

# Nuqul Group Sustainability Report

# 2012



## NUQUL GROUP

SINCE 1952



This is our **Communication on Progress** in implementing the principles of the **United Nations Global Compact**.

We welcome feedback on its contents.

## Executive Summary

Nuqul Group adopted the principles of sustainable development in 2007 when the Group became signatory to the UN global Compact and its ten principles. Since then Nuqul Group has made every effort to integrate sustainability into its business approach. In 2010, the group's second communication on progress report to the UN Global Compact was developed in accordance with the Global Reporting Initiative (GRI) Guidelines, and in the same year the Group's sustainability strategy and management framework has been established focusing on 5 strategic focal areas. In 2011 an internal sustainability position, under the auspices of the operations department has been created to manage and report on the sustainability performance of the group's companies across the region.

The adoption of sustainability in Nuqul Group stemmed from its believe that in order to ensure the continuity of its business in the present and the future times, the Group is required to conserve natural resources and operate in the most efficient manner, which will collaterally result in cost savings and profit generation.

For this year, the fifth annual sustainability report was developed in accordance with the GRI G3.1 guidelines and a stakeholder council for the group has been established comprising representatives from all the Group's key stakeholders and mandated to review Nuqul Group's sustainability performance on annual basis, advise on strategic direction for sustainability in the group, and issue an independent assurance statement regarding the content and quality of its sustainability reports. This council is considered to be a best practice in terms of sustainability management and governance as it demonstrates the Group's commitment to the highest levels of transparency and integrity.

The year 2012 has witnessed variations in its sustainability performance when compared to the targets set in the previous year, and these variations were mainly attributed to increased production levels. Nevertheless the Group also witnessed several pioneering events including the following:

- Nuqul Group is the first in the region to conduct life cycle assessment for two products.
- Nuqul Tissue Egypt is the first in the industry in the region to secure the ISO 50001 Energy Management certification
- Nuqul Group Head Office is among the first in the region to start the implementation of a systematic approach to manage health and safety in an office environment with the aim to become OHSAS certified.
- Nuqul Tissue in Egypt registered its cogeneration project as a Clean Development Mechanism project under the Kyoto protocol
- Fine converting facilities in Jordan, Egypt, KSA and Dubai achieved zero manufacturing waste sent to landfill, by selling all manufacturing waste for contractors to be used/recycled for other purposes
- Fine classic facial tissue received the Product of the year for 2012 in Lebanon

Nuqul Group's economic performance and impact has recorded an improvement based on 2011 levels; he Group's revenues (for only Fine Hygienic Holding FHH Companies) increased by almost 1% and the financial contribution made by the Group towards community development through the Group's CSR program in Al – Koura District has increased by twice fold as compared to 2011 levels. The economic impact of Nuqul Group's business through the economic empowerment of its employees, is demonstrated by the fact that the salary provided front liners in the Group's companies across the region is above the minimum wage set in several countries including (Jordan, Sudan, Algeria and Morocco).

As for environmental impact, Nuqul Group's total water consumption has decreased by 3.4% as compared to 2011, while the total electricity consumption of the Group increased by 3% however the electricity per unit product has decreased in NT, PPP and SPIC facilities as per the table below:

<b>Electricity (MWh)</b>				
	<b>2012</b>	2011	2010	2012 achievement
<b>Per One Million Pulls Converted tissue Produced</b>	<b>0.77</b>	0.71	0.76	8.5% increase
<b>Per One Million Diapers Produced</b>	<b>24.89</b>	22.13	23.83	12.5% increase
<b>Per One Ton Tissue Produced</b>	<b>1.17</b>	1.18	1.19	0.9% decrease
<b>Per One Million Boxes Produced</b>	<b>7.45</b>	8.48	8.94	12.2% decrease
<b>Per Ton Non-Woven Produced</b>	<b>1.51</b>	1.54	1.57	2% decrease

Nuqul Group's operational fuel consumption has decreased by 1.7% as compared to 2010 levels (in 2011 a major gas turbine was shut down in NT Egypt thus 2011 cannot be used as the reference year for comparison) while vehicle fuel consumption has increased by 51% based on 2011 consumption rates. This increase is attributed to an increase in FHH sales (13% in tissue by volume and 23% in adult briefs by volume) as well as an increase in the number of vehicles within FHH distribution fleets. Due to the increase in the total energy consumption (electricity, operational fuel and vehicle fuel) the Group's total GHG emissions have increased by 0.8% as compared to 2010 levels.

The total waste generated in Fine converting facilities decreased by 2.4%, however these facilities achieved zero waste sent to landfill as all of the manufacturing waste is sold to contractors for further use.

Looking at the human resources aspect; in 2012 the total number of employees in FHH companies increased by 1.25%, the turnover rate increased by 0.4% and the percentage of female employees in workforce increased by 0.6%. Nuqul Group's employees come from 27 different nationalities and the average age for its employees as of 2012 was 35.4 years. The number of employees at all levels receiving training in 2012 increased twice fold as compared to the previous year, while the average number of training hours per employee increased by 0.5% based on 2011. The Accident Frequency Ratio in Nuqul Group companies decreased by 42.5% from 2011 and the Accident Severity Ratio decreased by 25.7%.

zero cases of grievance related to human rights violations were communicated in the Group, and none of its operations recorded any incident of discrimination, violation of the right of association and collective bargaining, child labor and forced or compulsory labor, and based on this none of Nuqul Group's operations were subject to human rights reviews.

As for product responsibility, the total number of justified customer complaints for Fine converting product categories (Absorbent and Facial-Tissue-Kitchen products) in Jordan, Egypt and KSA in 2012 decreased by 29.4% as compared to 2011, while the average lead time to resolve customer complaints went down to 10 days which is the target that was set for the year.

Nuqul Group's will continue to uphold the ten principles of the UN Global Compact as part of its commitment to sustainable development and will continuously strive to improve its performance so as to achieve continual sustainable growth for its business and all its stakeholders.

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## Message from the CEO

This report marks out fifth year for disclosing our sustainability performance, and celebrates our renewed commitment to the UN Global Compact with its ten principles. For this year, our report is compiled in accordance with the Global Reporting initiative G3.1 guidelines covering all core indicators required to achieve an A level report. Moreover, we have created a stakeholder council comprising our key stakeholders mandated to review our sustainability report, provide advice on strategic direction for sustainability in the group and issue an assurance statement concerning the content and quality of the report.

Our sustainability strategy aims to address all key sustainability challenges that face our business. Our industry relies heavily on the availability of water and energy resources, both of which are at the threat of being depleted by over consumption. This poses a great risk on the continuity of our business; thus it is imperative for us to explore means of reducing our dependence on these resources, so as to ensure a stable and sustainable growth for our organization and all its stakeholders. We are now exploring different options for utilizing alternative energy resources so as to reduce our dependence on polluting and costly fossil fuels as this would not only support our efforts to improve our overall ecological footprint, but also reduce the financial burden posed by the increasing prices of conventional fuels. Our Nuqul Tissue operations in both Jordan and Egypt, are constantly striving to reduce water consumption per unit product and we have proven successful in producing top quality tissue with water consumption rates fifty percent less than that of the industrial average.

In 2012 our total electricity consumption increased as compared to the previous year; however we managed to decrease the consumption levels per unit product in our Nuqul Tissue, Perfect Printing Press and Specialized Industries Company operations. Our water consumption levels have decreased by more than three percent based on 2011 levels, and we have achieved a zero waste sent to landfill in all our fine converting facilities. We have launched our “Generation S” program, which aimed to establish business sustainability and cost savings projects in all our business units, as well as integrating the sustainability culture among all our employees through consistent and constant communication and engagement activities at all levels.

We continue to implement human development initiatives for all our employees, as we believe that our employees are key to our continued success as a one family. In 2012 the number of front line employees receiving training increased by more than forty six percent, and we reduced our Accident Frequency Ratio by more than forty percent. Our turnover rate is maintained within healthy levels as we continue to offer competitive compensation and benefits packages based on regional market benchmarks.

Additionally as we strive to achieve gender balance in our workforce, we have adopted systems and procedures that ensure favorable working conditions for women such as work from home, reduced working hours for working mothers and part time contract basis among others, which has helped us in increasing the percentage of female employees of the workforce especially in the North African and Arabian gulf region. Our community development program in Al-Koura District in the Northern parts of Jordan has continued successfully for the fifth year in a row, were the volume of the investment we made in this program in 2012 has almost doubled from that recorded in 2011, as we signed a pioneering partnership agreement with the Ministry of Municipal Affairs and the Municipality of Dair Abi Sa'eed to build upon our effective CSR platform in Al-Koura district and to ensure strong impact of the program. Moreover in the same year we have launched a packaging and labeling unit in Al Koura, providing income opportunities for six women from the local community.

We have launched the new look for our tissue products (Fine brand rebirth) promising a care free world, and with this new look we have integrated environmental sustainability aspects into its value proposition, acknowledging our responsibility towards the global forests.

We are looking forward to harnessing the fruits of sustainability, for both the present and the future. In 2013 we are aiming to integrate sustainability into product innovation by establishing product life cycle performance baselines which will translate into product improvement opportunities. Moreover we will be working with our main suppliers to identify key sustainability issues and means to address these issues so as to extend our sustainability impact beyond our operations. We are also targeting to proactively engage all our key stakeholders in an attempt to achieve maximum sustainability, and we will explore means of integrating sustainability aspects into our branding strategy for tissue and diaper, so as to promote the adoption of a sustainable life style among all our consumers in the region.



**Salim Karadsheh**  
**Chief Executive Officer**  
**Fine Hygienic Holding**

## List of Acronyms

ADL	Acquisition distribution layer
AFR	Accident Frequency Ratio
API	Arabian Peninsula and Iran
ASR	Accident Severity Ratio
CDM	Clean Development Mechanism
CEO	Chief Executive Officer
CNTO	Chief Nuqul Tissue Officer
CSR	Corporate Social Responsibility
EDANA	European Disposables and Nonwovens Association
EFQM	European Foundation for Quality Management
EOSQ	Egyptian Organization for Standardization & Quality
FHH	Fine Hygienic Holding
FMCG	Fast Moving Consumer Goods
FSC	Forest Stewardship Council
GHG	Greenhouse Gas
GRI	Global Reporting Initiative
GSM	Group Standards Manual
HSE	Health, Safety & Environment
ILO	International Labor Organization
ISO	International Organization for Standards
JABA	Jordanian American Business Association
JEBA	Jordanian European Business Association
JOCABA	Jordanian Canadian Business Association
LCA	Life Cycle Assessment
LLC	Limited Liability Company
NA	North Africa
OHS	Organizational Health Survey
PDR	Performance Development Review
PEFC	Program for the Endorsement of Forest Certification
PPP	Perfect Printing Press
PR	Public Relations
SMTW	Self-Managed Team Work
SPIC	Specific Industrial Company
UNGC	UN Global Compact
YEA	Young Entrepreneurs Association
YPA	Young Presidents Organization

## Glossary of Terms

Aspect	Element of an organization's activities, products or services that can interact with a specific management dimension.
C-Suit	The highest-level executives are usually called "C-level" or part of the "C-suite", referring to the 3-letter initials starting with "C" and ending with "O" (for "Chief ... Officer"); the traditional three such officers are Chief Executive Officer (CEO), Chief Operations Officer (COO), and Chief Financial Officer (CFO).
Carbon footprint	The total sets of greenhouse gas (GHG) emissions caused by an organization, event, product or person.
Climate Change	A significant and lasting change in the statistical distribution of weather patterns over periods ranging from decades to millions of years.
Code of conduct	A set of rules outlining the responsibilities of or proper practices for an individual, party or organization. Related concepts include ethical codes and honor codes.
Fast Moving Consumer Goods	Products that are sold quickly and at relatively low cost.
Greenhouse Gas	A gas in the atmosphere that absorbs and emits radiation within the thermal infrared range.
Impact	A change that could have a negative effect on the on an organization
ISO 14001	A family of standards related to environmental management.
ISO 18001	A Standard for occupational health and safety management systems
ISO 50001	A family of standards related to energy management system.
Materiality	One of the GRI's central reporting principles. It is the threshold at which an issue or indicator becomes sufficiently important that it should be reported.
Precautionary Principle	The precautionary principle or precautionary approach states if an action or policy has a suspected risk of causing harm to the public or to the environment, in the absence of scientific consensus that the action or policy is harmful, the burden of proof that it is not harmful falls on those taking an act.
Pulp	A lignocellulosic fibrous material prepared by chemically or mechanically separating cellulose fibers from wood, fiber crops or waste paper.
Shareholder	A shareholder or stockholder is an individual or institution (including a corporation) that legally owns a share of stock in a public or private corporation.
Stakeholder	A Stakeholder (corporate), a person, group, organization, member or system that affects or can be affected by an organization's actions.
Sustainability	A business approach that creates long-term consumer and employee value by not only creating a "green" strategy aimed towards the natural environment, but taking into consideration every dimension of how a business operates in the social, cultural, and economic environment.
Sustainable development	A mode of human development in which resource use aims to meet human needs while ensuring the sustainability of natural systems and the environment, so that these needs can be met not only in the present, but also for generations to come.
UN Global Compact	A United Nations initiative to encourage businesses worldwide to adopt sustainable and socially responsible policies, and to report on their implementation.



## 2012 Highlights

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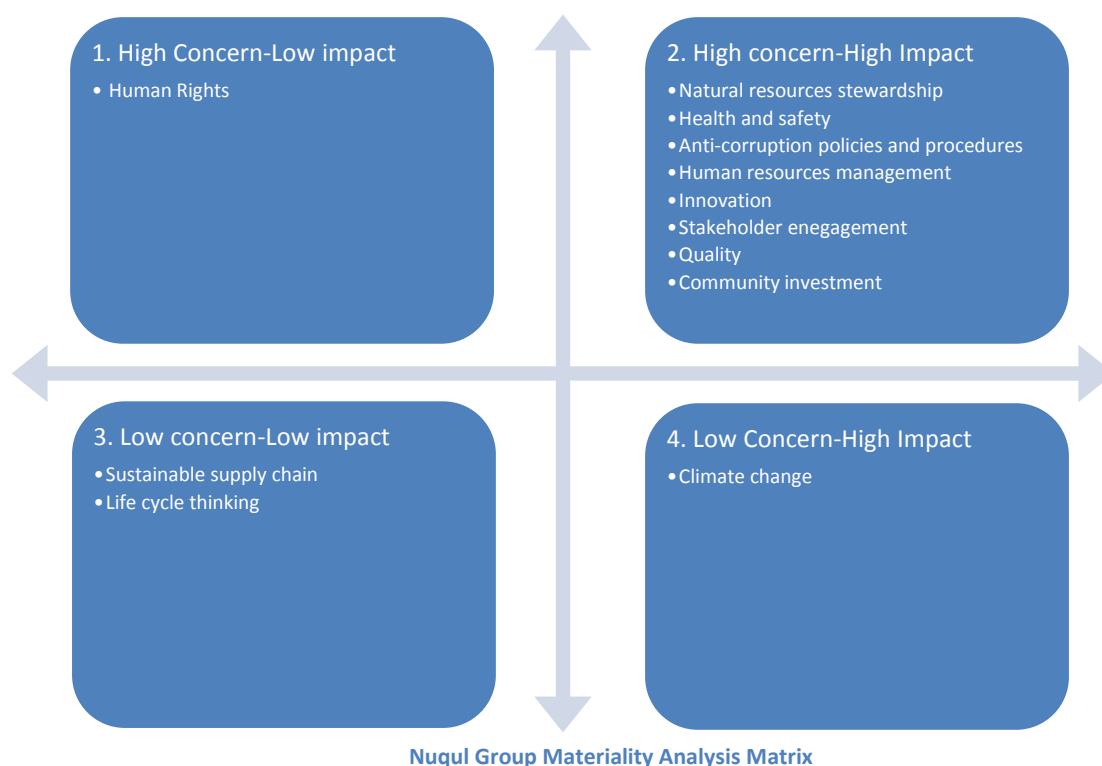
- First in the region to conduct life cycle assessment for two products
- First in the industry in the region to secure the ISO 50001 Energy Management certification for our Nuqul Tissue operation in Egypt
- Among the first in the region to start the implementation of a systematic approach to manage health and safety in an office environment with the aim of achieving OHSAS certification.
- Nuqul Tissue in Egypt registered its cogeneration project as a Clean Development Mechanism project under the Kyoto protocol
- Our Fine converting facilities in Jordan, Egypt, KSA and Dubai achieved zero manufacturing waste sent to landfill, by selling all manufacturing waste for contractors to be used/recycled for other purposes
- Fine classic facial tissue received the Product of the year for 2012 in Lebanon
- Launched a packaging and labeling unit in Al Koura, providing income opportunities for six women from the local community.
- Launched the Nuqul Group Sustainability Platform, an internal communication platform using the Group's internal portal to spread awareness regarding sustainability dimension among all employees of the group.

## Sustainability in Nuqul Group

Since Nuqul Group's inception in 1952, we have realized the importance of a strong commitment to responsible and sustainable business, and have made every effort to meet the challenges of sustainable development in a manner that ensures sustainable added value for all our stakeholders.

Through our sustainability management framework, which is based on the precautionary approach, a review of our internal systems and procedures, benchmarking with key issues reported by our peers and competitors in their sustainability reports, as well as key issues identified by industrial associations (e.g. EDANA<sup>1</sup>), and national regulatory requirements and international agreements (e.g. UN Global Compact<sup>2</sup>). We have identified the key sustainability trends that affect the continuity of our business and influence our relationships with our stakeholders. After we have identified the key sustainability trends, we conducted a materiality based on the extent of the impact of the trend on our business and the level of concern from stakeholders to these issues.

The matrix below shows our classification of the sustainability trends pertaining to our business.



Our sustainability section is responsible for monitoring our sustainability performance across these trends and reports on the performance to our C-Suite, moreover the sustainability section provides prescription for all our business units on required measures to improve the performance of the business units, where performance targets are set annually and communicated to concerned departments at all levels in the business units to ensure compliance with these targets.

In 2012, we have integrated sustainability requirements in the internal systems and procedures for operations, marketing and administration, and these requirements will be audited annually to ensure proper implementation starting in 2013. Moreover, we are closely working with other departments including Human Resources and Business Planning and Development to identify means to integrate sustainability approaches into their internal systems and procedures.

<sup>1</sup> <http://www.edana.org/industry-initiatives/sustainability>

<sup>2</sup> <http://www.unglobalcompact.org/AboutTheGC/TheTenPrinciples/index.html>

The table below provides a detailed description of our key sustainability trends including implications for Nuqul Group and our stakeholders as well as the opportunities arising from these trends.

### Internal Sustainability Reporting in Nuqul Group

In 2012, we have established an internal procedure for sustainability reporting, whereby all Fine Hygienic Holding companies are required to report on their sustainability performance on monthly basis using an automated database on our internal portal. this database provides the monthly FHH sustainability dashboard report which is then sent to the CEO.

The companies report on Sustainability Key Performance Indicators (KPIs) that reflect our significant sustainability impact and are related to our annual sustainability reports.

Our Sustainability dashboard report contains the following:

Reported data by companies	Computed data
Total water consumption	
Total electricity consumption (From the grid)	GHG emissions by source (electricity, operational fuel, vehicle fuel) Total GHG emissions
Total operational fuel consumption	
Total vehicle fuel consumption	
Total waste generated	
Number of female employees in workforce	% of female employees from total workforce % of female employees in management positions
Number of female employees in management	
Number of employees in workforce	
Number of employees In management positions	
Number of accidents	Accident Frequency Ratio (AFR)
Number of lost days due to accidents	Accident Severity Ratio (ASR)
Total number of working hours	
Number of vehicle crashes	
Number of fatalities	
FSC/PEFC certified pulp purchased	% of FSC/PEFC certified pulp of total pulp purchased
Total pulp purchased	

The performance trends, within the above indicators, are discussed with all companies on monthly basis, where by anomalies are identified and investigated and a course for corrective action is defined for follow up.

The executive report sent to the CEO, describes performance trends in relation to production and sales for the following performance categories:

- Water consumption
- Electricity consumption
- Operational fuel consumption
- Vehicle fuel consumption
- Waste generated

All other data provided in our sustainability dashboard in addition to data from other departmental dashboards are used for our annual sustainability report.

## Key Sustainability Issues

Trend and description	Description and implications	Related opportunities
Natural resources stewardship	<ul style="list-style-type: none"> <li>• Reflects increased recognition of natural resources constraints as a key sustainability issue, including water scarcity and risks, energy costs and need for an understanding of resource depletion footprint of products.</li> <li>• Implications include: <ul style="list-style-type: none"> <li>○ Impact on cost efficiency</li> <li>○ Impact on environmental footprint of products</li> <li>○ Impact on resource availability for all stakeholders</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Resource efficiency measures</li> <li>• Sustainable supply chain management</li> <li>• Product life cycle impact management</li> </ul>
Process and products Health and Safety	<ul style="list-style-type: none"> <li>• Reflects ability to reduce health and safety risks for employees during production process, as well as health and safety risks associated with the use of our products.</li> <li>• Implications include: <ul style="list-style-type: none"> <li>○ Impact on manufacturing processes</li> <li>○ Impact on employee morale</li> <li>○ Impact on public image of brands and products</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Health and safety process certification</li> <li>• Third party assurance for health and safety of products</li> <li>• Health and safety audits for suppliers</li> <li>• Raw material supplies with improved health and safety performance through supplier audits and third party certification</li> </ul>
Anti-corruption policy and procedures	<ul style="list-style-type: none"> <li>• Reflects the ability of the organization to reduce risk of financial corruption and to maintain financial integrity</li> <li>• Implications include: <ul style="list-style-type: none"> <li>○ Impact on financial competitiveness</li> <li>○ Impact on public image of corporation</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Anti-corruption training for high risk operations</li> </ul>
Human resources management	<ul style="list-style-type: none"> <li>• Reflects the ability of the organization to recruit and retain top talent, maintain healthy levels of employee morale, encouraging gender diversity in the workplace, and empowering women to take leadership roles within the organization.</li> <li>• Implications include: <ul style="list-style-type: none"> <li>○ Impact on employee morale</li> <li>○ Impact on employee retention rates</li> <li>○ Impact on productivity</li> <li>○ Impact on public image as an employer of choice</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Competitive compensation and benefit system</li> <li>• Fast track career programs for women</li> <li>• Employee engagement activities</li> </ul>
innovation	<ul style="list-style-type: none"> <li>• Reflects the ability of the organization to meet stakeholders' demands as pertains to products, and the ability to withstand the constantly changing market requests, taking into consideration environmental, social and economic dimensions</li> <li>• Implications include: <ul style="list-style-type: none"> <li>○ Impact on market share and market penetration</li> <li>○ Impact on public image of products and brands</li> <li>○ Impact of financial health</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Sustainable innovation training</li> <li>• Innovation promotion programs within the organization</li> <li>• consumer co-creation platforms</li> </ul>
Stakeholder engagement	<ul style="list-style-type: none"> <li>• reflects willingness of the organization to engage all stakeholders in defining the way forwards for the organization in a manner that ensures optimum added value for all stakeholders</li> </ul>	<ul style="list-style-type: none"> <li>• Stakeholder engagement programs</li> <li>• Sustainability stakeholder council</li> </ul>

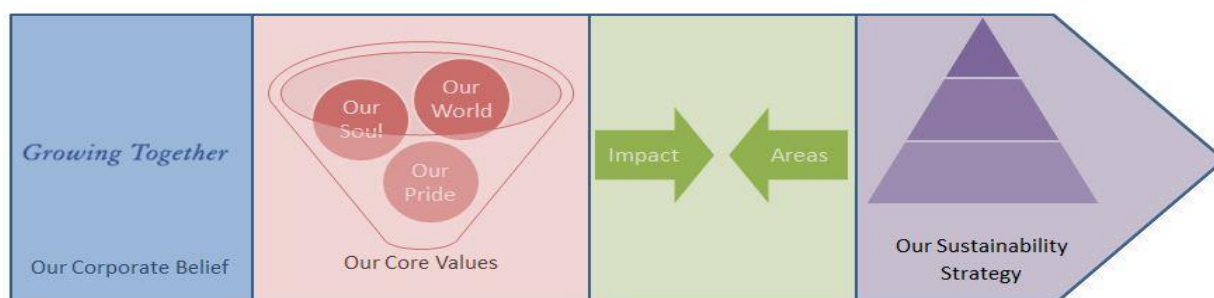
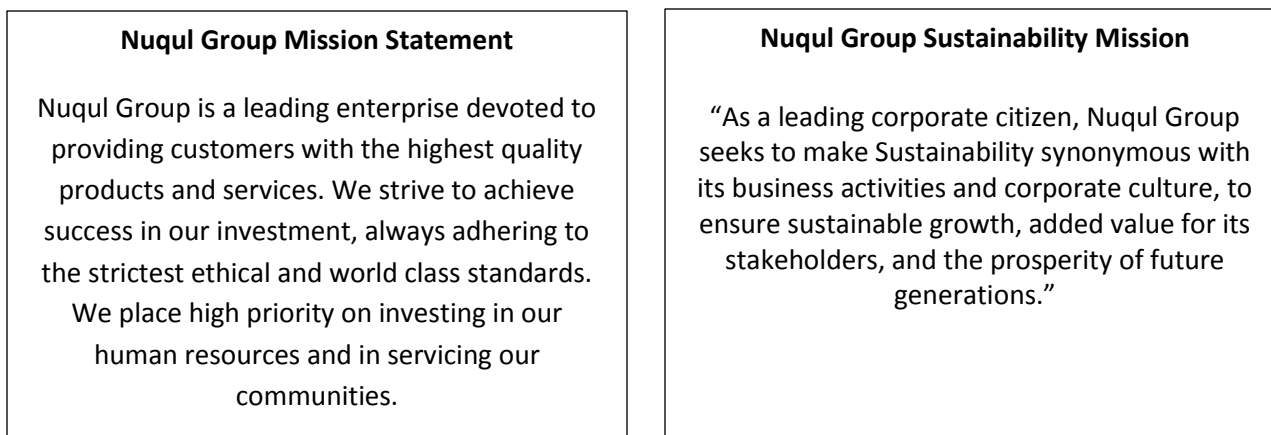
Trend and description	Description and implications	Related opportunities
	<ul style="list-style-type: none"> <li>• implications include:               <ul style="list-style-type: none"> <li>○ Impact on stakeholder relations</li> <li>○ Impact on public image of organization</li> </ul> </li> </ul>	
Quality	<ul style="list-style-type: none"> <li>• Reflects the ability of the organization to meet customer demands and expectations in terms of product quality</li> <li>• Implications include:               <ul style="list-style-type: none"> <li>○ Impact on customer satisfaction</li> <li>○ Impact on market share and market penetration</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Interactive customer satisfaction monitoring program</li> <li>• Customer engagement programs</li> </ul>
Community investment	<ul style="list-style-type: none"> <li>• Reflects the organization social responsibility to support effective and efficient local community development</li> <li>• Implications include:               <ul style="list-style-type: none"> <li>○ Impact on the wellbeing of local communicates</li> <li>○ Impact on stakeholder relationships</li> <li>○ Impact on public image of corporation</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Strategic community investment programs</li> <li>• Employee engagement in social responsibility activities</li> </ul>
Climate change	<ul style="list-style-type: none"> <li>• Reflects the commitment of the organization to reduce its contribution to global warming</li> <li>• Implications include:               <ul style="list-style-type: none"> <li>○ Impact on global climatic trends</li> <li>○ Impact on natural resources availability</li> <li>○ Impact on public image of corporation</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Renewable energy technology investment</li> <li>• Clean technology investment</li> <li>• Carbon emissions reduction trading</li> </ul>
Human rights	<ul style="list-style-type: none"> <li>• Reflects the organizations commitments to upholding international human rights practices</li> <li>• Implications include:               <ul style="list-style-type: none"> <li>○ Impact on employee moral</li> <li>○ Impact on public image of the corporation</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Inclusion of human rights considerations in contractual dealings</li> <li>• Suppliers audits for human rights</li> </ul>
Sustainable supply chain	<ul style="list-style-type: none"> <li>• Reflects the ability of the organization to influence its supply chain to become more sustainable and in turn reduce the negative sustainability impact of offered products</li> <li>• Implications include:               <ul style="list-style-type: none"> <li>○ Impact on supplier relationship</li> <li>○ Impact on cost efficiency</li> <li>○ Impact on product life cycle performance</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Supplier sustainability performance evaluation programs</li> <li>• Supplier sustainability audits</li> </ul>
Life cycle thinking	<ul style="list-style-type: none"> <li>• Reflects the ability of the organization to managed the life cycle impact of its products in a sustainable manner</li> <li>• Implications include:               <ul style="list-style-type: none"> <li>○ Impact on environmental footprint of product</li> <li>○ Impact on cost efficiency</li> <li>○ Impact on public image of products and brands</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Product life cycle assessment tools</li> <li>• Product life cycle training for related departments</li> </ul>

## Nuqul Group Sustainability Performance Trends

Key Performance Indicator	2012			Justification	2013 Target
	Target	Achievement	% Achievement of target		
Percentage of business units audited for fiscal responsibility (new)	100%	100%	100%	According to Board of Directors' requirements, all Nuqul Group companies are required to undergo annual internal audits to ensure that adequate internal controls are in place to achieve fiscal responsibility.	100%
Percentage of internal audit employees trained on anti-corruption policy and procedures (New)	12.5%	12.5%	100%	Our internal audit department provided this training for one employee out of the eight in the department so as to establish the know-how of anti-corruption policies and procedures within the department.	12.5%
Percentage of business units for which sustainability performance is tracked on monthly basis (New)	57%	64%	112%	We included 9 out of our 14 facilities in our sustainability dashboard instead of 8	78.5%
Water consumption	-4%	-3.4%	85%	Production in our Nuqul Tissue facilities has increased as compared to 2011, however our water consumption per ton product has decreased by 7% from last year.	-3%
Indirect energy consumption - Electricity Consumption	-4%	+3%	0%	Production in all of our facilities increased as compared to last year, electricity consumption per unit product decreased as per the table in page 28	-3%
Direct energy consumption - Operational Fuel Consumption	-4%	-1.65% as compared with 2010 levels	42%	The comparison is based on 2010 levels, as a gas turbine in Nuqul Tissue Egypt was shut down in 2011. The reduction achieved is due to the implementation of energy efficiency measures in our Nuqul Tissue operations.	-3%
Direct energy consumption - Vehicle Fuel Consumption	-4%	+51%	0%	Due to an increase in sales volume of tissue by 13% and in adult briefs by 23%, additionally the number of distribution vehicles for our Egypt and KSA markets has increased.	-3%
Direct GHG emissions (Operational and distribution fuel )	-4%	+1.75% (as compared to 2010 levels)	0%	While the total GHG emissions increased, the GHG emissions for our tissue, tissue boxes and non-woven products has decreased (see table in page 32), however the GHG emissions for our converted tissue (facial, Toilet and Kitchen) as well as diaper products has increased due mainly to the increase in their distribution GHG emissions. For this we are working to implement effective distribution management systems that will help to reduce fuel consumption and accompanying GHG emissions	-5%
Indirect GHG emissions (Electricity)	-4%	+1.44%	0%		-5%

Key Performance Indicator	2012			Justification	2013 Target
	Target	Achievement	% Achievement of target		
<b>Waste Generation</b>	-30%	-2.4%	8%	we have started the production of a new absorbent product, and during the initial production of this product the waste generated increased on our way to achieve top quality of this product, however our converting facilities established plans to reduce this waste in 2013, all of our converting facilities in Jordan, Egypt, KSA and UAE have achieved zero waste sent to landfill.	-3%
<b>Turnover rate</b>	-4%	+0.4%	0%	Stable compensation and benefits packages within an unstable economy has helped us maintain our turnover rate within healthy levels, moreover our salary structure is based upon extensive market research that ensures that we maintain a competitive market advantage for hiring and recruitment	-3.38% on average turnover
<b>Female participation in workforce</b>	No Target Set	+0.6%	NA	We have in 2012, worked with our facilities in North Africa and the Arabian Peninsula and Iran to increase the number of female employees in the workforce by establishing working conditions that are favorable for women in these regions. In North Africa the number of female employees increased by 17% and in the Arabian peninsula and Iran the number increased by 42%.	NA
<b>Percentage of females in management positions</b>	No Target Set	+0.5%	NA	In 2012, the number of female employees in management positions increased in our facilities in the Levant and North Africa, and this comes as part of our effort to increase the percentage of female employees in our operations.	NA
<b>Accident Frequency Ration (AFR) and Accident Severity Ratio (ASR)</b>	-25% for both AFR and ASR	AFR -42.6% ASR -25.7%	AFR 170% ASR 102%	Diligent follow up on health and safety within all our facilities	-25%
<b>Proportion of FSC /PEFC certified pulp</b>	+4%	-2.4%	0%	Purchase is dependent upon demand	+2%
<b>Number of justified customer complaints</b>	-20%	-26.9%	135%	Diligent follow up on customer complaints and root cause analysis	-10% of root cause repeated customer complaints
<b>Average lead time to resolve customer complaints</b>	Reduce to 10 days	Target met	100%	Diligent follow up on customer complaints and root cause analysis	10 days

## Nuqul Group Sustainability Management Framework



### NG Sustainability Management Framework

Our corporate belief “Growing Together” stems from our conviction that the growth of our business cannot be achieved or maintained unless such growth is accompanied by achieving sustainable benefit for all our stakeholders.

At Nuqul Group we believe that our purpose is to work towards improving life and we seek to shine in all we do towards this goal. We employ our mind and body in a way which satisfies our conscience, and we have entrenched this belief into our core values “Our World, Our Soul and Our Pride”

#### Nuqul Group Core Values

##### **Our World ... Playing our part**

Nuqul Group believes that success and sustainability are interconnected and can only be achieved by recognizing that we are a small part of a large world. We commit to listen carefully to the needs of our customers, employees, suppliers and stakeholders and to balance those needs, acting with responsible behaviour towards the environment, our communities and governments. This belief is embodied in our motto ‘Growing Together’ – employing collaboration and clear communications in our quest to make our world better.

##### **Our Soul ... The strength within**

At Nuqul Group we believe that the human conscience is the ultimate judge of our performance. We expect our employees to act in the most brilliant and ethical ways towards our stakeholders. To support this endeavor, we will commit to equal opportunity employment, fair work practices, skills development, trust, reward and accountability, a family/work balance and a healthy, happy working atmosphere. The conduct of our business is always legal and ethical, and we share our success with our community through our CSR activities. By satisfying our soul we are sure we have all delivered our best to ourselves and our world.

##### **Our Pride ... Feeling great about what we do**

Nuqul Group employees acknowledge that in an ever faster changing world only outstanding performance can create the growth needed to reward all stakeholders. We constantly strive for exceptional results, delivered with unwavering commitment and at a terrific speed to produce marvelous products, services and agreements to create a dazzling image. To enable this, we run value system, leverage technology, promote synergy and teamwork and encourage creativity and innovation. We believe our customers are the source of all value creation and always seek to exceed their expectations. By gaining customer approval we create pride and satisfaction.



Based on our core values, and the materiality analysis of our key sustainability trends, we have identified a list of key priority areas that affect our operations and our sustainable growth including environmental, social and economic issues. This list formulated the ground for defining our way forward to achieve sustainability. Accordingly, we have developed our Group wide sustainability strategy which aims to improve our performance across all key priority areas. This strategy is divided into 5 main strategic directions:

Nuqul Group Key Priority Areas	
○	Environmental stewardship
○	Stakeholder engagement
○	Human resources management
○	Community investment and development
○	Product life cycle thinking
○	Product and process innovation
○	Anti-Corruption policies and procedures
○	Customer satisfaction

- Inspire Customers and Communities (Consumer Focus)
- Product and Service innovation (Product Focus)
- Strive for Maximum Sustainability (Performance Focus)
- Adopt life Cycle Management (Process Focus)
- Inspire with Sustainability (Workforce focus)

The graph below shows our 5 point sustainability strategy, which is built upon the entrenchment of a sustainability culture among all of our employees, as we believe that such direction will trickle up to influence the key elements of our business.



Strategy Point	Purpose	2012 completed action
<b>Inspire with Sustainability</b>	We aim to use sustainability elements to foster an unprecedented wave of inspiration and focus within our workforce, to be translated into benefits for our stakeholders.	<ul style="list-style-type: none"> <li>Integrated sustainability aspects into operations, marketing and administration systems and procedures</li> </ul>
<b>Adopt life Cycle Management</b>	We aim to influence actors at all life cycle phases to adopt this management approach so as to achieve maximum sustainability for our products.	<ul style="list-style-type: none"> <li>Conducted the first of a kind in the region Life Cycle Assessment for two of our products</li> </ul>
<b>Strive for Maximum Sustainability</b>	We strive to reduce our net environmental impact towards zero over the long-term and better understand our economic and social impacts and presence, and systematically improve them accordingly.	<ul style="list-style-type: none"> <li>Monthly sustainability performance reports are reported to the Chief Executive Officer of the Group</li> </ul>
<b>Product and Service innovation</b>	We aim to generate a new range of products driven by sustainability insights and build a brand reputation where the use of our products serves as a respected signal that the user is a conscientious champion of sustainability.	<ul style="list-style-type: none"> <li>Started exploring the use of oxo-biodegradable plastic for our plastic packaging</li> </ul>
<b>Inspire Customers and Communities</b>	We aim to improve customer satisfaction, while increasing overall appreciation for sustainability and inspiring actions by others.	<ul style="list-style-type: none"> <li>Communicated sustainability in the context of Nuqul Group through a variety of communication channels including, newspapers, press releases and social media.</li> </ul>

## Organizational profile

Nuqul Group, being a privately owned business, was established in 1952 by the founder and Chairman of the Board, Mr. Elia Nuqul as Nuqul Brothers Company. With a modest business start, the company specialized in importing and distributing foodstuffs. In later years, the group's management ventured on to invest in a business model focused on integrated industries, which resulted in the group's expansion and diversification to become a recognized name across the entire Arab region. The company's core business is hygienic products, and all our core companies are incorporated under one commercial entity (Fine Hygienic Holding – FHH LLC.). Our product portfolio incorporates a multitude of tissue and diaper products, and we are present in 40 markets across the globe. Our facilities employ over 5,000 staff member mainly within the Middle East and North Africa region.

Our customers include retails shops businesses, while the end users of our products are individuals.

Our Head Office is located in Amman – Jordan and employs over 120 professionals who are responsible for setting the strategic direction and following up on the performance of all Nuqul Group companies.

Our operations are located in 10 areas across the region including countries in the Levant, the Arabian Peninsula and Iran (API) and North Africa.

FHH is a large scale industry with horizontal expansion, it includes Nuqul Tissue operations, Fine Hygienic Companies (converting facilities) in addition to non-woven manufacturing (Specialized Industries Company SPIC) and a packaging and printing press (Perfect Printing Press PPP).



Our organizational structure, a decentralized hierarchy where our board of directors defines the strategic direction of the group, and the C-Suite ensures compliance to the chosen strategic direction. Our hierarchy ensures open communication channels across different levels. Our sustainability section reports to the corporate chief operations officer of the group, who in turn report to the chief executive officer (See organizational structure on the next page).

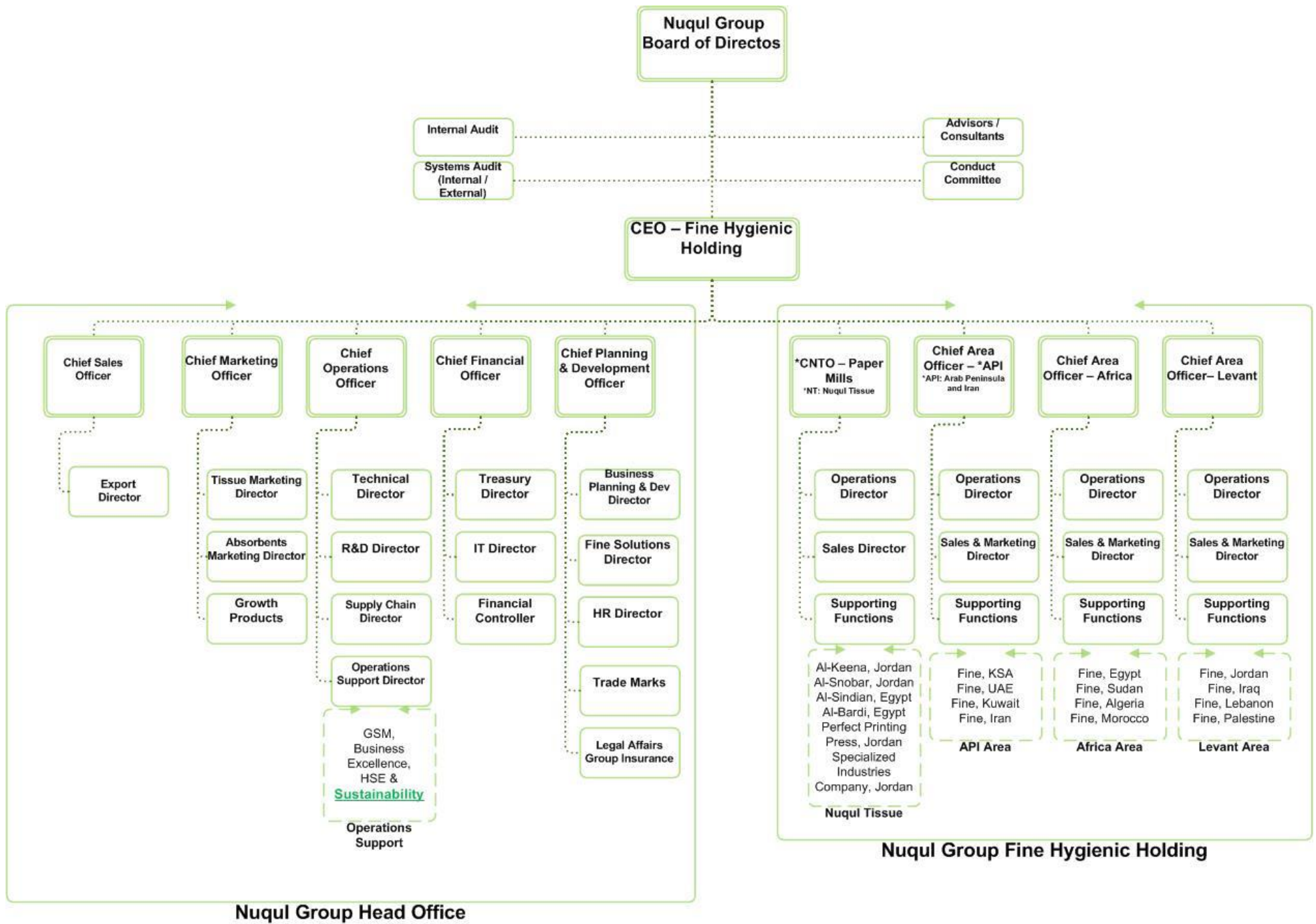
During this reporting period no significant changes occurred regarding, size, structure, or ownership.

### FHH Purpose

Fine adds joy and prosperity to the world through a thoughtful growth recipe designed to reward our shareholders so they may invest in our development, which in turn enables us to expand our activities to touch more lives.

We expand our business and that of customers and suppliers by inspiring our employees to delight consumers through innovative new solutions to their hygiene necessities. Happy consumers appreciate our work and reward us with healthy growth.

Our Brands
Fine Tissue Products
Smile Tissue Products
Lido Tissue Products
Nawras Tissue Products
Fine Baby Diaper
Baby Fine Diaper
Finee Diaper
Baby Lido Diaper
Fine Lady and Baby
Sweetie Diaper
Smile Diaper
Mama Diaper
Finies Diaper
Fine Life Adult Briefs



## Report Profile

This report is the 5th annual sustainability report we have published since becoming a signatory to the UN Global Compact and it stands as our communication on progress against the ten principles of the compact. The report provides information in qualitative and quantitative terms regarding Nuqul Group-FHH performance in the fiscal year 2012.

Performance data provided in this report is monitored and reported internally to the CEO on monthly basis and is based on our 2011 sustainability report issued on July 7, 2012.

The sustainability context for our operations has been taken into consideration for defining the content of this report and significant sustainability aspects and impacts are identified through our sustainability strategy and consultation with our key stakeholders, while also addressing relevance to the Global Reporting Initiative (GRI) Guidelines. The data in the report pertains to the key sustainability aspects of our FHH subsidiaries (where we exert full control while excluding joint venture and outsourced manufacturing) in the following locations (except where stated otherwise):

- Jordan
- Egypt
- KSA
- UAE
- Iran
- Kuwait
- Sudan

Our 2012 sustainability report complies with the GRI's reporting principles for defining contents as indicated in the Nuqul Group Stakeholder Council Independent Assurance Statement (Page 56-58)

This report achieved an A+ GRI application level in accordance with the GRI G 3.1 Guidelines and as declared by Nuqul Group. This application level indicates the highest level of disclosure and transparency as set by the GRI Reporting Guidelines

		C	C+	B	B+	A	A+
Mandatory	Self-Declared						
	Third Party Checked						
	GRI Checked						
		Report Externally Assured		Report Externally Assured		Report Externally Assured	

The report is consolidated by the Sustainability Section/Corporate Operations Support Department at Nuqul Group, for any information you may contact us at [sustainability@nuqulgroup.com](mailto:sustainability@nuqulgroup.com)

## Governance at Nuqul Group

We realize the importance of good governance practices as a driver for stability and excellence in our business and accordingly we chose to separate ownership from management by creating Nuqul Group Board of Directors as the entity responsible for:

- Defining the risk appetite of the group,
- Overseeing the overall group strategy,
- Evaluating and compensating the Group's executives and
- Protecting stakeholders' interests.

The roles, responsibilities of the Board are outlined in the Board of Directors Charter as well as the charters for the Board's audit committee and management development and compensation committee. The chairman of the board of directors of the group represents the owners, our CEO is appointed by the board of directors to manage and oversee the performance of the group, and to avoid any risks of conflict of interest within the board of the directors, the charter sets clear instructions to avoid such conflict and to ensure the implementation of prudent and effective controls.

Our Board of Directors sets the strategic direction of the group and reviews the business, and reputation risks identified by our business planning and development department, to ensure that appropriate risk mitigation plans and methods are in place. The risks identified may include environmental, social and economic risks that affect the viability and continuity of our business

In addition to the group owners and the CEO, there are two independent members; the following is a list of the 6 members currently on our board of directors:

- Mr. Elia Nuqul , Chairman
- Mr. Ghassan Nuqul, Vice chairman
- Mr. Marwan Nuqul, Member
- Mr. Salim Karadsheh, Member, CEO FHH
- Sami Haddad, member, General Manager and Executive Director, Byblos Bank SAL
- Maher Kaddoura, member, General Manager, Al Jude for Scientific Care (Non for Profit)

The members of the Board of Directors are selected based on criteria determining the required qualifications and expertise as outlined in Nuqul Group Board Charter. While there are currently no female members of the board of directors, the charter encourages diversity in gender and nationality within the board.

The board of directors' charter includes a provision regarding the annual review of the board's performance and the performance of its committees with regards to their commitment to the Board's Function. Sustainability performance is not included in this review unless linked to financial performance, and the group C-Suite executives are all compensated based on the financial performance of the group

The Board of Directors work as well as the business approach of all subsidiary companies is directed by our mission statement and core values (See Nuqul Group Sustainability Management Framework section) , and all our businesses are required to comply with all the stipulations in both the mission statement and the core values.

We seek to reinforce the values found in our Code of Conduct as well as our Mission Statement through various actions from

We have been a signatory to the UN Global compact since 2007, and since then we have issued our communication on progress report against the ten principles of the compact on annual basis. This report represents our 5<sup>th</sup> submission pertaining to our sustainability performance in 2012 and against the UN global compact principles

awareness sessions, to our web portal, to email correspondence and official circulars and regular department meetings. Our commitment to and compliance with national and international laws and standards such as the UN Global Compact (UNGC) is ensured through financial and business audits that are conducted periodically

The communication between employees and the board of directors is governed by the following two mechanisms:

- The chain of command: employees can communicate concerns and/or suggestions through the chain of command
- The corporate integrity hotline: the integrity hotline, is a specialized toll free phone service, which is designated to communicate any conduct of employees that violates our code of conduct, the cases reported and the associated actions are communicated directly to the audit committee of the board of directors on a case by case basis.

**Mr. Ghassan Nuqul the vice chairman of Nuqul Group Board of Directors, is currently holding the following positions:**

- Member of the National Council for Competitiveness and Innovation.
- Member of the Ministerial Advisory Board on partnership between Private and Public Sector.
- Member of Private Equity Advisory Board, National Bank of Kuwait
- Ex-Chairman and Member of the Jordan Chapter of the Young Presidents Organization (YPO).
- Member of the Board of Trustees of the Jordan University of Science & Technology.
- Member of the Board of Trustees of Amman Baccalaureate School.
- Chairman of the Employment Support and Vocational Training Theme / National Agenda.
- Member of the Board of the National Center for Culture & Performing Arts/ King Hussein Foundation.
- Member of the Board of Trustees of the Royal Health Awareness Society.
- Member of the Board of Trustees of the Jordan Medical Aid for Palestinians.
- Member of the Board of Trustees of the Jordanian Hashemite Fund for Human Development.
- Member of the Jordanian Businessmen Association.
- Member of the Young Entrepreneurs Association (YEA).
- Founding Member of the Jordan Exporters Association.
- Member of the French – Jordanian Business Club
- Member of the Jordanian European Businessmen Association (JEBA).
- Member of the Jordanian American Businessmen Association (JABA).
- Founding Member of the Jordanian Canadian Business Association (JOCABA).
- Member of the Jordanian Engineering Association.
- Chairman of the Board of SCA-JV (Svenska Cellulosa Aktiebolaget Join Venture)

**Mr. Salim Karadsheh, the CEO of Fine Hygienic Holding – Nuqul Group, also holds the following positions:**

- Board member – Injaz – Jordan.
- Board member – National Corporate Governance Commission – Jordan.

**Nuqul Group Memberships:**

- Member of EDAMA, a local Jordanian NGO working for promoting sustainable business within the Jordanian context.
- Member of the Network for Jordanian Industrial Sustainability



## Nuqul Group Stakeholders

Our stakeholders are identified through an extensive mapping process that defines the parties that are impacted by our decisions, operations and products in addition to the parties that influence the sustainable growth of our business.

Stakeholder	Examples	How we engage	Key issues	Our response
<b>Owners</b>	<ul style="list-style-type: none"> <li>• Owners of Nuqul Group</li> </ul>	<ul style="list-style-type: none"> <li>• Board of Directors meetings</li> <li>• Regular reporting from senior management</li> </ul>	<ul style="list-style-type: none"> <li>• Fiscal continuity of the business</li> <li>• Good public image</li> <li>• Customer Satisfaction and high quality products</li> </ul>	<ul style="list-style-type: none"> <li>• Regular and diligent internal audits to ensure appropriate controls are implemented across all functions.</li> <li>• Continuously updated systems and procedures to ensure compliance of all business units with regulatory requirements and stakeholder demands</li> <li>• Regular engagement for public relations issues.</li> </ul>
<b>Government</b>	<ul style="list-style-type: none"> <li>• Chamber of commerce</li> <li>• Chamber of Industry</li> </ul>	<ul style="list-style-type: none"> <li>• Regulatory inspections and audits</li> <li>• Official letters/websites</li> <li>• Regular inspections by civil defense</li> <li>• Memberships in Government associations</li> </ul>	<ul style="list-style-type: none"> <li>• Compliance with government regulations</li> <li>• Provision of products and services in accordance with safety and hygiene standards</li> </ul>	<ul style="list-style-type: none"> <li>• Continuous compliance with government regulations</li> <li>• Participation in several regulatory committees</li> <li>• Participation in Governmental workshops and seminars</li> <li>• Participation in national awards competitions</li> </ul>
<b>Employees</b>	<ul style="list-style-type: none"> <li>• Trade unions</li> <li>• All employees</li> </ul>	<ul style="list-style-type: none"> <li>• Strategy &amp; business planning process</li> <li>• Management review meetings and retreats</li> <li>• Collective labor agreements</li> <li>• Team and company meetings</li> <li>• Organization Health Survey (OHS)</li> <li>• Self-Managed Team Work (SMTW)</li> <li>• Newsletters, bulletins and Intranet/Portal</li> <li>• Policies/Systems &amp; Procedures</li> <li>• Employee Performance Development Review (PDR)</li> <li>• Social activities and events</li> </ul>	<ul style="list-style-type: none"> <li>• Compensation and benefits</li> <li>• Feedback and performance reviews</li> <li>• Training, talent management and development</li> <li>• Optimum work conditions and fair benefits</li> <li>• Employee engagement, motivation and empowerment</li> <li>• Constant exposure to relevant knowledge and experience</li> </ul>	<ul style="list-style-type: none"> <li>• Complying with the local labor law</li> <li>• Continuous market surveys regarding compensation and benefits</li> <li>• Development opportunities</li> <li>• Motivation programs and awards</li> <li>• Clear authorities and responsibilities</li> <li>• Collective bargaining agreements</li> <li>• HR strategies for improvement</li> </ul>
<b>Suppliers</b>	<ul style="list-style-type: none"> <li>• Pulp suppliers</li> <li>• SAP suppliers</li> </ul>	<ul style="list-style-type: none"> <li>• Prequalification meetings</li> <li>• Day to day liaison</li> <li>• Regular performance review</li> </ul>	<ul style="list-style-type: none"> <li>• Timely payment</li> <li>• Proactive engagement and fair contracts</li> <li>• Favorable working conditions</li> <li>• Opportunities for growing partnerships</li> </ul>	<ul style="list-style-type: none"> <li>• Establishment of partnerships with the suppliers for baby diapers raw material on the baby diaper re-engineering project</li> <li>• Ongoing project with Henkel aimed at reducing the consumption of glue for our diaper production</li> </ul>
<b>Customers</b>	<ul style="list-style-type: none"> <li>• Consumer associations</li> <li>• Retail customers</li> <li>• Business to business customers</li> </ul>	<ul style="list-style-type: none"> <li>• Events &amp; tradeshows</li> <li>• Promotional material</li> <li>• Customer service center</li> <li>• Website and social media</li> <li>• EFQM Surveys</li> </ul>	<ul style="list-style-type: none"> <li>• Value for Money</li> <li>• Quality of products and services</li> <li>• Effective and efficient customer service</li> <li>• Customer engagement</li> </ul>	<ul style="list-style-type: none"> <li>• Procedure for customer services and orders handling</li> <li>• Customer visits from technical and sales teams</li> <li>• Customer survey, feedback and complaints handling system</li> <li>• Effective quality control and monitoring systems</li> <li>• Offers of promotions and rebates</li> </ul>
<b>Communities</b>	<ul style="list-style-type: none"> <li>• Local communities where we operate</li> <li>• Al-Koura district community</li> <li>• NGO such as Injaz, EDAMA, etc</li> <li>• Academic</li> </ul>	<ul style="list-style-type: none"> <li>• Community engagement for social needs assessment</li> <li>• Media involvement through news, exposure and interview opportunities</li> <li>• Direct campaigns organized by our employees interacting with the community</li> </ul>	<ul style="list-style-type: none"> <li>• Investing in addressing contentious community issues such as youth education, poverty alleviation, skills development among others</li> </ul>	<ul style="list-style-type: none"> <li>• Development projects tailored to address community needs and in line with our direction at the same time</li> <li>• Working with the youth in the area to create a network of graduates who are ready to enter the market</li> <li>• Equipping the community with the required skills that will generate a positive impact and represent a direct response to their needs.</li> </ul>

Stakeholder	Examples	How we engage	Key issues	Our response
	institutions	<ul style="list-style-type: none"> <li>•Workshops and events in the area: micro venture approach, launch of library among other projects</li> </ul>		<ul style="list-style-type: none"> <li>•Collaborating with local partners to ensure sustainable support of community specific projects</li> </ul>
Environment	<ul style="list-style-type: none"> <li>•Ministry of Environment</li> </ul>	<ul style="list-style-type: none"> <li>•Monitoring</li> <li>•Protection</li> <li>•Measurements</li> <li>•Programs</li> </ul>	<ul style="list-style-type: none"> <li>•Reducing our significant environmental impacts</li> <li>•Investing in addressing contentious environmental issues such as water shortage</li> <li>•Improving our products and services environmental impact</li> </ul>	<ul style="list-style-type: none"> <li>•Environmental management plans</li> <li>•Compliance with existing regulation to protect environment and future generations</li> <li>•Improving the environment by implementing environmental programs regarding noise, illumination, and energy savings</li> <li>•Reduction of our solid waste</li> <li>•Re-engineering of products to improve the used raw material and its consumption, accordingly to improve the environmental parameters</li> </ul>



## Economic Performance of Nuqul Group

### Management Approach

Our corporate slogan “Growing Together” prescribes our direction towards the creation of sustainable growth and value for all our stakeholders. We have operations in 10 different locations within the Middle East and North Africa region which support the economic growth of the countries where these operations are located, create jobs for local talented and qualified employees, and support partnerships with local suppliers.

We also support community development and investment where we operate through our Strategic Corporate Social Responsibility program which aims to achieve effective community development. This program is based on a thorough investigation of socio-economic needs of the community, and is built to address those needs in an effective and efficient manner.

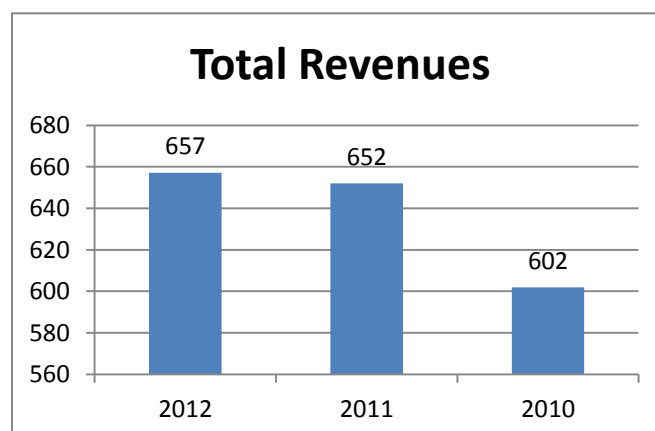
We realize that our operations are impacted by climate change, and we are always seeking opportunities to mitigate such risks through programs and projects that aim to reduce our own contribution to climate change.

We abide by the regulations of the countries we operate in concerning pension plans, where we fully deliver on our commitments to pension through an end of service remuneration or payments to government managed pension funds. Our financial dealings with governments is determined through local laws and regulations.

### Economic Performance

#### Direct economic value

Our revenues in 2012 increased slightly by 0.7% compared to 2011 performance due to the market challenges and the political economic instability that was observed in the Middle East and North Africa region .However, we were still able to maintain revenues close to those achieved in 2011 through the successful and stable market penetration and resulting market share of our products in the different market segments.



The fluctuations in payments to government on a year to year basis are mainly due to changes in local tax laws and regulations in the countries where we operate.

Indicator	Unit	2012	2011	2010
Total Revenues	Million USD	657	652	602
Income Tax paid to government	Million USD	10.5	5.0	3.6
Employee wages and benefits (including bonus, incentives, pension, medical insurance and education program)	Million USD	72.6	67.3	59.5

Our economic performance is also reflected on the economic value we provide for our employees, in 2012 the employee wages and benefits (including bonus, incentives, pension, medical insurance and the

educational allowance) increased by 8% compared to 2011, and this due to an increase in the number of employees accompanied by the annual salary raises which increased the total for the salaries paid for our employees.

### **Employees compensation and benefits**

Our compensation and benefits packages are designed in a manner that ensures a competitive advantage for our group in the job market, and it has enabled us to attract top talent and high competencies to work for us.

Our compensation and benefits package includes the following:

- Competitive basic salary based on market research and benchmarks.
- Performance related annual bonus, production incentives and sales commission.
- Medical insurance package
- Pension/retirement fund (depending on local regulations, either paid to government controlled pension funds, or met directly by the group)
- Educational allowance covering 50% of the tuition fees within a specific cap for employees children
- Commuting allowance, transportation facilities for employees
- Reduced number of working hours per day for working mothers who served 5 years or more in the group.

All our pension obligations have been fully met; the financial obligations are included within employee wages and benefits expenditure.

Country	Type of pension plan
<b>Jordan</b>	Compulsory -Government controlled pension plan paid as follows: <ul style="list-style-type: none"> <li>• 12.25% of the wages to be paid by employer on monthly basis</li> <li>• 6.5% of wages to be paid by employees in monthly basis</li> </ul>
<b>Egypt</b>	Compulsory for Egyptian employees <ul style="list-style-type: none"> <li>• 14% of fixed wages (981 EGP) and 11% of variable (1050 EGP) wages to be paid by employee</li> <li>• 26% of fixed wages (981 EGP) and 24% of variable (1050 EGP) wages to be paid by employer</li> </ul> <p>For expats, it is settled directly by the group</p>

### **Financial implications of climate change**

We understand and recognize the financial implications imposed by climate change on our operations such as its effect on water resources availability, availability of forest areas, temperature variations and their climatic consequences, and while we don't quantify the risks in financial terms, we have incorporated those risks in our business approach through our business risks register so as to identify the most effective means of reducing their financial impacts, when and if such risks are identified as high level risks (with a significant impact on the group and/or imposes significant financial ramifications) the board of directors of the group will insure that mitigation plans are set in place in an effort to avoid all the negative impacts associated with these risks.

Risks and opportunities associated with climate change	
Risks	Opportunities
Fluctuations in rainfall leading to fluctuations in water availability	Renewable energy, energy efficiency and clean technology investments
Receding vegetative cover due to climatic variances, which could compromise raw material availability	Carbon emissions mitigation and trading
Temperature variances which could impact our manufacturing processes, product quality and durability	Sustainable supply chain and Sustainable product design

### Financial Assistance from Government

We receive tax deductions and relief as provided by local laws and regulations in the countries where we operate. As a privately owned company, financial information concerning the value of this assistance cannot be disclosed.

## Market presence

### Standard Entry Level wage

As an organization aspiring to be an employer of choice, our salary scale is designed to pay more than the minimum wage for our entry level workers as set by local laws and regulation, and it is set in a manner that ensures no variation among genders. This standard is set for all of our operations. The table below shows how we perform against the standard entry- level wage set by local laws and regulations in the countries where we operate.

Country	Unit	Local minimum wage	% variation of average entry level wage from minimum wage
Jordan	Jordanian Dinar	190	27% above
Sudan	Sudanese Pound	425	6% above
Morocco	Moroccan Dirham	2427	7% above
Algeria	Algerian Dinar	18000	38% above

### Relationship with Local Suppliers

The local markets where we operate are lacking of suppliers for the raw material that is used in our products, thus we do not have set policies and procedures that give preference to local suppliers, however, where possible for some of the material required for the packaging, adhesives and spare parts, we always seek to contract local suppliers taking into consideration quality, cost and delivery time as well as specific aspects of operations management (environmental and health and safety management certification).

### Local Hiring

We are equal opportunity employers, yet we rarely hire employees from outside the localities where we operate, since these localities are capable of providing us with the caliber of talent that we seek to hire, however, In certain countries of the gulf (Kingdom of Saudi Arabia) We abide by local regulations concerning local hiring where we are requested to meet targets for the percentage of local in workforce (i.e. Saudization)

Indicator	Target	2012	2011	2010
<b>Job Saudization</b>	25% or above	<b>21%</b>	20.11%	23%
<b>Locals in C-suite positions</b>	NA	<b>90%</b>	90%	90%

## Indirect Economic Impacts

We have developed a unique corporate social responsibility model since 2007, which was based on a social needs assessment. This assessment resulted in the adoption of Al-Koura community located in the northern parts of Jordan. Throughout the program we have established several community development activities that aimed to address all the specific social needs to Al-Koura community. The table below demonstrates the financial investments made in this program for the past 3 years. In addition to this CSR program we have established a partnership with Injaz, an independent non-profit Jordanian organization with the mission to inspire and prepare young Jordanians to become productive members in their society and succeed in the global economy. Through this partnership we encourage our employees to volunteer with Injaz as educators for school and university students and showcase their experience in the job market to these students.

	2012	2011	2010
Community investments (Thousand USD)	<b>274</b>	144	235

As a regional group, and a producer of fast moving consumer goods, we understand the influence of our operations and products on all our stakeholders, on the regional and local levels, and we aspire to put our influence, through operations and products, to good use in a manner that guarantees sustainable economic development for all our stakeholders. In this regard we report the following:

- Our increased demand on specific supplies has prompted some of our main suppliers to increase their productivity
- Our products target different market segments, including low-income consumers
- Our partnership with Injaz has helped develop the skills of youth in schools and universities to become more employable within the current job market context.

### List of main activities in Al-Koura district during 2012

Month	Activity
January	Presenting Plays in Al Koura in cooperation with the National Center for Culture and Arts
April	Strategic expansion of our corporate social responsibility initiative in Al-Koura district and in partnership with "Q-Perspective" to implement new projects in the District
June	Signing of the first pioneering collaboration in the Kingdom with The Ministry of Municipal Affairs and the Municipality of Dair Abi Sa'eed to build upon our effective CSR platform in Al-Koura district and to ensure strong impact of the program
August	Launched our Ramadan Campaign in the Adopted Al Koura District in Partnership with Tkiyet Um Ali
December	Launched a packaging and labeling unit in Al Koura, providing income opportunities for six women from the local community

## Environmental performance of Nuqul Group

### Management Approach

We fully understand and act upon our responsibility to the planet that supports our very existence, and we acknowledge our responsibility for mitigating any negative environmental impact that might result from our operations, and as producers of fast moving consumer goods we realize that the continuity of our business is depending upon the availability of resources including raw material, water and energy, and we make every effort to operate within the limits of these resources implementing environmental management programs and systems that are in compliance with ISO 14001 certification standard, and we abide by local, regional and international laws governing environmental performance.

#### **Our World ... Playing our part**

Nuqul Group believes that success and sustainability are interconnected and can only be achieved by recognizing that we are a small part of a large world. We commit to listen carefully to the needs of our customers, employees, suppliers and stakeholders and to balance those needs, acting with responsible behavior towards the environment, our communities and governments. This belief is embodied in our motto 'Growing Together' – employing collaboration and clear communications in our quest to make our world

Moreover, our core values encourage employees' commitment to sustaining earth's natural resources (as demonstrated in the first of our core values – Our World), reducing our negative environmental impact and working with all our stakeholders towards achieving sustainable development.

In 2012 we have conducted a first -of -its- kind exercise in the region to assess the impact of two of our products across the life cycle that we directly influence. This step helped us set the baseline to improve our impact on the product level, and we are working to integrate a product life cycle management approach within our existing systems and procedures to influence the way we operate and the way we design our products to become more sustainable.

Working within the constraints of water shortage, we constantly optimize our processes to conserve the existing water resources while supporting a growth in our production, and we are committed to achieving energy efficiency across all of our operations, not only to reduce the financial burden of the energy bill, but also to reduce the environmental impact imposed by the use of conventional fuel resources. Accordingly, we are constantly working to reduce the Greenhouse Gas emission of our operations and distribution fleet via energy efficiency measures and the use of cleaner fuels.

In terms of clean technology, we are seeking to invest in renewable energy applications where possible and feasible, and we are establishing partnerships with governmental, private and non-governmental organizations (e.g. Membership in EDAMA) to support this endeavor.

We strive to reduce solid waste resulting from our manufacturing and non-manufacturing activities, and in 2012 we have introduced a system that aims to reduce the waste resulting from our non-manufacturing activities.

As for our raw materials, we only work with pulp suppliers who implement renewable forest management practices, ensuring that for any tree cut other trees are planted, and we have initiated a pilot for a supplier sustainability index for all our raw materials to help our suppliers identify means to improve their sustainability performance.

## Materials

As a producer of hygienic products (tissue and absorbent) we require a wide range of materials (see table in next page), and the supply of this material is correlated with the demand for our products in the market, however we strive to reduce our raw material consumption through diligent waste control procedures, and constantly attempt to explore means to recycle waste into the process.

Material	Unit	2012	2011	2010
Tissue	Ton	88,505	84,218	69,900
Pulp	Ton	22,602	23,692	27,137
SAP	Ton	7,617	9,424	8,326
Back sheet - Textile	SQM	38,929,238	10,251,316	9,402,217
Non-woven	SQM	396,652,492	410,183,400	400,157,290
Acquisition distribution layer (ADL)	SQM	16,062,804	18,565,063	13,428,828
Tape	SQM	7,285,715	8,929,617	8,709,114
Hot-melt	Ton	1,423	1,432	1,346
Core board	Ton	2,111	1,891	1,818
Nylon	Ton	7,715	7,975	7,112
Elastic thread	Ton	83	105	103
Cardboard	Ton	11,995	9,829	9,852
Ink	Ton	21	15	15
Glue	Ton	21	16	18
Non-woven Granules	Ton	8,616	8,187	7,816

Our pulp sourcing policy ensures that all of our pulp comes from forests that are managed in a renewable manner; we have adopted this policy in order to conserve forests and reduce the indirect impact of our operations on biodiversity.

Our Nuqul Tissue operations in Egypt provide a supply of FSC certified tissue in response to demand from customers, thus the percentage of FSC certified pulp purchased for our NT operations is dependent upon the demand of our customers. In 2012 the percentage of certified pulp purchased dropped from 7.7% in 2011 to 5.3% in 2012. However, we are committed to raising awareness among all our customers concerning the sustainable advantages of certified pulp, and will develop a communication program with our customers in order to increase the demand for certified pulp.

Pulp Consumption at Nuqul Tissue	Unit	2012	2011	2010
Total pulp consumption	Ton	157,302	151,633	151,901
Total FSC/PEFC pulp consumption	Ton	8,377	11,703	8,973
Percentage of FSC/PEFC pulp from total pulp consumed	%	5.3	7.7	5.9

In our non-woven manufacturing facility, we have ventured into recycling the waste of the non-woven product back into propylene granules, part of which is re-entered into our process and the rest is sold for the use of other manufacturing processes. In 2012 the percentage of recycled propylene has slightly decreased as compared to 2011, this decrease is due to product quality requirements, where an increase in the use of the recycled granules could affect the quality of our products.

Indicator	2012	2011	2010
Percentage of propylene granules recycled into the process for Non-woven manufacturing	10.16%	10.52%	8.76%

In our Nuqul Tissue operation, we set annual targets to improve the pulp yield in our process, pulp yield is the ratio of original pulp weight to the dry pulp retrieved, the lower the percentage the more efficient the use of pulp. In 2012 we reduced our pulp yield by 0.3 percent for 2011, and our pulp yield ratio is considered to be a best performance on a global level since perfect conversion of pulp to tissue with no waste, in principal would be, 950 Kilos of tissue from 1000 kilos of as received pulp, which equates to a yield of 1.052 which is the yield we have achieved in 2012.

Pulp Yield	Unit	2012	2011	2010
Consumed pulp	Ton	157,303	151,633	151,901
Net pulp used in production	Ton	149,512	143,619	143,843
Pulp Yield	Ratio	1.052	1.056	1.056

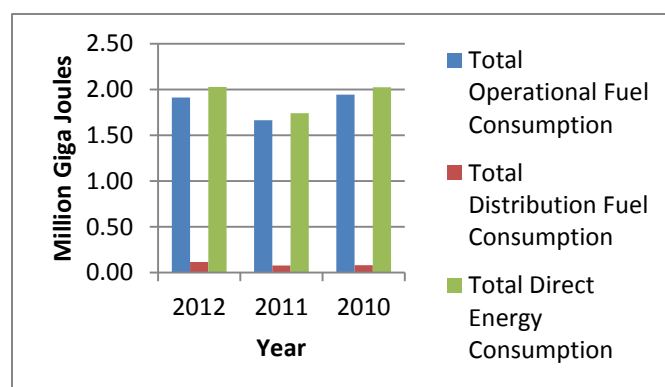
#### **Nuqul Group 2012 Quality Day Awards “Creative Sustainability”**

As part of the Nuqul Group Quality Day awards competition which focused on the theme of “creative sustainability”, Nuqul Tissue in Egypt won the award by designing and implementing a process optimization project which aimed to reduce water and fiber consumption within the process. The project resulted in saving 90 tons of pulp, and 15,000 cubic meters of water within a year.

### **Energy**

Our Nuqul Tissue operations are the largest consumers of energy (electrical and thermal) upon all our facilities, while our converting facilities use energy for manufacturing in the form of electricity from the grid, as well as fossil fuels for their distribution fleets.

In 2012 our consumption of operational fuel has decreased by 1.65% as compared to 2010 (the reference year is set for 2010 because in 2011 one of our gas turbines in Nuqul Tissue Egypt was shut down).



Direct and Indirect Energy Consumption (Giga Joules)			
	2012	2011	2010
<b>Operational fuel consumption</b>			
Kerosene	273,054	105,074	102,410
Heavy Fuel Oil	293,919	294,809	270,739
Natural Gas	1,338,133	1,052,436	1,350,652
LPG	621	205,828	215,515
Diesel	4,601	4,002	3,086
Sub Total	1,910,328	1,662,149	1,942,402
<b>Distribution fuel consumption</b>			
Diesel	69,097	48,304	59,805
Gasoline	48,620	29,501	21,960
Sub Total	117,717	77,805	81,765
Total	2,028,045	1,739,954	2,024,167
<b>Indirect Energy Consumption</b>			
Electricity consumption (MWh)	242,710	235,338	238,552



Our distribution fuel consumption in 2012 significantly increased by 51% as compared to 2011, due to an increase in the number of vehicles in the distribution fleets, as well as an increase in sales volume (23% for adult briefs and 13% for tissue products). To manage our vehicle fuel consumption, we have established efficient routing guidelines to be implemented by all our distribution departments.

Our total electricity consumption in 2012 increased by 3% as compared to 2011, which is due to an increase in production, and while the total consumption value has increased, the consumption per unit product in the different facilities has decreased.

<b>Product Specific Performance</b>			
<b>Operational Fuel (GJ)</b>			
	<b>2012</b>	<b>2011</b>	<b>2010</b>
<b>Per One Million Pulls Converted tissue Produced</b>	<b>0.01</b>	0.01	0.01
<b>Per One Million Diapers Produced</b>	<b>0.27</b>	0.21	0.26
<b>Per One Ton Tissue Produced</b>	<b>12.72</b>	11.52	13.44
<b>Per One Million Boxes Produced</b>	<b>0.00</b>	0.00	0.00
<b>Per Ton Non-Woven Produced</b>	<b>1.02</b>	0.93	1.10
<b>Vehicle Fuel (GJ)</b>			
<b>Per One Million Pulls Converted tissue Sold</b>	<b>13.80</b>	10.03	13.01
<b>Per One Million Diapers Sold</b>	<b>1.07</b>	0.64	0.88
<b>Per One Ton Tissue Sold</b>	<b>0.18</b>	0.13	0.16
<b>Per One Million Boxes Sold</b>	<b>19.71</b>	14.35	16.83
<b>Per Ton Non-Woven Sold</b>	<b>0.18</b>	0.16	0.19
<b>Electricity (MWh)</b>			
<b>Per One Million Pulls Converted tissue Produced</b>	<b>0.77</b>	0.71	0.76
<b>Per One Million Diapers Produced</b>	<b>24.89</b>	22.13	23.83
<b>Per One Ton Tissue Produced</b>	<b>1.17</b>	1.18	1.19
<b>Per One Million Boxes Produced</b>	<b>7.45</b>	8.48	8.94
<b>Per Ton Non-Woven Produced</b>	<b>1.51</b>	1.54	1.57

**Nuqul Tissue in Egypt is the first in the industry (regionally) to be certified with the ISO 50001 energy management certification**

AL Sindian-Nuqul Tissue Egypt received the new ISO 50001 certificate for the Energy Management System, which was handed over by SGS Company and the president of Egyptian Organization for Standardization & Quality (EOSQ) during the celebration of the “World Standards Day” held and organized in Egypt on the 14th of October 2012 by the (EOSQ), which was attended and sponsored by the minister of industry and foreign commerce of Egypt.

## **Water**

As we operate in some countries that are characterized with a low water supply, we realize that if we do not manage our water demand efficiently, our business and our stakeholders will suffer. Thus we made a conscious choice to implement sustainable water management measures, especially in our Nuqul Tissue operations, a water dependent operation.

In 2012 we have managed to reduce our water consumption by 3.4% as compared to 2011. Our tissue jumbo rolls still maintain water consumption per ton ratio which is 50% lower than that of the industry average without compromising the quality of the tissue.



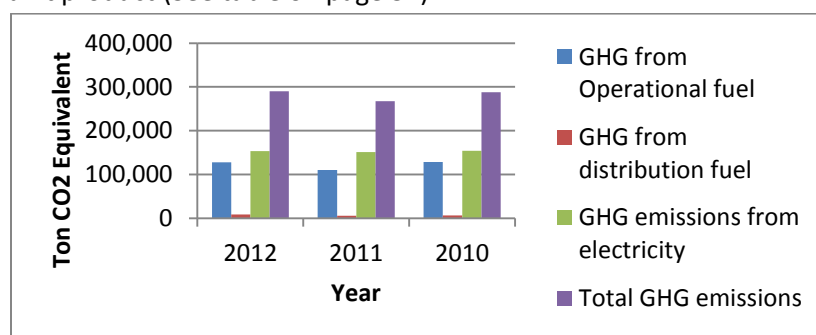
Water consumption (Cubic Meter)	2012	2011	2010
Water from national grid	665,209	705,409	702,401
Water from ground water resources (Artesian wells)	530,172	531,948	552,033
<b>Total water consumption</b>	<b>1,195,381</b>	<b>1,237,357</b>	<b>1,254,434</b>

We are constantly seeking ways to further reduce our impact on water availability, and we are encouraging water savings in administrative activities through communication with our employees. Waste water from our Nuqul Tissue operations in Jordan is treated and the resulting grey water is used to water an olive farm close to the facility while the sludge is sold to a contractor to dispose of as per local regulations. In 2012 the estimated sludge amounts resulting decreased by 8.3 % from 2011.

Indicator	2012	2011	2010
<b>Total estimated sludge generated in Nuqul Tissue Jordan (Tons)</b>	<b>753</b>	<b>822</b>	<b>757</b>

## Greenhouse Gas (GHG) Emissions

We realize that our operations contribute to climate change, and we aim to reduce this contribution through diligent energy efficiency measures. In 2012 our GHG emissions increased by 0.8% as compared to 2010 levels (2010 is set as the reference year since in 2011 a major gas turbine was shut in Nuqul Tissue Egypt). This increase is due to an increase in production and increase in sales, based on which the carbon foot print for most of our products has decreased as compared to 2010 except for converted tissue and diaper, for which the carbon footprint has increased due to an increase in vehicle fuel consumption per unit product.(See table on page 32).



Direct Greenhouse Gas (GHG) Emissions (Ton CO2 Equivalent)			
	2012	2011	2010
<b>GHG emissions from operational fuel</b>			
Kerosene	19,701	7,581	7,389
Heavy Fuel Oil	21,617	21,683	19,913
Natural Gas	86,161	67,765	86,967
LPG	39	12,998	13,610
Diesel	342	298	229
<b>GHG from Operational fuel</b>	<b>127,860</b>	<b>110,325</b>	<b>128,108</b>
<b>GHG emissions from distribution fuel</b>			
Diesel	5,209	3,642	4,509
Gasoline	3,451	2,094	1,559
<b>GHG from distribution fuel</b>	<b>8,661</b>	<b>5,736</b>	<b>6,068</b>
<b>GHG emissions from Electricity</b>			
<b>GHG emissions from electricity</b>	<b>153,541</b>	<b>151,355</b>	<b>153,587</b>
<b>Total GHG emissions</b>	<b>290,062</b>	<b>267,416</b>	<b>287,763</b>

Product Specific Performance				
GHG Emissions (Ton CO2 Equivalent)				
	2012	2011	2010	Trend Justification
Per One Million Pulls Converted tissue Produced	0.55	0.50	0.54	Vehicle fuel consumption increased
Per One Million Diapers Produced	20.25	16.78	18.43	Vehicle fuel consumption increased
Per One Ton Tissue Produced	1.59	1.52	1.66	Both electrical and thermal power consumption are decreased through process optimization and energy efficiency measures
Per One Million Boxes Produced	4.80	5.51	5.81	Electricity consumption decreased due to the implementation of energy efficiency measures
Per Ton Non-Woven Produced	1.03	1.05	1.09	Electricity consumption decreased due to the implementation of energy efficiency measures

#### Nuqul Tissue Egypt – CDM project registration

In 2012 Nuqul Tissue Egypt completed the registration of its first Clean Development Mechanism (CDM) project in Egypt under United Nations' Kyoto Protocol. The registered project is Al-Sindian 13 MW Natural Gas based co-generation power project, developed by Al-Sindian Paper Mill, and is located in 6th October industrial city, close to Cairo.

The co-generation project falls under United Nations' category of renewable energy projects, diversifies the sources of electricity generation, and reduces dependence on grid-supplied electricity. The project contributes to Egypt's goals for sustainable development by reducing electricity and heat supply to the paper mill through fossil fuels. The project will promote use of renewable energy in the region and encourage other companies in the country to register CDM projects and contribute to national sustainable development goals.

## Waste

All of the waste generated in our facilities is sold to third party contractors to be reused for other manufacturing facilities, in 2012 the waste generated decreased by 2.4% (the waste share for each of our products has also increased, see product specific performance), but we have achieved zero waste sent to landfill by all our facilities in Jordan, Egypt, KSA and UAE.

Indicator	2012	2011	2010
Total solid waste generated (Ton)	5,260	5,391	6,776

Product Specific Performance				
Waste (Ton)				
	2012	2011	2010	
Per One Million Pulls Converted tissue Produced	0.65	0.69	0.92	
Per One Million Diapers Produced	2.23	2.30	3.08	
Per One Million Boxes Produced	1.08	1.30	1.69	
Per Ton Non-Woven Produced	0.10	0.11	0.14	

## **Product Life Cycle Assessment**

In 2012 we commissioned the first of a kind life cycle impact assessment (LCA) for two of our main products, this assessment was conducted in accordance with ISO 14040 guidelines on life cycle assessment, and has helped to set the baseline for impact of the two products, and we plan to implement this study on 7 more of our products to identify opportunities for improvement in design, processing and performance of the products.

## **Compliance**

We did not incur any monetary fines or nonmonetary sanctions for noncompliance with environmental laws and regulations.

## Human Resources Management in Nuqul Group

We believe that our employees are our family and we always strive to achieve what is in their best interest. The human resources departments at the Head office, in collaboration with human resources departments at our facilities, are responsible for managing all labor related issues at the facility level as well as the group level. The human resources departments are responsible for organizational design, recruitment, training and career development, performance management, compensation and benefits and succession planning among other activities.

We are always on the look for the best talent and we partner with local academic institutions to provide internship opportunities to future graduates, through which we identify talented young minds that can fit our caliber and work within our organization.

We are an equal opportunity employer and we ensure that all prospective employees are selected based on merit.

Our internal communication systems ensure open channels of communication between labor and management. Our grievance system sets procedures for employees to express their concerns regarding their relationship with the management; our suggestion system provides opportunity for all our employees to place suggestions concerning all aspects of our business.

We implement a group wide employee training and development system that aims to identify skill needs for our employees and find training opportunities that meet those needs. Additionally, we implement on the job training that facilitates knowledge transfer among employees at all levels and across all functions.

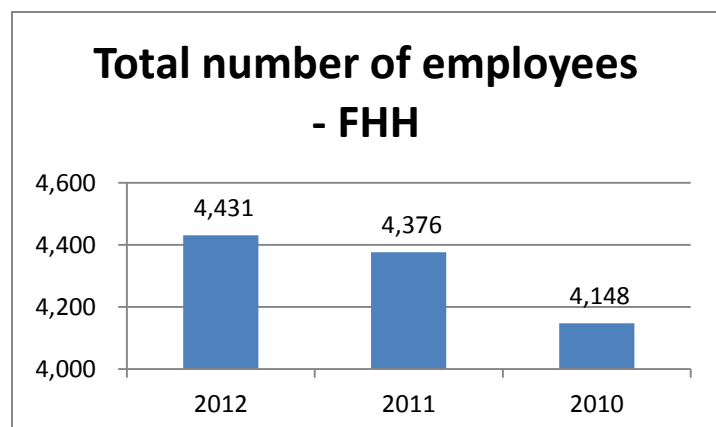
Our compensation and benefits system is based on a unified salary scale, market research and benchmarks, that ensure equal remuneration among genders, and we have set in place benefit systems for working mothers and women to provide for stable retention rates among our female employees.

Our Environment, Health and Safety Department is responsible for ensuring compliance with internal and external health and safety regulations and improving the health and safety working conditions of our employees.

We fully abide by the laws and regulations governing employment procedures and labor-management relations in the related country of operations.

### Total Workforce

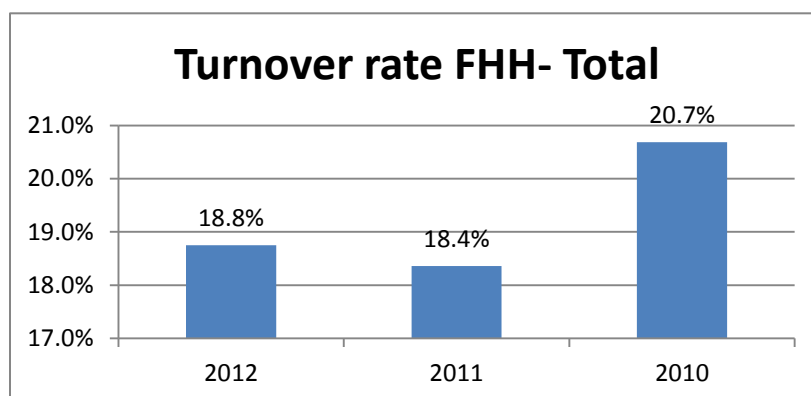
Our headcount in 2012 has increased by 1.3% from 2011, the rate of new hires for the group in 2012 decreased 1.8% as compared to 2011, this is due to the high retention rate among the new hires.



Indicator	Unit	2012	2011	2010
Total number of employees FHH-Levant	Employees	1,610	1,645	1,582
Total number of employees FHH-API	Employees	1,441	1,407	1,339
Total number of employees FHH-North Africa	Employees	1,380	1,324	1,227
Total Number of Employees – FHH	Employees	4,431	4,376	4,148

Indicator	Unit	2012	2011	2010
Total number of new hires FHH – Levant	Employees	291	422	368
Total number of new hires FHH – API	Employees	385	324	411
Total number of new hires FHH – North Africa	Employees	186	181	229
Total Number of new hires – FHH	Employees	862	927	1,008
Rate of new hires – Levant	%	19.6%	27.8%	25.4%
Rate of new hires – API	%	26.7%	23.0%	30.7%
Rate of new hires - North Africa	%	13.5%	13.7%	18.7%
Rate of new hires – FHH	%	20.0%	21.8%	25.1%

Our turnover rate increased by 0.4% from 2011, but it is still maintained within healthy levels. As for maternity leave, our policies are in full compliance with local laws and regulations; we encourage and practice return to work after maternity.



Indicator	Unit	2012	2011	2010
Turnover rate FHH – Levant	%	20.3%	25.4%	23.8%
Turnover rate FHH – API	%	KSA: 27.2% UAE: 7.5% Iran: 45.9% Kuwait: 38.4%	KSA: 19.6% UAE: 7.6% Iran: 39.2% Kuwait: 66.3%	KSA: 23.6% UAE: 11.0% Iran: 33.9% Kuwait: N/A
Turnover rate FHH – North Africa	%	Egypt: 10.1% Morocco: 4.9% Algeria: 0% Sudan: 25.4%	Egypt: 5.5% Morocco: 1.4% Algeria: 0% Sudan: 26.9%	Egypt: 14.7% Morocco: 25.9% Algeria: NA Sudan: 15.6%
Turnover rate FHH- Total	%	18.8%	18.4%	20.7%

## Health and Safety

Health and safety of our employees come first on our list of priorities. In 2012, our accident frequency ratio decreased by 42.6% from 2011 levels, while our accident severity ratio decreased by 25.7% for the same year. Our non-woven manufacturing facilities achieved zero accidents and zero lost time in the whole of 2012.

indicator	Unit	2012	2011	2010
Total number of accidents	Accident	30.00	52.00	54.00
Total number of lost days	Day	649.00	863.00	1261.00
Total number of working hours	Hour	12,486,407	12,342,890	10,628,980
Total number of fatalities	Fatality	0	1	0
Accident Frequency Ratio	Accident/1000 employees/month	0.58	1.01	1.22
Accident Severity Ratio	Lost days/1000 employees/month	12.47	16.78	28.47

### **Breast Cancer Awareness**

In 2012 we conducted a breast cancer awareness session for our female employees in the head office and in cooperation with Al Hussein Cancer Center in Amman Jordan, the awareness session provided information to women on early detection for breast cancer, risk factors contributing to possible breast cancer awareness as well as course of treatment upon detection.

In 2012 we have started the process of implementing a health and safety management system at our Head Office, which is the first to be implemented within an office working environment. The Head Office health and safety policy has been formulated and signed off by our chief executive officer, and a health and safety committee has been established to follow up on progress of implementing the management system.

### **Employee Training and Development**

As the main driver for business continuity and productivity, we believe that the development of employees' capabilities is conducive to our growth and success. Our Performance Development Review (PDR) system is set to evaluate the performance of our employees and define their skill development needs, based on which we identify matching development programs.

### **Self-Managed Team Work (SMWT)**

We have implemented the SMWT model in our Fine KSA, Fine Jordan and PPP facilities, in order to engage and empower employees to expedite issues related to safety, quality and production as we believe that such empowerment would conducive to increased productivity.

Our sustainability strategy is based on a workforce focus, as we believe that the workforce exerts the most influence in promoting the uptake of sustainability within our operations and products and amongst customers and communities. Therefore we aim to use sustainability principles through training, performance reviews and communication so as to influence the course of development for all our stakeholders towards more sustainable levels.

We target employees at all levels to improve their professional and interpersonal skills, however for 2012 we have put focus on the development of employees in middle management positions.

Indicator	unit	2012	2011	2010
Average number of training hours per employee – FHH	Hours	16.81	16.72	16.74
Number of employees at chief executive and director level taking training	Employees	16	9	55
Number of employees at upper management level taking training	Employees	131	57	185
Number of employees at officer to middle management level taking training	Employees	1174	478	1235
Number of employees at front line level taking training	Employees	861	587	2737

As we believe that performance evaluation drives performance improvement of employees, our performance development and review system ensures that 100% of all our employees receive annual performance appraisals.

### Diversity and Equality

Our core values provide us with guidance regarding the way we deal with our employees, we always strive to create a work environment that promotes diversity and rejects all forms of discrimination amongst our staff, our business partners and in our employment practices. Our Code of Conduct commands respect of people, culture and traditions, and encourages all of our employees to embrace the differences arising from gender, age, ethnicity and religion. As of 2012 we have employees from 27 nationalities working in our facilities in the MENA region, and the average age for our employees is 35.4 Years.

As our compensation and benefit system is based upon a salary scale that reflects the job value, there is no discrimination in wages between men and women. In 2012 the percentage of female employees of the workforce increase by 0.6% from 2011 levels, while the percentage of female employees in management positions increased by 0.4% compared to 2011.

	Unit	2012	2011	2010
Total number of female employees FHH-Levant	Employees	113	117	110
Total number of female employees FHH-API	Employees	71	50	45
Total number of female employees FHH-North Africa	Employees	87	74	61
Total Number of Female Employees – FHH	Employees	271	241	216
percentage of female employees in the workforce –Levant	%	7.0%	7.1%	7.0%
percentage of female employees in the workforce - API	%	4.9%	3.6%	3.4%
percentage of female employees in the workforce - North Africa	%	6.3%	5.6%	5.0%
percentage of female employees in the workforce - Total FHH	%	6.1%	5.5%	5.2%
Percentage of female employees in management positions FHH – Levant	%	13.0%	12.9%	9.9%
Percentage of female employees in management positions FHH – API	%	4.3%	6.0%	7.0%
Percentage of female employees in management positions FHH – North Africa	%	18.4%	13.7%	11.4%
Percentage of female employees in management positions – Total FHH	%	11.7%	11.2%	9.3%

## **Human Rights in Nuqul Group**

As an active participant and signatory to the UN Global Compact, we are committed to maintaining a work environment which upholds human rights and condemns any human rights violations, including child labor and all forms of forced or compulsory labor.

We operate in countries supporting the International Labor Organization (ILO), and we are committed to achieving the goals of the ILO's article CO29, addressing the concerns regarding all forms of forced or compulsory labor. Furthermore, we comply with all local laws and regulations concerning forced or compulsory labor and collective bargaining.

All of our facilities are required to abide by our internal code of conduct which ensures their commitment to upholding human rights in all aspects of operations.

Our integrity hotline and our grievance system ensures that all incidents related to human rights violations and discrimination are communicated promptly to our internal conduct committee, and our integrity hotline targets our internal as well as external stakeholders, and provides for a clear and safe channel to report any incident of violation of our code of conduct.

As for our suppliers, we work with suppliers from the European Union, North America, Japan and Taiwan where they follow stringent local human rights regulations that ensure elimination of human rights violations.

## **Investment and Procurement Activities**

Our contractual system stipulates that our business partners should abide by ethical business principles; however we do not include specific clauses pertaining to human rights in our agreements and contracts, including investment contracts, suppliers' contracts and any other business contracts. On this basis we do not conduct human rights screening or audits for these types of contracts.

As for our operations, our code of conduct includes clauses regarding the respect of human rights and all of our facilities and employees are required to comply with this code.

## **Labor rights in the work place**

As a signatory to the UN Global Compact, and an equal opportunity employer we strive to establish a work environment which is completely free of discrimination. We fully support the right of collective bargaining in all our operations, where permitted in accordance with local laws and regulations. Moreover, all our operations are prohibited from encouraging any form of child labor and /or forced or compulsory labor and are audited for such an annual basis.

Accordingly we report that zero cases of grievance related to human rights violations were communicated and none of our operations recorded any incident of discrimination, violation of the right of association and collective bargaining, child labor and force or compulsory labor, and based on this none of our operations were subject to human rights reviews.



## **Society and Nuqul Group**

We have adopted a Corporate Social Responsibility (CSR) model that ensures the implementation of effective and efficient community development projects, this CSR model runs under one umbrella of Nuqul Group (comprising FHH and the Promise). The model is based on social need and impact assessment, through which we adopted one poverty pocket in the northern district of Jordan, and developed a series of activities that addressed the identified gaps and needs of this community in order to support its strategic development and eliminate poverty.

Our code of ethics explicitly commits to preventing corruption and all forms of anti-competitive behaviors in all aspects of business, and our internal audit department ensures compliance with this code.

We constantly participate in stakeholders' engagement activities concerning aspects of public policy that influence our operations, however we do not hold any public policy positions and we do not engage in lobbying.

We comply with all local laws and regulations regarding all aspects of our work.

## **Community Engagement and Development**

Our community development activities are focused within one CSR program targeting Al-Koura community in the northern parts of Jordan, through this program we identified community needs and designed development programs that aim to address those needs through capacity building activities, infrastructure construction and the creation of effective partnerships with governmental and non-governmental agencies.

We have also established a micro-finance venture for Al-Koura district to support the establishment of community based projects.

## **Social Impact of Nuqul Group**

We understand the social impact associated with our operations, mainly in terms of affecting resource availability for the communities where we operate.

Our Nuqul Tissue operations are both water and energy dependent, and we strive to sustain our operations while maintaining those resources in a manner that does not jeopardize their availability for the surrounding communities.

In Nuqul Tissue Jordan, water supply is not provided through the local water grid, but through an artesian well close to the facility, more over annual targets are set to reduce the resource consumption per ton product to avoid resource depletion.

## **Corruption**

In addition to the existing anti-corruption policies found in the Group's Code of Conduct, we have launched a Corporate Integrity Hotline to provide the employees in the organization with a system to report unethical behavior. This initiative began with an organization-wide employee training that covered: identifying incidents of corruption, proper use of the Hotline, methods of reporting, and the impact of such cooperation on the organization.

Our internal audit department is responsible for conducting audits concerning the implementation of proper internal controls across all departments and in all of our facilities, and we have provided

specialized training for 12.5% of the employees in this department regarding anti-corruption policies and procedures. Once a corruption claim is identified, an investigation is conducted by our internal audit department and if the claim is proved, the party responsible for this claim would be held accountable and appropriate measures are taken against them.

## Participation in Public Policy

As a regional organization, head quartered in Jordan, we are constantly engaged in stakeholders' consultations concerning different aspects of public policy through our involvement in local policy advocacy groups and associations (e.g. EDAMA, Jordanian Businessmen Association), however our organization does not hold any official position in public policy formation and we do not participate in any lobbying activity.

We abide by all local and regional laws and regulations and we report that we incurred no monetary fines or non-monetary sanction due to non-compliance with any laws and regulations.

### AL KOURA INITIATIVE

In Jordan, Nuqul Group chose Al Koura district after closely examining and analyzing its priorities and needs. Working with a number of specialized and experienced NGOs, the Group initiated projects to support and meet the needs of families by providing them with food necessities and empowering their members with specific training.

The second stage involved creating a network of youth ambassadors in the area through Nuqul Group's partnership with a local NGO, offering extensive training courses on success, employability and life skills: opening doors of opportunities for youth in the district. To further its commitment to social entrepreneurship, Nuqul Group also formed a micro venture capital fund to create capacity building platforms.

In 2012, Nuqul Group made a strategic decision to institutionalize its work in Al Koura as part of its commitment to sustainability in all its aspects of work. Building on the excellent credibility and work with local and national partners in the areas of socio-economic security, education and food security, Nuqul Group pursued a strategic partnership with the Ministry of Municipalities and the municipality of Deir Abi Saeed, the central municipality in Al Koura district.

Through this partnership, Nuqul Group committed to establish, operate, and widely promote a number of small and medium socio-economic, educational, food security and culture and arts projects in Al Koura over the next five years. The municipality and Ministry of Municipal Affairs agreed to dedicate lands, buildings and playgrounds in the Al Koura district for the benefit of the local community. In 2012, Nuqul Group established a packaging and labeling workshop in one location – the urban district – in Deir Abi Said, and provided income opportunities for six women currently working in the workshop. A farm spread over 8,000 m<sup>2</sup> in Kufr Al Ma in the district was also cultivated using chemical –free agriculture methods, and a building on the same land was used to establish a food processing unit.

A number of training and awareness raising activities were conducted with the local community, municipal staff, and direct beneficiaries of the project, and the assets provided by the municipality are gradually being operated.

## Product Responsibility in Nuqul Group

Customer health and safety is at the top of our priorities, and we thrive to ensure that the products delivered to the consumer are safe to handle and use, our internal health and safety system ensures that health and safety risks within our production process are assessed and prevented, our Steripro™ sterilization process ensures the elimination of germs in our products prior to packaging.

Our brand guidebook entails that we clearly communicate the specific attributes of our products to all our consumers, and all cultural aspects are taken into consideration when developing all marketing material. We abide by all local laws and regulations concerning marketing communications.

## Customer Health and Safety

We report that we incurred no accidents of incompliance with regulations and voluntary codes concerning health and safety impacts of our products

Life cycle stages in which health and safety impacts of products and services are assessed for improvement				
Life cycle	Yes	No	Percentage of products assessed	Scope and methodology
Development of Product Concept	♣		100%	All new products
Research and Development		♣	NA	NA
Certification	♣		100%	Our Steripro™ label is used for all our products, and indicates that an effective sterilization methodology has been used during the production process.
Manufacturing and Production	♣		100%	All our manufacturing facilities are OHSA certified, and are annually audited internally and by a third party, to ensure compliance with acceptable occupational health and safety standards.
Marketing and Promotion	♣		100%	The Steripro™ label is clearly communicated through our marketing channels, highlighting the safety of our products.
Storage Distribution and Supply		♣	NA	The storage, distribution and supply of our products do not impose any significant health and safety risks. The storage of RM is based on our health and safety system and ensures that any hazardous material is stored within optimum health and safety conditions.
Use and Service	♣		100%	Our products do not impose any significant health and safety impacts during use.
Disposal, Reuse or Recycling		♣		This will be tackled as part of our direction to raise the awareness of our consumers, regarding safe and environmentally friendly disposal of our products.

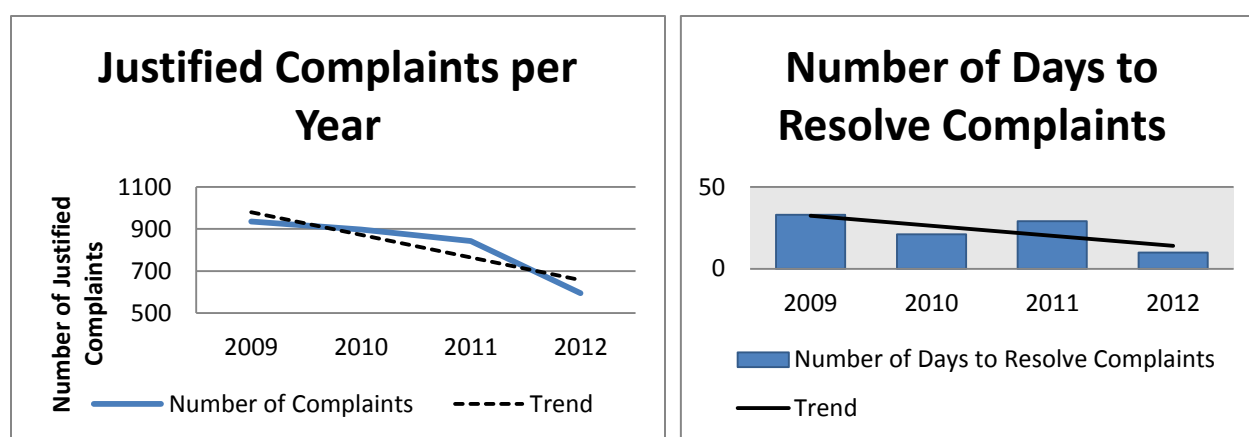
## Customer Satisfaction

Our Fine operations in addition to Nuqul Tissue have over 17,000 customers in their customer base, to which we are committed to delivering high quality products that rise above our customers' expectations. Fine, our class A tissue brand, has been successful in achieving its place among consumers as the brand of choice, and we are constantly seeking to maintain this reputation in every product we develop.

Our “Customer Complaint Index System” acts as the channel through which we communicate with our customers. The Operations Support Department is responsible for addressing customer complaints by analyzing and benchmarking the Group’s performance on a monthly basis, identifying root causes and implementing corrective and preventive measures to improve customer satisfaction levels.

Indicator	2012	2011	2010
Number of justified complaints (complaints)	595	843	897
Average lead time to resolve complaint (days)	10	29	21

In 2012 the number of customer complaints for our Fine converting operations (in Jordan, Egypt and KSA) dropped by 26.9%, while the average lead time to resolve customer complaints decreased by 76.8% This is mainly due to the implementation of a diligent follow up mechanism that ensure that all complaints are resolved in 10 days or less.



#### **EFQM (European Foundation for Quality Management)**

As part of compliance with King Abdullah II Award for Excellence which is based on the EFQM Excellence model, some of our business units in Jordan including Fine Jordan and PPP adopted this model so as to become eligible for this award.

The EFQM Excellence Model is a non-prescriptive framework for organizational management systems, promoted by EFQM(the European Foundation for Quality Management) and designed for helping organizations in their drive towards being more competitive and consumer centric.

### **Communications with Customers**

We do not comply with voluntary standards concerning marketing communication, however our brand guidebook provides for the basis on which we design our marketing material. We constantly attempt to design and disseminate advertising material that is credible, culturally sensitive and accurate, and we have received no complaints in regards to our communication and advertising material. Moreover, we did not incur any monetary fines or non-monetary sanctions for incompliance with laws and regulations concerning the provision and use of products and services.

## Data Scope, Sources and Calculation Basis

Indicator	Scope	Source(s)	Calculation assumptions
Total revenues and employee wages and benefits	FHH collective	Form Finance Department at Head Office	NA
Payments to governments	FHH collective	Form Finance Department at Head Office	Based on total sum of taxes paid to governments
Percentage variation of average entry level wage in FHH from local minimum wage	As indicated in the table	Average entry level wage from HR department at HO, local minimum wage as provided by local regulations published on the world wide web	$\frac{\text{Average entry level wage in business unit}}{\text{local minimum wage in the country of the business unit}} * 100$
Percentage Saudization	Fine KSA	From HR department in Fine KSA	$\frac{\text{Number of Saudi employees}}{\text{Total number of employees in workforce}} * 100$
Pulp and Material consumption	Nuqul Tissue Jordan, Nuqul Tissue Egypt, Fine Jordan, Fine Egypt, Fine KSA, Fine UAE, SPIC, PPP	Directly from business excellence and operations departments at business units	Actual consumption data
Percentage of recycled poly propylene granules recycled into manufacturing in Non-woven production	SPIC	Directly from production department in SPIC	$\frac{\text{Amount of recycled granules used in production}}{\text{total amount of granules used in production}} * 100$
Pulp Yield	Nuqul Tissue Jordan, Nuqul Tissue Egypt	Directly from operations department	Ratio of consumed pulp to amount of pulp used in production
Electricity consumption, Water consumption, fossil fuel consumption and waste generated	Nuqul Tissue Jordan, Nuqul Tissue Egypt, Fine Jordan, Fine Egypt, Fine KSA, Fine UAE	Sustainability Dashboard and business excellence departments at business units	Actual consumption data
Electricity consumption per unit product	NT, Fine converting, PPP and SPIC	Electricity consumption data provided by the sustainability dashboard, production data provided by technical dashboard and production departments at business units	$\frac{\text{Fine converting products}}{\text{Total electricity consumption} * \text{sales share of product category}} * \frac{\text{total production of product category}}{\text{total production}}$
GHG emissions	Nuqul Tissue Jordan, Nuqul Tissue Egypt, Fine Jordan, Fine Egypt, Fine KSA, Fine UAE, PPP and SPIC	Calculated from energy consumption data based on the GHG protocol formula and the IPCC guidelines and emission factors. Electricity GHG emission factors are taken from the International Energy Agency.	
Total sludge	Nuqul Tissue Jordan	From operations	Estimate based on material balance

Indicator	Scope	Source(s)	Calculation assumptions
generated		department in Nuqul Tissue Jordan	
Employee headcount	Nuqul Tissue Jordan, Nuqul Tissue Egypt, Fine Jordan, Fine Egypt, Fine Algeria, Fine Morocco, Fine Sudan, Fine KSA, Fine UAE, Fine Kuwait, Fine Iran and the Head Office for Nuqul Group	Human Resources (HR) Department at the Head Office	Number of employees at end of year
Number and rate of new hires	Nuqul Tissue Jordan, Nuqul Tissue Egypt, Fine Jordan, Fine Egypt, Fine Algeria, Fine Morocco, Fine Sudan, Fine KSA, Fine UAE, Fine Kuwait, Fine Iran and the Head Office for Nuqul Group	Human Resources (HR) Department at the Head Office	Number of employees hired until year end
Employee turnover rate	As indicated in the table on page 29	Human Resources Department at the Head Office	$\frac{\text{Terminated or resigned employees during the year}}{\text{the number of employees at year end}} * 100$
Accident frequency ratio (AFR)	Nuqul Tissue Jordan, Nuqul Tissue Egypt, Fine Jordan, Fine Egypt, Fine KSA, Fine UAE	Directly from health and safety department at Business Units	$\frac{\text{number of accidents at year end} * 240000}{\text{total number of working hours at year end}}$
Accident severity ratio	Nuqul Tissue Jordan, Nuqul Tissue Egypt, Fine Jordan, Fine Egypt, Fine KSA, Fine UAE	Directly for health and safety department at Business Units	$\frac{\text{number of lost days at year end} * 240000}{\text{total number of working hours at year end}}$
Average number of training hours per employee	FHH collective	Human Resources Department at the Head Office	$\frac{\text{total number of training hours at end of year}}{\text{total number of trained employees}}$
Percentage of female employees of total workforce	Nuqul Tissue Jordan, Nuqul Tissue Egypt, Fine Jordan, Fine Egypt, Fine Algeria, Fine Morocco, Fine Sudan, Fine KSA, Fine UAE, Fine Kuwait, Fine Iran and the Head Office for Nuqul Group	Human Resources (HR) Department at the Head Office	$\frac{\text{number of female employees at year end}}{\text{total number of employees at year end}} * 100$
Percentage of female employees in management positions	Nuqul Tissue Jordan, Nuqul Tissue Egypt, Fine Jordan, Fine Egypt, Fine Algeria, Fine Morocco, Fine Sudan, Fine KSA, Fine UAE, Fine Kuwait, Fine Iran and the Head Office for Nuqul Group	Human Resources (HR) Department at the Head Office	$\frac{\text{number of female managers at year end}}{\text{total number of managers at year end}} * 100$
Number Human Rights related grievances	FHH collective	From HR department at the HO	
Community contributions	Nuqul Group Collective	From PR Agency	Total community contributions at year end
Percentage of employees trained in anti-corruption policies and procedures	FHH collective	Audit department at the head office	$\frac{\text{\# of employees trained in anti-corruption policies and procedures}}{\text{total number of employees in the audit department}} * 100$

Indicator	Scope	Source(s)	Calculation assumptions
Number of customer complaints	Fine Jordan, Fine Egypt, Fine KSA	Operations support department and Business excellence departments in Business Units	Number of customer complaints at year end
Average lead time to resolve customer complaints	Fine Jordan, Fine Egypt, Fine KSA	Operations support department and Business excellence departments in Business Units	$\frac{\sum(\text{closing date} - \text{start date})}{\text{number of complaints in month end}}$ / number of months

## GRI Index

<b>Application Level</b>	<b>A+</b>	<b>Assured by</b>	<b>Nuqul Group Stakeholder Council</b>

Profile Disclosure	Description	Reporting status	Page	Reason for omission
1.1	Statement from the most senior decision-maker of the organization.		4-5	
1.2	Description of key impacts, risks, and opportunities.		10-12	
2.1	Name of the organization.		17	
2.2	Primary brands, products, and/or services.		17	
2.3	Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures.		18	
2.4	Location of organization's headquarters.		17	
2.5	Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report.		17	
2.6	Nature of ownership and legal form.		17	
2.7	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries).		17	
2.8	Scale of the reporting organization.		17	
2.9	Significant changes during the reporting period regarding size, structure, or ownership.	Not reported		None to report
2.10	Awards received in the reporting period.		8	
3.1	Reporting period (e.g., fiscal/calendar year) for information provided.		19	
3.2	Date of most recent previous report (if any).		19	
3.3	Reporting cycle (annual, biennial, etc.)		19	
3.4	Contact point for questions regarding the report or its contents.		19	
3.5	Process for defining report content.		10-12, 23-24	
3.6	Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers). See GRI Boundary Protocol for further guidance.		19	
3.7	State any specific limitations on the scope or boundary of the report (see completeness principle for explanation of scope).		19	
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organizations.		19	
3.9	Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the Indicators and other information in the report. Explain any decisions not to apply, or to substantially diverge from, the GRI Indicator Protocols.		44-46	
3.10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement (e.g. Mergers/acquisitions, change of base years/periods, nature of business, measurement methods).	Not reported		None to report
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.	Not reported		None to report



Profile Disclosure	Description	Reporting status	Page	Reason for omission
3.12	Table identifying the location of the Standard Disclosures in the report.		47-54	
3.13	Policy and current practice with regard to seeking external assurance for the report.		19, 56-58	
4.1	Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight.		20	
4.2	Indicate whether the Chair of the highest governance body is also an executive officer.		20	
4.3	For organizations that have a unitary board structure, state the number and gender of members of the highest governance body that are independent and/or non-executive members.		20	
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.		21	
4.5	Linkage between compensation for members of the highest governance body, senior managers, and executives (including departure arrangements), and the organization's performance (including social and environmental performance).		20	
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided.		20	
4.7	Process for determining the composition, qualifications, and expertise of the members of the highest governance body and its committees, including any consideration of gender and other indicators of diversity.		20	
4.8	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation.		15	
4.9	Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles.		20	
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance.		20	
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organization.		20	
4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses.		20	
4.13	Memberships in associations (such as industry associations) and/or national/international advocacy organizations in which the organization: * Has positions in governance bodies; * Participates in projects or committees; * Provides substantive funding beyond routine membership dues; or * Views membership as strategic.		21	
4.14	List of stakeholder groups engaged by the organization.		22-23	
4.15	Basis for identification and selection of stakeholders with whom to engage.		22-23	
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.		22-23	
4.17	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting.		22-23	

<b>G3.1 Disclosure on management Approach</b>	<b>Description</b>	<b>Reporting Status</b>	<b>Page</b>	<b>Reason for omission</b>
<b>Aspects Economic</b>	Economic performance		24	
	Market presence		24	
	Indirect economic impacts		24	
<b>Aspects Environment</b>	Materials		28	
	Energy		28	
	Water		28	
	Biodiversity	<b>Not Reported</b>		<b>Not Applicable</b>
	Emissions, effluents and waste		28	
	Products and services		28	
	Compliance		28	
	Transport		28	
	Overall		28	
<b>Aspects Labor practices</b>	Employment		35	
	Labor/management relations		35	
	Occupational health and safety		35	
	Training and education		35	
	Diversity and equal opportunity		35	
	Equal remuneration for women and men		35	
<b>Aspects Human Rights</b>	Investment and procurement practices		39	
	Non-discrimination		39	
	Freedom of association and collective bargaining		39	
	Child labor		39	
	Prevention of forced and compulsory labor		39	
	Security practices	<b>Not Reported</b>		<b>Not Applicable</b>
	Indigenous rights	<b>Not Reported</b>		<b>Not Applicable</b>
	Assessment		39	
	Remediation		39	
<b>Aspects Society</b>	Local communities		40	
	Corruption		40	
	Public policy		40	
	Anti-competitive behavior		40	
	Compliance		40	
<b>Aspects Product Responsibility</b>	Customer health and safety		42	
	Product and service labeling	<b>Not Reported</b>		<b>Not Applicable</b>
	Marketing communications		42	
	Customer privacy	<b>Not Reported</b>		<b>Not Applicable</b>
	Compliance		42	

Performance Indicator	Description	Reporting status	page	Reason for Omission
EC1	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments.	Partially	22	Some information may not be disclosed
EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change.		25-26	
EC3	Coverage of the organization's defined benefit plan obligations.		25	
EC4	Significant financial assistance received from government.	Not Reported	26	Information cannot be disclosed
EC5	Range of ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation.	Partially	26	Only where minimum wage is instated by government
EC6	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation.		26	
EC7	Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation.		26-27	
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement.		27	
EC9	Understanding and describing significant indirect economic impacts, including the extent of impacts.		27	
EN1	Materials used by weight or volume.		29-30	
EN2	Percentage of materials used that are recycled input materials.		29	
EN3	Direct energy consumption by primary energy source.		30-31	
EN4	Indirect energy consumption by primary source.	Not Reported		Not Applicable
EN5	Energy saved due to conservation and efficiency improvements.	Not Reported		Not Applicable
EN6	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives.		31,34	
EN7	Initiatives to reduce indirect energy consumption and reductions achieved.	Not Reported		Not Applicable
EN8	Total water withdrawal by source.		31-32	
EN9	Water sources significantly affected by withdrawal of water.		31-32	
EN10	Percentage and total volume of water recycled and reused.	Not Reported		Not Applicable
EN11	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.	Not Reported		Not Applicable
EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.	Not Reported		Not Applicable
EN13	Habitats protected or restored.	Not Reported		Not Applicable
EN14	Strategies, current actions, and future plans for managing impacts on biodiversity.	Not Reported		Not Applicable

Performance Indicator	Description	Reporting status	page	Reason for Omission
EN15	Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk.	Not Reported		Not Applicable
EN16	Total direct and indirect greenhouse gas emissions by weight.		32-33	
EN17	Other relevant indirect greenhouse gas emissions by weight.	Not Reported		Not Applicable
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved.	Partially	33	Emissions reductions for the CDM project are not quantified
EN19	Emissions of ozone-depleting substances by weight.	Not Reported		Not Applicable
EN20	NOx, SOx, and other significant air emissions by type and weight.	Not Reported		Not Applicable
EN21	Total water discharge by quality and destination.		32	
EN22	Total weight of waste by type and disposal method.		33	
EN23	Total number and volume of significant spills.	Not Reported		Not Applicable
EN24	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally.	Not Reported		Not Applicable
EN25	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organization's discharges of water and runoff.	Not Reported		Not Applicable
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	Partially	34	Description of life cycle assessment exercise, extent of improvement to be measured in later years
EN27	Percentage of products sold and their packaging materials that are reclaimed by category.	Not Reported		0%
EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.		34	
EN29	Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce.		30-33	
EN30	Total environmental protection expenditures and investments by type.	Not Reported		0 investments
LA1	Total workforce by employment type, employment contract, and region, broken down by gender.		35-36, 38	
LA2	Total number and rate of new employee hires and employee turnover by age group, gender, and region.	Partially	36	Info pertains to rate and number of total new hires broken down by region not broken down by age or gender
LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations.	Not Reported		Not Applicable
LA15	Return to work and retention rates after parental leave, by gender.		36	
LA4	Percentage of employees covered by collective bargaining agreements.	Not Reported		Where permitted by local laws and regulations, all our employees that are part of trade unions, are covered by collective bargaining agreements

Performance Indicator	Description	Reporting status	page	Reason for Omission
LA5	Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements.	Not Reported		Not Applicable
LA6	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs.	Not reported		Information not readily available
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region and by gender.		37	
LA8	Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.		37	
LA9	Health and safety topics covered in formal agreements with trade unions.	Not Reported		Not Applicable
LA10	Average hours of training per year per employee by gender, and by employee category.	Partially	38	Average for all of our employees is provided not broken down by gender, but number of trained employees per employee category is provided
LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	Not Reported		Not Applicable
LA12	Percentage of employees receiving regular performance and career development reviews, by gender.		38	
LA13	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity.	Partially	20, 38	Information provided broken down by gender only
LA14	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation.		38	
HR1	Percentage and total number of significant investment agreements and contracts that include clauses incorporating human rights concerns, or that have undergone human rights screening.		39	
HR2	Percentage of significant suppliers, contractors and other business partners that have undergone human rights screening, and actions taken.		39	
HR3	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.	Not Reported		Not Applicable
HR4	Total number of incidents of discrimination and corrective actions taken.		39	
HR5	Operations and significant suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and actions taken to support these rights.	Partially	39	Only for our operations
HR6	Operations and significant suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor.	Partially	39	Only for our operations

<b>Performance Indicator</b>	<b>Description</b>	<b>Reporting status</b>	<b>page</b>	<b>Reason for Omission</b>
<b>HR7</b>	Operations and significant suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor.	<b>Partially</b>	39	<b>Only for our operations</b>
HR8	Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations.	<b>Not Reported</b>		<b>Not Applicable</b>
HR9	Total number of incidents of violations involving rights of indigenous people and actions taken.	<b>Not Reported</b>		<b>Not Applicable</b>
<b>HR10</b>	Percentage and total number of operations that have been subject to human rights reviews and/or impact assessments.		39	
<b>HR11</b>	Number of grievances related to human rights filed, addressed and resolved through formal grievance mechanisms.		39	
<b>SO1</b>	Percentage of operations with implemented local community engagement, impact assessments, and development programs.		40	<b>Group wide program</b>
<b>SO9</b>	Operations with significant potential or actual negative impacts on local communities.		40	
<b>SO10</b>	Prevention and mitigation measures implemented in operations with significant potential or actual negative impacts on local communities.		40	
<b>SO2</b>	Percentage and total number of business units analyzed for risks related to corruption.		40-41	
<b>SO3</b>	Percentage of employees trained in organization's anti-corruption policies and procedures.		40-41	
<b>SO4</b>	Actions taken in response to incidents of corruption.		40-41	
<b>SO5</b>	Public policy positions and participation in public policy development and lobbying.		41	
SO6	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country.	<b>Not Reported</b>		<b>No contributions to report</b>
SO7	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes.	<b>Not Reported</b>		<b>Not Applicable</b>
<b>SO8</b>	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.		41	
<b>PR1</b>	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures.		42	
PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes.		42	
<b>PR3</b>	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements.	<b>Not Reported</b>		<b>Not Applicable</b>
PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes.	<b>Not Reported</b>		<b>Not Applicable</b>
PR5	Practices related to customer satisfaction, including results of surveys measuring customer		42-45	

<b>Performance Indicator</b>	<b>Description</b>	<b>Reporting status</b>	<b>page</b>	<b>Reason for Omission</b>
	satisfaction.			
<b>PR6</b>	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship.		43	
PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes.	<b>Not reported</b>		<b>None</b>
PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.	<b>Not Reported</b>		<b>Not Applicable</b>
<b>PR9</b>	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.		43	

## UN Global Compact Index

Principle	Page(s)			
	Commitment	System	Action	Performance
Principle 1: businesses should support and respect the protection of internationally proclaimed human rights	39	39	39	39
Principle 2: businesses should make sure that they are not complicit in human rights abuses	39	39	39	39
Principle 3: businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining	39	39	39	39
Principle 4: businesses should support the elimination of all forms of forced and compulsory labor	39	39	39	39
Principle 5: businesses should support the effective abolition of child labor	39	39	39	39
Principle 6: businesses should support the elimination of discrimination in respect of employment and occupation	38	38	38	38
Principle 7: businesses should support a precautionary approach to environmental challenges	28	28	28-34	28-34
Principle 8: businesses should undertake initiatives to promote greater environmental responsibility	28	28	28-34	28-34
Principle 9: businesses should encourage the development and diffusion of environmentally friendly technologies	28	28	28-34	28-34
Principle 10: businesses should work against corruption in all forms, including extortion and bribery	40	40-41	40-41	40-41



June 20<sup>th</sup>, 2013

The Board of Directors

Nuqul Group

P.O.Box 154

Amman 11118, Jordan

### **Independent Assurance Statement**

#### **Establishment**

Nuqul Group established the Nuqul Group Stakeholder Council to comply with international best practices for sustainability management, and in order to provide Nuqul Group with advice, views, guidance and recommendations from a variety of informed perspectives about the sustainability management and reporting of Nuqul Group operations in pursuit of its mission. The Council's members comprise representatives of major stakeholders from different sectors that are directly related to the sustainability vision and commitments of the Nuqul Group.

#### **Functions and Duties of the Stakeholder Council:**

- Provide advice on key sustainability issues for Nuqul Group, including but not limited to; sustainable labor practices, community development, natural resource efficient utilization and preservation, pollution control and prevention, climate change, human rights and anti-corruption.
- Provide views, advice, recommendations and informed opinions on the Group's Sustainability Strategy and its implementation within Nuqul Group companies and also when dealing with key stakeholders.
- Review and provide recommendations on Nuqul Group's sustainability commitments and policies prior to signoff by the CEO.
- Review performance of the group against targets set in the sustainability report on annual basis and provide advice on areas of development.
- Address and give views on specific matters related to sustainability where Nuqul Group may require informed opinions and advice.
- Assist Nuqul Group to enhance and strengthen collaboration with the constituencies represented on the Council.
- Provide a signed third party verification statement for Nuqul Group Annual Sustainability Report in accordance with the Global Reporting Initiative (GRI) Guidelines.

#### **Stakeholder Council Members**

Stakeholder Group	Member/Organization
Owners	Rula Salah – Director of Corporate Affairs – Nuqul Group
Employees	Nicola Billeh – HR Director – Nuqul Group
Customers	Deema Gammoh – Landmark Hotel (Business Customer)
Suppliers	Matheen Sait – 3M
Academia	Dr. Muna Al Banna – German Jordanian University
Community/NGOs	Yazan Majaj – Q Perspective
Public Relations	Nadine Tadros – Tactix Consulting

## Review Approach

The sustainability assurance process was planned and organized by the sustainability section in Nuqul Group, where by all members of the stakeholder council were invited to convene to review mandate, scope and expected outcomes of the assurance review. Members were provided with the draft 2012 sustainability report for Nuqul Group alongside a checklist formulated in accordance with the Global Reporting Initiative (GRI) report content and quality parameters and tests.

Each member of the stakeholder council was asked to review the report separately and undertake the following actions:

- Provide input for materiality analysis provided in the report.
- Provide input on possible improvement in report content and quality.
- Provide recommendation in terms of sustainability strategy.
- Evaluate the report content and quality based on the GRI report evaluation checklist, and provide an independent measurement of all relevant Sustainability Key Performance Indicators.

Once the individual evaluations were completed by the members, the council convened again to discuss the individual evaluations, provide inquiries regarding content and quality to the sustainability section representative. The council reached consensus on all areas of clarification and improvement within the draft report, and the responding efforts of the sustainability section to address all areas of clarification and improvement are at the core of this assurance statement.

## Level of Assurance

This assurance statement is designed to obtain third party endorsement by all stakeholder representatives regarding all report content and quality parameters as prescribed by THE GRI G3.1 reporting guidelines.

## Scope of Assurance

The scope of assurance covers information and indicators reported in Nuqul Group 2012 Sustainability Report and the procedures and processes related to data collection and presentation.

## Observations and Conclusions:

The observations on the report are as follows:

### **Report Content**

- **Materiality:** this report takes into consideration all topics (and included associated indicators) that reflect the organization's significant economic, environmental, and social impacts, or that would substantively influence the assessments and decisions of stakeholders (as addressed in materiality analysis matrix). This includes main issues raised by stakeholders, issues reported on by peers, competitors and industry association, national and regional laws and regulations, international agreements and standards and guidelines including the GRI G3.1 Reporting Guidelines, moreover as exemplified in the materiality analysis matrix, the key sustainability issues are prioritized according to impact on the organization as well as stakeholder concern.

- **Stakeholder inclusiveness:** the report identifies all key stakeholders and outlines how they are engaged by Nuqul Group on regular basis, Nuqul Group’s understanding of their interests and expectations, and how the group has responded to these interests and concerns. Nuqul Group has established a stakeholder council in order to proactively engage all key stakeholders for the purposes of developing the content of this report.
- **Sustainability context:** the report takes into consideration the sustainability context of Nuqul Group operations, taking into account global sustainable development agendas and trends such as the UN Global Compact, the report partially presents performance in a manner that attempts to communicate the magnitude of the impact and contribution within appropriate geographical context. The report, in some cases, also describes how sustainability topics relate to long term organizational strategy, risks, and opportunities excluding supply-chain topics.
- **Completeness:** the scope of the report pertains to all entities directly owned by the group and partially covers and prioritizes information that should reasonably be considered material on the basis of the principle of materiality, sustainability context and stakeholder inclusiveness. It sufficiently reflects significant economic, environmental and social impacts related to the reporting period, and enables stakeholders to objectively assess the reporting organization’s performance in the reporting period.

#### **Report Quality:**

- **Balance:** the report presents both the favorable and unfavorable performance results for Nuqul Group, as it presents information in a format that allows users to see positive and negative trends in performance on a year-to-year basis. Moreover the report emphasizes issues as demonstrated in the materiality analysis matrix.
- **Comparability:** Wherever possible the report provides year on year data, and have attempted wherever possible to follow the GRI G 3.1 Indicator Protocols in order to facilitate comparison of Nuqul Group performance against industry peers and other companies using the same reporting protocol, for this year several new performance indicators were added as indicated in the Nuqul Group Sustainability Performance table on pages 13-14.
- **Accuracy:** the report indicates where estimations or other limitations to the data are involved; it also adequately describes the data measurement techniques and basis for calculations. As most of the information presented is based on actual performance data, the margin of error for quantitative data is not considered sufficient to substantially influence the ability of stakeholders to reach appropriate and informed conclusions on performance. The qualitative assessments in the report are considered valid on the basis of other reported information and other available evidence. There are no GRI Fast Moving Consumer Goods (FMCG) sector supplements that can be used for this report.
- **Timeliness:** Nuqul Group sustainability report is published annually in July of each year in accordance with their commitment to the UN Global Compact, data collection for the sustainability report is conducted on monthly basis through their sustainability dashboard.
- **Clarity:** Sustainability is a relatively new concept in the region and as such the report provides introductory information where useful to facilitate reader understanding of the report content.
- **Reliability:** the information and processes used in the preparation of this report are gathered, recorded, compiled, analyzed and disclosed in a way that is subject to examination and that established quality and materiality of the information.

For Nuqul Group Stakeholder Council

Yazan Majaj

Chairperson

