

Savola Sugar Egypt Project

Environmental and Social Assessment Non-Technical Summary

Project at a glance

Proposed EBRD financing of up to USD 15 million for efficiency and safety upgrades at ASC and USCE facilities and working capital for USCE raw cane sugar procurement.

October 2026

Acronyms

Acronym	Full text
ASC	Alexandria Sugar Company
E&S	Environmental and Social
EBRD	European Bank for Reconstruction and Development
ESAP	Environmental and Social Action Plan
ESDD	Environmental and Social Due Diligence
ESMS	Environmental and Social Management System
ESR	Environmental and Social Requirement
GHG	Greenhouse Gas
GIP	Good International Practice
HSE	Health, Safety and Environment
HR	Human Resources
OHS	Occupational Health and Safety
PPE	Personal Protective Equipment
USCE	United Sugar Company of Egypt
VIVE	VIVE Sustainable Supply Programme

Introduction

This document is a Non-Technical Summary (NTS) of the environmental and social assessment of the proposed ASC and USCE Sugar Efficiency and Working Capital Project in Egypt. ASC and USCE are working with the European Bank for Reconstruction and Development (EBRD) to secure financing for the Project.

The NTS describes the proposed financing and associated investments, summarises the Project’s environmental and social context, outlines expected benefits and potential adverse impacts, and presents the management measures and Environmental and Social Action Plan (ESAP) commitments, to be agreed with the Client prior to approval, intended to align the Project with EBRD’s 2024 Environmental and Social Policy.

Project categorisation

The Project has been categorised B under EBRD’s 2024 Environmental and Social Policy. The environmental and social risks identified through due diligence are expected to be manageable through existing systems, Good International Practice and implementation of the ESAP.

The Project

United Sugar Company of Egypt (“USCE”) is an Egyptian sugar refinery with annual production capacity of 750k tonnes. USCE refines imported cane sugar into high grade white sugar mainly targeting regional and international markets and partially covering the domestic market. Alexandria Sugar Company (“ASC”) is an Egyptian sugar producer with an annual production capacity of 229k tonnes per season. ASC produces refined sugar, molasses and animal fodder, derived from sugar beet, which is sourced from a network of local farmers as well as the company’s own agricultural operations.

USCE and ASC (together the “co-Borrowers”) are ultimately owned by Savola Foods Company (“Savola”) which is the holding company for the food manufacturing businesses. Savola plans to implement a sustainability led investment program within its Egyptian sugar operations, aimed at improving environmental performance, resource efficiency, and long-term competitiveness. ASC The total investment program is estimated at approximately USD 15 million for the sugar division and is expected to be financed through a combination of own resources, EBRD funding and local commercial bank financing.

The proposed financing is a senior unsecured medium-term loan of up to USD 15 million divided into two tranches:

- Tranche A: up to USD 5 million, with a tenor of up to five years including a one-year grace period, to finance capital expenditure investments at ASC and USCE factories.
- Tranche B: up to USD 10 million in working capital for USCE, with a three-year maturity and annual renewal at the sole discretion of EBRD, to support raw cane sugar procurement and refining activities.

The co-borrowers provided an initial capital expenditure plan with investments totalling approximately USD 7.8 million. The final selection of investments financed by EBRD will be agreed within the USD 5 million capex tranche. The plan primarily targets process efficiency, energy and water performance, production continuity, food safety, occupational safety and infrastructure upgrades.

USCE imports raw cane sugar, primarily from Brazil through a small number of traders, and refines it at its existing facility. Crushing and initial extraction of cane are not undertaken at USCE; the facility receives raw sugar for refining. ASC processes sugar beet, sourced largely from a sugar beet farm owned by ASC through its subsidiary. A separate investment of up to USD 8 million at the farm is expected to be financed by commercial banks and is not part of the EBRD use of proceeds.

Initial capital expenditure plan

Company	Plan value	Main themes	Illustrative investments
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ASC	USD 3.73m	Efficiency, emissions, production and facilities	Gas-saving process optimization; evaporation-loss reduction; beet-pulp extraction upgrades; harvest equipment; laboratory, lighting, welfare improvements.
USCE	USD 4.09m	Cooling, water treatment, safety and reliability	Vacuum cooling; wastewater treatment; steam-based electricity generation; dust extraction; safety lifeline; machinery, compressor, warehouse, food-safety upgrades.
Total	USD 7.82m	Initial plan, subject to final allocation	EBRD capex financing is limited to up to USD 5m under Tranche A.

Background

Rationale for the Project

The Project is intended to improve the efficiency, resilience, and safety of existing sugar-processing and refining operations. The capex programme includes investments expected to reduce production losses, improve gas and energy efficiency, enhance wastewater treatment and reuse, strengthen dust control and improve worker safety. The working-capital tranche will support USCE's procurement of raw cane sugar while strengthening environmental and social oversight of the associated supply chain.

Environmental and Social Context

The Project relates to existing sugar-processing and refining facilities in Egypt and does not involve the development of a new greenfield industrial site. Key environmental and social considerations include energy and water consumption, wastewater and waste management, air emissions and dust, hazardous materials, machinery and vehicle safety, working at height, contractor management, labour and working conditions, stakeholder engagement, and environmental and social risks in raw cane sugar supply chains. Relevant farm-level risks at the sugar beet farm supplying ASC include worker health and safety, seasonal and contracted labour, irrigation and water use, pesticide and agrochemical management.

Evaluation of Project Impacts

Environmental Benefits and Impacts, and Associated Measures

Capex investments at ASC and USCE

The capex investments are expected to provide environmental benefits through improved production efficiency, reduced process losses, potential reductions in gas use and emissions, upgrades to water treatment and increased operational reliability. Proposed dust extraction, ATEX-certified lighting and safety equipment should also strengthen control of workplace and fire risks.

Installation and operation of new or upgraded equipment may create temporary impacts associated with contractor activities, including noise, dust, waste generation, vehicle movements, hazardous materials and occupational safety risks. These impacts will be managed through the existing HSE management systems, contractor prequalification, permits to work, risk assessments, supervision, inspections, emergency preparedness and corrective-action processes.

Existing environmental management systems

ASC and USCE operate within Savola Foods Company's management arrangements and maintain documented HSE and environmental procedures. The systems include risk assessment, operational controls, environmental monitoring, incident and non-conformity reporting, emergency preparedness, training, inspections, audits, corrective-action tracking and management review. ASC and USCE maintain independently certified ISO 14001 environmental management and ISO 45001 occupational health and safety systems. Environmental and energy

performance is monitored through defined indicators, while identified non-compliances are recorded in operational action plans with assigned responsibilities and completion dates.

Energy use, climate and air emissions

Sugar processing and refining require thermal energy, electricity and steam and therefore generate greenhouse-gas and air emissions. Existing controls include monitoring of natural gas, electricity and other utility consumption, preventive maintenance, process controls and annual improvement targets. Recent and planned measures include steam-system improvements, thermal insulation, more efficient heat-exchange and drying equipment, process optimisation and steam-based electricity generation. The proposed carbonation, cooling and machinery upgrades are expected to improve production efficiency and reduce avoidable energy losses. Environmental monitoring data will continue to be reviewed against applicable requirements, and relevant GHG and energy indicators will be reported through the co-borrowers' management systems.

Dust, chemicals and accidental releases

Sugar handling can generate airborne and combustible dust, while refining and maintenance activities involve chemicals, fuels and lubricants. Existing controls include area classification, dust-hazard assessment, predominantly wet processing, planned dust extraction, ventilation, housekeeping, ignition-source control, ATEX-certified equipment where required, safe storage, Safety Data Sheets, PPE, spill-response arrangements and emergency procedures. Hazardous tasks are managed through risk assessments, permits to work, lockout/tagout and competency requirements.

Water, wastewater and waste

The main water-related impacts arise from process-water demand and industrial wastewater. ASC conducts daily wastewater-quality monitoring and operates an onsite treatment unit, with upgrades planned to increase treatment capacity and improve treated-water quality and reuse. USCE operates physical and biological wastewater treatment and reuses treated water for landscape irrigation; water consumption is monitored against the applicable permitted allocation. USCE also applies waste segregation, controlled storage and documented transfer to qualified and licensed waste-management contractors. Recyclable materials are directed to recovery where practicable. The ESAP will require measurable targets for reducing wastewater discharge and increasing reuse and continued monitoring of water consumption and wastewater quality.

Mitigation during installation and commissioning

Contractors will be required to comply with site HSE and environmental rules, complete prequalification and induction, prepare task-specific risk assessments and method statements, and follow permit-to-work and waste-management requirements. The co-borrowers will supervise installation activities through inspections, audits and performance monitoring. Any non-compliances will be recorded and assigned for correction. These measures are intended to limit temporary dust, noise, waste, traffic and spill risks and protect workers during installation and commissioning.

Raw cane sugar procurement

USCE sources raw cane sugar primarily through traders, with the primary suppliers being Alvean and LDC and Brazil identified as the main origin. Sustainability risks may occur upstream at mills and farms and can include labour and human-rights risks, land-use change and deforestation, water stewardship, agrochemical use and occupational health and safety.

Both Alvean and LDC have Bonsucro certifications in place, but they do not cover their entire operations. In the case of Alvean, more than 80% of sugar is sourced from Brazil, where only 24 of their 69 suppliers are Bonsucro certified. According to their sustainability report, the volume of the Bonsucro certified sugar is 0.6% of their total volume. LDC's website also mentions Bonsucro certification, but no exact volumes are identified as certified. ASC sources approximately 20% of their sugar beet from their farm which is VIVE certified and sources the remaining volumes from small farmers.

For sugar designated as sustainable, the Company uses the VIVE Sustainable Sugar Programme, which includes independent assessment of environmental, social, agricultural, quality and food-safety criteria. The Company also has a Supplier Code of Conduct and undertakes supply-chain risk assessments covering child labour, forced labour and deforestation. At the time of due diligence, these assessments applied only to sustainable sugar and the proportion of total procurement covered by certification and due diligence requires clarification.

The ESAP will require the Company to extend risk-based environmental and social due diligence to all material sugar procurement, including non-certified sugar. This will include supplier screening and risk classification, implementation of the Supplier Code of Conduct, enhanced review and corrective action for higher-risk suppliers, and measurable targets to increase the share of sugar covered by recognised certification or equivalent independently verified responsible-sourcing arrangements. The ESAP will also ringfence the use of proceeds to the procurement of certified sugar.

Social Benefits and Impacts, and Associated Measures

Labour and working conditions

Savola has Company-level policies addressing ethical conduct, non-discrimination and harassment. ASC also provided policies covering human rights, freedom of association, child and forced labour, safe working conditions, wages and working time. An ESAP action will be proposed to ensure both USCE and ASC are covered by a policy aligned with ESR 2. USCE's January 2026 SMETA audit reported that workers were paid above the minimum wage, working hours were appropriate and adequately remunerated, and no poor subcontracting practices were identified.

Worker grievance channels include an integrity hotline, workplace grievance boxes and open-door arrangements. Confidentiality, anonymous reporting and protection from retaliation are addressed in the whistleblowing arrangements. As no grievances were recorded during the preceding 12 months, the ESAP will require the co-borrowers to review the accessibility and effectiveness of grievance channels and raise awareness among workers and contractors.

Contractor-management arrangements are strong on HSE controls but do not yet comprehensively address labour conditions. The ESAP will require contractor prequalification, contracting and monitoring to cover pay and working hours, terms and conditions, non-discrimination, worker grievance mechanisms, freedom of association, forced labour and subcontractor labour performance.

Occupational health and safety

The principal operational risks include machinery and moving equipment, forklifts and vehicles, work at height, hazardous chemicals, fire, heat and dust. Existing controls include risk assessments, machine guarding, preventive maintenance, lockout/tagout, permits to work, PPE, training, inspections, emergency response, fire-safety arrangements and management-of-change procedures.

Occupational hygiene assessments undertaken at ASC in 2026 found heat stress, noise and lighting measurements to be within permissible limits. Site-level incident investigations at the co-borrowers' facilities include root-cause analysis and corrective actions. Nevertheless, reported near misses are low, and the ESAP will require awareness-raising and more accessible reporting channels.

At USCE, planned safety investments include fall protection and safe access for sugar loading, improved lighting, traffic barriers, floor markings and segregation of pedestrians, vehicles and mobile equipment. Implementation of these measures will be included in the ESAP.

Sugar beet farm

ASC and the associated beet farm are verified under the VIVE Farm and Facility Modules and have achieved high assessment scores. Savola HSE personnel undertake farm audits regularly. Due diligence identified, however, that a number of corrective actions remained open beyond their original deadlines. The ESAP will require farm audits to cover both HSE and human-rights requirements, including seasonal and contracted labour, worker welfare, responsible agrochemical management and timely closure of corrective actions.

Stakeholder Engagement and Community Grievances

The Savola Group Stakeholder Engagement Policy identifies stakeholder groups, including customers and communities, and provides for regular engagement and annual disclosure of relevant corporate responsibility information. However, the existing formal route for external complaints is centred on communication through the Board Secretary and is not sufficiently accessible for potentially affected stakeholders.

The ESAP will require ASC and USCE to prepare or update stakeholder engagement arrangements that identify relevant stakeholders, establish a proportionate programme of engagement and provide accessible external grievance channels. ASC and USCE will be expected to engage with workers, contractors, suppliers, neighbouring communities, business partners and other relevant stakeholders in a manner proportionate to the Project's risks and impacts. The process will define responsibilities and procedures for receiving, recording, investigating, responding to and closing grievances.

Environmental and Social Action Plan

An Environmental and Social Action Plan will be agreed with the Company to support alignment with EBRD's 2024 Environmental and Social Requirements. The principal actions include:

- Strengthening contractor labour-management requirements across prequalification, contracts, monitoring and corrective action.
- Updating the HR framework for ASC and USCE to address identified gaps against ESR 2 and ensuring that worker grievance mechanisms are accessible and effective.
- Extending risk-based environmental and social supply-chain due diligence to all material sugar procurement, including non-certified sugar, with supplier risk screening, corrective-action arrangements and sustainable-sourcing targets.
- Ensuring farm audits cover compliance with HSE and Human Rights policies and that overdue corrective actions are monitored and closed promptly.
- Establishing and implementing measurable targets to reduce wastewater discharge and increase treated-water reuse.
- Improving near-miss and incident-reporting awareness and introducing accessible reporting channels.
- Implementing the planned USCE safety upgrades for sugar loading, lighting and traffic segregation.
- Updating stakeholder engagement arrangements and establishing accessible external grievance mechanisms for ASC and USCE.

The final ESAP commitments, responsibilities and implementation deadlines will be agreed between EBRD and the Company and incorporated into the financing arrangements.

Who to Contact

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Publication note

This draft has been prepared from information available during due diligence. Company contact details, the final selection of EBRD-financed capex items, final ESAP commitments and any project-specific disclosure details will be finalized prior to approval.