abled.
- **ENTREPRENEURSHIP** with a focus on youth, women, and vulnerable groups.
- **FOOD** including food security, sustainable agriculture, affordable and nutritious food, food waste, and hunger.

# Investing in communities



# 2%

*The percentage of annual profits that go towards the Alosra Charitable Foundation.*

**BMMI maintains a charitable trust, allocating 2% of annual profits towards the Alosra Charitable Foundation. This legal entity has in place a dedicated Board of Directors focused on maximising the impact of the funds to develop our local communities. Through the Alosra Charitable Foundation we aim to:**

1. Share best practices with host governments in areas of mutual interest.
2. Build relationships with government officials in order to have a clearer understanding of the needs of the nation.
3. Conduct community outreach activities.
4. Enrich communities through their association with BMMI.
5. Identify key projects to support in order for us to provide the best mix of benefits.
6. Be recognised as a responsible corporate citizen in the local communities where our operations are located.

## **Donations**

Whilst in 2015 we intend to be more strategic in our community investments—including measuring the impact—BMMI has supported NGOs, schools and societies through sponsorships and donations across the Middle East and North Africa (MENA) region and Africa. Sponsorships and donations in Bahrain for 2010-2014 amounted to around BHD 140,000 (approx. USD 371,000) and were distributed among:-

- Needy people charities
- Schools and education
- Bahrain Society for the Prevention of Cruelty to Animals (BSPCA)
- Mothers and children
- Cultural initiatives
- Professional associations
- Health (breast cancer, AIDs, sickle cell)
- Food aid and hunger
- Youth
- Societies for the differently abled
- Aid and relief
- Sporting and wellness events

## Improving farmer livelihoods & promoting sustainable agriculture

Through Global Sourcing & Supply (GSS), BMMI's fully-owned subsidiary, we provide training and seeds to local farmers to improve crop yield and production. In 2012, GSS Ghana won a 3-year SIDA (Swedish International Development Cooperation Agency) grant to help farmers, then incorporated the farmers into the GSS supply chain by buying produce from them for contract clients.

GSS Ghana partnered with a social enterprise, IDE Ghana, to assist low-income farmers in improving their farming methods and yields through access to micro finance, organic agriculture training, and improved irrigation. The project impacted 300 farmers directly and by the end of 2014 they were earning profits from their vegetable production and marketing. Similar programs are being replicated across Africa.

## Mentoring local suppliers

GSS mentors local suppliers to improve their capabilities and provide improved service and enhanced quality. GSS Sudan's management worked closely with a meat supplier to enhance its hygiene, storage, and packaging processes, in addition to dispatching a chef to offer training on how to cut a carcass in order to extract better yields and cuts/loins.

This knowledge transfer improved the quality of GSS' service in the form of better meat, and also enabled the supplier to expand his business by supplying the high-end hotels and restaurants in the capital. GSS Kenya teamed up with The Kenya Good Food Company (TGFC) –which is 100% owned and operated by Kenyan nationals and purchases 100% of its food products from local Kenyan suppliers.

BMMI has considerable direct and indirect economic impact in the economies in which it operates. This includes FDI, jobs created directly and indirectly, income created through direct jobs and indirect jobs, local businesses supported and contracts for local suppliers, women-owned businesses and other marginalised groups, and training and development. In 2015, we intend to quantify and measure this impact.

## Local procurement

While no specific local procurement policies exist, in Kenya, 95% of the food products GSS uses to produce 11,500 meals per day to over 3,800 people across Africa are purchased from the local market. GSS Kenya procures roughly 19 million Kenyan shillings (approx. US\$ 216,800) worth of food products per year – including dry goods, meat and poultry, fruits and vegetables, and more. This does not include other locally procured items and

services, such as packaging, courier services, maintenance services and additional equipment. GSS Mali purchases up to 50% of its fresh fruit and vegetable products from local farmers near one of its sites. This translates into at least 500 kg per week and 10 million CFA (approx. US\$ 20,500) per month. GSS Mali also locally purchases 1,000 kg of fresh meat (beef, lamb, and goat) per week.

Under BMMI's 'Think Local' initiative, Alosra supermarket identified and mentored a small and growing number of local farmers in hydroponic and greenhouse growing techniques and fertiliser use. In 2014, around 13% of Alosra's produce supply was locally grown, including herbs, fruits, and vegetables. In 2015, we intend to incorporate a procurement policy supporting local suppliers and to increase local produce by 10%.

# 95%

*The percentage of food products GSS uses to produce 11,500 meals in Kenya.*

# Human rights



## **Principle 1:**

Businesses should support and respect the protection of internationally proclaimed human rights; and

## **Principle 2:**

Make sure that they are not complicit in human rights abuses.



## Our Code of Business Conduct

*“We are committed to a safe working environment, free of threats, intimidation and physical harm. Everyone has a right to work in a safe environment and shares the responsibility for assuring each other’s safety. BMMI has adopted a zero tolerance workplace violence policy. BMMI prohibits all kinds of violent behaviour including, but not limited to, physical assaults, fighting, threatening, intimidation, and the intentional or reckless destruction of company, employee, or customer property. Any comments or behaviour that reasonably could be interpreted as intent to do harm to people or property will be considered a threat.”*



*We understand the importance of monitoring our supply chain, our contract clients and our partners to ensure the protection of human rights.*

There have been zero incidents of human rights violations, including child labour, slavery or bonded labour, or violations of the rights of indigenous people. This is not a significant risk within BMMI, however in the Gulf States, migrant workers are commonly mistreated and exploited and the withholding of payment and identity papers is common. While Bahrain is the most progressive in having abolished this kafala system, we understand the importance of monitoring our supply chain, our contract clients and our partners to ensure the protection of human rights. We have reactivated our status as a UN Global Compact Signatory to reaffirm our commitment to Human Rights principles and

make this priority known to our stakeholders. We will provide staff training on human rights in politically unstable or conflict-affected regions, including training security guards to respect the rule of law and adhere to international human rights principles.

BMMI does due diligence to identify and work with like-minded companies that share their values by interviewing senior and middle management on their business philosophy. Employees, suppliers and partners are required to adhere to the Code of Business Conduct. One of our goals for 2015 is to work on improving and updating the Code of Business Conduct with a greater emphasis on suppliers.

### **Non-discrimination**

BMMI institutes a non-discrimination policy within our Code of Business Conduct: "Our policy is to adopt fair and consistent methods of recruitment and selection from the initial advertising through to the final selection stage in order that the most suitable candidate is selected. Recruitment shall be based on merit and position and be awarded to the most qualified candidates. We do not discriminate against any applicant for employment or any employee in any aspect of their employment at BMMI because of age, race, religion, sex, disability, sexual orientation, status, pregnancy, or national origin."

### **Employee benefits**

All employees are given a written contract, regular performance reviews, above market wages and generous benefits including some or all of the numbered.

- 1. Variable pay linked to performance in addition to fixed pay**
- 2. Medical insurance**
- 3. Life insurance**
- 4. Phone and car allowances**
- 5. Incentives scheme for on the spot rewards (cash and in-kind)**
- 6. Travel and tickets**
- 7. Gifts for marriage**
- 8. Discounts at BMMI outlets in Bahrain**
- 9. Gratuity payment when employees leave, plus a long-time service award**
- 10. Up to 2 salary advances with an 8-month payback period interest-free**
- 11. Assistance in medical emergencies for staff and next of kin**
- 12. Pension program**
- 13. In Africa, depending on country-specific laws, employees are also given food, gas, housing allowances, funeral assistance, and a risk allowance if a family member passes away**
- 14. A subsidised canteen in Bahrain**

## Occupational health & safety

- BMMI Bahrain has a formal health and safety committee as part of its Integrated Management System (IMS), with Group-wide representatives from all departments. There are also IMS coordinators in Sudan, Ghana and Djibouti.
- Employees are trained in work-related health and safety through IMS. BMMI is ISO 18001 certified for Occupational Health and Safety. As part of this, BMMI has established, implemented, and documents and maintains a system to identify health and safety hazards, and assesses risks associated with them to determine the necessary controls. The Hazard Identification, Risk Assessment and Control Procedure, is used to assist the company in identifying how its activities, products, and services affect the health and safety of its stakeholders by identifying the hazards and setting the priorities for them. The company ensures that high priority hazards identified become candidates for OH&S programs and operational controls.
- As a beverage distributor, for any alcohol-related work events such as whisky tastings, BMMI organises buses and taxis for employees and does not allow them to drink and drive.
- Occupational injuries have mostly been minor and are related to minor car accidents, slipping, and in a couple of cases, not following proper procedures. In 2014, there were 12 incidents, which were dealt with and resolved with appropriate actions, including medical attention and leave on a case-by-case basis according to the HSE log. In 2015, we will make sure all employees are refreshed with OHS training — particularly those in Alosra supermarket where more than half the incidents took place. This will also include driving and road safety.
- There is a chemical segregation room for the cleaners, signage for chemical use and eye wash areas, and chemical spill kit. All chemicals are mild food-grade, provided through Reza Hygiene.
- BMMI runs awareness sessions and events like a walkathon, Health and Safety week, as well as dedicated days focusing on CPR and first aid, cancer, AIDS, stress management, smoking, cardio-vascular diseases, ergonomics, manual handling, hypertension, diabetes, obesity, sleeping disorders, dental hygiene and other lifestyle related diseases. BMMI also conducts awareness sessions on context-specific health threats such as the H1N1 virus etc.

## BMMI has maintained a system to identify health & safety hazards



- In January 2015, GSS will be launching a nutrition improvement initiative and hiring a certified nutritionist to provide menu-planning advice and nutritional training services to GSS chefs, kitchen personnel, and client staff. The goal of the GSS program is to reduce the risk of cardiovascular diseases, such as heart attacks and strokes through education on the health consequences of poor eating habits, and by demonstrating that healthy food can still be delicious and appetising. Such risks are of particular concern in high-stress and high-risk oil and gas sites, making this initiative a Health, Safety and Environment (HSE) imperative. It is therefore necessary to have an interdisciplinary approach with GSS food services, as well as client HSE and medical personnel involvement, to improve the overall health and wellbeing of site personnel, in order to decrease the risk of incidents on-site. This initiative directly falls under BMMI's Nourishing Life sustainability policy, which outlines the company's commitment to the wellbeing of its people and its clients, as well as spearheading education and training initiatives in the communities in which it operates. GSS will provide this service free of charge at all its sites, and will work closely with client management and medical teams to provide training and advice to client personnel. The following are highlights of GSS' approach to nutrition:
  - GSS chefs and kitchen personnel will be trained to improve the nutritional content of menu plans and improve the cooking methods used to prepare meals, all while accounting for the availability of food products and respecting local culture.
- Healthy, nutritious items will be integrated into menu plans, with client input and approval.
- Client personnel will be educated on the importance of a balanced diet, the appropriate balance of proteins, carbohydrates, and fats that make up a balanced meal, and the health consequences of poor diet and nutrition.
- GSS will collaborate with clients' medical teams to identify clinical cases according to body mass index (BMI) and to establish individual action plans for dietary management, with the consent of the employee.



## Grievances

Direct employees can report human rights grievances through the 'whistleblower' or 'speak up' portals. However, BMMI does not have a grievance mechanism for employees of contractors. Some BMMI managers keep contract staff informed of what is being paid to the contractor to ensure transparency and fair pay. This will be made contractual. Some contract staff for Alosra supermarket have submitted grievances directly to BMMI. There was an incident where a supplier was not paying labourers so they were not showing up to work; the responsible manager at BMMI drafted a new contract stating BMMI's right to pay labourers directly rather than the contractor. In 2015, we will design a formal grievance mechanism for human rights violations, including forced and child labour.

## Supplier Code of Conduct

In 2015, we intend to draft an explicit policy stating zero tolerance for suppliers or partners that are using forced or child labour in their operations, with an integrated legal clause regarding the same for 100% of our contracts with third-parties. We will create a Supplier Code and Scorecard to assess our suppliers on environmental management, human rights, impact on society and labour relations. This will include an annual independent check-up of their facilities. Where possible, we will provide suppliers with the necessary support in order to achieve our standards.



# Labour principles

**Principle 3:** Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining; **Principle 4:** the elimination of all forms of forced and compulsory labour; **Principle 5:** the effective abolition of child labour; and **Principle 6:** the elimination of discrimination in respect of employment and occupation

## Freedom of association & collective bargaining

BMMI has never obstructed employee rights to exercise freedom of association and collective bargaining. The issue of a workers union was raised many years ago at BMMI Bahrain but employees never took this forward.

## Child & forced labour

There are zero incidents of child labour, or forced labour. Both issues are addressed in the previous 'Human Rights' section of this report.

## Diversity & opportunities in the workplace

Both the perception and reality of equal opportunities in the workplace are fundamental to the successful functioning of any business. Our Code of Business Conduct states:

*Recruitment shall be based on merit and positions will be awarded to the most qualified candidates. We do not discriminate against any applicant for employment or any employee in any aspect of their employment at BMMI because of age, race, religion, sex, disability, sexual orientation, status, pregnancy, or national origin.*

- We have not violated any labour laws and have fully complied with labour laws in the countries in which we operate.
- We are committed to monitoring the composition of our workforce according to nationality, gender, age group, minority group and other indicators of diversity.
- We will be more active in promoting diversity and inclusion internally through an independent Diversity Council, which will be responsible for conducting employee training on diversity and inclusion, for providing channels for employees to report discrimination and equal opportunity issues, and for measuring attitudes and perceptions of discrimination within the company.

Our YLP policy states:

“BMMI promotes a culture of equality and diversity. We do not discriminate on grounds of race, religion, colour, sex, age, disability, marital/parental status, sexual orientation, gender identity and expression, pregnancy or medical conditions.”

## Workforce composition

- BMMI employs around 44 nationalities overall and while we celebrate our cultural diversity we are committed to supporting locals. Outside of Bahrain, our nationalisation rate for local staff in the countries in which we operate ranges from 50-100% and averages at 97%.
- BMMI makes an effort to hire from local communities and disregards tribal and ethnic discrimination in employment. For instance, in Djibouti, BMMI was one of the first international companies to employ Afars and Issas together. BMMI aims to employ 'local/locals' i.e. from local villages and communities in which it operates, where possible.
- In Bahrain, Alosra employs 70-80 % locals. The law only requires 30% Bahrainisation for this industry. In Bahrain, females account for around 18% of BMMI's total workforce and 11% of them are in management positions compared with 14% of males. Over 38% of BMMI's workforce is under 30 years old. Given the regional context of the Arab world's 'youth bulge' and high youth unemployment figures (around 1 in 4 youth are unemployed), BMMI has been proactive in developing youth leadership skills and potential management capacity through a Young Leaders

Program (YLP), as well as a mentoring program and succession planning. As part of BMMI's scenario planning, the business is populated with a younger management team so BMMI is developing strategies to enable youth to feel comfortable managing teams with employees who are more senior in age.

**44** *Different nationalities that BMMI employs worldwide.*





# 12.5%

*Female board members  
in key positions at BMMI*

## Women

- Due to the perception of unequal pay in the workplace, we commit to monitoring and making transparent, internally, compensation based on diversity indicators such as gender and nationality.
- There are currently 12.5% female board members compared with the global average of 11-15 % (varying statistics) and the Bahrain average of 1.7% according to Catalyst.org. There are more women in key positions at BMMI than 5-10 years ago, however this has not yet been part of an active strategy.
- An issue was raised through the whistleblower system regarding the lack of female representation in management and across some BMMI divisions and teams, which lacked female representation entirely. The CEO personally took up this matter by meeting with BMMI women across departments to better understand their needs. Diversity and equal opportunity are now included in BMMI's 2015 focus areas and fall under our 2020 vision of having a diverse workforce. This includes more proactively promoting women to leadership positions through programs and mentorship, and reviewing our policies in preparation to sign the "UN Women's Empowerment Principles" in 2015.

## Labour

- All employees receive a written contract outlining responsibilities, job description and are evaluated using a balanced scorecard. Employees are given a standard 30 days notice regarding significant operational changes such as termination of employment.
- All staff receive performance reviews at least once a year (for those below Grade 5), and quarterly for those above Grade 5.
- BMMI has never violated any national or international labour laws.
- Employee benefits are outlined in the Human Rights section of this report.
- Turnover across the Group is generally quite low at around 2%. There is between 80-100% retention rate after parental leave for both genders, due to BMMI's flexibility and longer feeding hours.

## Occupational health and safety

BMMI is ISO 18001 certified for Occupational Health and Safety. This issue has been addressed in the Human Rights section of this report.

### **Supplier labour assessment**

While BMMI is a fair and generous employer, we recognise our responsibility to monitor our supply chain. Therefore we intend to create a Supplier Code and Scorecard to assess our suppliers on environmental management, human rights, impact on society and labour relations. This will include an annual independent check-up of their facilities. Where possible, we will provide suppliers with the necessary support in order to achieve our standards.

### **Labour grievances**

BMMI has introduced a system called 'Speak Up' and has conducted workshops on how to use the system. Employees can also anonymously email the CEO on asktheboss@bmmi.com.bh. Few major incidents have been reported overall and immediate action was taken to resolve an issue involving female harassment, resulting in a termination of the offender's employment. Zero incidents were reported in 2014.

### **From our Code of Business Conduct:**

“ Harassment refers to any kind of offensive behaviour, including written or verbal remarks or gestures, which can be construed to be disturbing, upsetting or threatening. Harassment can be psychological (bullying or humiliation), racial, religious, sexual and it includes making discriminatory, derogatory or sexist remarks. Use of foul language against a colleague is a form of harassment. ”





## Employee training & education

Five per cent of employee payroll is allocated for training. In addition to on-going occupational training such as food handling and customer services, Alosra supermarket has provided higher education sponsorship for staff. Bayader is currently putting together a staff development program including core competencies,

metrics and career paths to identify star performers—locals where possible. The long-term objective of BMMI is to recruit, develop and promote from within the company and to put in place succession and back-up plans. In Bahrain, the females that underwent training received, on average, a higher number of training hours than males. However, females overall received less training than males.

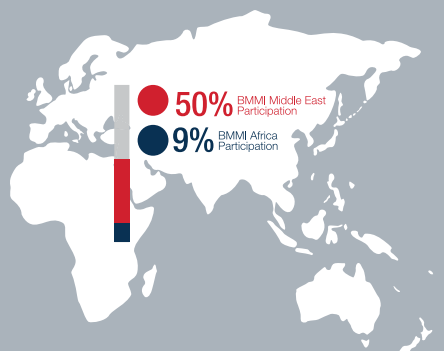
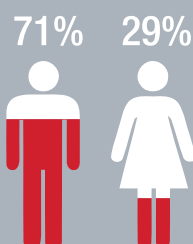
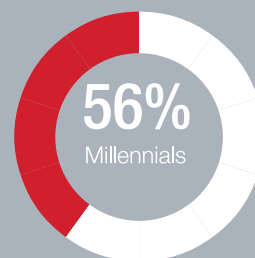
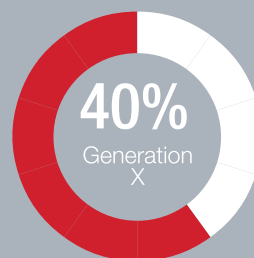
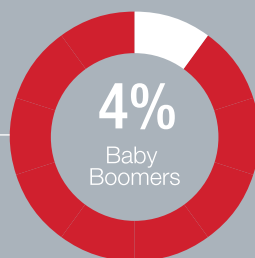
## Employee training & education

Gender	Total training hours	Percentage of training hours	Head count Dec 2014	Average training hours
Female	5781	31.59%	151	38
Male	12521	68.41%	669	19
Grand Total	18302	100%	820	57

- GSS maintains an approved Learning & Development policy that is applied in all countries of operation, including:
  - Induction training
  - On the job training, and work shadowing
  - Class room training
  - E-learning and video materials
  - Coaching and mentoring
  - Professional qualifications & certificate programmes
  - Bachelor's / Master's degree programmes
  - Internal and external workshops, seminars and conferences
- As an international company, BMMI prides itself on fostering diversity while also empowering locals in the workplace. We will continue to pursue this policy in the countries in which we operate. However, we will more actively monitor our investment in the development of all employees of all nationalities.
- We will equip the workplace to support diversity based on needs, such as providing parking spots for expectant mothers, creating a more flexible working environment for millennials, and leveraging the competencies of differently-abled individuals in the workplace. Once convened, our Diversity Council will identify these needs.
- We will continue to consult employees through our employee culture survey and our sustainability survey. According to the latter, which was conducted in 2014, the Top 10 most important issues for employees' decision to work for BMMI, in order of importance, were:
  1. Employee Training & Education
  2. Diversity & Equal Opportunity
  3. Compliance
  4. Employment & Labour
  5. Protecting Human Rights
  6. Anti-corruption
  7. Abolition of Child Labour
  8. Economic Impact
  9. Abolition of Forced Labour
  10. Customer Wellbeing & Satisfaction

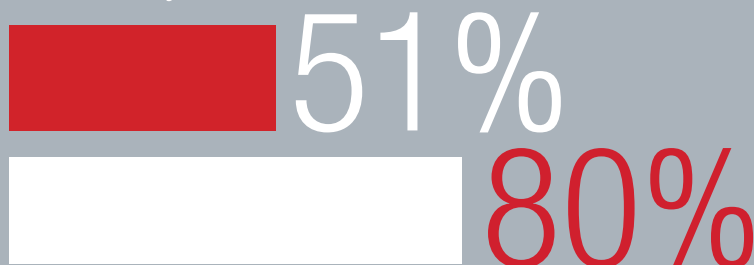


## Participants



## Performance Management

Fifty one percent believe poor performance is effectively addressed



Eighty percent feel enabled through their manager to achieve their objectives

## Employee culture survey

This employee culture survey measures criteria within our Winning Hearts culture, including our DNA and five Performance Factors.

All results will be evaluated to address areas necessary to improve, in order to increase our spirit of performance & engagement.

# Environment



**Principle 7:** Businesses should support a precautionary approach to environmental challenges; **Principle 8:** Undertake initiatives to promote greater environmental responsibility; and **Principle 9:** Encourage the development and diffusion of environmentally friendly technologies.

Businesses should support a precautionary approach to environmental challenges.

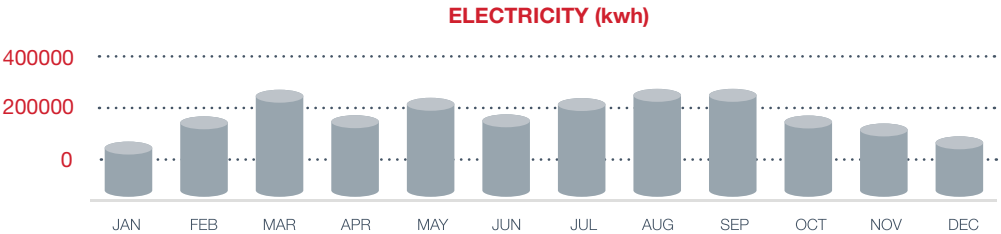
BMMI is an ISO 14001 certified company. Under the IMS department, an environmental aspects register assesses more than 60 activities impacting the environment, their significance, any legal requirements, and preventative measures to control those aspects by location. BMMI has not violated any environmental laws and regulations in any of the countries in which it operates, nor has the company been subject to sanctions and/or compliance fines.

- Measuring our energy consumption more consistently across all operations and geographic locations, and setting an initial reduction target of 20% in 2015, while exploring renewable energy sources in tandem.
- Publishing the real financial cost (without subsidies), environmental cost (emissions) of our energy, and water consumption, by business division with rankings for lowest-highest consumers.

**Energy consumption**

In the Middle East, the real cost of energy is obscured by government subsidies. Since energy is supplied by municipal providers, this makes renewable energy less viable and cost-efficient. Whereas in Africa, the energy landscape varies widely. Some resource-rich countries are energy exporters, while others lack even the most basic infrastructure. In an on-going effort to waste no energy or natural resources, we commit to:

Electricity consumption was monitored consistently for the following locations in Bahrain and totalled 2,629,090 kwh annually.



# 10%

Energy saving bulbs reduced consumption.

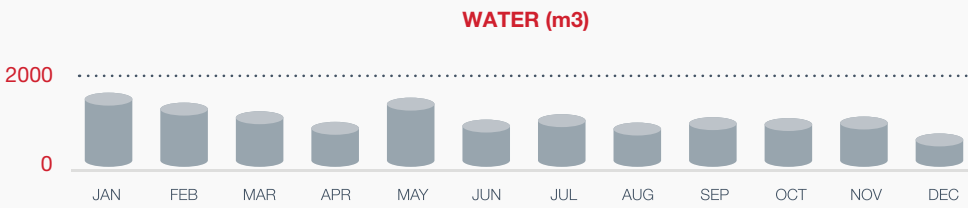
Location	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total Kwh
Sitra	14200	91000	143500	57500	9500	14000	14500	15500	21500	15000	11000	8500	415700
Mina Shop	36200	25500	29100	35900	48100	54900	49500	59800	63000	56000	44800	25900	528700
CPU	8589	8410	18355	12821	20648	18485	18486	23184	25480	14485	13635	36200	10196
BMMI Tower Seef	41565	41805	45982	58266	92477	64424	109831	132828	128891	84160	71371	65420	937020
Alosra Saar	41690	38796	42090	41793	49158	45298	49568	54997	44529	49311	43512	36262	537004
Alosra Amwaj	1491	1491	1491	1491	1491	1491	1491	1491	1491	1491	1491	1491	17892
Total Monthly kwh	143735	207002	280518	207771	221374	198598	243376	287800	284891	220447	185809	147769	2629090

## Energy Efficiency

Signage has been affixed to encourage employees to switch off lights and equipment when not in use. BMMI uses energy efficient lighting, appliances and equipment when available and cost-efficient.

## Lighting

Energy conservation is encouraged through the IMS Connect newsletter and stickers reminding employees to switch off lights. Energy saving bulbs slightly reduced consumption by around 10%. Alosra supermarket uses LED lights and is aiming to increase utilisation of LEDs to 100%.



## Water consumption

Both regions in which BMMI operates are water-stressed regions. Signage has been affixed to encourage employees to report water leaks and water conservation is promoted through the EHS Bulletin. Engineering controls for monitoring water use are being installed, and all water hoses will be fitted with nozzles to control flow. Additional meters will be fitted to measure water consumption at key positions to determine conservation targets and develop KPIs for consumption. Water consumption was monitored consistently for the following locations in Bahrain and totalled 14,639 m3 annually.

Location	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total Kwh
Sitra	483	298	344	331	332	355	444	378	459	353	328	343	4448
CPU	111	65	214	106	107	123	117	99	112	80	111	113	1358
BMMI Tower Seef	527	720	744	384	564	504	517	527	494	533	550	233	6297
Alosra Saar	307	233	0	291	259	213	194	88	188	263	260	240	2536
<b>Total</b>	<b>1428</b>	<b>1316</b>	<b>1302</b>	<b>1112</b>	<b>1262</b>	<b>1195</b>	<b>1272</b>	<b>1092</b>	<b>1253</b>	<b>1229</b>	<b>1249</b>	<b>929</b>	<b>14639</b>

## Water discharge

All wastewater is collected in a septic tank and a licensed water carrier takes discharge to the waste treatment plant in Tubli where the municipality discharges it. BMMI has separate drains, outlets and tanks for contaminated water with chemicals and hazardous substances, so it is separated from grey water and collected by a water company. IMS has identified potential run-off water pollution in areas like Alosra Amwaj and Durrat, and has established barriers between the fence line and sea, sloped surfaces to catch excess runoff

on site, and conducts on-going training to minimize spills. Any history of on-site contamination is documented in detail. Potential for leakage, spillage, or escape of pollutants into the marine environment is investigated to establish precautionary procedures.

Although our operations are not water-intensive, water security is a pressing global issue, and both regions in which we operate are water-stressed. Water is life and we will spare no effort to ensure we don't waste a single drop. In 2015 we commit to:

- Measuring our water consumption consistently across all operations and setting a target to reduce our consumption by 15% in 2015 through partnering with local authorities to identify and install water saving technologies.
- Identifying water reuse opportunities such as steam recycling system, closed refrigeration loop systems that recycle water, and recycling grey water for irrigation.
- Measuring the percentage and total volume of water recycled and reused — aiming for 100% water reuse.



## Refrigerants

BMMI has identified HCFC-22 (also known as R-22) as a highly significant environmental aspect for its contribution to ozone depletion and global warming. In consultation with the Bahrain government, R22 is being phased out with an expected 10% reduction by 2015 and complete phase out by 2040. AC /Chiller units in the newly expanded warehouse have installed R134a refrigerant in compliance with new regulations to replace R22 refrigerant.

## Recycling

The IMS department has distributed recycling bins and has started to measure recycling collection rates. For 2014, a total of 135,515 KG was collected for recycling across Sitra, Mina Salman, Alosra Amwaj, Alosra Saar, Alosra Juffair and Alosra Riffa Views.

## Waste

- Alosra supermarket outlets used around 2.5 million plastic bags of 3 varying sizes in 2014. We will aim to reduce consumption through further educating baggers on more efficient bagging techniques.
- BMMI Shops purchased 32,859 KG of packaging bags and 1750 Gift bags in 2014.
- Around 90% of pallets are re-used and a carpenter repairs damaged wooden pallets. BMMI sells completely damaged and unusable pallets to Delmon Precast.
- In 2015 we will monitor and measure our paper, plastic and organic waste more effectively so that we can set realistic reduction targets.

### ANNUAL WASTE RECYCLING COLLECTION REPORT 2014 (KG)

Location	1	2	3	4	5	6	7	8	9	10	11	12
Alosra Saar	4130	3730	4030	4530	4480	4330	4530	4370	4595	4085	3935	4130
Alosra Amwaj	1020	920	1020	3020	3070	2920	3120	2810	2840	2520	2420	2470
Alosra Riffa Views	1110	1000	1100	1400	1450	1400	1600	1400	1450	1100	1200	1350
Alosra Juffair	0	0	600	900	1000	1000	1300	1240	1100	950	1500	1600

### ANNUAL WASTE RECYCLING COLLECTION REPORT 2014 (KG)

Location	1	2	3	4	5	6	7	8	9	10	11	12
Sitra	2470	2140	2270	1760	1950	1530	1080	800	580	800	890	1630
Mina Salman	1020	900	1040	790	900	600	50	840	660	630	810	1610

## Electronic (hazardous) waste

Usable equipment e.g. computers, are donated to charity institutions. Used cartridges/toners (which emit VOC to air) are properly sealed and not opened before or after use; they are collected by Crown Industries for recycling and processing locally. IMS has started monitoring cartridges consumption and is encouraging a reduction in usage by reducing unnecessary printing and copying.

## Cooking oil

The amount of cooking oil used is not measured consistently but is collected from the CPU and restaurants by Al Khabbaz.

## Food waste

- Great Deli Café minimises food waste by promoting food after 6pm at discounted prices, and tries to utilise the same ingredients across dishes to maximise ingredient utilisation—including daily specials to use leftover ingredients the next day. Great Deli Café sources higher quality food to reduce food waste and wastes only 2%.
- Alosra supermarket food items are disposed of properly with a 3-month notice period to the supplier before expiry. Alosra produces an average of 29,594 kg of food waste per month or 487,968 kg per year. The meat and fish, bakery, delicatessen, and groceries represented the largest portion of total food waste (86% combined).

Item	Average waste /month KG	Average annual waste KG	% of total waste
Bakery	11,070	132,840	27%
Delicatessen	6,965	83580	17%
Grocery	5,671	68052	14%
Chilled food	2,581	30972	6%
Produce	1062	12744	3%
Meat and fish	11,443	137316	28%
Pork	928	11136	2%
Frozen food	772	9264	2%
General merchandise	136	1632	0%
Coffee shop/CPU	32	384	0%
Inactive	4	48	0%
<b>Total</b>	<b>594, 29</b>	<b>487,968</b>	<b>100%</b>



**Food waste is both a core sustainability issue for our business and for the Middle East—especially the Gulf Cooperation Council (GCC) countries, which generate more than 150 million tons of municipal waste annually. Paradoxically, while one region in which we operate generates excessive food waste, another—Africa—suffers from famine. We will commit to:**

- Measuring tonnes of food waste generated, and targeting a 20% reduction of food waste diverted from landfill for our supermarkets, restaurants and serviced facilities in 2015—ultimately aiming for zero waste to landfill. This includes quantifying and publishing food waste in terms of the number of people that could have been fed.
- Creating an internal food think-tank to identify ways to eliminate food waste such as donating to charities or other alternative uses.
- Profiling and targeting the most wasted food items in our supermarkets by category and volume.
- Guaranteeing purchase amounts from our food suppliers in advance so they can forecast demand and avoid waste surplus.
- Supporting initiatives, social enterprises, and startups addressing food waste, such as apps linking surplus food from stores to local food charities, or food preservation technologies
- Launching a campaign to educate our customers on food waste and incentivise more sustainable consumption habits.
- We will proactively engage 100% of farmers in our supply chains to increase crop quality and yield, and to promote organic and sustainable agriculture in partnership with third-parties like the UN Environment Programme.
- We will monitor and increase the percentage of organic locally grown produce at Alosra by 10% in 2015, providing fresher products with fewer food miles, emissions, and waste.



## Transportation

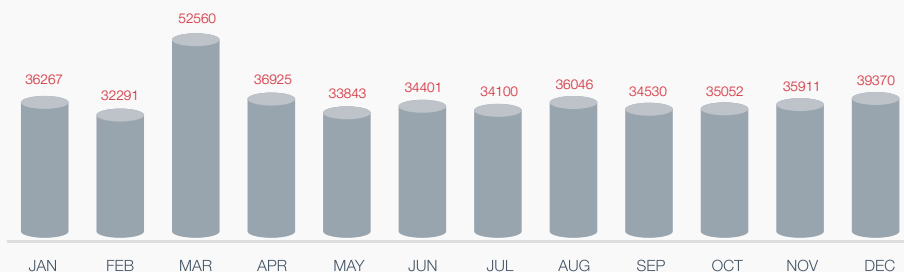
IMS has eliminated idling engines during unloading and loading and maintains records of km service, hours in service and fuel purchased for each fleet of vehicles. The warehouse monitors daily trips per day and cube fill—which must be 80% minimum utilization in trucks and targets one trip per day. Each Alosra outlet has one driver to make home deliveries in that local area based on set schedule and fixed routes.

## Fuel efficiency

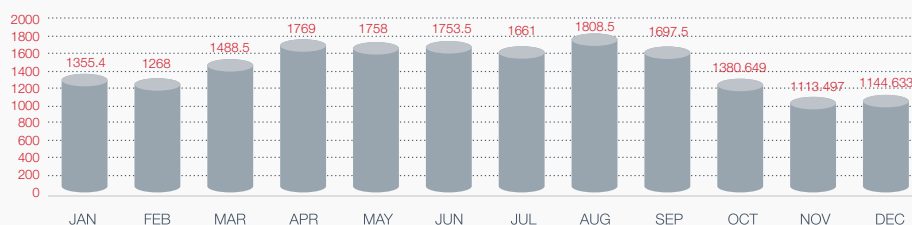
BMMI monitors diesel fuel consumption of vehicles and conducts regular maintenance to prevent exhaust. Older less eco-friendly vehicles are being phased out in favour of Volvo trucks. Sometimes vans are shared across different divisions (BMMI Shops, Alosra etc.) during peak periods. Total fuel consumption for Bahrain Logistics Services in 2014 was almost 18,200 litres for 441,266 km.

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Fuel (Ltrs)	1355.4	1268	1488.5	1769	1758	1753.5	1661	1808.5	1697.5	1380.649	1113.497	1144.633	18198.179
Milage (Km)	36237	32291	52560	36925	33843	34401	34100	36046	34530	35052	35911	39370	441266

### BAHRAIN LOGISTIC SERVICES 2014 KM CONSUMPTION



### BAHRAIN LOGISTIC SERVICES 2014 LITRES CONSUMPTION



# Anti-corruption

**Principle 10:** Businesses should work against corruption in all its forms, including extortion and bribery.

BMMI's first corporate value is **Honesty**. This means communicating respectfully, truthfully and transparently with our customers, our colleagues, and with governments. It also means being true to our selves, our values, and our purpose as a business.

Our **Code of Business Conduct policy** - a booklet that contains our standards of ethical business practice - is explained and discussed at the orientation training given to all new employees. The booklet is provided to every employee and is made available on our corporate website for our customers, suppliers, partners and other interested parties, and in our intranet for easy accessibility of all employees.

Our **Whistleblower policy**, which is monitored by an independent third-party, enables our employees at all levels to confidentially voice any concerns they may have regarding any wrongdoings in the course of the company's dealings or day-to-day transactions. This covers any acts of misconduct of general, operational, legal, or financial nature, including but not limited to all the topics covered in the **Code of Business Conduct** such as:

- Financial matters such as fraud, theft, circumvention of internal accounting controls, and questionable accounting or auditing matters.
- Misleading or coercing of auditors.
- Violation of the BMMI Code of Business Conduct or any other policies.
- Human Resource matters including harassment, discrimination and workplace violence.
- Workplace health and safety matters.
- Violation of Employment or Labour laws, securities laws, or other Government regulations.
- Misuse of Company "property" including information, funds, supplies or other assets.
- Forgery, alteration or manipulation of documents or computer files.
- Any other type of misconduct.

**Speak Up** is a secure online portal that also enables our employees, at all levels, to voice any concerns they may have regarding any illegal or dishonest behaviour. Additionally, our employees have direct access to the CEO through emailing: asktheboss@bmml.com.bh. We have instated a formal zero-tolerance policy on corruption that includes both our employees and business partners.

- We will analyse and evaluate 100% of our business units for corruption risks using independent external assurance of our anti-corruption programmes. Based on high-corruption risk assessments of our business units, we will ensure 100% in those units are given anti-corruption training—beyond the **Code of Business Conduct**.

- We will communicate our anti-corruption practices through the UN Global Compact progress reports, and share our experiences to stimulate multi-stakeholder dialogues on anti-corruption activities in markets with high-corruption.

## Compliance

We have had zero incidents of non-compliance in social, economic or environmental performance. However, we recognise the risks posed by lack of awareness, negligence and unclear regulations in certain markets. Therefore, we are engaging with local governments to align our policies and procedures with regulatory requirements and establishing internal group-wide compliance checklists, monitoring and audits as a mitigation and improvement

measures. Through an independent audit, 'Compliance and Regulatory Risk' was rated 16 out of 20 – a moderate residual risk—with significant improvement needed. This refers to the risk of non-compliance with internal policies, procedures and quality standards, and regulatory requirements in regions where BMML operates; which may include, but not be limited to, the following:

- Local and international laws and regulations (labour, tax, environmental, commercial etc.)
- Corporate governance
- Contractual terms
- Internal policies and procedures
- ISO / IMS standards





## Financial management

BMMI adheres to the International Financial Reporting Standards (IFRS). Some businesses in Africa adhere to L'Organisation pour l'Harmonisation en Afrique du Droit des Affaires (OHADA) but everything is consolidated and transferred to IFRS. In Bahrain, accounting duties are segregated and different people handle different aspects of the cash cycle, and this will be instituted in other countries. As a publicly listed company, our financials are audited by an independent firm and are disclosed in our Annual Report.

# Customer health & safety

## Food safety

The primary customer health and safety issue BMMI focuses on is food safety. This is one of the core areas of focus in the IMS Manual, outlining comprehensive procedures and measures. A food safety plan, led by a microbiologist, identifies all potential hazards and food safety inspections take place and a food sample is taken every 6 months along with an annual water analysis. AlHoty Analytical Services Laboratories analyses the level of microbes present. Pre-requisite programs are conducted like sanitisation and pest control, and BMMI ensures all equipment is calibrated and that all responsible staff is trained in food safety and chemical training. Food manufacturing for Alosra may become centralised all in one location i.e. anything packaged by Alosra like chicken, cake, bread etc. for efficiency purposes and quality control.

## Location safety

The IMS department compiles a monthly health and safety report for all BMMI Bahrain areas of operations. Each accident or incident is recorded as well as the action taken and precautions to ensure the incident doesn't re-occur—where possible and appropriate. Few minor accidents occurred with customers; mainly slipping on wet floors at Alosra or spillages such as shampoo from a shampoo bottle. Customers are targeted during BMMI Health & Safety Week.

## Suppliers

All suppliers are evaluated for quality, ISO certifications for Quality Management (9001) Occupational Health & Safety (18001), Environmental Management (14001), and Food Safety Management (22000).





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