



Partner of Choice

Fine Hygienic Holding Sustainability Report – 2015



This is the 8th sustainability report for Fine Hygienic Holding's operations. The data in this report covers the period from January 1, 2015, through December 31, 2015. This report was prepared using the Global Reporting Initiative's (GRI) G4 Reporting Guidelines based on the comprehensive reporting level, and is published publically during June 2016. 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, Iraq, Lebanon, Morocco, KSA, and the UAE. The report is consolidated by the HSE Department at FHH's headquarters, and the accuracy of data is confirmed by the related reporting departments. For any information, you may contact us at: sustainability@finehh.com

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

For more information about Fine Hygienic Holding, please visit: www.finehh.com

Executive Summary

Sustainability in Fine Hygienic Holding is viewed as a shared global need for the future of the business, taking into consideration that we operate in an emerging economy where there are many challenges like regional security and resource availability, health and safety, and education and development. These topics shall be addressed to ensure that people in our region and across the globe can have safe, healthy, and fulfilling lives. At FHH, we believe that tracking our impact and improving all of our operations, products, and surrounding local communities can have significant, positive effects.

The Stakeholders Council for the second year has supported FHH in identifying effect on organization, environment, and social focus, creating a defined framework where this report will provide indicators for each aspect discussed.

In 2015, observed performance trends were as follows:

- Our CSR project at Al-Koura continued this year, with the ongoing support of our group to the Al-Koura village. The community witnessed unprecedented improvements in education, art and culture, farming, legal rights, and economic and food security.
- Our total water consumption was reduced by 11.4% due to our water minimization projects presenting all our business units, including an increased focus on the matter in our mills where the most water is consumed.
- Energy consumption has increased by 18.6% due to the increase in converting plants, which demands more production time and effort at the mills, which, therefore, constitute the main consumer of energy within the group. In addition, GHG emissions increased by 6.4% per production unit.
- Generated waste decreased by 25.3% as a result of our recycling projects and the shipping of our wastes to recycling facilities through approved waste vendors to ensure recycling of such wastes. All of our converting facilities and paper mills send zero waste to landfills; instead our waste buyers are obliged to dispose of waste in an environmentally approved manner and to verify that the waste, in its entirety, has been shipped to recycling facilities.
- Turnover rates have increased to 26.12% due to an increase in competition from other regional companies and the lucrative offers from the gulf region to our experienced employees.
- The number of business units that have ended the year with zero incidents has increased to five: Al Keena, Snobar, PM3, PPP, and SPIC.
- The accident frequency ratio has improved by 18.01%, showing that the concern for the safety of our employees has increased along with the new health and safety initiatives being implemented across our business units. This improvement was reflected also on our accident severity ratio, which improved by 50.3%, clearly indicating that not only the number of injuries has dropped, but also that the number of lost days related to each injury declined.
- The number of customer complaints of Fine converting operations (in Jordan, Egypt, and KSA) decreased by 39.42%. This decrease is due to the consistent quality improvements that take place among our business units and due to the application of the FACT model.

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Message from the CEO

We are proud to present to you our Communication on Progress report to the UN global compact for the eighth consecutive year. This report is our true commitment to building on our environmental, economic and social activities that are part of a comprehensive strategy that aims at achieving sustainable development.

2015 proved to be another challenging year with the political unrest in the region, and the difficult economic situation. In such times we understand that the role of the organizations in the society is of greater significance, therefore we spared no effort to continue providing premier products, investing in our people, and deploying the most innovative technologies. One aspect that has been enhanced was the digitization of our business. We proactively adapted to the consumers' online behaviors and shifted part of our strategy online.

We made significant steps towards our 2020 vision to become the leader in the hygienic solutions and the partner of choice for our customers and employees, when we concluded a transaction with a group of regional and international financial investors led by Standard Chartered Private Equity. The transaction entailed an investment for a minority stake in the group, which will reinforce our leadership position in the MENA region and expand our footprint into Africa.

Our guidelines for doing business and succeeding are our core values, "Our World, Our Pride and Our Soul". These have been our drivers over the years, and the behavior of each and every employee at our group.

Our CSR project at Al-Koura continued in 2015 with public-private partnership for sustainable development, aiming to improve the quality of life for its locals. We are proud to say that Khair al-Koura is now more than 50% self-sustaining with a chemical free farming project, food processing and product commercialization. 2015 had a wider focus on Al-Koura projects with legal aids, robotics laboratory, local farming, arts and culture and increasing the rate local employment.

Safety is one of FHH's top priorities. Our fundamental goal is to send every employee home safe and sound. This year witnessed further safety milestones achievements with increasing the number of accident free site to five sites, and improving our safety key performance indicators from decreasing the number of injuries to reducing the impact of such injuries, keeping in mind our greater goal to achieve a zero accident year for all FHH sites.

FHH quality journey has improved remarkably in the past few years, with our main focus on providing our customers with the best product available in the market, and even going beyond that whenever possible. Increasing quality focus has showed improvements in complaints number over the year by showing our commitment to customers and increasing the focus on the effectiveness of our initiatives.

As a group, we have a great sense of pride in what we have achieved. We look with optimism to the future, where we will continue building on our sustainability commitments and further integrating it into our business and gaining fresh momentum.



Salim Karadsheh

Chief Executive Officer – FHH

Organizational Profile

Considered among the top hygienic paper manufacturing groups in the world, Fine Hygienic Holding (FHH) specializes in consumer goods, product manufacturing, and innovative hygienic solutions. The company has a long history and illustrious heritage, as it was the first Jordanian company to enter the industry in 1958. Under the FHH umbrella, which comprises 30 local, regional, and global companies that form the operational nucleus, Fine Hygienic Holding plays an instrumental part in developing various sanitary products to achieve its goals of creating “a happier world” and becoming the ideal and preferred daily partner of consumers around the world. The company’s objectives and core values are apparent in its wide and continuous institutional and societal success.

As part of its long dedication to adhere to the highest health and safety standards and the latest environmentally-friendly practices, Fine Hygienic Holding relies on its patented ‘Steripro™’ sterilization method and its ‘No Touch’ mechanism. These innovative techniques guarantee the highest levels of sterilization and quality for consumers, as the products go through the entire production process without ever being touched by a human hand. Moreover, our incontinence care products are designed with the ‘Dermapro™’ technology, to give consumers high-quality diapers for the best skin care. As testament to the company’s sustainability efforts, its products are made with 100% virgin tree pulp, which the company preserves by planting five trees for each tree used in the production process.

Fine Hygienic Holding continues to push for expansion to enhance its presence and market penetration, which currently serves over 45 regional and global markets including the Middle East, the United States of America, and Europe.

Our corporate center 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 FHH business units.

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

Our organizational structure is based on a decentralized hierarchy, where our board of directors defines the strategic direction of the group, and the C-Suite, which ensures compliance with the chosen strategic direction. Our hierarchy ensures open communication channels across different levels. Our sustainability section reports to the head of corporate excellence of the group, who in turn reports to the chief executive officer.



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 value chain of Fine Hygienic Holding is shown in the figure below; we benefit from having vertical integration within the value chain.

To produce our tissue paper products, the process starts at the mills, where the mills receive pulp from pulp producers mainly from Latin America and Scandinavia, and process it to produce the jumbo tissue rolls. These jumbo rolls are, in turn, transferred to our converting facilities.

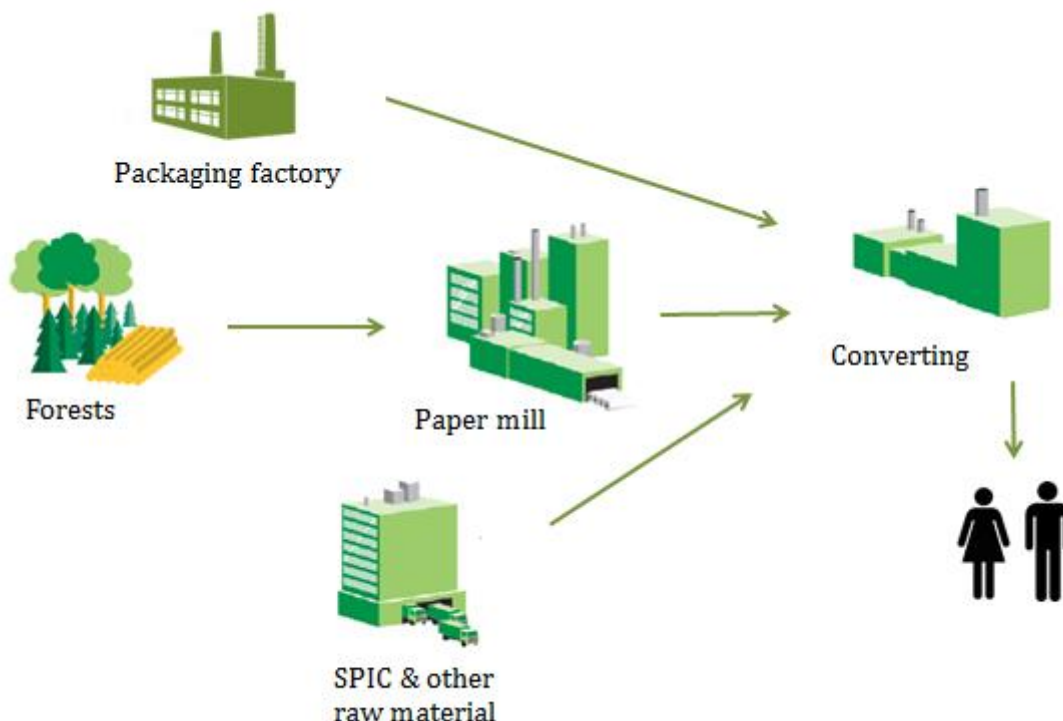
Our printing press receives board from Europe and with the help of specialized printing machinery prints the required designs for some of our final products. This packaging is transferred to the converting facilities to be used in the final products.

Our converting facilities receive, in addition to the jumbo tissue rolls, the needed packaging materials from our own press or other packaging suppliers, along with other materials such as glue and perfumes, and combines them through our converting process to produce our facial, toilet, kitchen towels, and table napkin products.

During our baby and adult diaper production, we combine raw materials such as textile back sheets, fluff pulp, non-woven material (that is produced in our own non-woven facility), super absorbent polymers, elastic tape, and other elastic materials to produce our Fine Baby Diapers and Fine Care Adult diaper products.

We have also ventured into outsourcing some of our products to more specialized suppliers, such as adult pull-ups from Denmark and wet wipes from Turkey and Malaysia. Moreover, our Fine Solutions section utilizes our facilities to produce 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.

The combination of all of our facilities constructs only the back end of our value chain. Our distribution network of customers, distributors, and retailers make up the front end of our value chain. This network allows us to reach our end consumer in an efficient and timely manner.



Our Strategy, Vision, and Core Values

FHH Strategy

In 2015, we set two goals: to achieve market leadership, and to become the first employer of choice.

As a world-class leader in hygiene solutions and a longstanding, preferred partner for customers and employees, we identified three key ways to achieve these goals:

- Putting people first
- Winning consumers' hearts
- Having pride in what we do

Vision 2020

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

Core Values

We believe that our purpose is to work toward improving life, and we seek to shine in all that we do toward this goal. We employ our mind and body in a way which satisfies our conscience.

The three core values that we hold at our core are:

- Our World
- Our Soul
- Our Pride

Our World

‘Playing our part’

FHH 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 listening carefully to the needs of our customers, employees, suppliers, and stakeholders and to balancing those needs, acting with responsible behavior toward the environment, our communities, and governments. This belief is embodied in our motto ‘Growing Together’ – employing collaboration and clear communication in our quest to make the world better.

Our Soul

‘The strength within’

At FHH, 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 toward our stakeholders. To support this endeavor, we commit to equal opportunity employment, fair work practices, skills development, trust, reward and accountability, a family/work balance and a healthy, happy work 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 done our best for ourselves and for our world.

Our Pride

'Feeling great about what we do'

FHH employees acknowledge that in an ever-changing world only outstanding performance can spur 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 a 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 we always seek to exceed their expectations. By gaining customer approval, we create pride and satisfaction.

2015: At a Glance

In 2015, we made strong progress in some of the most daunting market conditions to date. Against a backdrop of enormous external challenges – political upheaval, border closings, plummeting oil revenue, increasing competition, currency devaluing, and the increasingly cost-conscious customers, we drove forward both the industrial and retail businesses, ending the year on a positive note.

Unveiling a New Brand Identity

As part of the ongoing evolution of Fine Hygienic Holding, we launched a new logo design to synergize our vision, purpose, and values in a fresh, modern way. Our new logo, with the FHH in a leaf design, reflects our international standards and our continuous responsibility towards the environment and our community.

Growing the Business

FHH's fifth major tissue mill is being built at the Al Nakheel Mill in Abu Dhabi by Finland's Valmet Corporation, which has provided tissue machines to three of our four mills. The USD 90 million mill will add 60,000 tons of tissue per year to our current production of toilet, facial, napkin, and towel tissues. Operations are scheduled to commence during Q1 of 2017.

Investment toward Expansion

Standard Chartered Private Equity joined our board in 2015, investing USD 175 million in FHH to improve borrowing capacity and finance organic growth and expansion plans, like the Al Nakheel Mill in Abu Dhabi. This investment is a vital step toward our goal of making an initial public offering in three to five years.

A More Involved Board

With so much business intelligence and experience on the board, and with increased access to Standard Chartered Private Equity's international markets, we are involving the board in more decisions, harnessing the experience of our new investors in international markets and bringing it into the business.

Emerging Markets

Despite losing market access in Yemen, Syria, and Iraq, we broke new ground in one of the globe's most crucial emerging markets: Africa. In 2015, we began selling in Kenya, Madagascar, Mozambique, Sierra Leone, and Mauritania, and while we saw growth in all of our African markets, sales in Eritrea, Ethiopia, and Somalia stood out.

Beyond Africa, in 2015 we placed trial orders for tissue and baby diapers in Pakistan. We also entered Kazakhstan, won new customers in India and the Maldives, and saw strong sales in Sri Lanka.

Shifting Cultures and Removing Barriers

In 2015, we realized how important it was to move quickly and be agile. We have internalized this lesson and removed barriers between the board, management, and all departments, fostering a teamwork approach to problem-solving. It is not the traditional way of doing things, but we have never been afraid to try something new.

Developing New Products

In 2015, we introduced new toilet tissue ranges with various features and new DermaPro incontinence care products. We brought Fine Baby Yellow with stretchable ears to the Egyptian market, and one-ply Lido Facial Tissue to the Iraqi and Lebanese markets. We also debuted Fine Mini Facial Tissue and Fine Sensations Jasmine Facial Tissue.

Launching Club Fine

Our new loyalty program offers valuable rewards to our employees and to the employees of our customers in restaurants and cafés: discounts of 5-25% off of any purchase from shops or service providers that are members of Club Fine.

Going Online with finestore.com

In 2015, we made major strides in developing finestore.com, an e-commerce platform for Business to Business (B2B) and Business to Consumer (B2C) sales. Our goals are to increase the number of returning customers and to replenish orders. The service runs on SAP's Hybris ecommerce platform and will be key in reaching out and creating new sales channels.

Piloting Road Net

In 2015, we piloted the UPS-designed Road Net route optimization system across our UAE sales and delivery fleet. Road Net reduces fuel consumption and costs by implementing better route planning, which is: good news for customers, the environment and our bottom line. Next, we plan to roll out Road Net in Saudi Arabia, Jordan, Morocco, and Egypt.

All Pulp Guaranteed 100% FSC

We spent USD 200 million on raw material in 2015, of which USD 130 million was pulp, all of it Forest Stewardship Council certified. FSC certification means pulp comes from forests managed in environmentally and socially responsible ways.

Planting More Trees

We planted 5.2 million trees in 2015, part of our commitment to plant a tree and sometimes two for every tree cut down. It takes between 22 and 25 trees to produce one ton of pulp, so for the 152,000 tons of tissue we produced last year, we ensured that our suppliers planted 5.2 million trees.

Al Koura: Our CSR Success Story

Our development project at Al Koura in Jordan reached two milestones in 2015: attaining near full self-sustainability, and commercializing olive oil, spices, and other food produced as part of the Al Koura project.

Better Customer Service

In 2015, even as our market and number of customers grew, we experienced our lowest-ever number of complaints, dropping from 312 in 2014 to 189 in 2015.

Automating Our Production

In keeping with our drive to be a global leader in hygienic tissue, 2015 saw the continued roll-out of our unique hands-free manufacturing capabilities for facial products at our major business units. We are now proud to offer hands-free, fully sterilized products across all categories of tissues and absorbents.

Cost Savings

For the sixth year in a row, Generation-S, our manufacturing cost saving program, delivered tangible savings across the business. In 2015 we saved USD 4.5 million, with more than USD one million being in the supply chain alone.

Governance at FHH

As FHH strives for business excellence and consistency in all of its operations, it is essential to have a solid governance strategy, in order to establish that FHH will continue to separating ownership from management, as the FHH Board of Directors is accountable for:

- Maintaining the defined 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 director's 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 conflicts of interest, board committees, performance evaluation, and communication with shareholders.

The work of the board of directors, as well as the business approach of all subsidiary companies, is directed by our mission statement and core values (see FHH Sustainability Management Framework section) , and all of our businesses are required to comply with each stipulation in both the mission statement and the core values.

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.

Mr. Ghassan Nuqul, the Vice Chairman of the FHH Board of Directors, currently holds the following positions:

- Member of the Private Sector Partnership Council of the Ministry of Industry and Trade
- Member of the Ministerial Advisory Board on the Partnership between the Private and Public Sectors
- Member and Ex-Chairman of the Jordan Chapter of the Young Presidents' Organization (YPO)
- Member of the Board of Trustees of the 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 Business Association (JEBA)
- Member of the Jordanian American Business Association (JABA)
- Founding Member of the Jordanian Canadian Business Association (JOCABA)
- Member of the Jordan Engineers Association

“Salim Karadsheh is Chief Executive Officer of Fine Hygienic Holding. Born in Amman in 1962, Mr. Karadsheh holds a Bachelor’s degree in Electrical and Electronic Engineering from the University of Bath (UK). He joined FHH in 1986 and has driven a variety of projects including mill construction, feasibility studies and management, with key achievements at Al Bardi Paper Mill, Al Keena Hygienic Paper Company and Fine Hygienic Paper Company.

Mr. Karadsheh is also on the board of INJAZ, Jordan’s leading non-profit organization for the creation of economic opportunities for Jordanian Youth. He is a mentor at Endeavour Jordan, a founding member at Jo-Angels, and he contributes at the boards of two schools.”

FHH 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.

Sustainability in the Eyes of FHH

“As a leading corporate citizen, FHH 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 in “Growing Together,” which represents our understanding that the growth of our business cannot be achieved or maintained unless such growth is accompanied by achieving sustainable benefits for all of our stakeholders.

Entrenched within our core values, “Our World, Our Soul, and Our Pride”, we believe that our purpose is to work toward improving life, and we seek to shine in all we do toward this goal, employing our mind and body in a way that satisfies our conscience.

FHH Sustainability Management Framework

Building on our primary sustainability management framework, a five-point strategy is embedded to make sure that all commitments are translated into actions to create a sustainable business.

Such an approach addresses all identified issues that have an effect on the sustainability framework for the organization by thoroughly reviewing all FHH internal systems and procedures, and comparing it with key issues highlighted by peers and competitors. The approach also identifies key issues in the industry on a global level as reported by industry associations such as EDANA¹ (European Disposables and Nonwovens Association), as well as sustainability issues stemming from national regulatory requirements and international agreements (UN Global Compact²).

| FHH Key Priority Areas |
|---|
| ○ Environmental stewardship |
| ○ Stakeholder engagement |
| ○ Human resource management |
| ○ Community investment and development |
| ○ Product life cycle thinking |
| ○ Product and process innovation |
| ○ Anti-corruption policies and procedures |
| ○ Customer satisfaction |

Based on our core values, and the materiality analysis of our key sustainability trends, we have identified a list of 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 a 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 establishing our customers and communities as the main aim.

This strategy focuses on five main strategic directions:



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

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

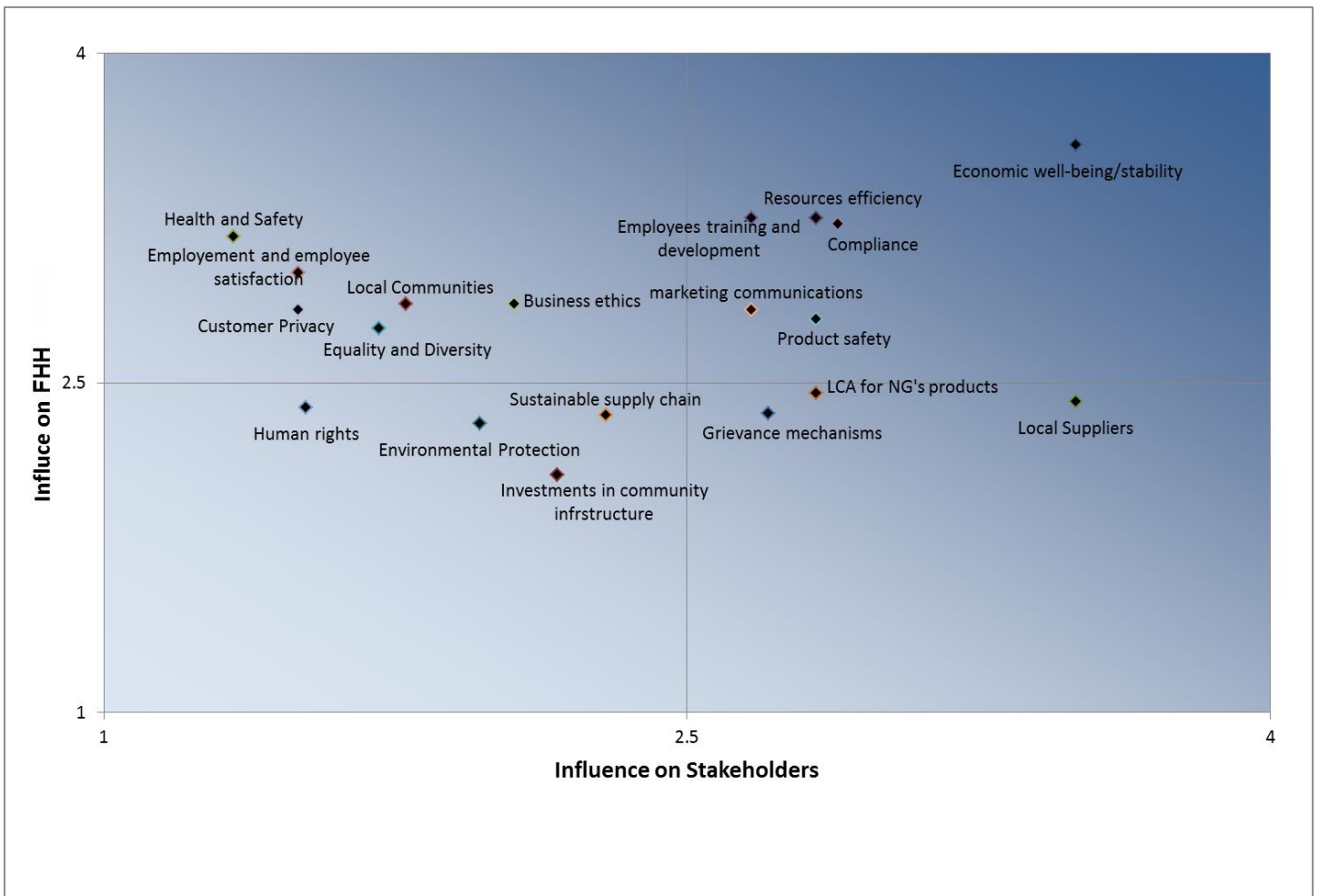
| Strategy Point | Purpose |
|--|--|
| Inspire with Sustainability | We aim to use sustainability elements to foster an unprecedented wave of inspiration and focus within our workforce, to be translated into benefits for our stakeholders. |
| Adopt Life Cycle Management | We aim to influence actors at all life cycle phases to adopt this management approach so as to achieve maximum sustainability for our products. |
| Strive for Maximum Sustainability | We strive to reduce our net environmental impact to zero over the long-term and better understand our economic and social impacts and presence, systematically improving them accordingly. |
| Product and Service Innovation | We aim to generate a new range of products driven by sustainability insights and to build a brand reputation where the use of our products serves as a respected signal that the user is a conscientious champion of sustainability. |
| Inspire Customers and Communities | We aim to improve customer satisfaction, while increasing overall appreciation for sustainability and inspiring others to take action. |

Our Key Sustainability Trends: Materiality and Stakeholder Engagement

Our second materiality assessment conducted with our stakeholders identified the sustainability trends that supports the continuity of a sustainable business and the main areas that can influence our stakeholders. Assessment was conducted based on meetings adjourned for stakeholders to provide the rate in which the effect can be seen on FHH in correlation to FHH's set vision, and the severity rate of these aspects' impact and the importance of such aspects affecting stakeholder's areas.

For the second year, our stakeholders did not foresee any major change, since most of FHH's structure remained the same compared to last year's focus areas.

The aspects rated were the 53 main aspects as defined 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 above, the identified material aspects for FHH were found to be:

- Economic well-being/stability
- Resource efficiency
- Employee 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.

2016 Initiatives

| Aspect | Planned Initiatives/Programs |
|-------------------------------|--|
| Communication | <ul style="list-style-type: none"> Establishment of an internal communications department where communication is unified across all FHH business units, thus increasing engagement between all units of FHH |
| Environment | <ul style="list-style-type: none"> Continuity of the Corporate Impact Index (CII) to monitor our performance in environmental and people issues Revision and implementation of an updated supplier sustainability index based on the collected feedback of FHH suppliers |
| Human Resources | <ul style="list-style-type: none"> A new bonus and incentive system Participated in Hay Group market survey and reviewed the adopted salary scale Introduced new benefits to ensure the motivation and engagement of our employees Launched a new operating model that will enable the organization to achieve its 2020 vision and conducted a roadshow to communicate with and align the organization Revision of FHH motivational schemes Revision of FHH people-planning processes such as succession and talent management systems |
| Health and Safety | <ul style="list-style-type: none"> Communication messages and knowledge sharing across business units, in order to spread learning and ensuring that healthy and safety messages are shared with all FHH employees |
| Community Contribution | <ul style="list-style-type: none"> Improving productivity of existing production projects under Khair Al-Koura flagship program (Kitchen, Farm and Labeling and Packaging Unit) Introduction of new products within the Khair Al-Koura Brand Execution of marketing plan for Khair Al-Koura Brand and Products |

Our World

‘Playing Our Part’

FHH 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 listening carefully to the needs of our customers, employees, suppliers, and stakeholders and to balancing those needs, acting with responsible behavior toward the environment, our communities, and governments. This belief is embodied in our motto ‘Growing Together’ – employing collaboration and clear communication in our quest to make the world better.

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



Environmental Performance at FHH

At FHH, we recognize that we have a responsibility toward controlling and eliminating environmental impacts that are caused by our various operations, and in order to ensure business continuity in an environmental responsible manner, all FHH business units are certified under ISO 14001 Environmental Management System requirements and are subjected to both external and internal verification audits to ensure compliance with such standards. Furthermore, it is our duty to guarantee that all our business units are within limits of their local environmental requirements.

Moreover, our core values encourage the employee 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 to achieve sustainable development.

Taking into consideration the geographical locations of our business units, water scarcity is a major factor in our production capacity; thus, water conservation and minimization projects are in place to reduce the amount of water used in the process. As for energy, excellence programs and projects have been enacted by our environmental professionals to reduce greenhouse gas emissions and improve the efficiency of our operations and distribution fleet.

Our raw material is obtained from internationally recognized and certified pulp suppliers, and we ensure that these suppliers follow sustainable forestry practices. We verify the credentials of all of our suppliers through our annual supplier sustainability index, in order to ensure that all our suppliers follow best practices, maintaining the positive trend in our sustainability performance.

Responsible Material Consumption and Waste Management

When it comes to waste management, our operations excellence teams continuously initiate projects to minimize waste produced during operations. Additionally our sustainability teams provide continuous awareness sessions to all our employees on waste management and proper means of segregation.

Sustainable Forestry

We acknowledge our responsibility and commitment to ensuring that our forests all over the world are preserved and that our main raw material pulp is obtained through certified forestry management systems. Embracing and following such policies help us to conserve forests and minimize the impact on biodiversity, as we are the largest producer of tissue in the Middle East.

In order to achieve and maintain such policies and ensure the preservation of forests, we communicated the need of third-party forestry certifications from all our suppliers, in which we verify that our pulp providers are certified by a minimum of one of the following:

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

In 2015, the percentage of certified pulp purchased was 34%. Percentages for certified pulp is mainly dependent on customer demands; thus, the percentage is partially controlled by us, as we continuously raise the awareness of our customers by providing them with communications on the importance of sustainable forestry.

| Pulp Consumption at Nuqul Tissue | Unit | 2015 | 2014 | 2013 | 2012 |
|---|-------------|-------------|-------------|-------------|-------------|
| Total pulp consumption | Ton | 159,672 | 161,543 | 145,538 | 157,302 |
| Total FSC/PEFC pulp consumption | Ton | 58,096 | 62,034 | 60,032 | 8,377 |
| Percentage of FSC/PEFC pulp from total pulp consumed | % | 34 | 38.4 | 41.3 | 5.3 |

FHH Tissue Mills (Jordan & Egypt)

FHH mills are monitored by key annual performance indicators where pulp yield is tracked in order to be improved, allowing us to minimize the ratio of original pulp weight to dry pulp retrieved. This year, the pulp yield increased slightly when compared with last year, as this KPI is highly dependent on demand and production levels.

| Pulp Yield | Unit | 2015 | 2014 | 2013 | 2012 |
|-------------------|--------------|--------------|--------------|--------------|--------------|
| Pulp Yield | Ratio | 1.058 | 1.056 | 1.055 | 1.052 |

Efficient Sizing of Fine's Products

Focusing on research and development, our research department has revised tissue sheet dimensions and GSM (gram per square meter) for all SKU's to reduce their size to more efficient proportions, reducing consumption of pulp in our paper mills, and, in turn, decreasing consumption during tissue production.

Zero Waste Sites

The waste generated from our operations is segregated and collected by third-party contractors in order to be sent to other locations where they are reused for other manufacturing activities. In 2015, our business units decreased generated waste by 25.3% for the second consecutive year, where we achieved zero landfill waste by all of our business units, from Fine converting to FHH tissue mills and SPIC. In addition, we oblige our waste contractors to confirm that all of our waste is sent to recycling facilities and are in compliance with local environmental requirements.

| Indicator | 2015 | 2014 | 2013 | 2012 |
|---|--------------|--------------|--------------|--------------|
| Total Solid Waste Generated (tons) | 5,673 | 7,589 | 4,589 | 5,260 |

Recycling Waste into Products

A new inline co-extruder machine has been added to our non-woven manufacturing facility, allowing the facility two machines to expand the ability to recycle product waste into propylene granules. The percentage increased by 1.3% from last year, in which some of the recycled granules are reused in our processes, and the rest is sold as raw material to contractors.

| Indicator | 2015 | 2014 | 2013 | 2012 |
|---|--------------|--------------|--------------|--------------|
| Percentage of propylene granules recycled into the process for non-woven manufacturing | 19.2% | 17.9% | 13.6% | 10.2% |

Hazardous Waste Management

Our operations produce small quantities of hazardous waste mainly due to the use of printing dyes; however, these quantities are small and are all managed by sending them to government-approved disposal facilities with specially equipped containers designate for transportation. The amount of waste generated during our operations are considered non-hazardous in general, and quantities that are considered hazardous are almost negligible.

Energy Consumption & Climate Change

In order to reduce our annual energy consumptions and reduce FHH's contribution to global climate change, FHH sets robust annual goals and targets comprised of various projects in order to minimize our environmental footprint on the world. However, due to the increase in demand during 2015, we witnessed an increase in our overall energy consumption by 18.6%, which, in turn, led to an increase in GHG emissions by 6.4%.

Our electricity consumption for all our business units improved by 1.3% as a result of electricity conservation projects and the usage of new electricity saving means, as well as a continuous focus on tissue production while decreasing the production of absorbents, which plays a significant role in electricity consumption.

The below tables show actual figures for our total energy consumptions in GJ, electricity consumptions per unit production, and GHG emissions.

| | 2015 | 2014 | 2013 | 2012 |
|---|-----------|-----------|-----------|-----------|
| Total Operational Fuel Consumption GJ (Direct Energy) | | | | |
| Kerosene | 36,145 | 140,455 | 178,470 | 273,054 |
| Heavy Fuel Oil | 280,067 | 273,329 | 328,246 | 293,919 |
| Natural Gas | 1,334,845 | 985,583 | 1,106,908 | 1,338,133 |
| LPG | 253,735 | 187,363 | 166,572 | 621 |
| Sub Total | 1,904,792 | 1,586,730 | 1,780,196 | 1,779,139 |
| Total Distribution Fuel Consumption GJ (Direct Energy) | | | | |
| Diesel | 59,888 | 56,320 | 74,183 | 75,240 |
| Gasoline | 46,121 | 51,546 | 90,412 | 48,620 |
| Sub Total | 106,009 | 107,866 | 164,595 | 123,860 |
| Total Fuel Consumption GJ (Direct Energy) | | | | |
| Total ³ | 2,010,801 | 1,694,596 | 1,944,791 | 1,902,999 |
| Total Electricity Consumption GJ (Direct Energy) | | | | |
| Electricity | 236,008 | 239,002 | 252,352 | 242,710 |

| Product Indicator | Unit | 2015 | 2014 | Achievement |
|---|--------------------|-------|-------|----------------|
| Electricity Power Consumption per Ton Tissue in Mills | KWh/Ton | 1193 | 1180 | 1.1% Increase |
| Thermal Power Consumption per Ton Tissue in Mills | KWh/Ton | 2150 | 1638 | 31.2% Increase |
| Electricity Consumption per Ton Non-Woven | KWh/Ton | 1563 | 1574 | 0.7% Decrease |
| Electricity Consumption per Ton Packaging | KWh/Ton | 229 | 207 | 10.6% Increase |
| Electricity Consumption per Diaper | MWh/Million Diaper | 14.03 | 18.86 | 25.6% Decrease |
| Electricity Consumption per Ton Facial | MWh/Ton | 0.45 | 0.43 | 4.65% Increase |
| Electricity Consumption per Ton Toilet | MWh/Ton | 0.32 | 0.35 | 8.6% Decrease |
| Electricity Consumption per Ton Kitchen | MWh/Ton | 0.43 | 0.71 | 39.4% Decrease |

³ The numbers for previous years were corrected due to misallocation of fuel between fuels categories; thus, the totals of previous years have changed (Heavy Fuel Oil).

As for GHG emissions, we experience a total increase by 6.4%; although our Fine converting plants reduced their operational fuel consumption, our mills increased their production volumes resulting in an increase in energy consumption.

| | 2015 | 2014 | 2013 | 2012 |
|---|----------------|----------------|----------------|----------------|
| GHG Emissions From Operational Fuel Consumption | | | | |
| Kerosene | 2,607 | 10,134 | 12,876 | 19,701 |
| Heavy Fuel Oil | 20,599 | 20,103 | 24,142 | 21,617 |
| Natural Gas | 86,029 | 63,520 | 71,339 | 86,161 |
| LPG | 16,024 | 11,832 | 10,519 | 39 |
| Sub Total | 125,259 | 105,589 | 118,878 | 118,799 |
| GHG Emissions From Distribution Fuel Consumption | | | | |
| Diesel | 4,568 | 4,246 | 6,681 | 6,760 |
| Gasoline | 3,274 | 3,659 | 5,326 | 3,451 |
| Sub Total | 7,842 | 7,905 | 12,007 | 10,211 |
| GHG Emissions From Electricity Consumption | | | | |
| Electricity Consumption | 159,533 | 161,502 | 161,888 | 153,541 |
| Total GHG Emissions | 292,634 | 274,996 | 292,773 | 282,551 |

| Product Indicator | Unit | 2015 | 2014 | Achievement |
|--|--------------------|-------|--------|-------------|
| GHG Emissions from Electricity Per Ton Tissue in Mills | Per Ton Tissue | 0.810 | 0.797 | 2.25% |
| GHG Emissions from Thermal Power per Ton Tissue in Mills | Per Ton Tissue | 0.194 | 0.162 | 19.7% |
| GHG Emissions per Ton Non-woven | Per Ton Non-woven | 1.11 | 1.064 | 4.32% |
| GHG Emissions per Ton Packaging | Per Ton Packaging | 0.156 | 0.140 | 11.4% |
| GHG Emissions per Diaper | Per Million Diaper | 9.947 | 12.744 | -21.94% |
| GHG Emissions per Ton Facial | Per Ton Facial | 0.254 | 0.289 | -12.11% |
| GHG Emissions per Ton Toilet | Per Ton Toilet | 0.282 | 0.236 | 19.49% |
| GHG Emissions per Ton Kitchen | Per Ton Kitchen | 0.335 | 0.482 | -30.5% |

Water Conservation

Water scarcity in our operating regions is considered high, and thus it is essential for us to find new means to reduce our water consumption. One of the main components of mill operations is water usage. As such, our teams relentlessly seek out and establish water conservation projects. In 2015, FHH business units managed to reduce total water consumption by 11.4%, as shown in table below:

| Water Consumption (m³) | 2015 | 2014 | 2013 | 2012 |
|---|------------------|-----------|-----------|-----------|
| Water from National Grid | 539,910 | 560,44 | 689,312 | 665,209 |
| Water from Ground Water Resources (Artesian Wells) | 557,155 | 677,535 | 540,377 | 530,172 |
| Total Water Consumption | 1,097,065 | 1,237,985 | 1,229,689 | 1,195,381 |

FHH Jordan tissue operations include wastewater treatment units in which water is treated and grey water is used for irrigation purposes for nearby local communities. Sludge produced during our operations is disposed of in compliance with national regulations and requirements. The table below provides figures regarding the sludge generated and wastewater recycled by our mills in Jordan.

| Indicator | 2015 | 2014 | 2013 | 2012 |
|---|----------------|-------------|-------------|-------------|
| Total Estimated Sludge Generated by Nuqul Tissue Jordan (Tons) | 1225 | 815 | 925 | 753 |
| Total Wastewater Recycled by Nuqul Tissue Jordan (m³) | 235,369 | 336,425 | 309,765 | NA |

Supplier Sustainability Index

Our annual supplier sustainability index is an effective tool used by our supply chain procurement division, where our supplier's social and environmental performance is tracked to ensure that all of them are following sustainable performance regarding their policies, management approach, and communications across their organizations.

All suppliers' performances are assessed and given feedback based on FHH recommendations for areas of improvement on their sustainability impact. Moreover, this supplier sustainability index acts as an aiding tool for our procurement division's bi-annual assessment.

Compliance with Local Regulations

All FHH business units continued their operations in 2015 with full compliance with local and international environmental regulations and legislations, with no fines addressed to any of its business units regarding environmental non-compliance.

Our Soul

‘The Strength Within’

At FHH, 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 toward our stakeholders. To support this endeavor, we commit to equal opportunity employment, fair work practices, skills development, trust, reward and accountability, a family/work balance and a healthy, happy work 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 to do our best for ourselves and for our world.

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



Al-Koura Corporate Responsibility Program

Khair Al Koura is the country's first public-private partnership for local sustainable development, supported by the Ministry of Municipal Affairs and the Municipality of Dair Abi Saeed, as well as other governmental organizations and civic organizations in the local community.

The Al Koura district was chosen after closely examining and analyzing the priorities and needs of different rural areas in the Kingdom to tackle the different socioeconomic needs of the targeted area and help its community to evolve and flourish in various aspects. By providing them with food necessities and empowering its members with specific training, FHH aims to improve quality of life for beneficiaries and to support the local socio-economic infrastructure to the point of self-sustainability. FHH adopted a deep, integrated, sustainability-centric approach tailored to this community.

Khair Al Koura programs vary from legal aid to farming and food processing, packaging and labelling units, and cultural events.

The table below demonstrates the financial investments made in this program over the past five years:

| | 2015 | 2014 | 2013 | 2012 | 2011 |
|---|------------|------------|------------|------------|------------|
| Community investments (Thousands of USD) | 335 | 400 | 414 | 387 | 144 |

Khair Al Koura is now at more than 50% self-sustainability, and its chemical-free farming project and food processing unit commercializes its products.

Khair Al Koura programs vary from legal aid to farming and food processing, packaging and labelling units, and cultural events.

Legal Aid

In 2015, the Al Koura Legal Aid Program offered 41 free legal awareness sessions. These sessions were held by professional lawyers and reached 3,920 people. Lawyers gave 129 free consultations and resolved 20 cases in court.

Robotics Laboratory

With the goal of encouraging independent learning among students, the Al Koura Robotics Laboratory Centre has been fully equipped with the most advanced educational robotics kits and supplementary learning tools to host 25 students at one time. This center also serves as a hub for teaching advanced robotic skills to teachers who can, in turn, pass these skills on.

Local Employment

Fine Hygienic Holding established a labeling and packaging unit at Al Koura because it aligned with the socio-economic development goal of generating better employment opportunities in the area. Before commencing employment, all beneficiaries take part in a condensed training program under the supervision of highly qualified trainers.

Chemical-Free Farming

The Al Koura Chemical-Free Farming Project and the Food Processing Unit were launched in designated buildings surrounded by fertile land. The chemical-free produce includes more than 14 types of herbs and vegetables, all grown using chemical-free measures and water-efficient irrigation techniques.

Country Kitchen

Fine Hygienic Holding established Al Koura's Country Kitchen as a way to make the most out of local agricultural produce for the benefit of Al Koura's population. The country kitchen's outdoor food court offers residents of Al Koura a place to enjoy healthy meals prepared by women from the local community.

Arts and Culture

The Al Koura Performing Arts Program was born out of a desire to encourage local young people to express themselves more freely through arts and drama, and to highlight local cultural talents.

Khair Al Koura in Numbers:

- Socio-Economic projects
Khair Al Koura Total Products Produced in 2015:
 - Food Processing Unit: 25,795 items
 - Packaging & Labeling Unit: 5,169 items
 - Country Kitchen: 3,481 item
 - Chemical -Free Farming Unit: 74 items
 - Natural Soap & Candles Manufacturing: 4,139 items
- Non-Economic Projects:
 - Innovative Education Program: 70 teachers trained
 - Jems Program for Science and Mathematics: 46 teachers trained
 - Legal Aid Program: 41 legal awareness workshops, 3,920 participants, and 129 consulting services
 - Housewives Computer Literacy Program: 108 women trained
 - Robotics Laboratory Program: 21 teachers trained

Our Employees' Partner of Choice – Human Energy

Human resource is considered one of the most important assets in FHH. Due to this, our human energy department (HE), in coordination with all human resources departments, in our business units strives to implement business models and functional strategies that support the organization's vision to attract, develop, and retain talent to ensure that all goals by all departments are achieved.

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.

The FHH HE department ensures that all regulations regarding human resources in each operating country is in full compliance with the country's related regulations and legislations.

We are proud that our work environment cultivates a competitive culture, with employees that are target-oriented, resulting in an atmosphere of excellence.

In 2015, we had a total number of 4,249 employees in our Fine Hygienic Holding units in Jordan, Egypt, the UAE, and KSA, of which 1,276 employees newly joined our organization in 2015.

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

In 2015, the turnover rate reached 26.12%. This slight increase is due to lucrative packages offered by different sectors, as our employees have diverse experience, giving them more insight and broader perspectives that go beyond their actual duties.

| Indicator | Unit | 2015 | 2014 | 2013 | 2012 |
|---|------------------|---------------|--------|--------|--------|
| Total Number of Employees – FHH | Employees | 4,249 | 4,404 | 4,431 | 4,304 |
| Rate of New Hires – FHH | % | 30.03% | 14.38% | 12.43% | 19.44% |
| Turnover Rate FHH- Total⁴ | % | 26.12% | 25.12% | 18.5% | 18.8% |

| Indicator | Unit | 2015 | 2014 | 2013 | 2012 |
|--|------------------|---------------|--------|--------|--------|
| Total Number of New Hires – FHH | Employees | 1,276 | 652 | 567 | 862 |
| Rate of New Hires – FHH | % | 23.00% | 14.38% | 12.43% | 19.44% |
| Turnover Rate FHH | % | 26.3% | 25.12% | 18.5% | 18.4% |

Diversity and Equality

FHH is an organization that supports equality and diversity. Employee attraction and talent acquisition are conducted in a manner that denies any sort of discrimination. All our employees abide by a code of conduct, which is constructed mainly around respect and professionalism. We take great pride in the fact that all of our employees understand that, as an organization, we embrace all differences among us.

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.

The 2015 compensation and benefits system witnessed the adoption of the new Hay Group scaling, where all experiences and salaries are based on job levels where standardization is the key answer. We have also 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 have served five years or more in the group.

| | Unit | 2015 | 2014 | 2013 | 2012 |
|---|------------------|--------------|-------|-------|-------|
| Total Number of Female Employees – FHH | Employees | 271 | 265 | 278 | 232 |
| Percentage of Female Employees in the Workforce - FHH | % | 6.72% | 6.02% | 6.27% | 5.39% |
| Percentage of Female Employees in Management Positions – FHH | % | 6.1% | 6.74% | 8.76% | 11.7% |

Employee Compensation and Benefits

As part of FHH's strategy to achieve its 2020 vision, the HE team developed a new bonus and incentive system, participated in Hay Group market survey, and reviewed the adopted salary scale, in addition to introducing new benefits to ensure the motivation and engagement of our employees.

⁴ The rates for the previous years were corrected, as we discovered a miscalculation in relation to the scope of the companies considered.

Employee Training and Development

Growth Potential Assessment (GPA) & People Planning:

Introducing a new leadership assessment tool that is used to assess the leadership growth potential of the Management & Leadership team based on past performance and future potential. It also provides input to the People Planning process, successors' readiness and development.

Fine Leadership FastTrack Program:

Equipping the Middle and Senior Management team with key L&M competencies and ensuring their ability to lead their teams toward achieving our vision

Sales Pipeline Program:

Implementing phase two of this program, which aims at developing ready sales benches, motivating, retaining and attracting a high-caliber sales workforce

Performance Management:

Enhancing and leveraging on the performance management system through proper development of KPIs and subsequent Strategic KPI Guideline

Knowledge Sharing Hub:

Giving employees the opportunity to exchange knowledge, ideas, insights, and experience regarding a topic in which they are experts

E-Learning Solutions:

Launching "Microsoft Online Learning" platform. This platform provides training courses for all MS applications with multiple levels and languages, and with various learning tools such as videos, examples, tests, etc.

Observe to Learn:

Introducing this initiative to help in involving Middle, Senior, and Executive Managers during strategic/high-level meetings and projects in order to develop their strategic thinking competencies

| Indicator | Unit | 2015 | 2014 | 2013 | 2012 |
|---|-----------|------|------|------|-------|
| Average Number of Training Hours per Employee – FHH | Hours | 11 | 21 | 30 | 16.81 |
| Number of Employees at Chief Executive and Director Level Taking Training | Employees | 28 | 25 | 20 | 16 |
| Number of Employees at Upper Management Level Taking Training | Employees | 116 | 41 | 29 | 131 |
| Number of Employees at Officer to Middle Management Level Taking Training | Employees | 383 | 515 | 316 | 1174 |
| Number of Employees at Front Line Level Taking Training | Employees | 422 | 267 | 224 | 861 |

Local Hiring

As our main aim is to be an equal opportunity employer, most of our employees are from the same local country we operate in; however, a few hires take place from outside the local country in order to sustain the high caliber of performance in some sensitive areas. Wherever there exists a local regulation where it is mandated to have a certain percentage of local hires (e.g. KSA), our organization complies with such regulations, and all local requirements are met.

| Indicator | Target | 2015 | 2014 | 2013 | 2012 |
|-----------------------------|--------------|--------|--------|-------|------|
| Job Saudization | 25% or above | 25.00% | 25.99% | 25.4% | 21% |
| Locals in C-suite Positions | NA | 90% | 90% | 90% | 90% |

Launching Fine's LinkedIn Page

Fine Hygienic Holding was launched in August of 2015 in line with our strategy to enhance our online presence to create more awareness about our products, operations, news, and career opportunities, as well as to provide various communication channels through which customers can interact with us. The page managed to attract more than 10,000 followers, all organically generated, in less than six months.

Successful Launch of Fine G-111

The Fine G-111 brand was successfully launched mid-last year as a manifestation of our vision. The HE Function, through its communication arm, managed and ensured the proper launch and awareness of this brand across all business units.

Establishing the Communications Department under the HE Function

Since its establishment, the Communications Department has been working on creating a structure to unify corporate messages and communication across all business units, supporting the launch of Fine G-111, in addition to harmonizing and increasing the engagement and sense of belonging among employees.

Cost Saving & Optimization:

We achieve unprecedented cost saving & optimization across the organization to capture opportunities arising from the new operating model and to identify cost efficient solutions, such as outsourcing and optimization of manpower.

Human Rights in FHH

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 in which we also verify in cooperation with the sustainability section through our annual supplier sustainability index.

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 of 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 an 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, or 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 of our businesses and employees to combat all forms of corruption, and our corporate integrity hotline ensures 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 is held accountable, and appropriate measures are taken against them.

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 remains consistent for all of our operations.

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 and 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 sanctions due to non-compliance with any laws and regulations.

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

Health and safety at FHH is considered one of the top priorities for its continuous success, as our team of health and safety professionals across all of our business units seeks to implement the highest precautionary measures to ensure that our employees are working in a safe environment.

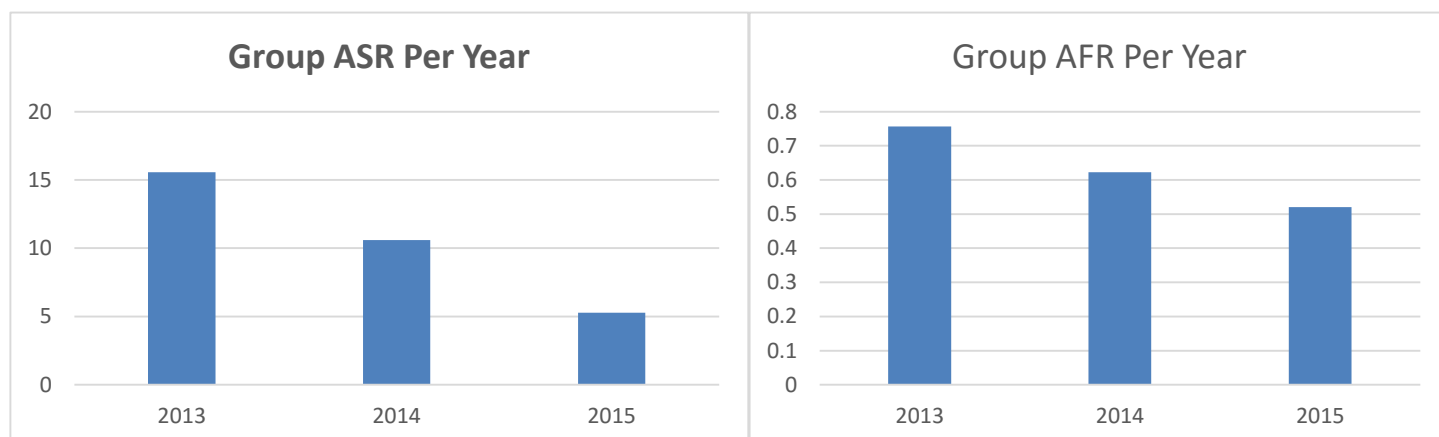
2015 reflected a positive leap in health and safety targets, as proven by an indicator that is now delivering measurable results. The number of business units that are accident-free are now five, and they are Al Keena Mill, Al Snobar Mill, PM3 Mill, PPP, and SPIC.

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

Such initiatives have led the group to a remarkable improvement of safety performance, where the AFR of the group has improved by 18.01%, reaching a new low where numbers continue to improve. In addition, the ASR has also improved by 50.3%, signifying a considerable reduction in the number of working days lost due to accidents.

The following table and graphs represent FHH's performance in safety in 2015 as compared to years before.

| Parameter | 2015 | 2014 | 2013 |
|-------------------------|------------|------------|------------|
| Incidents | 28 | 31 | 41 |
| Lost Days due to injury | 290 | 529 | 844 |
| Working Hours | 13,181,444 | 11,969,053 | 13,020,217 |
| AFR | 0.51 | 0.622 | 0.756 |
| ASR | 5.28 | 10.607 | 15.557 |



Emergency Drills

To ensure that our employees are always alert and ready for any unexpected emergency situation they might encounter, all FHH operating sites are subjected to frequent emergency drills where different scenarios are done to test the readiness of our emergency plans and our employees.

Our Pride

‘Feeling great about what we do’

FHH employees acknowledge that in an ever-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 a value system, leverage technology, promote synergy and teamwork, and encourage creativity and innovation. We believe that our customers are the source of all value creation, and we 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 FHH

Our nine operating locations across the Middle East and North Africa regions support the economic growth of the countries they operate in, creating job opportunities and supporting the local communities there. These actions come from the organization's belief in sustainable growth and value for all of our stakeholders.

We also support community development and investment where we operate along the lines of our strategic corporate social responsibility program, which aims to achieve effective community development. This program is based on a thorough investigation of the 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 dealings with governments are determined through local laws and regulations.

Direct Economic Value

In 2015, challenges increased for FHH, a difficult year taking into consideration the political situation in the region where a lot of opportunities have been lost. This disadvantage, in tandem with the fierce competition in the markets we operate in, caused a slight decrease in our revenues that falls within the range of previous years' statistics.

The table below represents our revenues, income taxes, and employee wages and benefits.

| Indicator | Unit | 2015 | 2014 | 2013 | 2012 |
|--|-------------|------|------|------|------|
| Total Revenues | Million USD | 645 | 688 | 701 | 657 |
| Income Tax Paid to Government | Million USD | 5.8 | 6.7 | 3.2 | 4.8 |
| Employee Wages and Benefits (including bonus, incentives, pension, medical insurance, and education program) | Million USD | 77.2 | 79.4 | 76.9 | 72.4 |

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

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

| Country | Employer Contribution | Employee Contribution |
|---------|-----------------------|-----------------------|
| Jordan | 12.25% of wages | 6.5% of wages |
| Egypt | 26% of fixed wages | 14% of fixed wages |
| | 24% of variable wages | 11% of variable wages |

Our compensation and benefits system is based on a unified salary scale, market research, and benchmarks, which 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 of forest areas, and temperature variations and their climatic consequences. 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 impact. When and if such risks are

identified as high-level risks (having a significant impact on the group and/or posing 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 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 emission 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. 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 the 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

Our customers are at the top of the hierarchy when it comes to quality and safety of our products. Therefore, our quality professionals across all of our business units strive to ensure that all processes, including receiving raw materials, production, sale, and after sale are all within the satisfaction of the customer.

“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 any associated risks within our production processes are assessed and prevented. For example, our Steripro™ sterilization process ensures the elimination of germs in our products prior to packaging.

Our brand guidebook directs us to clearly communicate the specific attributes of our products to all of 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 the health and safety impacts of our products.

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

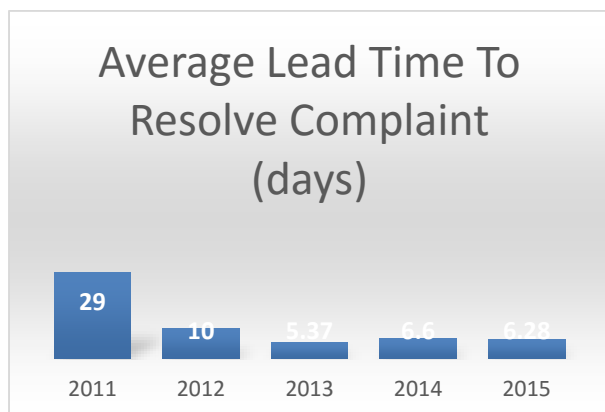
Customer Satisfaction

Our Fine operations, in addition to Nuqul Tissue, have a customer base of over 17,000 customers to whom 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 with every product we develop, ensuring that we are fully complying with the legal regulations for the markets in which we operate.

Our Customer Complaint Index 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 | 2015 | 2014 | 2013 | 2012 |
|---|------|------|------|------|
| Number of Justified Complaints (complaints) | 189 | 312 | 806 | 595 |
| Average Lead Time to Resolve Complaint (days) | 6.28 | 6.6 | 5.37 | 10 |

In 2015, the number of customer complaints regarding our Fine converting operations (in Jordan, Egypt, KSA, and the UAE) decreased by 39.42%, and the average lead time to resolve customer complaints decreased by 4.85%. In addition, the complaint root cause reacceptance decreased by 41% compound annual growth rate (CAGR). This positive trend of improvement on CCI measures demonstrates the fruitful results gained through the successful and sustainable implementation of the quality monetization and symbolization models.



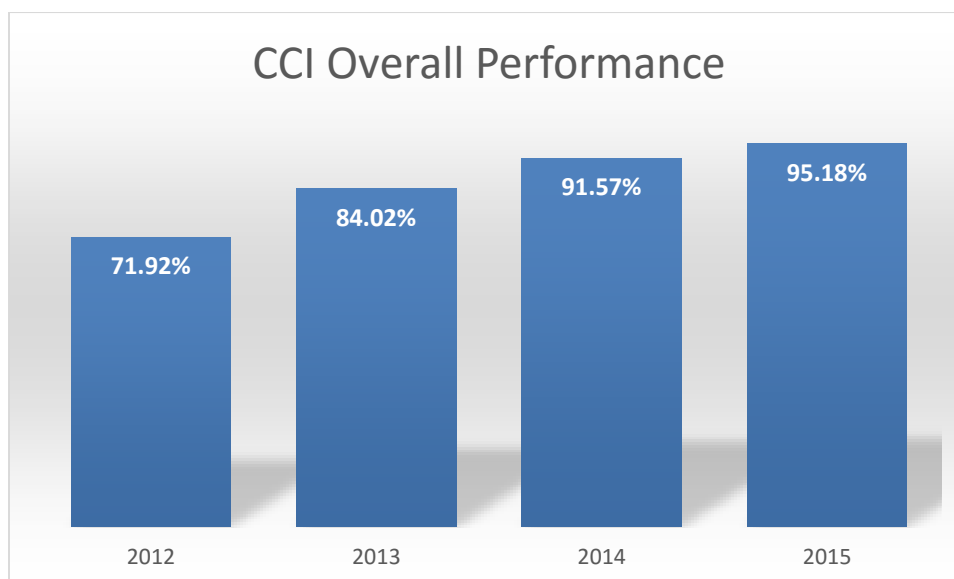
Customer Complaint Index

In 2012, we launched a unique, internally developed index under the name of the Customer Complaint Index (CCI), which aims 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 evaluations, incentive schemes, and employees' appraisals, which further emphasizes our group's resolve to not compromise quality and customer satisfaction, and backs a focus-driven culture that is dedicated to constantly improving the index.

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

In 2015, the overall group CCI performance continued its trend of improvement as demonstrated in the graph below, where the group's overall score in 2015 improved by 3.94% as compared to 2014's performance, reaching approximately 95.18%. The increase was achieved due to the continuous work on improving our products, in addition to the multiple programs that our companies enact to improve their performance in the CCI.



Fine Quality Actualization

In 2015, we launched an F-act model project that includes measuring net promoter score (NPS), which is a one number summary of growth. As NPS acts as a leading indicator for company growth, its elevation over competitors indicates better market performance than the same competitors. NPS is measured by asking customers one question -- whether the customer would recommend your products to others, on scale a of 0-10 customers. Promoters provide answers falling within the 9-10 range, passives 7-8, and detractor's 0-6. NPS is calculated by subtracting the percentage of detractors from the percentage of promoters.

This model aims to measure customer loyalty and identify customer value drivers to increase the value of the product and services delivered to our customers, thus providing a competitive advantage. In addition to measuring the efficiency of the selling process by identifying main sales touchpoints to formulate and build a survey that questions these touchpoints, the model leverages on the efficiency of selling process and reduces problematic customer experiences and improves response time to customer problems. The implementation in 2015 covered four countries, including Jordan, KSA, Egypt and the UAE and only one selling channel, which is the Cash Van.

Due to the successful implementation and in alignment with our strategy to grow, there is a plan to expand the F-act model to cover all selling channels in mature markets.

Performance of 2015

| Key Performance Indicator | 2015 | 2014 |
|---|-----------|---------|
| 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 2015 | 0.00 | 0.00 |
| Percentage of Business Units for which Sustainability Performance is Tracked on a Monthly Basis | 100% | 100% |
| Water Consumption | 1,097,065 | 1237985 |
| Indirect Energy Consumption - Electricity Consumption | 236008 | 239002 |
| Electricity Power Consumption Per Ton Tissue in Mills | 1193 | 1180 |
| Electricity Consumption per Ton Non-Woven | 1563 | 1574 |
| Electricity Consumption per Ton Packaging | 229 | 207 |
| Electricity Consumption per Diaper | 14.03 | 18.86 |
| Electricity Consumption per ton Facial | 0.45 | 0.43 |
| Electricity Consumption per ton Toilet | 0.32 | 0.35 |
| Electricity Consumption per ton Kitchen | 0.43 | 0.71 |
| Direct Energy Consumption - Operational Fuel Consumption | 1904792 | 1586730 |
| Thermal Energy Consumption per Ton Tissue (Nuqul Tissue) | 2150 | 1638.28 |
| Direct Energy Consumption - Vehicle Fuel Consumption | 106009 | 107866 |
| Direct GHG emissions (Operational and Distribution Fuel) | 133101 | 113494 |
| Indirect GHG emissions (Electricity) | 159533 | 161502 |
| GHG Emissions from Electricity per Ton Tissue in Mills | 0.81 | 0.80 |
| GHG Emissions from Thermal Power per Ton Tissue in Mills | 0.194 | 0.16 |
| GHG Emissions per Ton Non-Woven | 1.11 | 1.06 |
| GHG Emissions per Ton Packaging | 0.15 | 0.14 |
| GHG Emissions per Diaper | 9.94 | 12.74 |
| GHG Emissions per Ton Facial | 0.25 | 0.29 |
| GHG Emissions per Ton Toilet | 0.28 | 0.24 |
| GHG Emissions per Ton Kitchen | 0.34 | 0.48 |
| Waste Generation | 5673 | 7589.00 |
| Turnover Rate | 0.26 | 0.25 |
| Female Participation in Workforce | 0.06 | 0.05 |
| Percentage of Females in Management Positions | 0.06 | 0.04 |
| Accident Frequency Ration (AFR) | 0.51 | 0.62 |
| Accident Severity Ratio (ASR) | 5.28 | 10.61 |
| Number of Justified Customer Complaints | 189 | 312 |
| Average Lead Time to Resolve Customer Complaints | 6.28 | 6.60 |

List of Acronyms

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

Glossary of Terms

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

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 Corporate Center | NA |
| Payments to governments | FHH collective | Form Finance Department at Corporate Center | Based on total sum of taxes paid to governments |
| Percentage variation of average entry-level wage in FHH from local minimum wage | As indicated in the table | Average entry-level wage from HR department at HO, local minimum wage as provided by local regulations published on the World Wide Web | $\frac{\text{Average entry-level wage in business unit}}{\text{Local minimum wage in the country of the business unit}} * 100$ |
| Percentage Saudization | Fine KSA | From HR department in Fine KSA | $\frac{\text{Number of Saudi employees}}{\text{Total number of employees in workforce}} * 100$ |
| Pulp consumption | Nuqul Tissue Jordan, Nuqul Tissue Egypt | Directly from operations departments at business units | Actual consumption data |
| Percentage of recycled polypropylene granules recycled into manufacturing in non-woven production | SPIC | Directly from production department in SPIC | $\frac{\text{Amount of recycled granules used in production}}{\text{Total amount of granules used in production}} * 100$ |
| Pulp yield | Nuqul Tissue Jordan, Nuqul Tissue Egypt | Directly from operations department | Ratio of consumed pulp to amount of pulp used in production |
| Electricity consumption, water consumption, fossil fuel consumption, and waste generated | Nuqul Tissue Jordan, Nuqul Tissue Egypt, Fine Jordan, Fine Egypt, Fine KSA, Fine UAE, 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 | $\frac{\text{Total electricity consumption} * \text{sales share of product category}}{\text{Total production of product category}}$ |
| GHG emissions | Nuqul Tissue Jordan, Nuqul Tissue Egypt, Fine Jordan, Fine Egypt, Fine KSA, Fine UAE, PPP and SPIC | Calculated from energy consumption data based on the GHG protocol formula and the IPCC guidelines and emission factors. Electricity GHG emission factors are taken from the International Energy Agency. | |
| Total sludge 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 KSA, Fine UAE | Human Resources (HR) Department at the Corporate Center | Number of employees at year end |
| Number and rate of new hires | Nuqul Tissue Jordan, Nuqul Tissue Egypt, Fine Jordan, Fine Egypt, Fine Algeria, Fine Morocco, Fine KSA, Fine UAE | Human Resources (HR) Department at the Corporate Center | Number of employees hired until year end |
| Employee turnover rate | As indicated in the table on page 29 | Human Resources Department at the Corporate Center | $\frac{\text{Terminated or resigned employees during the year}}{\text{Number of employees at year end}} * 100$ |
| Accident Frequency Ratio (AFR) | Nuqul Tissue Jordan, Nuqul Tissue Egypt, Fine Jordan, Fine Egypt, Fine KSA, Fine UAE, PPP, SPIC | Directly from health and safety department at business units | $\frac{\text{number of accidents at year end} * 240000}{\text{total number of working hours at year end}}$ |
| Accident Severity Ratio (ASR) | Nuqul Tissue Jordan, Nuqul Tissue Egypt, Fine Jordan, Fine Egypt, Fine KSA, Fine UAE, PPP, SPIC | Directly for health and safety department at business units | $\frac{\text{Number of lost days at year end} * 240000}{\text{Total number of working hours at year end}}$ |
| Average number of training hours per employee | FHH collective | Human Resources Department at the Corporate Center | $\frac{\text{Total number of training hours at end of year}}{\text{Total number of trained employees}}$ |
| Percentage of female employees of total workforce | Nuqul Tissue Jordan, Nuqul Tissue Egypt, Fine Jordan, Fine Egypt, Fine Algeria, Fine Morocco, Fine KSA, Fine UAE, FHH Corporate Center | Human Resources (HR) Department at the Corporate Center | $\frac{\text{Number of female employees at year end}}{\text{Total number of employees at year end}} * 100$ |
| Percentage of female employees in management positions | Nuqul Tissue Jordan, Nuqul Tissue Egypt, Fine Jordan, Fine Egypt, Fine Algeria, Fine Morocco, , Fine KSA, Fine UAE, FHH Corporate Center | Human Resources (HR) Department at the Corporate Center | $\frac{\text{Number of female managers at year end}}{\text{Total number of managers at year end}} * 100$ |
| Organizational health survey score | FHH collective | Human Resources (HR) Department at the Corporate Center | % score based on employee response to the organizational health survey |
| Number of human rights related grievances | FHH collective | From HR department at the HO | |
| Community contributions | FHH 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 corporate center | $\frac{\text{\# of employees trained in anti-corruption policies and procedures}}{\text{Total number of employees in the audit department}} * 100$ |
| 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 | $\frac{\Sigma(\text{closing date} - \text{start date})}{\text{Number of complaints at month end}} / \text{Number of months}$ |
| Quality rate for baby diapers | Fine Jordan, Fine Egypt, Fine KSA, Fine UAE, Fine Iran | Technical R&D department at the Corporate Center and production department at business units | $\frac{\text{Total first - grade diapers produced}}{\text{Total diapers produced}}$ |
| Leakage complaints for diapers | Fine Jordan, Fine Egypt, Fine KSA | Operations support department and business excellence departments in business units | Number of leakage complaints about diapers at year end |

| Indicator | Description | Page |
|-----------|---|---------------------------------|
| G4-1 | Letter from the CEO | 5 |
| G4-2 | Key impacts, risks, and opportunities | 15 |
| G4-3 | Name of the organization | 6 |
| G4-4 | Primary brands, products, and services | 6, 7 |
| G4-5 | Location of the organization's headquarters | 6 |
| G4-6 | Location of the organization's operation sites | 6 |
| G4-7 | Nature of ownership and legal form | 12 |
| G4-8 | Markets served | 6 |
| G4-9 | Scale of the organization | 6 |
| G4-10 | Employee breakdown | 31-33 |
| G4-11 | Percentage of total employees covered by collective bargaining agreements | N/A |
| G4-12 | Organization's supply chain | 59 |
| G4-13 | Significant changes during the reporting period regarding the organization's size, structure, ownership, or its supply chain | None |
| G4-14 | Precautionary approach or principle is addressed by the organization | 14 |
| G4-15 | Externally developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes or which it endorses. | 13 |
| G4-16 | Memberships of associations | 12, 13 |
| G4-17 | Entities included in the organization's consolidated financial statements or equivalent document | 49 |
| 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 | 20, 21 |
| G4-25 | Basis for identification and selection of stakeholders | 20, 21 |
| G4-26 | Organization's approach to stakeholder engagement | 20, 21 |
| 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 | Cover page |
| 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 in regards to seeking external assurance for the report | (Stakeholder Engagement Letter) |
| G4-34 | Governance structure of the organization | 12 |
| G4-35 | Process for delegating authority for economic, environmental, and social topics | 12 |
| G4-36 | Whether the organization has appointed an executive-level position or positions with responsibility for economic, environmental, and social topics | 37 |
| G4-37 | Processes for consultation between stakeholders and the highest governance body on economic, environmental, and social topics | 12 |
| G4-38 | Composition of the highest governance body and its committees | 12, 13 |
| G4-39 | Whether the chair of the highest governance body is also an executive officer | 12, 13 |
| G4-40 | Nomination and selection processes for the highest governance body and its committees | 12, 13 |
| G4-41 | Processes for the highest governance body to ensure conflicts of interest are avoided and managed | 12 |
| G4-42 | Highest governance body's and senior executives' roles | 12, 13 |
| G4-43 | Measures taken to develop and enhance the highest governance body's collective knowledge of economic, environmental, and social topics | N/A |

| Indicator | Description | Page |
|-----------|--|--------|
| G4-44 | Processes for evaluation of the highest governance body's performance with respect to governance of economic, environmental, and social topics | 12 |
| G4-45 | Highest governance body's role in the identification and management of economic, environmental, and social impacts, risks, and opportunities | 12, 13 |
| G4-46 | Highest governance body's role in reviewing the effectiveness of the organization's risk management processes for economic, environmental, and social topics | 12, 13 |
| G4-47 | Frequency of the highest governance body's review of economic, environmental, and social impacts, risks, and opportunities. | 12, 13 |
| G4-48 | Highest committee or position that formally reviews and approves the organization's sustainability report and ensures that all material aspects are covered | 18-20 |
| G4-49 | Process for communicating critical concerns to the highest governance body | 18-20 |
| 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 | 34 |
| G4-53 | How stakeholders' views are sought and taken into account regarding remuneration | 18-20 |
| 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 | 9-11 |
| 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 | 35 |
| G4-58 | The internal and external mechanisms for reporting concerns about unethical or unlawful behavior, and matters related to organizational integrity | 35 |
| G4-EC1 | Direct economic value generated and distributed | 40 |
| G4-EC2 | Financial implications and other risks and opportunities for the organization's activities due to climate change | 41 |
| G4-EC3 | Coverage of the organization's defined benefit plan obligations | 34 |
| 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 | 35 |
| G4-EC7 | Development and impact of infrastructure investments and services supported | N/A |
| G4-EC8 | Significant indirect economic impacts, including the extent of impacts | 41 |
| G4-EC9 | Proportion of spending on local suppliers at significant locations of operation | 36 |
| G4-EN1 | Materials used by weight or volume | 22, 23 |
| G4-EN2 | Percentage of materials used that are recycled input materials | 22, 23 |
| G4-EN3 | Energy consumption within the organization | 24 |
| G4-EN4 | Energy consumption outside of the organization | N/A |
| G4-EN5 | Energy intensity | 24, 25 |
| G4-EN6 | Reduction of energy consumption | 24, 25 |
| G4-EN7 | Reduction in energy requirements of products and services | 24, 25 |
| G4-EN8 | Total water withdrawal by source | 27 |
| G4-EN9 | Water sources significantly affected by withdrawal of water | N/A |
| G4-EN10 | Percentage and total volume of water recycled and reused | 27 |
| 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) | 26 |

| Indicator | Description | Page |
|-----------|---|-------|
| 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 | 26 |
| G4-EN19 | Reduction of greenhouse gas (GHG) emissions | 26 |
| 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 | N/A |
| G4-EN23 | Total weight of waste by type and disposal method | 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 ² Annex I, II, III, and VIII, and percentage of transported waste shipped internationally | 24 |
| 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 | None |
| 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 | 27 |
| 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 | 27 |
| G4-EN33 | Significant actual and potential negative environmental impacts in the supply chain and actions taken | 41 |
| G4-EN34 | Number of grievances about environmental impacts filed, addressed, and resolved through formal grievance mechanisms | 36 |
| G4-HR1 | Total number and percentage of significant investment agreements and contracts that include human rights clauses or that underwent human rights screening | 37 |
| 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 | 35 |
| G4-HR3 | Total number of incidents of discrimination and corrective actions taken | 36 |
| 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 | 36 |
| 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 | 36 |
| G4-HR6 | Operations and suppliers identified as having significant risk of incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor | 36 |
| 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 | 27 |
| 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 | 36 |
| G4-LA1 | Total number and rates of new employee hires and employee turnover by age group, gender, and region | 32,33 |
| G4-LA2 | Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation | 34 |
| G4-LA3 | Return to work and retention rates after parental leave, by gender | 40 |
| G4-LA4 | Minimum notice periods regarding operational changes, including whether these are specified in collective agreements | N/A |

| Indicator | Description | Page |
|-----------|---|--------------|
| 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 | 37 |
| 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 | 34, 35 |
| G4-LA10 | Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings | 34, 35 |
| G4-LA11 | Percentage of employees receiving regular performance and career development reviews, by gender and by employee category | 34, 35 |
| 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 | 33-35 |
| 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 | 27 |
| 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 |
| G4-PR1 | Percentage of significant product and service categories for which health and safety impacts are assessed for improvement | 42 |
| 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 | 41, 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 | 45 |
| 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 | 45 |
| G4-PR5 | Results of surveys measuring customer satisfaction | 43, 44 |
| G4-PR6 | Sale of banned or disputed products | 45 |
| 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 outcome | 45 |
| 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 | 45 |
| G4-S01 | Percentage of operations with implemented local community engagement, impact assessments, and development programs | 29-31 |
| G4-S02 | Operations with significant actual or potential negative impacts on local communities | 33, 41 |
| G4-S03 | Total number and percentage of operations assessed for risks related to corruption and the significant risks identified | 36 |
| G4-S04 | Communication and training on anti-corruption policies and procedures | 36 |
| G4-S05 | Confirmed incidents of corruption and actions taken | 36 |
| G4-S06 | Total value of political contributions by country and recipient/beneficiary | Not Reported |
| G4-S07 | Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes | N/A |
| G4-S08 | Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations | 36 |
| G4-S09 | Percentage of new suppliers that were screened using criteria for impacts on society | 27 |
| G4-S010 | Significant actual and potential negative impacts on society in the supply chain and actions taken | N/A |
| G4-S011 | Number of grievances about impacts on society filed, addressed, and resolved through formal grievance mechanisms | 36 |

Date: June 26, 2016

The Board of Directors

FHH

P.O. Box 154

Amman 11118, Jordan

FHH Stakeholder Council: Independent Assurance Statement

Establishment

FHH established FHH's Stakeholder Council to comply with international best practices for sustainability management, and in order to provide FHH with advice, views, guidance and recommendations from a variety of informed perspectives about the sustainability management and reporting of FHH 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 FHH group.

Functions and Duties of the Stakeholder Council:

- Provide advice on key sustainability issues for FHH, 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 FHH companies and also when dealing with key stakeholders.
- Review and provide recommendations on FHH'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 FHH may require informed opinions and advice.
- Assist FHH to enhance and strengthen collaboration with the constituencies represented on the Council.
- Provide a signed third party verification statement for FHH Annual Sustainability Report in accordance with the Global Reporting Initiative (GRI) Guidelines.

Stakeholder Council Members

| Stakeholder Group | Member/Organization |
|-------------------|--------------------------------|
| Owners | Rula Salah – FHH |
| Employees | Nicola Billeh – FHH |
| Customers | Amani Abu Hilal – Pharmacy One |
| Suppliers | Laura Ramon – Weyerhaeuser |
| Community/NGOs | Yazan Majaj – Q Perspective |
| Public Relations | Mirna Khoury – PR Rep. FHH |

Review Approach

The sustainability assurance process was planned and organized by the EHS Department at FHH, 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 FHH's 2015 sustainability report 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 Key Performance Indicators regarding sustainability.

Once the individual evaluations were completed by the members, the council convened again to discuss the individual evaluations and 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 from 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 the FHH 2015 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 FHH on regular basis, FHH's understanding of their interests and expectations, and how the group has responded to these interests and concerns. FHH 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 FHH 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 the 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 FHH, 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 by year data, and have attempted **wherever possible** to follow the GRI G4 Indicator Protocols in order to facilitate comparison of FHH 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 FHH 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:** The FHH sustainability report is published annually in July of each year in accordance with its 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 the 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 the FHH Stakeholder Council.

Yazan Majaj

Chairperson

