

Company Profile

AZIZA is part of the Salma group of companies. Established in 2012, AZIZA operates a chain of soft discount stores offering food and basic consumer goods in Tunisia. The stores carry 1,200 different products (“SKU”) and range from 200m² to 400m² in size. Generally located on secondary streets, AZIZA stores are basic, well lit, clean and inexpensive to set up, enabling the company to expand rapidly. AZIZA positions its stores in densely populated areas, typically in middle income neighborhoods. Its low prices are achieved through its high bargaining power with suppliers and strong logistic efficiencies. AZIZA’s value proposition is **quality, proximity** and **affordability**. The company pays employees 25% higher salaries as compared to competitors in the industry.

The Challenge

With more than 100 stores across the country, AZIZA has to spend a significant amount of their revenue on energy-related costs. Energy spending is increasing sharply because of rising electricity prices in Tunisia, thus affecting the company’s business expansion. On the safety side, store employees at AZIZA unload, handle goods and put them on the shelves. Employees are also responsible for merchandising and cleaning, increasing the risk of work accidents. AZIZA put in place several employee health and safety (EHS) measures to protect its premises, employees and customers, such as an alarm system, fire-fighting equipment, provision of first aid kits, medical monitoring, accident reporting and investigation mechanism. However, frequent work-related accidents still take place when handling pallets, representing 90% of total work accidents and most specifically, foot injuries.



The Sustainability Innovation Grant (SIG)

In December 2016, AZIZA was awarded a \$130,000 CAD Sustainability Innovation Grant (SIG) from Global Affairs Canada through a project managed by Mennonite Economic Development Associates (MEDA). The company planned to invest \$288,000 CAD of its own funds to implement the SIG activities. The SIG had two main purposes:

Reduce energy consumption by:

- Replacing fluorescent lighting with LED lights that consume less energy and have longer life
- Implementing an energy consumption monitoring system that detects malfunctioning in appliances on time
- Installing temperature control probes and doors for store refrigerators

Ensure health and safety of AZIZA employees by:

- Raising awareness among employees about health and safety issues
- Organizing health and safety training
- Providing safety shoes to store employees

AZIZ believed that the SIG initiative would improve the company’s business efficiency by saving costs on energy and increased productivity of its employees due to reduced work-related injuries. By reducing its electricity consumption, AZIZA will be able to reflect its cost optimization on prices and product lines, which is in line with the company’s value proposition: proximity, affordability and quality.

SIG Impact

AZIZA implemented most of the SIG activities and achieved many positive results. Overall, the SIG initiative produced the following impact:

Reduced Energy Consumption: The company reported reduced electricity consumption as a result of SIG activities (e.g. LED lights and refrigerated cabinet doors). In December 2016 (before SIG), average electricity consumption per store/day was 288 KW, which was reduced to 230 KW per store/day, a saving of about 20% per store/day. Reduced electricity consumption saved AZIZA about TND 580 (\$300 CAD) per store a month.



Reduced Work-Related Accidents: Because of various health and safety measures implemented as part of the SIG project, there were fewer work-related accidents and overall safety index witnessed significant improvement. Prior to the SIG project, the annual proportion (i.e. number of incidents/number of stores) of work-related accidents was 0.31; however, there was not a single such incident after SIG activities were implemented. Annualized days lost because of workers' injuries were 74 in December 2016 and SIG activities (e.g. awareness raising and safety shoes) helped reduce that loss to 48 days (annualized), an improvement of 35%. EHS activities also resulted in lower employee turn over from 33% (prior to SIG) to 24% in September 2017.

MEDA supported the company to develop an employee satisfaction survey that was conducted in September 2017. The results of the initial survey show that 79% employees were satisfied with their working conditions at AZIZA, and women employees were more satisfied (83%) than male employees (75%).

Increased Customer Satisfaction: Aziza conducts periodic customer satisfaction surveys and the company noted an improvement in the level of their customers' satisfaction. Aziza believes that SIG activities might be one of the factors contributing to this improvement. The table shows that customers expressed increased satisfaction in terms of pricing (2% increase), product availability (1% increase), proximity (21% increase) and product choice (6% increase).

Customer satisfaction indicators	Baseline (prior to SIG, in %)	Sep 2017 (in %)
Level of customer satisfaction in terms of pricing	55	57
Level of customer satisfaction in terms of product availability	55	56
Level of customer satisfaction in terms of proximity (less than 10 min walk)	72	93
Level of customer satisfaction in terms of product choice	39	45

Improved Monitoring and Reporting: As part of the SIG contract with MEDA, AZIZA identified a set of key performance indicators (KPIs) specific to the project. In addition, the company also reported on a few sustainability KPIs related to job creation, quality of jobs, gender diversity, contribution to local economy and environmental sustainability. As a result of SIG initiative, AZIZA established an internal reporting system and was able to capture and monitor data related to ESG. The company reported increased knowledge in measuring ESG-related data and using the information during management meetings for decision making. Management is also planning to use the internal reporting system for other companies in the Salma group.

First quarter was challenging to report on KPIs; but now we have developed internal systems. We are thinking of using this data and reporting for other companies in our group [Salma group]. (AZIZA SIG Contact)

Sustainability

The SIG project has produced many benefits, including cost savings, and AZIZA is planning to install LED lights in all stores. Similarly, EHS-related activities will be made mandatory for all store employees. AZIZA's sustainability initiative contributed to the Sustainable Development Goal # 8 — Decent Work and Economic Growth.

All new stores will be equipped with LED lights. By doing so, AZIZA would be the first and only retailer in Tunisia with stores entirely equipped with LED lights. (AZIZA SIG Contact)

8 DECENT WORK AND ECONOMIC GROWTH



Lessons Learned

The company learned that adequate time should be allocated to importing goods (e.g. LED lights) from abroad as the business must satisfy import and export criteria of two different governments.

