

# PARTNER OF CHOICE

# NUQUL GROUP

# SUSTAINABILITY

# REPORT 2014



This is the 7<sup>th</sup> sustainability report for Nuqul Group's operations. The data in this report cover the period from January 1<sup>st</sup>, 2014, through December 31<sup>st</sup>, 2014. This report was prepared using the Global Reporting Initiative's (GRI) G4 Reporting Guidelines based on the comprehensive reporting level. 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 Jordan, Egypt, KSA, UAE, Iran, Kuwait, and Sudan. The report is consolidated by the Sustainability Division at Nuqul Group's headquarter, for any information you may contact us at: [sustainability@nuqulgroup.com](mailto:sustainability@nuqulgroup.com)

This report has been verified by Nuqul Group's stakeholder council. However, the GRI has not verified the contents of this report, nor does it take a position on the reliability of information reported herein.

For more information about the GRI, please visit: [www.globalreporting.org](http://www.globalreporting.org)  
For more information about Nuqul Group, please visit: [www.nuqulgroup.com](http://www.nuqulgroup.com)



# EXECUTIVE SUMMARY

Since we became a signatory to the UN Global Compact in 2007, we have deployed and implemented various programs to demonstrate our commitment to building sustainable growth. And in our seventh year of reporting, we are migrating to the new standard of GRI reporting (G4), which have greatly helped us in identifying what is material to our organization and kept the framework of reporting clear, concise, and effective. Our stakeholder council has convened this year to review, provide feedback on, conduct the final measurement of the compliance criteria, and to sign off on the content and quality of the report based on the GRI reporting parameters.

Our materiality assessment considered the inputs of our stakeholders to identify what is material to them in terms of effects on the organization, and its environment. The identified material aspects were then utilized to build the framework of this report and provide information on the required indicators for each material aspect.

In 2014, the following performance trends were observed:

- We have deployed our new vision for 2020, aiming at being the ultimate partner of choice for our customers and employees. The new vision will serve as our mandate towards improvement and achieving results.
- We have managed to work through the difficulties that we face in the market and generate a level of revenues close to our performance in 2013 even though the political instability in the region

has incurred major losses of opportunities on our revenues.

- Our CSR project at Al-Koura continues this year, with the continuing support of our group to Al-Koura community, the community had an excessive improvement in education, art and culture, legal rights, economic and food security.
- Our total water consumption increased by almost 3% due to an increase in water consumption per ton tissue in one of our paper mills in Egypt that happened due to lower production volumes, in addition to converting our Egypt mills' raw material usage to 100% eucalyptus, which uses more water in production, but gives better quality tissue. Moreover, our converting facility in Egypt has built a grass football field that is used by the employees and requires large amounts of water to maintain. However, the average specific water consumption per ton tissue in all the mills is still 50% lower than that of the industrial average.
- Our overall energy consumption decreased by 5.29%, which has led to the decrease of the GHG emissions by 8.25%. We have also managed to reduce the energy consumption per unit of production and the GHG emissions per unit of production for our major units of production, that are the diapers, facial products, and toilet paper.
- The waste generated increased by 65.4% due to the increase in production volumes at our converting facilities, but we have achieved zero waste sent to landfill by all our Fine Converting facilities in Jordan, Egypt, KSA, UAE, SPIC, and

Nuqul Tissue. To ensure proper disposal of waste, we request from all waste buyers to dispose and/or use the waste they buy from our sites in an environmentally friendly way, and sign an undertaking letter on their behalf to ensure they comply with such guideline.

- Our employee turnover rates have increased in 2014, mainly due to the market dynamics in the region, especially with the increasing competition from international companies that are venturing into the region.
- We have achieved zero accidents in 3 sites of our operations; Nuqul Tissue Jordan and Fine Jordan – Absorbents facility.
- Our accident frequency ratio has improved by 9.79% reaching the lowest figure achieved in the group since 2011. In addition, our accident severity ratio has also improved by 31.82% signifying a considerate reduction in the number of working days lost due to accidents.
- The number of customer complaints for our Fine converting operations (in Jordan, Egypt and KSA) decreased by 62.19%. This decrease is credited to the success of the quality improvement of our products, which was a result of the adopted quality monetization model.

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# MESSAGE FROM THE CEO

In the seventh year that we issue our Communication on Progress report to the UN Global Compact, it gives us pride to report that we have migrated to the new standard of reporting, and we are now in accordance to the GRI G4 standard, reporting our progress on the comprehensive level. Our stakeholder council continues to provide support in verifying our sustainability report and providing input for our sustainability strategy.

2014 witnessed the launch of our new vision, geared towards the year of 2020, in which we seek to be the ultimate partner of choice for our customers and employees. Our new vision has two distinct areas of focus; the customers, and the employees, where it is our mandate to ensure that everything we do in our daily life at our company is geared towards their satisfaction. Being an ultimate partner of choice is a huge challenge, and we are embarking on it with a great appetite for success.

Our core values, "Our world, our pride and our soul", hand in hand with our drivers "iDeliver, iMaster, iZoom, iTeam, and iCreate" are the foundations for our future, and we cannot stress enough how important they are, as they are the behaviors we want from every Nuqul Group employee who wants to enjoy the thrill of this ride to the future.

We acknowledge that our business relies heavily on natural resources, our production relies on water, energy, and fuel, in which our region lacks the capacity for them. Hence, our commitment is immense for preserving our natural resources, and 2014 have demonstrated a great performance in terms of energy consumption, and GHG emissions' reduction.

Our CSR project at Al-Koura continues, where the dawn of a sustainable and productive community is becoming nearer by the day. 2014 witnessed great improvements in terms of focus on education, art and culture, legal rights, economic security, and food security. We have managed also to support extending Al-Koura's capacity in the production lines we have established earlier in 2013, and added new production lines to support Al-Koura's aim towards a sustainable economy.

Safety first is not just a motto for Nuqul Group, we truly believe that it is our moral duty to provide our workers with a safe working environment, and 2014 witnessed three sites having a record of zero accidents. In addition, our accident rates have greatly reduced, and our accidents' severity rate have also improved greatly.

Our group ventured on a quality journey two years ago, striving to provide our customers a top notch product that meets and exceeds their

expectations. Since then, we have managed to reduce the number of justified customer complaints by 59% over the average number of complaints per year. That being said, we are now embarking on our last phase of quality journey, aiming to reach the consumer to measure the effectiveness of our initiatives.

Nuqul Group will continue its commitment towards sustainability, with the bright future ahead; we are certain that our efforts will pay off and pave the way for the coming generations.

**Salim Karadsheh**  
Chief Executive Officer – FHH





# 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 retail shops, 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 nine areas across the region including countries in Levant, 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 reports to the chief executive officer.

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.

Healthy growth enables us to satisfy our communities' increasing needs and to invest in environmentally friendly practices and processes so we may contribute to a happier world.



# OUR PRODUCTS

## Baby Care



## Tissue



## Incontinence Control and Hygienic Products



## Fine Solutions





# OUR SUPPLY CHAIN

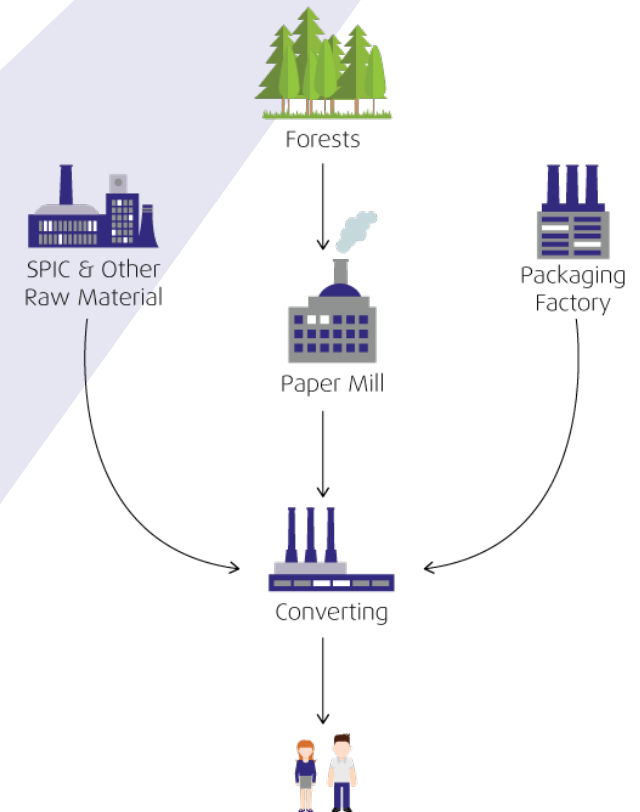
The supply chain of Nuqul Group is represented in the figure on the right; our converting facilities receive raw materials from paper mills, packaging factories, SPIC, and other raw material suppliers such as glue and super absorbents' suppliers for example.

To produce our tissue paper products, the process starts at the mill, where they receive the pulp from pulp making companies mainly from Latin America and Scandinavia, and process it to produce the jumbo tissue rolls to be sent to our converting facilities. There, our converting facilities receive in addition to the jumbo tissue rolls the needed packaging materials and other materials such as glue and perfumes, and combine them through our converting process to produce our facial, toilet, kitchen towels, and table napkin products.

As for our diaper production, we combine fluff pulp received from pulp suppliers with other raw materials such as textile back sheets, non-woven material, super absorbent polymers, diaper ears, elastic tape, and other elastic materials to produce our Yellow and Green Fine Baby Diapers, whereas we outsourced the production of our White Premium Fine Baby diapers from the United States of America.

Our adult diapers come in two brands; Fine Life and Fine Care, where we produce the Fine Life brand at our facilities in Egypt and KSA, and outsource our Fine Care brand from Denmark. Our baby wipes are outsourced from Malaysia and Turkey, where our sanitizing hand gel is outsourced from a local company in Jordan. Moreover, our Fine Solutions section utilizes our facilities to produce the tissue paper products, and outsource several products

such as dispensers, soap, sanitizers, dental bibs, and bed sheets from several countries in Europe, Asia, and North America.



# OUR VISION, CORE VALUES, AND DRIVERS

## Vision 2020

In 2014, we have established our vision for the year 2020;

**"To be the undisputed leader in hygiene solutions; positioned as the ultimate partner of choice for our customers and employees."**

Our 2020 vision emphasizes the importance of being a partner of choice for customers, as well as employees, in order to reach and assume leadership in the hygiene solutions' markets.

The launch of the vision was done on a group wide level, and accordingly FHH business model was aligned with the new FHH vision to satisfy the business and functional strategies.

## Our Organizational Culture

We are Fine people driven by integrity and quality. We make ways and leave a trail in our communities. Characterized as Passionate and Innovative, we impress our customers, colleagues, and ourselves. We want to create a world of happiness; at home and at work. We want to use the energy of collaboration to move mountains and deliver beyond expectations.

Our power comes from mastering in action, zooming in execution, teaming up in dedication, and freeing our minds to create and serve the human race.





## Our Values

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. The Three Core Values That We Embody:

### 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 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.



## Our Drivers

Driven by our vision and core values, our drivers come into play to set the expected behavior from every Nuqul Group employee, specifically mastering our jobs, delivering to the dot, teaming up on tasks, being faster than the rest, and creating value.

### Our Drivers

### Drivers' Behaviors



**iMaster**  
Only the best

- Acknowledge where my strengths lie
- Work with passion
- Insert quality into every action
- Learn from mistakes and move on
- Continuous & Never Ending Improvement (CANI)
- Update to raise the industry bar
- Perform better than the best
- Anticipate the next level
- Enjoy the ride, love the journey



**iDeliver**  
To the dot.

- Commit to Nuqul Group Core Values
- Delight customers constantly
- Meet their needs beyond expectation
- Finish ahead of the deadline
- Go the extra mile to "wow" them
- Understand what is required
- Do things right
- Maximize available resources
- Look for solutions to obstacles
- Complete each task – no matter what
- Delight in each accomplishment



**iZoom**  
Faster than the rest

- Do right things - important not urgent
- Lead first to market
- Stay flexible & agile
- Create value-added propositions
- Seize new opportunities
- Take calculated risks
- Fully focus on the mission
- Be proactive, not reactive
- Stick in the mind of the consumer



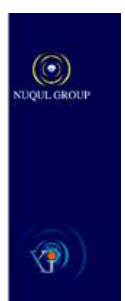
**iTeam**  
Together we can

- Do right things - important not urgent
- Lead first to market
- Stay flexible & agile
- Create value-added propositions
- Seize new opportunities
- Take calculated risks
- Fully focus on the mission
- Be proactive, not reactive
- Stick in the mind of the consumer



**iCreate**  
The future & beyond.

- Be creative in delivering value to customers
- Beat the competition
- Think 'outside the box'
- Encourage people to explore new ideas
- Challenge the status quo
- Anticipate change
- Focus on solving real problems
- Consider every suggested improvement



# GOVERNANCE AT NUQUL GROUP

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 and modus operandi 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 Charter also defines the Board's relationship with the executive management, with clear separation of ownership and management. In addition to the above, the charter sets the grounds for selecting independent members and serves as the terms of reference for the board on issues regarding meetings, board term and term limits, attendance policy, voting, compensation of board members, avoiding conflict of interest, board committees, performance evaluation and communication with shareholders.

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.

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 communication network that is comprised of several communication channels (e.g. a toll free phone service, email...etc). This Network 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.





Moreover, 2014 witnessed a leap in the group's direction of governance, as during 2014, the systems and procedures department was diffused to transfer the ownership of system and policies to their respective departments. Transferring the ownership of systems and policies came as a result of the maturity of implementation that we have reached after years of commitment and implementing our group's standard policies.

The diffusion of responsibilities to the internal audit department and the corporate functions had several advantages; including creating the ownership of systems within the related corporate function, ensuring flexibility in developing and maintaining systems, providing functional feedback allowing each function to remedy gaps and accommodate system control and enrichment, changing the paradigm from policing to self-disciplined mindset, and expanding process stakeholders' authority to benchmark practices to world class performance levels.

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

- Member of the Private Sector Partnership Council of the Ministry of Industry and Trade
- Member of the Ministerial Advisory Board on Partnership between Private and Public Sector
- Member and Ex-Chairman of the Jordan Chapter of the Young Presidents Organization (YPO)
- Member of the Board of Trustees of Amman Baccalaureate School
- Member of the Board of Trustees of the Jordanian Hashemite Fund for Human Development
- Member of the National Council for

**Competitiveness and Innovation**

- Member of the Board of Trustees of the Royal Health Awareness Society
- Member of the Jordan Strategy Forum
- Chairman of the Elia Nuqul Foundation
- 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

**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



Ghassan Nuqul – Vice Chairman, Nuqul Group



# SUSTAINABILITY IN THE EYES OF NUQUL GROUP

"As a leading corporate citizen, Nuqul Group seeks to make Sustainability synonymous with its business activities and corporate culture, to ensure sustainable growth, added value for its stakeholders, and the prosperity of future generations."

Our sustainability mission above stems from our corporate belief "Growing Together" that represents our understanding that the growth of our business cannot be achieved or maintained unless such growth is accompanied by achieving sustainable benefit for all our stakeholders.

Entrenched within our core values, "Our World, Our Soul, and Our Pride", 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.

## Nuqul Group Sustainability Management Framework

Nuqul Group Key Priority Areas

- Environmental stewardship
- Stakeholder engagement
- Human resource management
- Community investment and development
- Product life cycle thinking
- Product and process innovation
- Anti-Corruptor policies and procedures
- Customer satisfaction

Our sustainability management framework has been based on the Precautionary Principle and built around our five point strategy, in order to ensure that our commitment is translated into actions that create sustainable value across all our businesses.

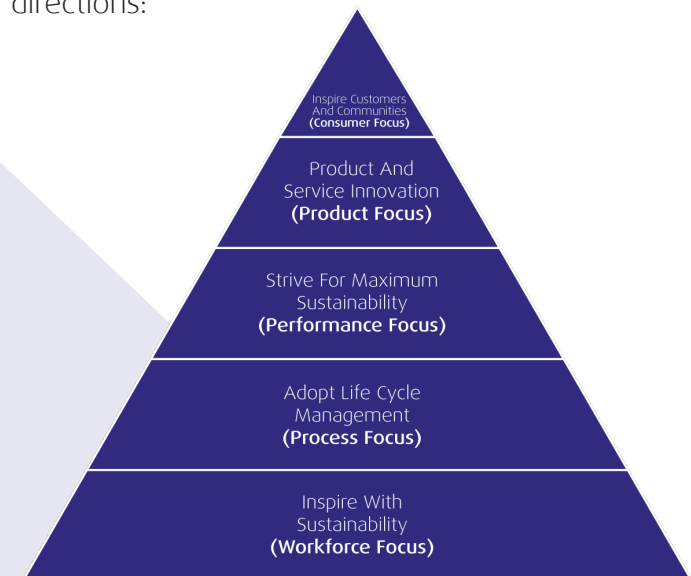
This framework addresses all material sustainability issues that have been identified through a diligent review of our internal systems and procedures, benchmarking with key issues reported by our peers and competitors, identification of key industry issues on the global level reported by industry associations such as EDANA<sup>1</sup> (European Disposables and Nonwovens Association), as well as sustainability issues stemming from national regulatory requirements and international agreements (UN Global Compact<sup>2</sup>).

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, taking a pyramid approach, which aims to improve our performance across all key priority areas, setting focus on the work force as our base, and setting our customers and communities as the main aim.

This strategy focuses on five main strategic directions:



<sup>1</sup> [www.edana.org/industry-initiatives/sustainability](http://www.edana.org/industry-initiatives/sustainability)

<sup>2</sup> [www.unglobalcompact.org/AboutTheGC/TheTenPrinciples/index.html](http://www.unglobalcompact.org/AboutTheGC/TheTenPrinciples/index.html)

| Strategy Point                           | Purpose   | Actions for 2014  |
|--|---|---|
| <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.   | Continued communication programs regarding key sustainability aspects to all employees through creating a Facebook page for employees   |
| <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.   | Monitoring the use of resources in the life cycle of the product through a custom developed index that rates the environmental performance of companies based on their consumption of water, electricity, fuel, A4 paper, safety performance, and sales per capita. |
| <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.                                 | Adopting an initiative to reduce the A4 paper consumption at Nuqul Group companies, and achieving a percentage reduction of 19.9% over 2013's consumption.  |
| <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. | Creating a new product (Cubic) with reduced size of packaging as an alternative to the normal product, and reducing the size of the diapers.  |
| <b>Inspire Customers and Communities</b> | We aim to improve customer satisfaction, while increasing overall appreciation for sustainability and inspiring actions by others.  | Adopting and implementing a supplier sustainability index for evaluating suppliers based on their environmental performance, which affects their performance grade as per Nuqul Group procurement practices.  |

# OUR KEY SUSTAINABILITY TRENDS

## Materiality and Stakeholder Engagement

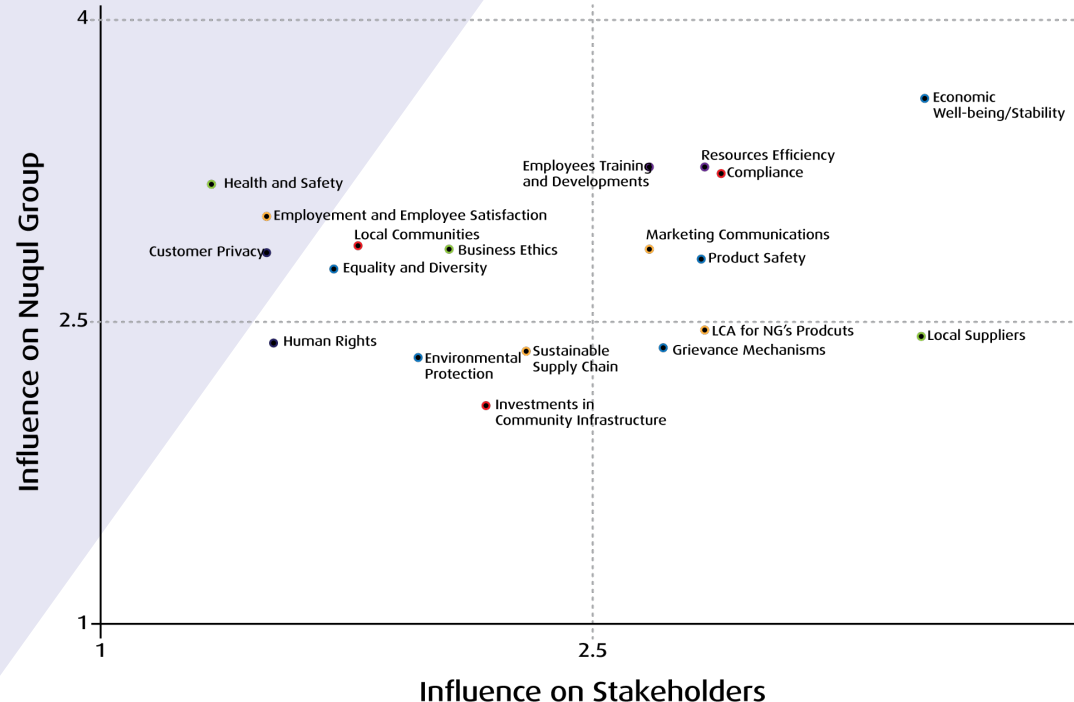
Transitioning to the GRI 4 reporting standards, we are proud to say that we have done our first materiality assessment with our stakeholders; it is based on identifying key sustainability trends that affect the continuity of our business and that can influence our stakeholders. The materiality was conducted through a survey that was sent to our internal stakeholders, to rate the effect of each aspect on ability to deliver in accordance to its mission and vision, and to external stakeholders, to rate the severity of the aspects impact and the importance to them for the disclosure of this aspect.

The aspects rated were the 53 main aspects given by the GRI implementation book, which were then grouped in accordance to the categories illustrated below. The materiality matrix below shows the results of our survey.

Based on the survey results shown in the figure to the right, the identified material aspects for Nuqul Group were;

- Economic well-being/stability
- Resources efficiency
- Employees training and development
- Compliance
- Product safety
- Marketing communications

The performance of our companies across these identified material aspects is monitored and reported to senior management by our sustainability section, whereby the latter is also responsible for providing clear direction to all companies on required measures to improve their performance. Sustainability performance targets are set annually by the sustainability section and communicated to the related departments at all levels in the business units to ensure optimum compliance with these targets.



# 2015 INITIATIVES

| Aspect                        | Planned Initiatives/Programs   |
|-------------------------------|--|
| <b>Communication</b>          | <ul style="list-style-type: none"> <li>• Social media tools to be used to improve communication for sustainability among employees and accelerate the integrations of sustainable practices into professional and personal behaviors of employees</li> </ul>   |
| <b>Environmental</b>          | <ul style="list-style-type: none"> <li>• Continuity of the Corporate Impact Index (CII) to monitor our performance in environmental and people issues.</li> <li>• Revision and implementation of an updated supplier sustainability index based on the collected feedback of Nuqul Group suppliers</li> </ul>  |
| <b>Human Resources</b>        | <ul style="list-style-type: none"> <li>• Rollout of the FHH integrated operating model, which will restructure the organization.</li> <li>• Adopting HR communication programs</li> <li>• Rollout of employees' family related benefits</li> <li>• Revision of Nuqul Group motivational schemes</li> <li>• Revision of Nuqul Group people planning processes such as succession planning and talent management systems</li> </ul>  |
| <b>Health and Safety</b>      | <ul style="list-style-type: none"> <li>• HSE Department implementation of a culture change program using Mckinsey's 7S model in safety performance at Nuqul Group companies.</li> </ul>  |
| <b>Community Contribution</b> | <ul style="list-style-type: none"> <li>• Improving productivity of existing production projects under Kheir Al-Koura flagship program (Kitchen, Farm and Labeling and Packaging Unit)</li> <li>• Introduction of new products within the Kheir Al-Koura Brand</li> <li>• Execution of marketing plan for Kheir Al-Koura Brand and Products</li> <li>• Expansion of implementation for non-production projects including education, legal presence and cultural activities</li> </ul> |



# 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 and reputation</li> <li>• Customer Satisfaction and high quality products</li> <li>• Community relationships</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>• Ministry of Labor</li> <li>• Tax Department</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>  |

| Stakeholder      | Examples  | How We Engage  | Key Issues   | Our Response  |
|------------------|---|--|--|---|
| <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; tradeshow</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>   |

| Stakeholder        | Examples   | How We Engage  | Key Issues   | Our Response   |
|--------------------|--|--|--|--|
| <b>Communities</b> | <ul style="list-style-type: none"> <li>Local communities where we operate</li> <li>Al-Koura district community</li> <li>NGOs such as Injaz, EDAMA, etc</li> <li>Academic institutions</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> <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>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> <li>Collaborating with local partners to ensure sustainable support of community specific projects</li> </ul> |
| <b>Environment</b> | <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 the environmental impact of our products and services</li> </ul> | <ul style="list-style-type: none"> <li>Environmental management plans</li> <li>Compliance with existing regulations 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>                                     |

# 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 better.

This section covers GRI (G4) indicators: EN1 – EN34



## Environmental Performance at Nuqul Group

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 dependent 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 the ISO 14001 certification standard, and also abiding by local, regional and international laws governing environmental performance.

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.

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 emissions of our operations and distribution fleet via energy efficiency measures and the use of cleaner fuels.

We strive to reduce solid waste resulting from our manufacturing and non-manufacturing activities, and we promote the practice of waste separation among all our employees.

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.

## Responsible Material Consumption and Waste Management

Our main aim is to use as little material as we can through sustainable practices of diligent waste control procedures, and constantly attempt to explore means to recycle waste into the process while maintaining top quality of our products. As a producer of hygienic products (tissue and absorbent) we require a wide range of materials and the supply of this material is correlated with the demand for our products in the market.



## Sustainable Forestry

Being the largest manufacturer of tissue in the Middle East, FHH realizes its responsibility in preserving one of the world's most valuable elements; our forests. Being a tissue manufacturer, our main component for production is pulp, thus as FHH, we have committed ourselves to using only pulp that is sourced from well-manage forests certified by third party forest certification systems; we have adopted this policy in order to conserve forests and reduce the indirect impact of our operations on biodiversity.

The third party certification systems that we recognize are:

- FSC - Forest Stewardship Council
- PEFC - Program for the Endorsement of Forest Certification Schemes

In 2014, the percentage of certified pulp purchased was 38.4%. Our usage of certified pulp depends on customer demand; however, we raise awareness among all our customers concerning the sustainable advantages of certified pulp by including environmental phrases on the importance of sustainable forestry.

| Pulp Consumption at Nuqul Tissue                     | Unit | 2014    | 2013    | 2012    | 2011    |
|--|------|---------|---------|---------|---------|
| Total pulp consumption                               | Ton  | 161,543 | 145,538 | 157,302 | 151,633 |
| Total FSC/PEFC pulp consumption                      | Ton  | 62,034  | 60,032  | 8,377   | 11,703  |
| Percentage of FSC/PEFC pulp from total pulp consumed | %    | 38.4    | 41.3    | 5.3     | 7.7     |

## Our Tissue Mills in Jordan and Egypt

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 2014, our pulp yield stayed at approximately the same level as 2013's mainly due to the fluctuation of demand and production levels over the year.

| Pulp Yield | Unit  | 2014  | 2013  | 2012  | 2011  |
|------------|-------|-------|-------|-------|-------|
| Pulp Yield | Ratio | 1.056 | 1.055 | 1.052 | 1.056 |

## Pulp from 100% Eucalyptus

In 2014, Nuqul Tissue – Egypt had a great success of developing paper tissue that is made from 100% eucalyptus pulp, and hence presented this achievement at Tissue World 2014 Conference, where our Site Operations Manager at Nuqul Tissue – Egypt had the chance to demonstrate the gains of resource efficiency, cost savings, and the improvement of the tissue structure due to this project. What makes eucalyptus pulp more sustainable from soft wood pulp is that the eucalyptus tree has a shorter life cycle than a soft wood tree, which is almost four times the eucalyptus tree, hence the shorter life span provides the opportunity for reforestation of trees that are used for pulp making on a quicker pace.

## Efficient Sizing of FINE's Products

Our Research & Development and Quality Assurance teams have managed to reduce the amount of material used in our baby diapers thus reducing it in size by 10-15%, also reducing the size of our cubic tissue boxes by 35%, as an effort to reduce our material consumption, without jeopardizing the quality of our products.

## Zero Waste Sites

All of the waste generated in our facilities is sold to third party contractors to be reused for other manufacturing facilities. In 2014, the waste generated increased by 65.4%, but we have achieved zero waste sent to landfill by all our Fine Converting facilities in Jordan, Egypt, KSA, UAE, SPIC, and Nuqul Tissue. Contractors are requested to sign undertaking letters to guarantee that they reuse the waste or dispose of it in an environmentally friendly way.

| Indicator                         | 2014  | 2013  | 2012  | 2011  |
|-----------------------------------|-------|-------|-------|-------|
| Total solid waste generated (Ton) | 7,589 | 4,589 | 5,260 | 5,391 |

## Recycling Waste Into Products

In 2012, our non-woven manufacturing facility, have added an inline co-extruder, to help maximize our ability to recycle product waste into Polypropylene Granules, part of which is reused into our process and the rest is sold as raw material for other contractors, since then, we have managed to increase the percentage of recycled Polypropylene has increased to 17.88% in 2014 through continuous optimization of the process.

| Indicator  | 2014   | 2013  | 2012   | 2011   |
|--|--------|-------|--------|--------|
| Percentage of propylene granules recycled into the process for Non-woven manufacturing | 17.88% | 13.6% | 10.16% | 10.52% |

## Hazardous Waste Management

Our product waste produced is generally non-hazardous, which is handled through recycling and selling to contractors who could make use of it. There is a small fraction of hazardous waste which results from the use of dyes for printing, which is dealt with in accordance to legal laws by containment in special containers and transportation to specialized disposal facilities. Upon measuring the quantity of hazardous waste in 2014, Fine UAE disposed of 115 Kgs, and PPP disposed of 24 m3.

## Energy Consumption & Climate Change

We realize that our operations contribute to climate change, thus we set annual goals for reducing our energy consumption and minimizing our environmental footprint through diligent energy efficiency measures. For 2014, our overall energy consumption decreased by 5.29%, which has led to the decrease of the GHG emissions by 8.25%.

With the focus on tissue production this year, tissue tonnage production amount has risen, while the absorbents have decreased, which has led to the decrease in electricity consumption and distribution fuel. We have managed to reduce our inventory by almost half the amount in 2014, which supported our direction in efficient handling and energy savings from reduced material handling.

The following tables indicate our total energy consumption and the electricity consumption per unit of production, where we have managed to reduce our electricity consumption per unit in our main units of production, which are diapers, facial products, and toilet paper.

|   | 2014      | 2013      | 2012      | 2011      |
|---|-----------|-----------|-----------|-----------|
| <b>Total Operational Fuel Consumption GJ (Direct Energy)</b>  |           |           |           |           |
| <b>Kerosene</b>   | 140,455   | 178,470   | 273,054   | 105,074   |
| <b>Heavy Fuel Oil</b>   | 186,508   | 328,246   | 293,919   | 294,809   |
| <b>Natural Gas</b>  | 985,583   | 1,106,908 | 1,338,133 | 1,052,436 |
| <b>LPG</b>  | 187,363   | 166,572   | 621       | 205,828   |
| <b>Sub Total</b>  | 1,499,909 | 1,780,196 | 1,779,139 | 1,779,738 |
| <b>Total Distribution Fuel Consumption GJ (Direct Energy)</b> |           |           |           |           |
| <b>Diesel</b>   | 56,320    | 74,183    | 75,240    | 74,641    |
| <b>Gasoline</b>   | 51,546    | 90,412    | 48,620    | 29,501    |
| <b>Sub Total</b>  | 107,866   | 164,595   | 123,860   | 104,142   |
| <b>Total Fuel Consumption GJ (Direct Energy)</b>              |           |           |           |           |
| <b>Total</b>  | 1,607,775 | 1,944,791 | 1,902,999 | 1,883,880 |
| <b>Total Electricity Consumption GJ (Direct Energy)</b>       |           |           |           |           |
| <b>Electricity</b>  | 239,002   | 252,352   | 242,710   | 235,338   |



| Product Indicator                                     | Unit               | 2014  | 2013  | Achievement     |
|---|--------------------|-------|-------|-----------------|
| Electricity Power Consumption Per Ton Tissue in Mills | KWh/Ton            | 1180  | 1143  | 3.24% Increase  |
| Thermal Power Consumption per Ton Tissue in Mills     | KWh/Ton            | 1638  | 1859  | 11.87% Decrease |
| Electricity Consumption per Ton non-woven             | KWh/Ton            | 1574  | 1463  | 7.59% Increase  |
| Electricity Consumption per Ton packaging             | KWh/Ton            | 207   | 193   | 7.25% Increase  |
| Electricity Consumption per Diaper                    | MWh/Million Diaper | 18.86 | 18.97 | 0.58% Decrease  |
| Electricity Consumption per ton facial                | MWh/Ton            | 0.43  | 0.53  | 19.42% Decrease |
| Electricity Consumption per ton toilet                | MWh/Ton            | 0.35  | 0.37  | 5.71% Decrease  |
| Electricity Consumption per ton Kitchen               | MWh/Ton            | 0.71  | 0.47  | 51.82% Increase |

As for the GHG emissions, we have managed to reduce our total GHG emissions by 8.25%, and we have also managed to reduce the GHG emissions per unit of production in our major production units such as diapers, facial products, and toilet paper.

|  | 2014           | 2013           | 2012           | 2011           |
|--|----------------|----------------|----------------|----------------|
| GHG Emissions From Operational Fuel Consumption  |                |                |                |                |
| Kerosene   | 10,134         | 12,876         | 19,701         | 7,581          |
| Heavy Fuel Oil                                   | 13,717         | 24,142         | 21,617         | 21,683         |
| Natural Gas                                      | 63,520         | 71,339         | 86,161         | 67,765         |
| LPG  | 11,832         | 10,519         | 39             | 12,998         |
| Sub Total  | 99,203         | 118,878        | 118,799        | 118,843        |
| GHG Emissions From Distribution Fuel Consumption |                |                |                |                |
| Diesel   | 4,246          | 6,681          | 6,760          | 6,716          |
| Gasoline   | 3,659          | 5,326          | 3,451          | 2,094          |
| Sub Total  | 7,905          | 12,007         | 10,211         | 8,810          |
| GHG Emissions From Electricity Consumption       |                |                |                |                |
| Electricity consumption                          | 161,502        | 161,888        | 153,541        | 151,355        |
| <b>Total GHG emissions</b>                       | <b>268,610</b> | <b>292,773</b> | <b>282,551</b> | <b>279,008</b> |



| Product Indicator  | Unit               | 2014   | 2013   | Achievement |
|--|--------------------|--------|--------|-------------|
| GHG Emissions from Electricity Per Ton Tissue in Mills   | Per Ton Tissue     | 0.797  | 0.855  | -6.7%       |
| GHG Emissions from Thermal Power per Ton Tissue in Mills | Per Ton Tissue     | 0.162  | 0.151  | 7.0%        |
| GHG Emissions per Ton Non-woven                          | Per Ton Non-woven  | 1.064  | 1.140  | -6.7%       |
| GHG Emissions per Ton Packaging                          | Per Ton Packaging  | 0.140  | 0.150  | -6.7%       |
| GHG Emissions per Diaper                                 | Per Million Diaper | 12.747 | 12.600 | -6.3%       |
| GHG Emissions per Ton Facial                             | Per Ton Facial     | 0.289  | 0.380  | -24.1%      |
| GHG Emissions per Ton Toilet                             | Per Ton Toilet     | 0.236  | 0.270  | -12.7%      |
| GHG Emissions per Ton Kitchen                            | Per Ton Kitchen    | 0.482  | 0.340  | 41.8%       |

## NT acquires ISO 50001

With our tissue mills being the largest consumer of fuel and electricity, they have gone an extra mile to address and manage this aspect. In 2014, our mills in Jordan and Egypt have acquired the ISO 50001 certificate which is



related to energy management systems, as a way to help preserve our resources, protect the environment, and to cope with the increasing cost of energy. The establishment of an energy management System will help to continually analyze and manage our energy uses and consumption, and has helped to monitor our targets.

Afterwards, our mills have supported our converting unit in Jordan in implementing this best practice by conducting awareness sessions and a gap assessment to identify the potential of implementing this standard at our converting facilities.

## Natural Gas in Sindian and Al-Bardi Mills

Success story: In order to reduce our emissions to air, and to cope with the increasing prices of fuel, our mills in Egypt were our mills in Egypt were built with a power plant converting natural gas into power that supplies the mill, and the converting unit in Egypt. Our natural gas plant is constantly monitored.

## Cross Docking Project

In 2014, Fine Egypt switched from their conventional distribution system to adopt cross-docking. This system supported out initiatives to improve the distribution network, in addition to greatly reducing the travel distances between sites for loading products, hence decreasing the fuel consumption for distribution, leading to financial savings, in addition to good environmental impacts.

## Water Conservation

We realize our responsibility towards preserving water as a natural resource for our continuity and to ensure its availability for future generations. Accordingly, we constantly implement and seek to find new ways to reduce the water footprint of our products, especially in our paper mills, being heavily dependent on water.

In 2014, our total water consumption increased by almost 3% due to an increase in water consumption per ton tissue in one of our paper mills in Egypt.

| Water consumption (Cubic Meter)                    | 2014      | 2013      | 2012      | 2011      |
|--|-----------|-----------|-----------|-----------|
| Water from national grid                           | 560,44    | 689,312   | 665,209   | 705,409   |
| Water from ground water resources (Artesian wells) | 677,535   | 540,377   | 530,172   | 531,948   |
| Total water consumption                            | 1,237,985 | 1,229,689 | 1,195,381 | 1,237,357 |

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 irrigate an olive farm close to the facility, while the sludge is sold to a contractor to dispose of as per local regulations. In 2014, the resulting estimated sludge amounts decreased by 11.9% from 2013 levels due to decrease in water in our paper mills in Jordan.

| Indicator  | 2014    | 2013    | 2012 | 2011 |
|--|---------|---------|------|------|
| Total estimated sludge generated in Nuqul Tissue Jordan (Tons) | 815     | 925     | 753  | 822  |
| Total wastewater recycled in Nuqul Tissue Jordan (m3)          | 336,425 | 309,765 | NA   | NA   |





## Supplier Sustainability Index

In 2014 we continued with our supplier sustainability index as part of our procurement system; in an effort to build a profile to our suppliers' social and environmental performance, as to embrace a responsible approach to procuring goods, and to improve the sustainability performance of our products across the supply chain. The index assesses the performance of suppliers in terms of sustainability policy, management and communication, where we would provide recommendations for improvement for the sustainability impact of the process and products of each supplier. In 2014 our survey covered all our centralized raw material suppliers, the results were used in our supplier's bi-annual assessment.

## Compliance to Local Regulations

In 2014, we did not incur any monetary fines or nonmonetary sanctions for incompliance with environmental laws and regulations.



# 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.

This section covers GRI (G4) indicators: LA1 – LA16, HR1 – HR12, SO1 – SO11, PR1 – PR9



## Al-Koura Corporate Responsibility Program

A great example of a private public partnership with new milestones and achievements, the Corporate Social Responsibility of Nuqul Group Khair Al-Koura, which created an exemplary model for private companies not only in Jordan but also in the region.

The District of Al-Koura located in the North of Jordan have witnessed the implementation of projects and activities in order to cater to the basic needs of residents in regards to their socio-economic development, education, culture, food security and legal issues. This project was carried out by Nuqul Group in collaboration with Jordan's Ministry of Municipal Affairs and the Municipality of Dair Abi Saeed, as well as civic organizations in the local community of Al-Koura. In 2014, Khair Al-Koura witnessed improvement in education, art and culture, legal rights, economic and food security.

The table below demonstrates the corporate community investments made for the past 4 years:

|   | 2014 | 2013 | 2012 | 2011 |
|---|------|------|------|------|
| <b>Community investments<br/>(Thousand USD)</b> | 400  | 414  | 387  | 144  |



In 2014, Nuqul Group signed a memorandum of understanding with the Ministry of Education; to ensure securing a legal umbrella to work under, and provide the maximum help to Al-Koura citizens. Whereas, 15 teachers from Al-Koura district schools were selected to be trained for GEMS (Great Exploration in Math and Science), after the successful establishment of a Lego Robotics Educational Lab in 2013.

Moreover, in cooperation with the knowledge station, training on computer skills was conducted within the Computer literacy program.

In support of the Arts, residents of Al-Koura held plays relating to legal rights' awareness, along with partnering with the National Center for Culture and Arts to provide specialized training on theater, Dabkeh (traditional Jordanian dance) and music.

### Advancing Legal Aid

In 2014, our CSR team renewed its partnership with Justice Center for Legal Aid, where the legal experts from this center visited several civil society organizations, raising awareness regarding legal issues, also offering legal advice for free at the center. The project also worked on connecting the Legal Aid Clinic and the Justice Center with schools, providing awareness sessions to students and teachers on legal aid.

### Sustainable Agriculture

In cooperation with the Jordanian Australian company for renewable energy, in 2014, the Chemical Free Farming Project improved the quality and quantity of produce, by supporting farmers in establishing and maintaining chemical free farms, and by facilitating the process of selling their products to Al-Koura country kitchen project.

The kitchen team welcomed more women into the project, where they received professional trainings to enhance their ability in developing products such as jams, herbs, honey, etc. whilst maintaining top quality.

### Production Line Advancements/New Products

An oil filtration line was bought and installed, which enhanced the quality and capacity of oil production. New line extensions were also introduced to the current production lines. A new station was set to produce pomegranate molasses in "Wadi Jdeta" in Alkoura district, and a new product was produced this year, citrus jam.

Moreover, the project had cooperated with graduates from the Royal Academy of Culinary Arts in Amman, Jordan, to provide their professional

touch in culinary arts. This interactive meeting helped develop and introduce improvements to the kitchen's existing recipes raising them to global culinary standards.

Different new packages were produced to be used in the country kitchen. And a new supervisor was assigned to help the team.

## **Baby Diapers Rushed to Gaza Courtesy of Fine**

In cooperation with the United Nations Relief and Works Agency (UNRWA), and "Tkiyet Um Ali", Nuqul Group donated 1.25 million diapers to the people of Gaza in different sizes to accommodate children of all ages and cover the needs of families, where such move was made in efforts to support the children of Gaza during the latest political conflict.

## **Elia Nuqul Foundation (ENF)**

**"Education is a catalyst of change, passing on the gift of education is a moral duty"**

- Elia Costandi Nuqul, Founder of Nuqul Group

Elia Nuqul Foundation is considered as a dream in the making not only for Mr. Elia Nuqul, Nuqul Group's founder, but for his entire family who shares his passion and commitment for philanthropy, a foundation with the main focus of providing access to education to motivated individuals that lack the necessary funds for it. The foundation was established in 2008 by the Nuqul family with the mission of making a meaningful difference in the lives of Jordanians by providing them with enriching opportunities, knowledge and skills to lead safe, healthy and productive lives.

The foundation has three areas of intervention including the Elia Nuqul Scholarship Fund, the Community Service and Social Entrepreneurship Programs and Enhancement Program. These programs aim to encourage development of Jordanian youth through access to higher education at universities, community colleges and vocational training facilities; providing life and professional skills training to produce well-rounded individuals, enhancing better employment opportunities, encouraging youth to think socially; and advocating in promoting the growth of a sound social entrepreneur sector in Jordan.

## **Graduation Ceremony**

Sponsored by Fine, our philanthropic entity ENF was proud to host a ceremonial event to acknowledge and celebrate the graduation of 25 of its fellows from universities, and to celebrate their achievements throughout their years with the foundation. Our support didn't stop here; ENF also extended its support by providing professional skills training to help enhance employment opportunities.

## **Testimonials**

**"Thanks to ENF I was able to acquire a training opportunities within several entities of different fields. This has helped shape my personality to the better, and gave me the ability to enter the job market with high confidence."**

**"ENF never gave up on us when we faced obstacles; they gave us the chance to learn from our mistakes and to overcome them. Learning and counseling programs offered by the ENF helped us turn our mistakes in to learnings."**

## **"Hiwaruna" Sessions**

In collaboration with NG's HR team, In 2014 ENF organized two "Hiwaruna" sessions (Arabic for "our forum"), for ENF scholars and fellows, revolving around topics relating to "entering the job market". In these sessions, fellows and scholars along with NG's HR joined in activities of role playing and mock interviews aimed to create awareness, educate and motivate scholars and fellows on various issues related to the importance of employability skills, as to facilitate their entrance to the job market. Also an expert in creativity joined ENF scholars for the purpose of unleashing their talents and creativity.



## Putting A Smile On A Child's Face

Building on our corporate social responsibility program for empowering disadvantaged children, and on FINE's regional commitment to provide orphans with better education opportunities and a brighter future, thus several activities supporting orphans and orphanages were conducted throughout 2014. Fine UAE arranged an educational fun day for 17 orphaned children from Beit Al Khair Society into their site; several activities were arranged including a tour around the site. Moreover, Fine Jordan sponsored an event held for orphans on the national orphans' day, in which employees and their children participated. In 2014, FINE was a silver sponsor of the Amman Marathon, promoting the importance of sports and good health.



## Ramadan Campaign for Orphans

During the month of Ramadan, a special pack was launched, where part of the profits raised through selling this pack was dedicated to building, fixing, or renovating orphanages.

## Our Employees' Partner of Choice – Human Resources

Our Human Resources department at the Head office, in collaboration with human resources departments at our facilities, has had a dynamic year in 2014, setting up for FHH's new vision. Accordingly, that required for a change in the business model and functional strategies in order to

align with FHH new vision that will be implemented in the coming year. The Human Resources Department at Nuqul Group held its first annual HR forum to emphasize the importance of its role and its impact on the strategic plans of the Group in expanding its operations. The discussion focused on the key human resources strategies for 2015 that will ensure the attraction, development and retention of talents and ultimately realize the Departments long term goals.

It is the responsibility of our human resources departments to manage the organizational design, recruitment, training and career development, performance management, compensation and benefits and succession planning among other activities.

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

We built our strong brand image, innovative top notch products, and our customer's loyalty through our talented and devoted employees, which is why we consider our employees our most valuable assets. We value our employees' ownership and diversity; believing that innovation is induced through these aspects. As an organization we work together to provide our customers a "Care free world" of the best hygienic solutions.

Our work environment nurtures a culture of excellence, constantly striving for exceptional results, in which we take pride and find great satisfaction. Our "Xi Drivers" are our daily motivators and key enablers that help us put our values into action, around which they revolve, responsiveness, quickness, fulfillment of the promise, mastering the job, teamwork, synergy, creativity, and innovation.

In 2014, we had a total number of 4,404 employees in our Fine Hygienic Holding units in Jordan, Egypt, UAE, and KSA, of which 652 employees newly joined our organization in 2014. 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.

In 2014, our turnover rate was 25.12%; this increase was due to the increase in competition in the employment market in the Gulf countries, offering really high salaries, especially with the high talent reputation of FHH employees. Also, this was due to the increase of global & regional players demand on talent in our markets.

| Indicator                       | Unit      | 2014   | 2013   | 2012   | 2011   |
|---------------------------------|-----------|--------|--------|--------|--------|
| Total Number of Employees – FHH | Employees | 4,404  | 4,431  | 4,304  | 4,250  |
| Rate of new hires – FHH         | %         | 14.38% | 12.43% | 19.44% | 21.18% |
| Turnover rate FHH- Total        | %         | 25.12% | 18.5%  | 18.8%  | 18.4%  |



| Indicator                                    | Unit      | 2014   | 2013   | 2012   | 2011   |
|--|-----------|--------|--------|--------|--------|
| Total number of employees FHH-Levant         | Employees | 1,404  | 1,448  | 1,483  | 1,519  |
| Total number of employees FHH-API            | Employees | 1,611  | 1,568  | 1,441  | 1,407  |
| Total number of employees FHH-North Africa   | Employees | 1,389  | 1,415  | 1,380  | 1,324  |
| Total number of new hires FHH – Levant       | Employees | 216    | 146    | 291    | 422    |
| Total number of new hires FHH – API          | Employees | 335    | 289    | 385    | 324    |
| Total number of new hires FHH – North Africa | Employees | 101    | 132    | 186    | 181    |
| Total Number of new hires – FHH              | Employees | 652    | 567    | 862    | 927    |
| Rate of new hires – Levant                   | %         | 14.07% | 9.25%  | 18.04% | 25.65% |
| Rate of new hires – API                      | %         | 20.79% | 18.43% | 26.72% | 23.03% |
| Rate of new hires - North Africa             | %         | 7.27%  | 9.33%  | 13.48% | 13.67% |
| Rate of new hires – FHH                      | %         | 14.38% | 12.43% | 19.44% | 21.18% |

| Indicator                        | Unit | 2014   | 2013   | 2012   | 2011  |
|----------------------------------|------|--|--|--|---|
| Turnover rate FHH – Levant       | %    | 29.5%  | 18.4%  | 20.3%  | 25.4%   |
| Turnover rate FHH – API          | %    | KSA: 39%<br>UAE: 14.65%<br>Iran: 17.7%<br>Kuwait: 27.14%           | KSA: 30.68%<br>UAE: 6.22%<br>Iran: 30.7%<br>Kuwait: 55.00%     | KSA: 27.2%<br>UAE: 7.5%<br>Iran: 45.9%<br>Kuwait: 38.4%      | KSA: 19.6%<br>UAE: 7.6%<br>Iran: 39.2%<br>Kuwait: 66.3%     |
| Turnover rate FHH – North Africa | %    | Egypt: 9.99%<br>Morocco: 27.41%<br>Algeria: 4.35%<br>Sudan: 29.03% | Egypt: 5.2%<br>Morocco: 28.24%<br>Algeria: 0%<br>Sudan: 21.54% | Egypt: 10.1%<br>Morocco: 4.9%<br>Algeria: 0%<br>Sudan: 25.4% | Egypt: 5.5%<br>Morocco: 1.4%<br>Algeria: 0%<br>Sudan: 26.9% |
| Turnover rate FHH- Total         | %    | 25.12%   | 18.5%  | 18.8%  | 18.4%   |

## Diversity and Equality

We take pride in the fact that our work environment promotes equality and diversity and rejects all forms of discrimination within our employment practices. Our Code of Conduct sets the ground for all employees to respect each other, regardless of age, gender, and ethnicities and we encourage our employees to embrace all differences amongst them. As of 2014, we have employees from 33 nationalities working in our facilities in the MENA region, and the average age for our employees is 37 Years.

In alignment with our code of conduct, we are an equal opportunity employer and we ensure that all prospective employees are selected based on merit.

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 ensure stable retention rates among our female employees, including a reduced number of working hours per day for working mothers who served 5 years or more in the group.

|   | Unit      | 2014  | 2013  | 2012  | 2011  |
|---|-----------|-------|-------|-------|-------|
| <b>Total Number of Female Employees – FHH</b>                             | Employees | 265   | 278   | 232   | 199   |
| <b>Percentage of female employees in the workforce -Total FHH</b>         | %         | 6.02% | 6.27% | 5.39% | 4.68% |
| <b>Percentage of female employees in management positions – Total FHH</b> | %         | 6.74% | 8.76% | 11.7% | 11.2% |

In 2014, NG's HR Director and HR team at Head Office participated in "Women's Role in the Labor Market and its Importance" session, sharing Nuqul Group's experience on this front.

|   | Unit      | 2014   | 2013  | 2012  | 2011  |
|---|-----------|--------|-------|-------|-------|
| <b>Total number of female employees FHH-Levant</b>                    | Employees | 64     | 70    | 74    | 75    |
| <b>Total number of female employees FHH-API</b>                       | Employees | 117    | 120   | 71    | 50    |
| <b>Total number of female employees FHH-North Africa</b>              | Employees | 84     | 88    | 87    | 74    |
| <b>Total Number of Female Employees – FHH</b>                         | Employees | 265    | 278   | 232   | 199   |
| <b>% of female employees in the workforce –Levant</b>                 | %         | 4.56%  | 4.83% | 4.99% | 4.94% |
| <b>% of female employees in the workforce -API</b>                    | %         | 7.26%  | 7.65% | 4.93% | 3.55% |
| <b>% of female employees in the workforce -North Africa</b>           | %         | 6.05%  | 6.22% | 6.30% | 5.59% |
| <b>% of female employees in the workforce -Total FHH Group</b>        | %         | 6.02%  | 6.27% | 5.39% | 4.68% |
| <b>% of female employees in management positions FHH-Levant</b>       | %         | 6.49%  | 14.2% | 13.0% | 12.9% |
| <b>% of female employees in management positions FHH-API</b>          | %         | 4.29%  | 4.2%  | 4.3%  | 6.0%  |
| <b>% of female employees in management positions FHH-North Africa</b> | %         | 10.87% | 18.8% | 18.4% | 13.7% |

|  | Unit | 2014  | 2013  | 2012  | 2011  |
|--|------|-------|-------|-------|-------|
| <b>% of female employees in management positions – Total FHH</b> | %    | 6.74% | 12.3% | 11.7% | 11.2% |

## Employees' Compensation and Benefits

We offer 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, and commuting allowance for transportation facilities for employees.



## Employee Training and Development

The development of the capabilities of our employees comes as a priority for our Human Resources Management team, as we believe that such would promote the growth and success of the group. Our Performance Development Review (PDR) system evaluates the performance and development of our employees and defines their skill development needs, based on which we identify matching development programs.

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.

The Human Resources department's role is to show a commitment to the growth & development of our employees by providing continuous training & development opportunities; therefore during 2014 we have introduced the people planning concept; which is a process aiming at retaining and engaging our top talents by providing them with growth and career development opportunities to become ready benches for the critical roles & ensure business continuity.

To enable sustainable organizational growth; more focus will be given to people planning & talent development initiatives through budget allocation within each BU to be utilized for various development activities and such will continue in the coming years.

We have also launched Sales Pipeline Development in Jordan; in order to develop ready benches for key & managerial sales positions.

One of our major goals is to develop the capacity of our employees to create a high performance organization, therefore having an effective performance management system is vital for achieving this goal. The following are some of the major changes to the performance management system which will be effective as of 2015:

- Extra focus will be given to people development whereby a higher people objective weight was given to the Executive & Senior management level.
- Self-Development Objectives were updated to include the following:
  1. Identification of a health target (To promote employee wellness)
  2. Identification of 1 weakness area for development (Minimize employees' weaknesses)

### 3. Identification of 1 strength area for improvement (Leverage employees' strengths)

We target employees at all levels to improve their professional and interpersonal skills; however, for 2014 we continue to put focus on the development of employees in middle management positions.

Our performance development and review system ensures that 100% of all our employees receive annual performance appraisals.

| Indicator   | Unit      | 2014 | 2013 | 2012  | 2011  |
|---|-----------|------|------|-------|-------|
| Average number of training hours per employee – FHH                       | Hours     | 21   | 30   | 16.81 | 16.72 |
| Number of employees at chief executive and director level taking training | Employees | 25   | 20   | 16    | 9     |
| Number of employees at upper management level taking training             | Employees | 41   | 29   | 131   | 57    |
| Number of employees at officer to middle management level taking training | Employees | 515  | 316  | 1174  | 478   |
| Number of employees at front line level taking training                   | Employees | 267  | 224  | 861   | 587   |

## 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 locals in the workforce (i.e. Saudization).

| Indicator                   | Target       | 2014   | 2013  | 2012 | 2011   |
|-----------------------------|--------------|--------|-------|------|--------|
| Job Saudization             | 25% or above | 25.99% | 25.4% | 21%  | 20.11% |
| Locals in C-suite positions | NA           | 90%    | 90%   | 90%  | 90%    |



## 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.

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.

## Grievance System

Our integrity hotline and our grievance system ensure 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.

## Labor Rights in the Work Place

As part of our commitment to the UN Global Compact Principles, and as an equal opportunity employer, we constantly attempt to maintain a work environment with zero tolerance for any form of discrimination. We support the right of collective bargaining wherever permissible by local laws and regulation, and all our operations are prohibited from encouraging any form of child labor and /or forced or compulsory labor. Moreover, all our operations are audited on annual basis to ensure their compliance with our labor practices requirements.

Accordingly, we report that zero cases of grievance related to human rights violations were communicated and none of our operations recorded any incidents 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.

## Corruption

Our Code of Conduct sets the ground for all our businesses and employees to combat all forms of corruption, and our Corporate Integrity Hotline ensures the enforcement of our anti-corruption policies and requirements by providing the opportunity for all our employees to report any unethical behavior.

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. Once a corruption claim is identified, an investigation



is conducted by our internal audit department and if the claim is proven, the party responsible for this claim would be held accountable and appropriate measures are taken against them.

In 2014, we had several confirmed cases whereby employees were found to be in violation to the Code of Conduct. After thorough and independent investigations, the appropriate disciplinary measures were taken including dismissal.

## 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.

## Employees' Role in Sustainability

Our sustainability strategy is focused on the workforce, where a workforce that is strongly committed to sustainable development will support the promotion and the uptake of sustainability within our operations and products and amongst customers and communities. As such, we constantly strive to integrate sustainability principles through training, performance reviews and communication so as to influence the course of development for all our stakeholders towards more sustainable levels.



## Participation in Public Policy

We constantly engage in stakeholder consultations for different public policy aspects as part of our presence as an industrial leader. Such engagements take different forms from government surveys to focus groups and round tables, to engagement in advocacy efforts through non-governmental bodies. 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.

## 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).

## Investment and Procurement Activities

Our contracts with our business partners stipulate that all parties should comply with ethical business practices; however, in these contracts; we do not include clauses that explicitly mention compliance with human rights laws and regulations; these contracts include investment agreements, suppliers' contracts and any other business contracts. Accordingly, we do not conduct human rights audits for these 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.

## Health and Safety

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.

The year of 2014 continued our efforts in safety improvement at our facilities by kicking off a comprehensive plan for safety improvement that tackled the elements of shared values, strategy, structure, staff, skills, systems, and style of management within the safety framework. We are proud to report that 3 of our sites have reached a level of Zero accidents; Fine Jordan – Absorbents Plant and Nuqul Tissue Jordan mills.

Moreover, corporate level intervention reached a new level as a Health, Safety and Environment Department was formulated to act as the driver and activator of safety improvement on a corporate level. This department is tasked to take all necessary measures needed to elevate the culture of safety within our companies and impact the lives of all employees positively by guaranteeing them a safe work environment that is free from risks.

Such initiatives have led the group to a remarkable improvement of safety performance, where the AFR of the group has improved by 9.79% reaching the lowest figure achieved in the group's history. In addition, the ASR has also improved by 31.82% signifying a considerable reduction in the number of working days lost due to accidents.

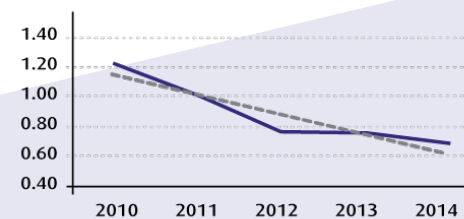
The following table and graphs represent Nuqul Group's performance in safety in 2014 when compared to the years before;

| Criteria      | 2014       | 2013      | 2012       | 2011       | 2010       |
|---------------|------------|-----------|------------|------------|------------|
| Accidents     | 34         | 41        | 40         | 52         | 54         |
| Lost Days     | 529        | 844       | 719        | 863        | 1261       |
| Working Hours | 11,969,053 | 3,020,217 | 12,630,912 | 12,342,890 | 10,628,980 |
| AFR           | 0.68       | 0.76      | 0.76       | 1.01       | 1.22       |
| ASR           | 10.61      | 15.56     | 13.66      | 16.78      | 28.47      |

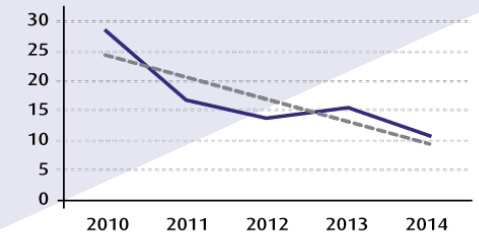
## Safety Drills

We carry out drills routinely, to prepare for emergencies such as fire, chemical leakage, oil leakage, vehicle collisions. All our units are obliged yearly drills for firefighting, evacuation, chemical spillage, earthquakes, floods, and any other potential hazards.

Group AFR Per Year



Group ASR Per Year





# 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.

This section covers GRI (G4) indicators: EC1 – EC9





## Economic Performance of Nuqul Group

Our corporate slogan "Growing Together" prescribes our direction towards the creation of sustainable growth and value for all our stakeholders. We have operations in nine 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 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 dealing with governments is determined through local laws and regulations.

## Direct Economic Value

2014 was a challenging year for Nuqul Group, yet proved to be successful. We have managed to work through the difficulties that we face in the market and generate a level of revenues close to our performance in 2013 even though the political instability in the region have incurred major losses of opportunities on our revenues. The below table represents our revenues, income taxes, and employee wages and benefits.

| Indicator  | Unit        | 2014 | 2013 | 2012 | 2011 |
|--|-------------|------|------|------|------|
| <b>Total Revenues</b>  | Million USA | 688  | 701  | 657  | 652  |
| <b>Income Tax paid to government</b>   | Million USA | 6.7  | 3.2  | 4.8  | 5.0  |
| <b>Employee wages and benefits (including bonus, incentives, pension, medical insurance and education program)</b> | Million USA | 79.4 | 76.9 | 72.4 | 67.0 |

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.

Our economic performance is also reflected on the economic value we

provide for our employees, in 2014 the employee wages and benefits (including bonus, incentives, pension, medical insurance and the educational allowance) increased by 3.3% compared to 2013. This was due to an increase in the number of employees accompanied by the annual salary raises which increased the total for the salaries paid to our employees.

Our pension structure is dependent upon the local regulations concerning pension in the markets where we operate, All our pension obligations have been fully met; the financial obligations are included within employee wages and benefits expenditure.

| Country       | Employer Contribution                       | Employee Contribution                       |
|---------------|---|---|
| <b>Jordan</b> | 12.25% of wages                             | 6.5% of wages                               |
| <b>Egypt</b>  | 26% of fixed wages<br>24% of variable wages | 14% of fixed wages<br>11% of variable wages |

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 ensure stable retention rates among our female employees.



## 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              |

## Indirect Economic Impacts

As a group that operates and sells across the Middle East and North Africa (MENA) region, we acknowledge our responsibility in creating a positive economic impact for all our stakeholders, and strive to ensure that such impact is realized through our operations and products with the aim of contributing to sustainable economic growth for each and every stakeholder group. Our commitment to this endeavor is exemplified by 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.

## 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.

## Product Quality and Safety

As FHH, we place our customers on top of the pyramid, knowing that our consumers are our top priority we ensure having the highest quality of our products, starting from raw material acquisition, to suppliers, to manufacturing, selling and usage.

**"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."**

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 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  |
| <b>Development of Product Concept</b>  | ✓   |    | 100%                            | All new products   |
| <b>Research and Development</b>  |     | ✓  | NA                              | NA   |
| <b>Certification</b>   | ✓   |    | 100%                            | Our Steripro™ label is used for all our products, and indicates that an effective sterilization methodology has been used during the production process.   |
| <b>Manufacturing and Production</b>  | ✓   |    | 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.  |
| <b>Marketing and Promotion</b>   | ✓   |    | 100%                            | The Steripro™ label is clearly communicated through our marketing channels, highlighting the safety of our products.   |
| <b>Storage Distribution and Supply</b>   |     | ✓  | NA                              | The storage, distribution and supply of our products do not impose any significant health and safety risks.<br>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. |
| <b>Use and Service</b>   | ✓   |    | 100%                            | Our products do not impose any significant health and safety impacts during use.   |
| <b>Disposal, Reuse or Recycling</b>  |     | ✓  |                                 | 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.   |

## Product Innovation

Idea-T, which means “my idea” in Arabic, is a program that was established in 2011 as a way to encourage the creativity, innovation and recognition amongst our employees, offering them a platform to propose their ideas. It is a structured and disciplined approach to systematically filter and assess ideas against criteria and only the most valuable ones are put into practice, it helps maintain a pipeline where ideas are assessed and a portfolio of the most promising ideas are invested in.

Proposed ideas go through a series of studies done by the Idea-T committee which comprises of the R&D, Technical, and Marketing senior management; they meet routinely to discuss possible ideas, whereby employees are subjected to financial rewarding if their ideas were implemented. Innovation management offers tremendous potential for business improvement and success. Companies can obtain tangible return on investment from ideas.

## Customer Satisfaction

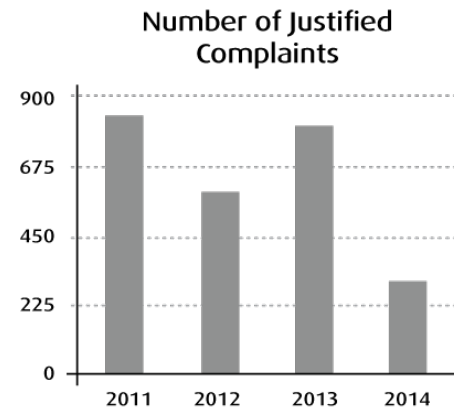
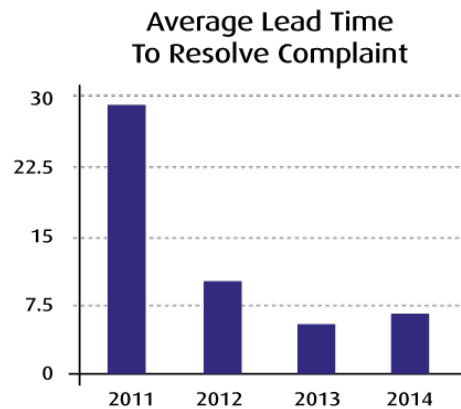
Our Fine operations in addition to Nuqul Tissue have over 17,000 customers in their customer base, to which we are committed to delivering high quality products that rise above our customers’ expectations. Fine, our class A tissue brand, has been successful in achieving its place among consumers as the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

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  | 2011 | 2012 | 2013 | 2014 |
|--|------|------|------|------|
| <b>Number of justified complaints (complaints)</b>   | 843  | 595  | 804  | 304  |
| <b>Average lead time to resolve complaint (days)</b> | 29   | 10   | 5.37 | 6.6  |

In 2014, the number of customer complaints for our Fine converting operations (in Jordan, Egypt and KSA) decreased by 62.19%. This decrease is credited to the success of the quality improvement of our products, which

was a result of the adopted quality monetization model. The average lead time to resolve customer complaints increased by 18.63% which is due to the expansion in one of our companies into several locations, that increased the lead time for transporting the samples to our quality lab. The Quality Rate for our baby diaper products has improved by 3.63% when compared to 2013; this improvement is due to improving our production process, in addition to elevating the technical level of our machinery.



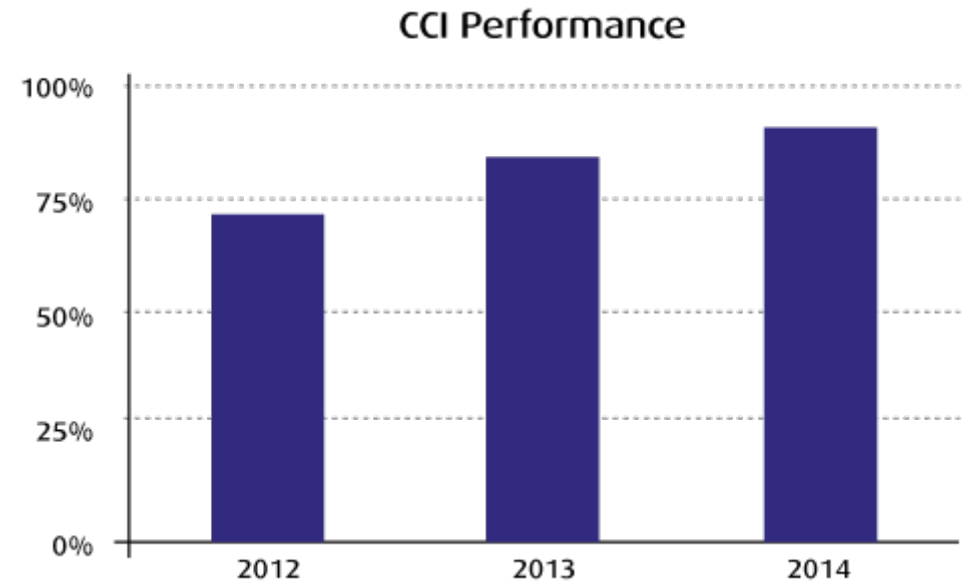
## Customer Complaint Index

In 2012, we launched a unique, internally developed index under the name of Customer Complaint Index (CCI), which aimed to elevate the level of customer centricity, and instill the culture of fast response to customer complaints. This index acts as a tool for quantifying our performance in terms of response to customer complaints, including complaints' recurrence, time taken to investigate complaints, and the time taken to close the complaint with the complainant.

After the successful deployment of the CCI in 2012, companies of the group started relying on this index by utilizing it in their process performance evaluation, incentive schemes, and employees' appraisals, which further emphasized our group's direction to not compromise quality and customer satisfaction, and created a focus-driven culture that pursued improving the index constantly.

The CCI is reported on monthly basis, and analyzed to identify promptly any visible issues that may arise within our Facial, Toilet and Kitchen (FTK) product category, as well as Absorbents product category. Based on the analysis, necessary corrective and preventive measures, reaching to the limit of product recall if necessary, are implemented to ensure that quality issues are addressed and solved before products are sent to the market.

The group's performance in the CCI is demonstrated in the graph below, where the group's overall score in 2014 improved by 13.74% as compared to 2013's performance reaching approximately 91.5%, which was achieved due to the continuous work on improving our product in addition to the multiple programs that companies deploy to improve their performance in the CCI.



## Quality Symbolization Model

The successful implementation for the Quality monetization has led to successful manufacturing of a high quality product, and the manufacturing process having a comprehensive control to ensure consistency of production, such has also been realized through positive consumer feedbacks and lower complaints level.



To move forward in the quality journey of Nuqul Group, the second phase of the journey kicked off in 2014 focusing on the culture. Culture transformation has been handled by many corporates in different protocols using different models; the newly established BRAVE model was utilized in FHH to help the culture transformation journey.

To symbolize FHH Quality culture, the BRAVE framework can be used to determine the true culture of an organization underneath the surface or stated culture. The key elements of the BRAVE model are behaviors, relationships, attitudes, values, and the environment.

This program will be finalized in mid-2015.

## **Positively Influencing Our Customers With Product Labeling**

As NG, we recognize the importance of the sustainability of our environment and people, recognizing the wide range of the markets we supply, we have a major responsibility in encouraging responsible consumerism, thus we make sure to label our products with all necessary environmental information, mentioning the importance of preservation of the environment is to us, the biodegradability of the product, the importance of responsible pulp sourcing. Although we do not have a system for it, our marketing team ensures the labeling of the sourcing of the product, safety in use, disposal mechanism.

We do not use 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.



# PERFORMANCE OF 2014

| Key Performance Indicator   | 2014    | 2013    |
|---|---------|---------|
| Percentage of business units audited for fiscal responsibility                                  | 1.00    | 1.00    |
| Percentage of internal audit employees trained on anti-corruption policy and procedures in 2014 | 0.00    | 0.11    |
| Percentage of business units for which sustainability performance is tracked on monthly basis   | 100%    | 100%    |
| Water consumption   | 1237985 | 1229689 |
| Indirect energy consumption - Electricity Consumption   | 239002  | 252352  |
| Electricity Power Consumption Per Ton Tissue in Mills   | 1180    | 1143    |
| Electricity Consumption per Ton non-woven   | 1574    | 1463    |
| Electricity Consumption per Ton packaging   | 207     | 193     |
| Electricity Consumption per Diaper  | 18.86   | 18.97   |
| Electricity Consumption per ton facial  | 0.43    | 0.53    |
| Electricity Consumption per ton toilet  | 0.35    | 0.37    |
| Electricity Consumption per ton Kitchen   | 0.71    | 0.47    |
| Direct energy consumption - Operational Fuel Consumption  | 1499909 | 1780196 |





| Key Performance Indicator                                | 2014    | 2013    |
|--|---------|---------|
| Thermal Energy Consumption per Ton Tissue (Nuqul Tissue) | 1638.28 | 1859.00 |
| Direct energy consumption - Vehicle Fuel Consumption     | 107866  | 164595  |
| Direct GHG emissions (Operational and distribution fuel) | 71425   | 83346   |
| Indirect GHG emissions (Electricity)                     | 161502  | 161888  |
| GHG Emissions from Electricity Per Ton Tissue in Mills   | 0.80    | 0.85    |
| GHG Emissions from Thermal Power per Ton Tissue in Mills | 0.16    | 0.15    |
| GHG Emissions per Ton non-woven                          | 1.06    | 1.14    |
| GHG Emissions per Ton packaging                          | 0.14    | 0.15    |
| GHG Emissions per Diaper                                 | 12.74   | 13.60   |
| GHG Emissions per ton facial                             | 0.29    | 0.38    |
| GHG Emissions per ton toilet                             | 0.24    | 0.27    |
| GHG Emissions per ton Kitchen                            | 0.48    | 0.34    |
| Waste Generation   | 7589.00 | 4589.00 |
| Turnover rate  | 0.25    | 0.19    |
| Female participation in workforce                        | 0.05    | 0.05    |
| Percentage of females in management positions            | 0.04    | 0.04    |
| Accident Frequency Ration (AFR)                          | 0.68    | 0.76    |
| Accident Severity Ratio (ASR)                            | 10.61   | 15.56   |
| Number of justified customer complaints                  | 304     | 804     |
| Average lead time to resolve customer complaints         | 6.60    | 5.37    |



# LIST OF ACRONYMS

|               |  |
|---------------|--|
| <b>ADL</b>    | Acquisition distribution layer                 |
| <b>AFR</b>    | Accident Frequency Ratio                       |
| <b>API</b>    | Arabian Peninsula and Iran                     |
| <b>ASR</b>    | Accident Severity Ratio                        |
| <b>CCI</b>    | Customer Complaints Index                      |
| <b>CEO</b>    | Chief Executive Officer                        |
| <b>CNTO</b>   | Chief Nuqul Tissue Officer                     |
| <b>CSR</b>    | Corporate Social Responsibility                |
| <b>EDANA</b>  | European Disposables and Nonwovens Association |
| <b>ENF</b>    | Elia Nuqul Foundation                          |
| <b>FHH</b>    | Fine Hygienic Holding                          |
| <b>FMCG</b>   | Fast Moving Consumer Goods                     |
| <b>FSC</b>    | Forest Stewardship Council                     |
| <b>GHG</b>    | Greenhouse Gas                                 |
| <b>GRI</b>    | Global Reporting Initiative                    |
| <b>GSM</b>    | Group Standards Manual                         |
| <b>HSE</b>    | Health, Safety & Environment                   |
| <b>ILO</b>    | International Labor Organization               |
| <b>ISO</b>    | International Organization for Standards       |
| <b>JABA</b>   | Jordanian American Business Association        |
| <b>JEBA</b>   | Jordanian European Business Association        |
| <b>JOCABA</b> | Jordanian Canadian Business Association        |
| <b>LCA</b>    | Life Cycle Assessment                          |
| <b>LLC</b>    | Limited Liability Company                      |
| <b>NA</b>     | North Africa                                   |

|             |   |
|-------------|---|
| <b>OHS</b>  | Organizational Health Survey                        |
| <b>PDR</b>  | Performance Development Review                      |
| <b>PEFC</b> | Program for the Endorsement of Forest Certification |
| <b>PPP</b>  | Perfect Printing Press                              |
| <b>PR</b>   | Public Relations                                    |
| <b>SPIC</b> | Specific Industrial Company                         |
| <b>UNGC</b> | UN Global Compact                                   |
| <b>YEA</b>  | Young Entrepreneurs Association                     |
| <b>YPA</b>  | Young Presidents Organization                       |



# GLOSSARY OF TERMS

|                                   |   |
|-----------------------------------|---|
| <b>Aspect</b>                     | Element of an organization's activities, products or services that can interact with a specific management dimension.   |
| <b>C-Suit</b>                     | 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). |
| <b>Carbon footprint</b>           | The total sets of greenhouse gas (GHG) emissions caused by an organization, event, product or person.   |
| <b>Climate Change</b>             | A significant and lasting change in the statistical distribution of weather patterns over periods ranging from decades to millions of years.  |
| <b>Code of conduct</b>            | 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.  |
| <b>Fast Moving Consumer Goods</b> | Products that are sold quickly and at relatively low cost.  |
| <b>Greenhouse Gas</b>             | A gas in the atmosphere that absorbs and emits radiation within the thermal infrared range.   |
| <b>Impact</b>                     | A change that could have a negative effect on the on an organization  |
| <b>ISO 14001</b>                  | A family of standards related to environmental management.  |
| <b>ISO 18001</b>                  | A Standard for occupational health and safety management systems  |
| <b>ISO 50001</b>                  | A standard for management of energy   |
| <b>Materiality</b>                | 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.  |
| <b>Precautionary Principle</b>    | 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.               |
| <b>Pulp</b>                       | A lignocellulose fibrous material prepared by chemically or mechanically separating cellulose fibers from wood, fiber crops or waste paper.   |
| <b>Shareholder</b>                | 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.   |
| <b>Stakeholder</b>                | A Stakeholder (corporate), a person, group, organization, member or system that affects or can be affected by an organization's actions.  |
| <b>Sustainability</b>             | 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.   |
| <b>Sustainable development</b>    | 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.  |
| <b>UN Global Compact</b>          | A United Nations initiative to encourage businesses worldwide to adopt sustainable and socially responsible policies, and to report on their implementation.  |

# 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 HQ, local minimum wage as provided by local regulations published on the world wide web  | *100  |
| Percentage Saudization   | Fine KSA   | From HR department in Fine KSA  | *100  |
| Pulp consumption   | Nuqul Tissue Jordan, Nuqul Tissue Egypt  | Directly from 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   | *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, PPP and SPIC | Sustainability Dashboard and business excellence departments at business units  | Actual consumption data                                     |
| Electricity consumption per unit product   | Nuqul Tissue Jordan, Nuqul Tissue Egypt, Fine Jordan, Fine Egypt, Fine KSA, Fine UAE, PPP and SPIC | Electricity consumption data provided by the sustainability dashboard, production data provided by technical dashboard and production departments at business units   |   |
| 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.<br>Electricity GHG emission factors are taken from the International Energy Agency. |   |
| Total sludge generated   | Nuqul Tissue Jordan  | From operations department in Nuqul Tissue Jordan   | Estimate based on material balance                          |

| Indicator  | Scope  | Source(s)  | Calculation assumptions   |
|--|--|--|---|
| 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                                     | 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                                     | 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                | *100  |
| Accident frequency ratio (AFR)                         | Nuqul Tissue Jordan, Nuqul Tissue Egypt, Fine Jordan, Fine Egypt, Fine KSA, Fine UAE, PPP and SPIC   | Directly from health and safety department at Business Units |   |
| Accident severity ratio (ASR)                          | Nuqul Tissue Jordan, Nuqul Tissue Egypt, Fine Jordan, Fine Egypt, Fine KSA, Fine UAE, PPP and SPIC   | Directly for health and safety department at Business Units  |   |
| Average number of training hours per employee          | FHH collective   | Human Resources Department at the Head Office                |   |
| 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           | *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           | *100  |
| Organizational Health Survey Score                     | FHH collective   | Human Resources (HR) Department at the Head Office           | % score based on responses from employees to the organizational health survey |
| Number of 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                                     |

| Indicator  | Scope   | Source(s)   | Calculation assumptions                              |
|--|---|---|--|
| Percentage of employees trained in anti-corruption policies and procedures | FHH collective  | Audit department at the head office   | *100   |
| 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     | /number of months                                    |
| Quality rate for baby diapers  | Fine Jordan, Fine Egypt, Fine KSA, Fine UAE and Fine Iran | Technical R&D department at the Head Office and Production Department at Business Units |  |
| Leakage complaints for diapers   | Fine Jordan, Fine Egypt and Fine KSA                      | Operations support department and Business excellence departments in Business Units     | Number of leakage complaints for diapers at year end |



| Indicator | Description   | Page                  |
|-----------|---|-----------------------|
| G4-1      | Letter from the CEO   | 4                     |
| G4-2      | Key impacts, risks, and opportunities   | 15                    |
| G4-3      | Name of the organization  | 5                     |
| G4-4      | Primary brands, products, and services  | 5-7                   |
| G4-5      | Location of the organization's headquarters   | 5                     |
| G4-6      | Location of the organization's operation sites  | 5                     |
| G4-7      | Nature of ownership and legal form  | 11,12                 |
| G4-8      | Markets served  | 5                     |
| G4-9      | Scale of the organization   | 5                     |
| G4-10     | Employees breakdown   | 30-32                 |
| G4-11     | Percentage of total employees covered by collective bargaining agreements   | N/A                   |
| G4-12     | Organization's supply chain   | 7                     |
| G4-13     | Significant changes during the reporting period regarding the organization's size, structure, ownership, or its supply chain                                  | 5                     |
| G4-14     | Precautionary approach or principle is addressed by the organization  | 13                    |
| G4-15     | Externally developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes or which it endorses. | 12                    |
| G4-16     | Memberships of associations   | 12                    |
| G4-17     | Entities included in the organization's consolidated financial statements or equivalent document  | 48                    |
| G4-18     | Process for defining the report content and the Aspect Boundaries   | 15                    |
| G4-19     | Material Aspects identified   | 15                    |
| G4-20     | Aspect Boundary within organization   | 15                    |
| G4-21     | Aspect Boundary outside organization  | 15                    |
| G4-22     | Effect of any restatements of information provided in previous reports, and the reasons for such restatements   | Reported in footnotes |
| G4-23     | Changes from previous reporting periods in the Scope and Aspect Boundaries  | N/A                   |
| G4-24     | Stakeholder groups engaged by the organization  | 17-19                 |
| G4-25     | Basis for identification and selection of stakeholders  | 15, 17-19             |
| G4-26     | Organization's approach to stakeholder engagement   | 17-19                 |
| G4-27     | Report key topics and concerns that have been raised through stakeholder engagement   | 15                    |
| G4-28     | Reporting period  | Cover page            |
| G4-29     | Date of most recent previous report   | July 7th 2014         |
| G4-30     | Reporting cycle (such as annual, biennial)  | Cover page            |
| G4-31     | Contact point for questions regarding the report or its contents.   | Cover page            |
| G4-32     | In accordance option, GRI Content Index   | Cover page            |
| G4-33     | Organization's policy and current practice with regard to seeking external assurance for the report   | 54-56                 |
| G4-34     | Governance structure of the organization  | 11, 12                |
| G4-35     | Process for delegating authority for economic, environmental and social topics  | 11, 12                |

|       |   |                       |
|-------|---|-----------------------|
| G4-36 | Whether the organization has appointed an executive-level position or positions with responsibility for economic, environmental and social topic                            | 13, 35, 36            |
| G4-37 | Processes for consultation between stakeholders and the highest governance body on economic, environmental and social topics.   | 11, 12                |
| G4-38 | Composition of the highest governance body and its committees   | 11, 12                |
| G4-39 | Whether the Chair of the highest governance body is also an executive officer   | 11, 12                |
| G4-40 | Nomination and selection processes for the highest governance body and its committees   | 11, 12                |
| G4-41 | Processes for the highest governance body to ensure conflicts of interest are avoided and managed   | 11, 12                |
| G4-42 | Highest governance body's and senior executives' roles  | 11, 12                |
| G4-43 | Measures taken to develop and enhance the highest governance body's collective knowledge of economic, environmental and social topics.                                      | N/A                   |
| G4-44 | Processes for evaluation of the highest governance body's performance with respect to governance of economic, environmental and social topics                               | 11, 12                |
| G4-45 | Highest governance body's role in the identification and management of economic, environmental and social impacts, risks, and opportunities                                 | 11, 12                |
| G4-46 | Highest governance body's role in reviewing the effectiveness of the organization's risk management processes for economic, environmental and social topics.                | 11, 12                |
| G4-47 | Frequency of the highest governance body's review of economic, environmental and social impacts, risks, and opportunities.  | 11, 12                |
| G4-48 | Highest committee or position that formally reviews and approves the organization's sustainability report and ensures that all material Aspects are covered.                | Stakeholders' Council |
| G4-49 | Process for communicating critical concerns to the highest governance body  | 11, 12                |
| G4-50 | Nature and total number of critical concerns that were communicated to the highest governance body and the mechanism(s) used to address and resolve them.                   | N/A                   |
| G4-51 | The remuneration policies for the highest governance body and senior executives   | N/A                   |
| G4-52 | Process for determining remuneration  | 32                    |
| G4-53 | How stakeholders' views are sought and taken into account regarding remuneration  | N/A                   |
| G4-54 | The ratio of the annual total compensation for the organization's highest-paid individual in each country of significant operations   | N/A                   |
| G4-55 | The ratio of percentage increase in annual total compensation for the organization's highest-paid individual in each country of significant operations                      | N/A                   |
| G4-56 | Values, principles, standards and norms of behavior such as codes of conduct and codes of ethics.   | 8-10                  |
| G4-57 | The internal and external mechanisms for seeking advice on ethical and lawful behavior, and matters related to organizational integrity, such as helplines or advice lines. | 34                    |
| G4-58 | The internal and external mechanisms for reporting concerns about unethical or unlawful behavior, and matters related to organizational integrity                           | 34                    |

## Specific Standards

### Economic

| Indicator | Description  | Page |
|-----------|--|------|
| G4-EC1    | Direct economic value generated and distributed  | 38   |
| G4-EC2    | Financial implications and other risks and opportunities for the organization's activities due to climate change   | 39   |
| G4-EC3    | Coverage of the organization's defined benefit plan obligations  | 32   |
| G4-EC4    | Financial assistance received from government  | N/A  |
| G4-EC5    | Ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation | N/A  |
| G4-EC6    | Proportion of senior management hired from the local community at significant locations of operation               | 33   |
| G4-EC7    | Development and impact of infrastructure investments and services supported  | N/A  |
| G4-EC8    | Significant indirect economic impacts, including the extent of impacts   | 39   |

|        |   |    |
|--------|---|----|
| G4-EC9 | Proportion of spending on local suppliers at significant locations of operation | 35 |
|--------|---|----|

## Environmental

| Indicator | Description   | Page   |
|-----------|---|--------|
| G4-EN1    | Materials used by weight or volume  | 21, 22 |
| G4-EN2    | Percentage of materials used that are recycled input materials  | 23     |
| G4-EN3    | Energy consumption within the organization  | 23     |
| G4-EN4    | Energy consumption outside of the organization  | N/A    |
| G4-EN5    | Energy intensity  | 24     |
| G4-EN6    | Reduction of energy consumption   | 23     |
| G4-EN7    | Reductions in energy requirements of products and services  | 24     |
| G4-EN8    | Total water withdrawal by source  | 25     |
| G4-EN9    | Water sources significantly affected by withdrawal of water   | N/A    |
| G4-EN10   | Percentage and total volume of water recycled and reused  | 25     |
| G4-EN11   | Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas   | N/A    |
| G4-EN12   | Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas  | N/A    |
| G4-EN13   | Habitats protected or restored  | N/A    |
| G4-EN14   | Total number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk   | N/A    |
| G4-EN15   | Direct greenhouse gas (GHG) emissions (Scope 1)   | 24     |
| G4-EN16   | Energy indirect greenhouse gas (GHG) emissions (Scope 2)  | N/A    |
| G4-EN17   | Other indirect greenhouse gas (GHG) emissions (Scope 3)   | N/A    |
| G4-EN18   | Greenhouse gas (GHG) emissions intensity  | 24     |
| G4-EN19   | Reduction of greenhouse gas (GHG) emissions   | 24     |
| G4-EN20   | Emissions of ozone-depleting substances (ODS)   | N/A    |
| G4-EN21   | NOX, SOX, and other significant air emissions   | N/A    |
| G4-EN22   | Total water discharge by quality and destination  | 25     |
| G4-EN23   | Total weight of waste by type and disposal method   | 22, 23 |
| G4-EN24   | Total number and volume of significant spills   | None   |
| G4-EN25   | Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention <sup>2</sup> Annex I, II, III, and VIII, and percentage of transported waste shipped internationally | 23     |
| G4-EN26   | Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the organization's discharges of water and runoff   | N/A    |
| G4-EN27   | Extent of impact mitigation of environmental impacts of products and services   | N/A    |
| G4-EN28   | Percentage of products sold and their packaging materials that are reclaimed by category  | N/A    |
| G4-EN29   | Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations   | 26     |
| G4-EN30   | Significant environmental impacts of transporting products and other goods and materials for the organization's operations, and transporting members of the workforce   | N/A    |



|         |   |     |
|---------|---|-----|
| G4-EN31 | Total environmental protection expenditures and investments by type   | N/A |
| G4-EN32 | Percentage of new suppliers that were screened using environmental criteria   | 26  |
| G4-EN33 | Significant actual and potential negative environmental impacts in the supply chain and actions taken               | N/A |
| G4-EN34 | Number of grievances about environmental impacts filed, addressed, and resolved through formal grievance mechanisms | 34  |

## Human Resources

| Indicator | Description  | Page   |
|-----------|--|--------|
| G4-HR1    | Total number and percentage of significant investment agreements and contracts that include human rights clauses or that underwent human rights screening  | 35     |
| G4-HR2    | Total hours of employee training on human rights policies or procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained                  | 33, 34 |
| G4-HR3    | Total number of incidents of discrimination and corrective actions taken   | 34     |
| G4-HR4    | Operations and suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and measures taken to support these rights     | 34     |
| G4-HR5    | Operations and suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor                                    | 34     |
| G4-HR6    | Operations and suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures taken to contribute to the elimination of all forms of forced or compulsory labor | 34     |
| G4-HR7    | Percentage of security personnel trained in the organization's human rights policies or procedures that are relevant to operations   | N/A    |
| G4-HR8    | Total number of incidents of violations involving rights of indigenous peoples and actions taken   | N/A    |
| G4-HR9    | Total number and percentage of operations that have been subject to human rights reviews or impact assessments   | N/A    |
| G4-HR10   | Percentage of new suppliers that were screened using human rights criteria   | 26     |
| G4-HR11   | Significant actual and potential negative human rights impacts in the supply chain and actions taken   | N/A    |
| G4-HR12   | Number of grievances about human rights impacts filed, addressed, and resolved through formal grievance mechanisms   | 34     |

## Labor

| Indicator | Description  | Page         |
|-----------|--|--------------|
| G4-LA1    | Total number and rates of new employee hires and employee turnover by age group, gender, and region  | 31           |
| G4-LA2    | Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation  | 32           |
| G4-LA3    | Return to work and retention rates after parental leave, by gender   | 32           |
| G4-LA4    | Minimum notice periods regarding operational changes, including whether these are specified in collective agreements   | N/A          |
| G4-LA5    | 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 |
| G4-LA6    | Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender                      | 35, 36       |
| G4-LA7    | Workers with high incidence or high risk of diseases related to their occupation   | N/A          |
| G4-LA8    | Health and safety topics covered in formal agreements with trade unions  | N/A          |
| G4-LA9    | Average hours of training per year per employee by gender, and by employee category  | 33           |
| G4-LA10   | Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings                            | 33           |
| G4-LA11   | Percentage of employees receiving regular performance and career development reviews, by gender and by employee category   | 33           |

|         |  |       |
|---------|--|-------|
| G4-LA12 | Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity | 31-33 |
| G4-LA13 | Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation   | N/A   |
| G4-LA14 | Percentage of new suppliers that were screened using labor practices criteria  | 35    |
| G4-LA15 | Significant actual and potential negative impacts for labor practices in the supply chain and actions taken  | N/A   |
| G4-LA16 | Number of grievances about labor practices filed, addressed, and resolved through formal grievance mechanisms  | 36    |

## Public Relations

| Indicator | Description   | Page   |
|-----------|---|--------|
| G4-PR1    | Percentage of significant product and service categories for which health and safety impacts are assessed for improvement   | 40     |
| G4-PR2    | Total number of incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services during their life cycle, by type of outcomes   | 39, 42 |
| G4-PR3    | Type of product and service information required by the organization's procedures for product and service information and labeling, and percentage of significant product and service categories subject to such information requirements | 39, 42 |
| G4-PR4    | Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes   | 39, 42 |
| G4-PR5    | Results of surveys measuring customer satisfaction  | 40, 41 |
| G4-PR6    | Sale of banned or disputed products   | 39, 42 |
| G4-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  | 39, 42 |
| G4-PR8    | Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data   | N/A    |
| G4-PR9    | Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services  | 42     |

## Social

| Indicator | Description   | Page         |
|-----------|---|--------------|
| G4-SO1    | Percentage of operations with implemented local community engagement, impact assessments, and development programs          | 28-30        |
| G4-SO2    | Operations with significant actual or potential negative impacts on local communities                                       | 39           |
| G4-SO3    | Total number and percentage of operations assessed for risks related to corruption and the significant risks identified     | 34           |
| G4-SO4    | Communication and training on anti-corruption policies and procedures   | 34           |
| G4-SO5    | Confirmed incidents of corruption and actions taken   | 34           |
| G4-SO6    | Total value of political contributions by country and recipient/beneficiary   | Not reported |
| G4-SO7    | Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes          | N/A          |
| G4-SO8    | Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations | 35           |
| G4-SO9    | Percentage of new suppliers that were screened using criteria for impacts on society  | 26           |
| G4-SO10   | Significant actual and potential negative impacts on society in the supply chain and actions taken                          | N/A          |
| G4-SO11   | Number of grievances about impacts on society filed, addressed, and resolved through formal grievance mechanisms            | 34           |

# NUQUL GROUP STAKEHOLDER COUNCIL: INDEPENDENT ASSURANCE STATEMENT

June 21st, 2015  
The Board of Directors  
Nuqul Group  
P.O. Box 154  
Amman 11118, Jordan

## Establishment

Nuqul Group established Nuqul Group's 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 the performance of the group against targets set in the sustainability report on annual basis, and 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 – Nuqul Group          |
| Employees         | Nicola Billeh – Nuqul Group       |
| Customers         | Amani Abu Hilal – Pharmacy One    |
| Suppliers         | Laura Ramon – Weyerhaeuser        |
| Community/NGOs    | Yazan Majaj – Q Perspective       |
| Public Relations  | Nassif Khoury – Tactix Consulting |

## Review Approach

The sustainability assurance process was planned and organized by the EHS Department at Nuqul Group, whereby 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 of 2014 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 G4 reporting guidelines.

### Scope of Assurance

The scope of assurance covers information and indicators reported in Nuqul Group 2014 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 by peers, competitors and industry association, national and regional laws and regulations, international agreements and standards and guidelines including the GRI G4 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 presents performance in a manner that attempts to communicate the magnitude of the impact and contribution within appropriate geographical context. The report also describes how sustainability topics relate to long term organizational strategy, risks, and opportunities including supply-chain topics.

- **Completeness:** the scope of the report pertains to all entities directly owned by the group and 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 G4 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 10-12.
- **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. The report is only provided in English language and is accessible to all stakeholders via the World Wide Web.
- **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 establish quality and materiality of the information.

On Behalf of Nuqul Group Stakeholder Council

Yazan Majaj

Chairperson

