



CORNERSTONE

DEVELOPMENT



UN GLOBAL COMPACT
COMMUNICATION ON PROGRESS
2016-2017

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CHAIRMAN & CEO MESSAGE



In a country that has been torn by war and religious cleavages for far too long, Cornerstone Development saw a need to forge stability and prosperity by developing sustainable communities that are founded on the central pillars of social, economic and environmental responsibility.

The Lebanese civil war has indeed devastated Beirut and left it in ruins. Existing efforts during the post-war period to rebuild the Downtown area have fallen short of reconciling housing, commercial, cultural, social and environmental facets of reconstruction, with the latter considered essential to promoting peace and reconciliation.

At Cornerstone Development, sustainable development is our own customized approach to peace-building. Our development standards coincide with peace-building principles, in the sense that they go beyond mere physical construction efforts to encompass commitment to human well-being in the broadest sense, commitment to friendly and collaborative relationships and a determined effort to incrementally and interactively build a better and safer Lebanon.

In 2016, we joined the UN Global Compact with commitment to contributing to sustainable global development by putting the newly launched UN 2030 agenda and its Sustainable Development Goals (SDGs) at the core of our work. We are proud signatories of the UN Global Compact and we believe it provides a great platform for engagement on sustainability and for making progress towards our vision. Moving forward, we will continue to endeavor to deliver on the UN Global Compact Principles and SDGs, which align well with our current strategy for sustainable and eco-friendly neighborhood development and peacebuilding through sustainability.

~ Anthony Stephan ~

WHO WE ARE

OUR TEAM

Our ventures would not have been successful without the hard work of our dynamic and creative team, and without the input of international experts. Bringing state-of-the-art ecofriendly products and solutions, our projects bring back life into our cities.

Cornerstone Development is building a solid reputation for quality and excellence; thanks to a strong and coherent team of finance specialists, project managers, marketers, facility managers, and technology providers, who propel the real estate sector to the next era.

OUR IDENTITY

■ VISION

As builders by culture and profession, our vision is to set trends through a sustainable approach for vibrant neighborhoods; actively challenging the destabilizing realities of our region, thus aiming to break the vicious cycles of conflict, violence and political and socio-economic instability.

■ MISSION

Our mission is to be regional leaders and pioneers in sustainable and ecofriendly neighborhood development and real actors and advocates of change for a cleaner, safer and greener world, as reflected in the following concrete goals:

- **Be ‘LEEDers’ in the development of sustainable projects.** We want to lead by example through best practices in sustainability and through Leadership in Energy and Environmental Design (LEED).
- **Be regional pioneers in sustainable and ecofriendly neighborhood developments.** Cornerstone Development is the first company in Lebanon, the Arab World and the Mediterranean Basin to adopt the LEED Neighborhood Development standards.
- **Be real actors and advocates of change for a cleaner, safer and greener world.** We are committed to real action beyond mere rhetoric, and to “walk the talk” through concrete interventions and original projects that tackle the

triple bottom line and different aspects of sustainability.

- **Be visionaries when it comes to social responsibility and sustainability.** For us sustainability helps us meet larger purposes including stability and peace building in Lebanon and in the region. Sustainable development is our own customized approach to peace-building. Our development standards coincide with peace-building principles, encompassing commitment to human well-being and a determined effort to build a better and safer Lebanon.
- **Encourage economic growth and prosperity.** By being responsible citizens and through our unwavering commitment to sustainability, we also contribute to economic growth and prosperity. Our economic pillar is the basis that keeps our company viable and reflects in positive economic contributions, while alleviating negative externalities for the larger Lebanese economy.

■ BELIEFS

- We believe in **socially responsible development** as a cornerstone for the rebirth of a stable and prosperous society.
- We believe that **sustainability serves larger and more meaningful purposes**, including forging peacebuilding and paving the way to a safer and healthier ecosystem.
- We believe in **expanding knowledge** and **investing in the future** in order to share insights and best practices as true global citizens.
- We believe in creating a **home for the global citizen** while still preserving **our heritage, culture and human values**, as they are the foundation of existence, shaping our present and our future.
- We believe in **collaborative effort** across all stakeholder levels and promoting **gender equality**, and **extraordinary customer care** as we try to build a sustainable ecosystem around us.

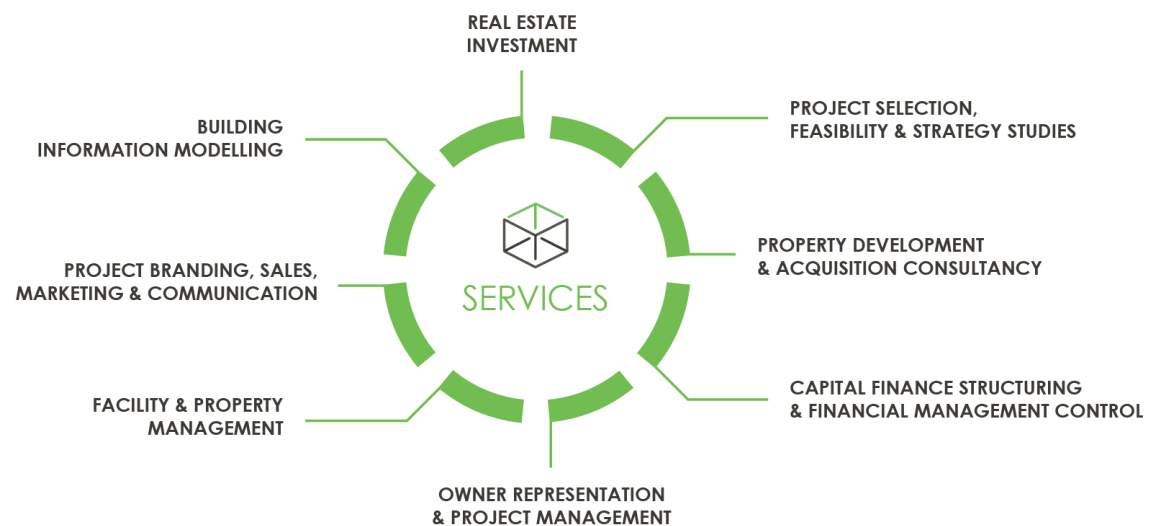
WHAT WE DO

Cornerstone Development SAL is a leading regional real estate development company specialized in high-end residential, retail, commercial & hospitality projects; and is a regional pioneer in neighborhood developments.

With a track-record ability to deliver on complex developments and landmark projects, our team is committed to produce unique and unrivalled developments in Lebanon and in the region.

By daring to conceive visionary projects in a troubled region in our challenging part of the world, Cornerstone Development's leadership is playing a significant role in the reshaping of the environment we work and live in.

Figure 1 - Our Services



■ AMBITION

- Our dream is to radiate inspiration to regional entrepreneurs to take courageous and progressive steps to leap forward towards a safer and more sustainable future.

“My ultimate goal spans beyond building merely a sustainable community but to lay a cornerstone for a regional trend at large amidst the destructive turbulence and the mammoth risk surrounding us.”

~ Anthony Stephan ~



SUSTAINABILITY ROADMAP



SUSTAINABILITY FOR PEACEBUILDING

Peace-building is an invariably phased approach that seeks to strengthen national capacities to mitigate, prevent or manage conflict. At Cornerstone Development, sustainable development is our approach to peace-building. Our development standards coincide with peace-building principles, in the sense that they go beyond physical construction efforts, to encompass commitment to human well-being, commitment to friendly and collaborative relationships, as well as determined efforts to, incrementally and interactively, build a better and safer Lebanon.

Cornerstone Development is guided by a vision that peace-building is grounded in processes that prevent the recurrence of violence and conflict, by tackling their root causes, through the strengthening of environmental sustainability, modeling of best practice governance, and the embracing of diversity.

PILLARS OF SUSTAINABILITY

In 2017, we officially framed our sustainability strategy for peace-building in committing to develop sustainable communities: socially, economically or environmentally; which will in turn constitute the central pillars of stability and prosperity, in a country that used to be torn by war for several years.

“We believe that the most central pillar for stability, prosperity and growth is founded on developing sustainable communities; taking into consideration the triple bottom line: economic, environmental and social.”

Our strategy comprises three pillars of sustainability that together help in creating shared value:

Figure 2 - Creating Shared Value Model



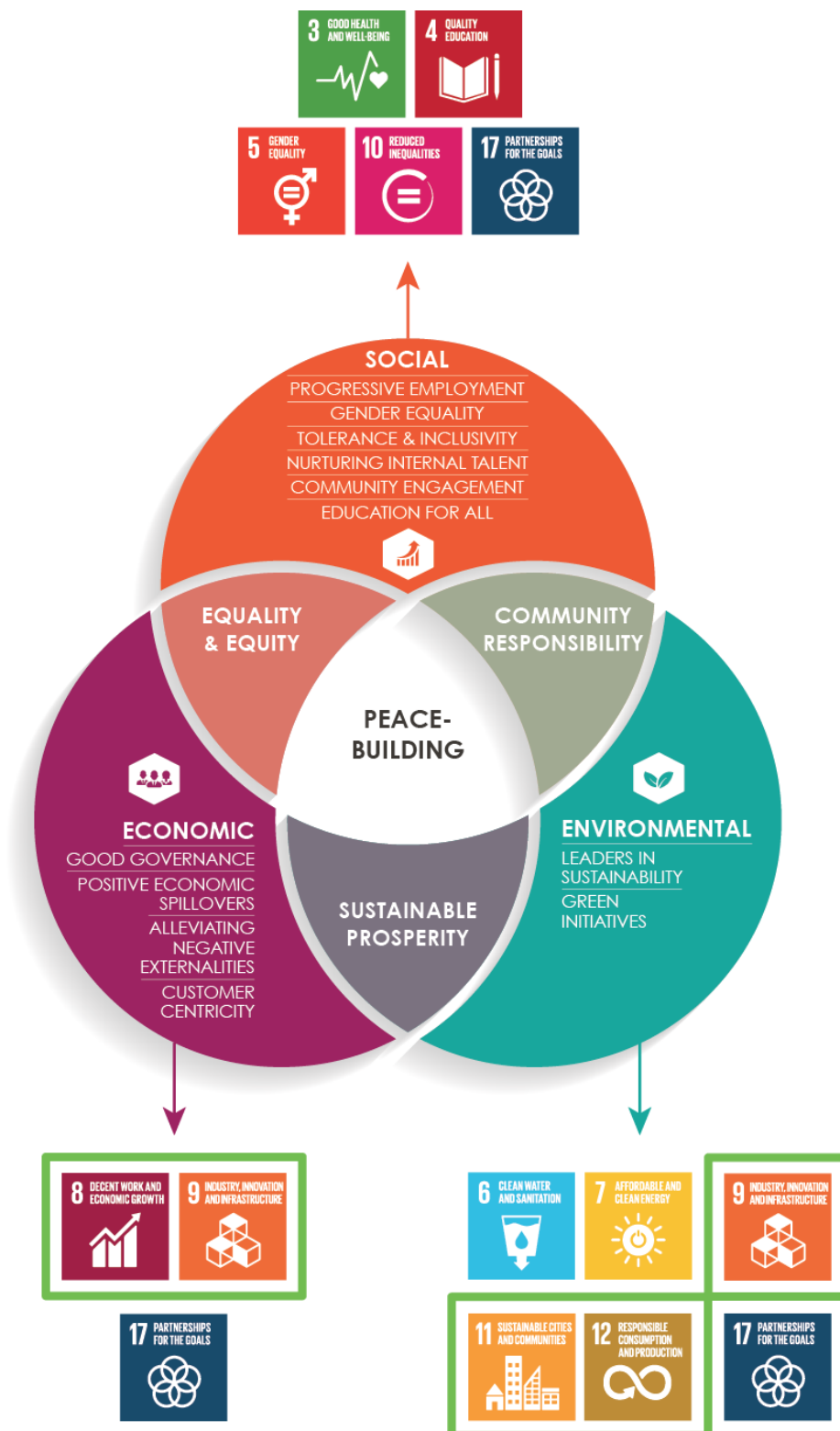
GUIDING PRINCIPLES

Our sustainability roadmap revolving around the three pillars also maps to some of the key Sustainable Development Goals (SDGs) recently launched by the UN. The recent launch of the UN Sustainable Development Goals (SDGs) opened up new opportunities for us to synchronize our efforts with broader development goals and aspirations in our attempts at creating shared value. Our efforts and strategy in the domain of sustainability encompass a parallel commitment to the following SDGs:



These SDGs map in turn to the three pillars of our sustainability strategy as outlined below. These SDGs are helpful in channelling our efforts towards international norms and targets that are globally recognized complementing our core commitment to the ten UN Global Compact Principles that have served to guide our work in sustainability to date. We have been champions of the UN Global Compact since its official launch in Lebanon in 2015, and are on a journey of collective effort and transformation through making global goals local business.

Figure 3 - Creating Shared Value Model Mapped to the Sustainable Development Goals



Through our well-rounded approach to sustainability practices and initiatives, we touch upon all the SDGs mapped in the figure above. For 2017, Cornerstone

Development pledges its support for making progress and contributing to SDGs 8, 9, 11, and 12 as they are most relevant to issues addressed in this year's plan of action.

CSR POLICY




We have introduced a CSR policy in 2017 that highlights the guiding principles in the field of sustainability as well as underlines our strategy of peace-building through sustainable construction.

Figure 4 – Cornerstone Development's CSR Strategy Pillars



PROGRESS ON OUR THREE CORE PILLARS

Figure 5 – Cornerstone Development's CSR Strategy Pillars

| SUSTAINABILITY FOR PEACEBUILDING | | | |
|----------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| PILLARS |  ECONOMIC |  ENVIRONMENTAL |  SOCIAL |
| COMMITMENTS TO | <ul style="list-style-type: none"> GOOD GOVERNANCE POSITIVE ECONOMIC SPILLOVERS ALLEVIATING NEGATIVE EXTERNALITIES CUSTOMER CENTRICITY | <ul style="list-style-type: none"> LEEDERS IN SUSTAINABILITY CONSERVING OUR ECOSYSTEM SAVING ENERGY REDUCING CARBON DIOXIDE EMISSIONS REDUCING WASTAGE GREEN INITIATIVES | <ul style="list-style-type: none"> PROGRESSIVE EMPLOYMENT GENDER EQUALITY TOLERANCE & INCLUSIVITY NURTURING INTERNAL TALENT COMMUNITY ENGAGEMENT EDUCATION FOR ALL |
| FUTURE INITIATIVES | <ul style="list-style-type: none"> STAKEHOLDER MANAGEMENT | <ul style="list-style-type: none"> REAL ESTATE RESPONSIBLE MANAGEMENT | <ul style="list-style-type: none"> PARTNERS 4 COMMUNITY CORNERSTONE EDUCATION |

OUR APPROACH TO THE TEN PRINCIPLES





AREA 1:
HUMAN RIGHTS



HUMAN RIGHTS

1. Businesses should support and respect the protection of internationally proclaimed human rights; and
2. make sure that they are not complicit in human rights abuses.

OUR COMMITMENT

Our commitment to championing and upholding universal human rights is driven by the founding values of Cornerstone Development. We challenge ourselves to lead by example without compromising core humanistic, familiar, and social values.

Building on our vision to actively challenge the insecure realities of our region, we have deep conviction that respecting fundamental human rights will foster peacebuilding, security, and prosperity in our nation.

Cornerstone Development is committed to protecting and respecting human rights, including freedom from discrimination, right to personal security and privacy among others, and expects the same endorsement by its internal and external stakeholders.

OUR GUIDING PRINCIPLES

Our commitment to protecting and promoting human rights is guided by UN Principles on Business and Human Rights and encompasses a parallel commitment to the articles outlined by the Universal Declaration of Human Rights.

OUR POLICIES

To actualize its commitment to human rights, Cornerstone Development has developed a set of policies and codes that govern its operations internally and externally with its stakeholders. Alongside our values, these robust policies and codes provide the guiding compass for everything we undertake, how we run our business, and how we deal with stakeholders inside and outside the company.

■ CODE OF CONDUCT

This code sets clear rules and ethical social norms and ensures that practices, which govern all aspects of our work, also respect and support human rights. The norms that are present in this code are also consistent with the values and culture we aspire to promote within our business and in our external community at large.

| | | |
|---------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| ORGANIZATIONAL CODE OF CONDUCT | Throughout its entire operations, Cornerstone Development must comply with all applicable local laws and shall aim to meet international standards in the areas of human and labor rights, quality and performance, and sustainability. The organization hereby shall not conduct any activities that violate the law or the standards and norms spelled out below. | |
| EMPLOYEE CONDUCT | Internal Environment: <ul style="list-style-type: none"> ○ All employees shall dress and behave professionally. ○ All employees shall treat one another with honesty and respect at all times. ○ All employees shall not use foul language with any other employee or client. ○ All employees shall not engage in unprofessional activities at the workplace or during their work shifts, including but not limited to verbal and/or physical sexual harassment, drinking, fighting, gambling, and swearing. ○ All employees shall not steal or misuse any of the company's properties or assets for any purpose of use. ○ All employees shall not engage in any action that puts their or anyone's health and/or safety at risk. | External Environment: <ul style="list-style-type: none"> ○ All employees shall be attentive and responsive to clients' needs. ○ All employees shall not accept any kind of financial or sentimental bribe from any client or engage in the practice of extortion. ○ All employees shall not bribe a third party for any reason and at any time. ○ All employees shall not request or accept any gift given in gratitude for accomplishing a task. Should this gift be received without the employee's notice, s/he must notify the HR department and direct superior. |
| CONFLICT OF INTEREST | <ul style="list-style-type: none"> ○ All employees shall perform their duties with integrity and accountability, in the best interest of the organization. ○ All employees shall not use their status at Cornerstone and what comes with it from knowledge and resources for personal advantage. ○ Should any opportunity being contemplated by the employee seem to cause a conflict of interest with Cornerstone, s/he must notify his/her direct superior of such concern. ○ For any business prospect, be it on part-time basis, freelance consultancy, or any other direct or indirect professional or business investment opportunity, the employer must disclose all related information to the management for their consent and approval. | |
| CONFIDENTIALITY | <ul style="list-style-type: none"> ○ All employees shall respect the confidentiality of their colleagues and clients. ○ All employees shall perform their duties with respect to the company's and client's confidentiality. ○ All employees shall respect confidential information and refrain from disclosing it to any third party with no written consent from the company during and post-employment. ○ All employees shall abide by the Confidentiality Agreement signed as part of the employment contract. | |
| DISCRIMINATION | <ul style="list-style-type: none"> ○ Any kind of discrimination based on color, religion, race, sex or any criterion is prohibited as per the diversity & minorities' protection policies. ○ All employees enjoy equal opportunities and employment conditions, including fairness in promotion and remuneration. | |
| TRAINING | <ul style="list-style-type: none"> ○ Upon employment, all employees at Cornerstone Development undergo training to explicitly discuss the code of conduct and raise awareness on any practices of unethical nature that may arise. ○ Should any employee have any questions or uncertainties at any time during their employment, s/he must communicate this to Cornerstone Development's HR professionals and seek their advice. | |
| REPORTING | <ul style="list-style-type: none"> ○ All employees are encouraged and obliged to report any form of misconduct that seems incoherent with the company's culture and code of conduct. ○ Management is obliged to address such reports with utmost fairness, and shall encourage this practice. | |
| COMPLIANCE | <ul style="list-style-type: none"> ○ All employees hold responsible for this code and are encouraged to comply to avoid any form of violation to the company. ○ Should any employee breach any rules outlined in this code, s/he is suspect for warnings and other severe measures in case of repetition. | |

As outlined by the Code of Conduct, employees at Cornerstone Development are encouraged to report any situation that conveys unfair treatment to any individual involved.

Our Code of Conduct goes beyond upholding human rights and encompasses our commitment to ethical and fair labor practices. The values transmitted in this code lie at the heart of Cornerstone Development's stringent HR strategy, which ensures equal opportunity and fair working conditions to all employees and an inclusive diverse workplace that is free of any form of discrimination. Employees at Cornerstone Development are encouraged to report any situation that conveys unfair treatment to any individual involved.

“We always challenge ourselves and lead our teams by example not to compromise our core humanistic, family and social values.”

~ Anthony Stephan ~

■ HR STRATEGY

We strive to be an employer of choice through our progressive HR practices and inclusive diversity policy that protects against discrimination and promotes diversity and equal opportunity. What we do in the domain of HR, models best practice in both Lebanon and the region, through inclusion, non-discrimination and empowerment.

PROGRESSIVE EMPLOYMENT

In everything we do, we strive to put our people first and prioritize them as our most vital asset. We are also putting in place various wellness programs that contribute to creating a healthy and supportive work environment.

GENDER EQUALITY

At Cornerstone Development, we have made it a priority to promote gender equality in the real estate development profession. Our employees are half female and half male who share equal opportunity and leadership roles.

50% 

 50%

TOLERANCE & INCLUSIVITY

Cornerstone Development is committed to protecting and respecting human rights, including freedom from discrimination, right to personal security and privacy among others, and expects the same endorsement by its internal and external stakeholders.

Our stringent HR strategy ensures equal opportunity, diversity & minorities' protection policies, the alleviation of all aspects of discrimination, as well as protection against child labor within our group.

■ NURTURING INTERNAL TALENT

“We believe in nurturing talent and investing in our employees since they're our most valuable asset.”

~ Anthony Stephan ~

Our employees are our most important asset; therefore, we recognize that our success hinges on providing the right training and development opportunities for them to progress in their roles and to be rewarded for their achievements. We continue to be committed to a high-quality work environment, where our employees feel valued to deliver the level of service our customers and shareholders expect and deserve.

We always give high priority to employee development, given its significant role in improving quality, retaining talent, meeting external environmental pressures relating to competition, and change in work design. Our employee development approach invariably revolves around three pillars, training and development, coaching and mentoring, as well as continuous improvement.

Figure 6 – A Rounded Employee Development Process



IMPLEMENTATION

Our commitment to human rights is also reflected in how we deal with our employees, our workers and contractors, our suppliers, and how we run our day to day business with utmost collegiality and respect.

Our commitment also permeates our community engagement efforts across their different facets. We are strong believers in Community Engagement and the power that community partnerships and engagement efforts brings to supporting and promoting human rights.

■ SUPPORTING EDUCATION

Cornerstone Development is very dedicated to education. Therefore, we are sponsoring 4 schools: College De La Sagesse Ashrafieh, College Saint Joseph Antoura, College Mariste Notre-Dame De Lourdes Byblos, and College Notre-Dame De Jamhour.

We also provided financial assistance to Lebanese students who are attending the prestigious French university Hec including covering their tuition.

Through its District//S Project, Cornerstone Development is also sponsoring the Lebanese team that will be competing in the first Global Robotics Competition held in Washington D.C. in July 2017.

■ RUNSAWA INITIATIVE

In 2016, we were involved in RUNSAWA, a key initiative implemented to support the Lebanese Autism Society and every individual's right to equality, freedom from discrimination, and education.

RUNSAWA was launched by a group of women, united by their passion for running, to fight for different causes every year, and conducting awareness seminars at the end of the run. Cornerstone Development supported the initiative's first project, which adopted 'Autism' as its cause and the Lebanese Autism Society as its NGO of choice. The run collected a total of \$116,236 from sponsors, donations and online donations. This amount highly contributed in educating almost 9 children with autism.



■ **STAKEHOLDER MANAGEMENT**

As part of its stakeholder management strategy, Cornerstone Development holds a quarterly roundtable discussion with its construction contractors and suppliers to articulate and raise awareness about the company's human rights principles and set them as standards that other companies are expected to adhere to.

Moreover, Cornerstone Development audits/evaluates its construction contractors on ground to ensure compliance with previously set guidelines for expected human rights conditions.

MEASUREMENT OF OUTCOMES

In 2016, Cornerstone Development introduced its first Code of Conduct, which ensures that clear rules and ethical social norms govern all work aspects. The Code of Conduct covers major areas including employee conduct, conflict of interest policy, confidentiality and discrimination among other elements. Cornerstone Development intends to roll this Code of Conduct out to all employees next year, and conduct two trainings around it.

In the area of equality, Cornerstone Development has been an advocate and supporter of gender equality, as reflected in the balanced employee representation and employee segmentation by the end of 2016, whereby half of the total workforce body comprises female employees. Cornerstone Development intends to continue to embrace and nurture this diversity and create meaningful career paths for women within the organization.

Moreover, during 2016 and early 2017, Cornerstone Development advanced its commitment to education by covering the tuition fees of students in 4 private schools in Lebanon and in a prestigious university abroad. The company also took part in a social initiative by the Lebanese Autism Society to collect money to educate nine children with autism.

As part of its stakeholder management, Cornerstone Development also intends to organize quarterly roundtable discussions with its contractors to ensure compliance with previously set guidelines and to raise awareness on the procurement manual.



AREA 2:
LABOR RIGHTS



LABOUR

3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
4. the elimination of all forms of forced and compulsory labour;
5. the effective abolition of child labour; and
6. the elimination of discrimination in respect of employment and occupation.

OUR COMMITMENT

Cornerstone Development accords primary importance to its relations with its employees internally and to those of its partners and their laborers. Through its signature project District//S, Cornerstone Development works with more than 62 contractors, sub-contractors, and suppliers and employs around 500 workers on its construction site.

Given the important role that contractors, suppliers, and laborers play in our operations and sustainability roadmap, we strive to build strong and respectful relationships with them on the basis of clear and responsible social and environmental principles that govern all of Cornerstone Development's operations and engagement efforts from inception to completion.

GUIDING PRINCIPLES

The way Cornerstone Development governs its relations with laborers aligns with local labor and employment laws and is inspired by universal instruments and declarations, including core conventions of the International Labor Organization (ILO). These instruments guide Cornerstone Development's commitment to equal opportunity, diversity & minorities' protection, non-discrimination, and abolition of child labor.

OUR POLICIES

In the area of labor, Cornerstone Development takes action internally and externally. The Code of Conduct governs the internal environment at Cornerstone Development

with respect to labor rights. In addition, our progressive HR policy clearly outlines the rights of employees, including their compensation and benefits, as well as their respective responsibilities.

For external stakeholders that Cornerstone Development conducts business with, a set of policies and procedures has been established to ensure that these companies and organizations endorse responsible practices that guarantee workers their fundamental rights at work.

IMPLEMENTATION

■ EMPLOYEE HANDBOOK

During 2017, Cornerstone Development's Management Team worked on developing its Employee Handbook to help its employees understand the main benefits, policies & procedures and code of business conduct and ethics that apply to their status as a Cornerstone Development employee. All the main policies and procedures outlined in the handbook have been set according to the Lebanese labor law.

In brief, below is an outline of the main points highlighted in the handbook:

| SUBPART | CONTENT |
|-------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| CODE OF BUSINESS CONDUCT AND ETHICS | COMPLIANCE WITH LAWS, RULES, AND REGULATIONS/CONFLICT OF INTEREST/CORPORATE OPPORTUNITIES/ COMPETITION AND FAIR DEALING/DISCRIMINATION AND HARASSMENT/HEALTH AND SAFETY/RECORD-KEEPING/CONFIDENTIALITY/PROTECTION AND PROPER USE OF COMPANY ASSETS/REPORTING ANY ILLEGAL OR UNETHICAL BEHAVIOR/COMPLIANCE PROCEDURES/VIOLATION OF CODE/ ACKNOWLEDGEMENT/CODE OF ETHICS CHART. |
| EMPLOYMENT POLICIES | PERSONNEL RECORDS/CONFIDENTIALITY/PROBATIONARY PERIOD/OFFICE HOURS/EMPLOYMENT TERMINATION/INTERNET AND EMAIL USE/DRESS CODE. |
| SALARY POLICY | SALARY/SALARY INCREASE/PAYROLL SLIPS/ PAYROLL REGISTER. |

| | |
|-----------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| ATTENDANCE AND LEAVE | ATTENDANCE/LEAVE/ATTENDANCE REGISTER. |
| BUSINESS TRAVEL, ENTERTAINMENT, AND EXPENSE POLICY | POLICY PURPOSE AND GENERAL STATEMENT/EMPLOYEE RESPONSIBILITY/MANAGER RESPONSIBILITY/PERIODIC AUDITING/PASSPORT AND VISA/HEALTH AND IMMUNIZATION/TRAVEL AGENCY AND RESERVATION/ELECTRONIC TICKETS/CHANGED/UNUSED/CANCELED AIRLINE TICKETS/INTERNET FAX AND LAUNDRY SERVICES/ EMPLOYEE MEALS AND ENTERTAINMENT/CLIENT ENTERTAINMENT AND MEAL EXPENSES/PER DIEM/ CORPORATE CREDIT CARD. |
| COMPLIANCE | DISCIPLINARY ACTION/ACKNOWLEDGEMENT OF RECEIPT OF EMPLOYEE HANDBOOK. |

■ POLICY FOR HEALTH, SAFETY, & SECURITY

Cornerstone Development worked on developing a policy for health, safety, and security for its District//S Project. The policy shall apply to the “District//S” Project Management Office (PMO) as well as to all contractors and subcontractors working in the premises of the “District//S” Project, such as:

- The PMO ensures that all its work on site will be carried out according to all current statutory provisions and that all reasonably practicable measures will be taken to avoid risk to its employees or others that may be affected;
- All Contractors & Subcontractors shall ensure the same with regards to their works. They are also expected to co-operate with the PMO in carrying out this policy and must ensure that their own work comply with the regulations set by the PMO; and
- For each trade, Management and Site Supervisory staffs are responsible for the implementation of the policy and will have to ensure that health and safety considerations are always to be given utmost priority in day-to-day supervision of the ongoing works.

In brief, below is an outline of the main points highlighted in the policy:

| SUBPART | CONTENT |
|-------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| RESPONSIBILITIES OF STAFF | SAFETY TEAM/SAFETY OFFICER/SECTION ENGINEER/FOREMAN. |
| SAFETY REQUIREMENTS/REGULATIONS | SAFETY MEETINGS/SAFETY INSPECTIONS/POTENTIAL HAZARDS/ACCIDENT REPORTING/FIRST AID AND MEDICAL ATTENTION/PERSONAL PROTECTIVE EQUIPMENT/FIRE PROTECTION AND PREVENTION/ELECTRICAL SAFETY/SCAFFOLDING OR TEMPORARY PROPPING SUPPORTS/USE OF LADDERS/ELEVATED WORK/USE OF EXPLOSIVES/CONCRETE REINFORCEMENT STARTER BARS/GURDRAILS. |
| ENVIRONMENT PROTECTION SOLID WASTE | GENERAL HOUSEKEEPING/RUBBISH REMOVAL AND DISPOSAL. |
| SITE CHECK-LIST | A SAMPLE SITE CHECK-LIST IS ATTACHED TO THIS SAFETY POLICY FOR GUIDANCE ONLY, AND DOES NOT, IN ANY WAY, REVISE OR LIMIT THE REQUIREMENTS COVERED ELSEWHERE IN THE POLICY REGULATIONS. |
| SECURITY ON SITE | METALLIC FENCE/SAFETY EQUIPMENT AND TAGS/GUARD/EXTERNAL LIGHTING/WIRELESS COMMUNICATION. |
| IN CASE OF ACCIDENT OR FIRE | PROCEDURES/REPORTING/DEALING WITH CONSEQUENCES. |
| RESPECT OF THE SAFETY REGULATIONS | ALL CONTRACTORS / SUBCONTRACTORS AND THEIR EMPLOYEES ARE RESPONSIBLE FOR IMPLEMENTING THE SAFETY MEASURES AND OBTAIN SAFETY EQUIPMENT IN ORDER TO PREVENT THE OCCURRENCE OF SAFETY HAZARDS. IN CASE ANY CONTRACTOR / SUBCONTRACTOR DOES NOT REPORT ABOUT THE LACK IN THE SAFETY EQUIPMENT, HE IS DEEMED TO HAVE STARTED THE WORKS WITH THE SAFETY EQUIPMENT IN FULL COMPLIANCE WITH THE SAFETY REGULATIONS, SHALL BEAR THE FINANCIAL CONSEQUENCES FOR ANY REPAIR OR BREACH AND WILL BE ALERTED AS SOON AS THE SAFETY OFFICER NOTICES ANY DISCREPANCY IN THE SAFETY APPAREL. |

MEASUREMENT OF OUTCOMES

In 2016, Cornerstone Development introduced both its Employee Handbook and Policy for Health, Safety, and Security. Both of these constitute important milestones for Cornerstone Development in the domain of labor rights.

The Employee Handbook helps employees to understand the main benefits, policies, and procedures and code of business conduct and ethics that apply to various aspects of their employment within the organization. The handbook covers elements such as the code of business conduct, employment and salary policies, business travel and expense regulations, attendance and leave policies and various aspects of compliance.

The Policy for Health, Safety and Security on the other hand was developed for the District//S Project to ensure that all work on site is carried out according to statutory provisions and that all reasonably practicable measures are taken to avoid risk to employees or others that may be affected.

In the next year, Cornerstone Development intends to conduct multiple trainings to roll out and introduce the Employee Handbook and the Policy for Health, Safety and Security to all internal stakeholders.



AREA 3:
ENVIRONMENT



ENVIRONMENT

7. Businesses should support a precautionary approach to environmental challenges;
8. undertake initiatives to promote greater environmental responsibility; and
9. encourage the development and diffusion of environmentally friendly technologies.

OUR COMMITMENT

Our commitment to the precautionary principle and to environmental responsibility is a differentiator of how we run our business. We continue to build on the momentum we have created by being regional pioneers in the development of the first sustainable neighbourhood project in Lebanon. Our Environmental pillar thus showcases our Leadership in Energy and Environmental Design (LEED) and how we rely on an eco-friendly approach, products and solutions, across our District//S project. We also implement various green initiatives that contribute to the greening and improvement of the ecosystem around us.

GUIDING PRINCIPLES

To ensure its compliance with the three UNGC principles of environmental protection and driven by its vision to be a trail-blazer in Lebanon and in the region through a sustainable approach for vibrant neighborhoods, District//S applied to and was awarded the Leadership in Energy and Environmental Design (LEED) certification. Cornerstone Development is the first company in Lebanon, the Arab World and the Mediterranean Basin to adopt the LEED Neighborhood Development standards. This makes Lebanon the fifth country worldwide where a company is granted LEED for Neighborhood Development certification, according to the USGBC LEED rating system.

LEED is a point-based rating system devised by the United States Green Building Council (USGBC) to evaluate the environmental performance of a building over its life cycle and to encourage market transformation towards sustainable design.

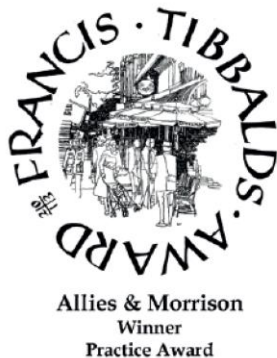
OUR POLICIES

■ LEED CERTIFICATION

The LEED rating system provided Cornerstone Development with a framework of policies and practices that it can follow to ensure responsible provision over environment issues and the prevention and management of environmental risks.

According to LEED Neighborhood Development standards, District //S is the first sustainable neighborhood in Lebanon, the Arab world, and the Mediterranean basin.

Urban Design Awards 2013



The prize judges called District//S:

“A comprehensive response to the historic character of Beirut, going well beyond the superficialities of appearance to reflect the cultural and functional nature of the city.”

District//S Wins the Sustainable Development Award at SEA Gala Dinner:



The Social Economic Award (SEA) is the first award of its kind in Lebanon. It is a pioneering initiative in the region that presents awards to institutions for their CSR initiatives, during a gala dinner that gathers the social and economic elite. Leading local and international companies

are selected, based on transparent categorization, according to international standards criteria. Various fields like banking, trade, industry, education, franchising, promotion of welfare, campaigning for a better environment, or even preserving the Lebanese identity, history and heritage, are duly represented. In other words, the SEA is awarded to a company that is capable of creating a long lasting positive national impact.

It is in this context that District //S won the Sustainable Development Award of 2016, thanks to its innovative take on the development of a sustainable and eco-friendly neighborhood, located in the heart of Beirut; which aims to better the Lebanese ecosystem, environment as well as promote a healthier and cleaner lifestyle.

AIMING FOR GOLD

Cornerstone Development is looking ahead to earn 11 more points to step its game to the next level and earn the Gold LEED Certificate.

Figure7 - Where is District //S?



■ SUSTAINABLE PROCUREMENT

As part of its procurement policy, Cornerstone Development ensures that it integrates sustainability considerations into procurement planning by applying Sustainable Procurement (SP). SP is the practice of integrating requirements, specifications and criteria that are compatible with and in favor of the protection of the environment, social progress and the support of economic development, primarily by seeking resource efficiency, improving the quality of products and services and optimizing costs.

Recognizing sustainability in a procurement transaction is best obtained at the specification stage. Project Managers are advised to include eco-labels and social labels as part of the technical specifications and to specify sustainable production and process methods, as long as these do not materially impact upon fair and non-discriminatory competition.

Project Managers are recommended to consider the following aspects when preparing procurement requirements and to apply them during the evaluation process:

- Sustainability related reference in the procurement notice which conveys the relevance of sustainability in the specific procurement transaction;
- Specific identification of environmental/sustainability conscious potential bidders/subcontractors and vendors which may be well positioned to fulfil the procurement requirements;
- Formulate qualification requirements with a view to bidders/subcontractors/vendors' demonstrating good sustainability records;
- Ensure bidders/subcontractors and vendors have the necessary sustainability-related qualifications and capacity, i.e. previous experience, environmental management systems, etc.;
- Specify and use quantifiable sustainability criteria together with other technical evaluation criteria;
- Allow the submission of alternative offers with sustainable options;
- Consider life-cycle-costs and recycling costs as part of the commercial evaluation;
- As part of the qualification requirements, perform background and reference checks for their record of social and environmental responsibility.

It is expected that the sustainability outcome of the procurement process will be enhanced by taking into account social and environmental impacts along with traditional economic and efficiency considerations – at various stages of the procurement cycle.

IMPLEMENTATION

■ ECO FRIENDLY APPROACH

“At District //S, we rely on ecofriendly products and solutions that breathe life back into our cities.”



LEED 2009 FOR NEIGHBORHOOD DEVELOPMENT CORNERSTONE DEVELOPMENT'S LEED PROJECT SCOREBOARD

| | SECURED | TOTAL POSSIBLE |
|--------------------------------------------------------------------|-----------|----------------|
| SMART LOCATION & LINKAGE | | |
| PREFERRED LOCATION | 7 | 10 |
| BROWNFIELD DEVELOPMENT | 0 | 2 |
| LOCATIONS WITH REDUCED AUTOMOBILE DEPENDENCE | 3 | 7 |
| BICYCLE NETWORK AND STORAGE | 1 | 1 |
| HOUSING AND JOBS PROXIMITY | 2 | 3 |
| STEEP SLOPE PROTECTION | 1 | 1 |
| SITE DESIGN FOR HABITAT OR WETLAND AND WATER BODY CONSERVATION | 1 | 1 |
| RESTORATION OF HABITAT OR WETLANDS AND WATER BODIES | 0 | 1 |
| LONG-TERM CONSERVATION MANAGEMENT OF HABITAT OR WETLANDS AND WATER | 0 | 1 |
| TOTAL | 15 | 27 |
| NEIGHBORHOOD PATTERN & DESIGN | | |
| WALKABLE STREETS | 8 | 12 |
| COMPACT DEVELOPMENT | 6 | 6 |
| MIXED-USED NEIGHBORHOOD CENTERS | 4 | 4 |
| MIXED-INCOME DIVERSE COMMUNITIES | 0 | 7 |
| REDUCED PARKING FOOTPRINT | 1 | 1 |
| STREET NETWORK | 2 | 2 |
| TRANSIT FACILITIES | 0 | 1 |
| TRANSPORTATION DEMAND MANAGEMENT | 0 | 2 |
| ACCESS TO CIVIC AND PUBLIC SPACES | 1 | 1 |
| ACCESS TO RECREATION FACILITIES | 1 | 1 |
| VISITABILITY AND UNIVERSAL DESIGN | 1 | 1 |
| COMMUNITY OUTREACH AND INVOLVEMENT | 0 | 2 |
| LOCAL FOOD PRODUCTION | 0 | 1 |
| TREE-LINED AND SHADED STREETS | 2 | 2 |
| NEIGHBORHOOD SCHOOLS | 1 | 1 |

| | | |
|-------------------------------------------------------|-----------|------------|
| TOTAL | 27 | 44 |
| GREEN INFRASTRUCTURE & BUILDING | | |
| CERTIFIED GREEN BUILDINGS | 0 | 5 |
| BUILDING ENERGY EFFICIENCY | 0 | 2 |
| BUILDING WATER EFFICIENCY | 0 | 1 |
| WATER EFFICIENT LANDSCAPING | 1 | 1 |
| EXISTING BUILDING USE | 0 | 1 |
| HISTORIC RESOURCE PRESERVATION AND ADAPTIVE REUSE | 0 | 1 |
| MINIMIZED SITE DISTURBANCE IN DESIGN AND CONSTRUCTION | 1 | 1 |
| STORM WATER MANAGEMENT | 0 | 4 |
| HEAT ISLAND REDUCTION | 0 | 1 |
| SOLAR ORIENTATION | 0 | 1 |
| ON-SITE RENEWABLE ENERGY RESOURCES | 0 | 3 |
| DISTRICT HEATING AND COOLING | 0 | 2 |
| INFRASTRUCTURE ENERGY EFFICIENCY | 0 | 1 |
| WASTEWATER MANAGEMENT | 0 | 2 |
| RECYCLED CONTENT IN INFRASTRUCTURE | 0 | 1 |
| SOLID WASTE MANAGEMENT INFRASTRUCTURE | 0 | 1 |
| LIGHT POLLUTION REDUCTION | 0 | 1 |
| TOTAL | 2 | 29 |
| INNOVATION IN DESIGN | | |
| VISIBILITY AND UNIVERSAL DESIGN | 1 | 1 |
| DIVERSE USES | 1 | 1 |
| TREE-LINED STREETS | 1 | 1 |
| 30% IN INFRASTRUCTURE EFFICIENCY | 0 | 1 |
| INNOVATION IN DESIGN | 0 | 1 |
| LEED ACCREDITED PROFESSIONAL | 1 | 1 |
| TOTAL | 4 | 6 |
| REGIONAL PRIORITY CREDITS | | |
| REGIONAL PRIORITY: NPDC6 | 1 | 1 |
| REGIONAL PRIORITY: SLLC9 | 0 | 1 |
| REGIONAL PRIORITY: REGION DEFINED | 0 | 1 |
| REGIONAL PRIORITY: REGION DEFINED | 0 | 1 |
| TOTAL | 1 | 4 |
| LEED CREDIT CATEGORIES | | |
| SMART LOCATION AND LINKAGE | 15 | 27 |
| NEIGHBORHOOD PATTERN AND DESIGN | 27 | 44 |
| GREEN INFRASTRUCTURE AND BUILDING | 2 | 29 |
| INNOVATION IN DESIGN | 4 | 6 |
| REGIONAL PRIORITY CREDITS | 1 | 4 |
| TOTAL | 49 | 110 |

We rely on a sustainable eco-friendly approach, which reflects the sourcing of our products, and the way we planned and organized our District //S Project.

- Building materials employ recyclable content and technologically developed eco-friendly systems with an emphasis on energy saving.
- Featuring a strategically located unique parking facility that helps ease the congestion in Beirut and therefore reduce carbon dioxide emissions.
- Relying on solar-powered thermal heating and street lighting to help cut electricity requirements, and on water re-use systems to reduce wastage.
- Featuring biking racks and preferred parking spots for hybrid and electric cars, to aid in remarkably reducing the carbon footprint within the city.
- Using stone cladding and installing tall louvered shutters to allow the buildings and the rooms to cool during the summer and therefore cutting energy consumption.

LEED PROJECT SCOREBOARD

Specifically, the table below embodies LEED's credit-based voluntary system which allows projects to earn points for environmentally friendly construction of a building and its surrounding.

■ ALLEVIATING NEGATIVE EXTERNALITIES

By employing sustainability best practices and featuring green solutions in its signature project, Cornerstone Development significantly contributes to the elimination of various costs associated with environmental mismanagement, hence minimizing economic burden and preserving the environment at once.

For example, District //S helps solve the Downtown area parking problem by featuring a strategically-located parking facility displayed on 6 levels that can accommodate over a 1,000 underground parking spaces. This helps ease the congestion in Beirut and alleviate negative economic externalities. Our District//S project also features biking racks and preferential parking spots, to leave room for hybrid and electric cars, all of which helps ease congestion and alleviate the carbon footprint within the city.

Traffic congestion is a serious issue in Lebanon and it has generated unpleasant consequences which affect the lives of Lebanese citizens and residents. First and foremost, the issue is largely due to the lack of an organized public transportation

system in Lebanon as well as facilities that can accommodate the increasing number of private cars owned. This has caused drivers to double park and clog the road.

This problem is intensified in Beirut, the capital city of Lebanon, where conditions are described as mostly congested with a daily traffic volume of 315,000 cars crossing the north and southern highways as estimated by a study done by the IPT Energy Center in collaboration with the Ministry of Environment, ESCWA, and UNDP. In particular, the Downtown area of Beirut and its surrounding district is where many companies and educational institutions are located.

The traffic problem has therefore resulted in an economic loss due to the cost of traffic associated with wasted time on the road, excess fuel consumption, prolonged harmful vehicle emissions, and higher vehicle operating costs. A recent study done in December 2016 by a senior transport specialist with the World Bank shows that traffic congestion in Lebanon causes an economic loss of 8-10%, or \$3 billion, of the country's gross domestic product (GDP).

“The transport sector alone accounts for 22% of the total greenhouse gas emissions in Lebanon.”

By featuring a strategically-located parking facility displayed over 6 levels, District //S eases the congestion and its consequential ramifications in Beirut and the Downtown area by providing 1,000 underground parking spaces. With its goals to always pursue healthier and greener solutions and its ambition to cultivate a culture of environmental and social protectiveness, District //S has made it a priority to feature biking racks and preferential parking spots for hybrid and electric cars with a deeper vision of instilling healthy habits in its residents. Bikes have been proven to decrease the need for cars and they are particularly relevant for Lebanon given the low occupancy rate of 1.2 people per vehicle. Along with hybrid and electric cars, bikes will contribute to a decrease in the carbon footprint or the amount of carbon dioxide released by vehicles in Lebanon, which is around 1.6 tons a year per single vehicle.

By employing sustainability best practices and featuring green solutions in its signature project, Cornerstone Development significantly contributes to the elimination of various costs associated with environmental mismanagement, hence minimizing various economic burdens and preserving the environment at once.

■ 1 TREE PER METER SQUARE

In partnership with Jouzour Loubnan, a non-governmental organization committed to the forestation of arid regions in Lebanon, Cornerstone Development's District //S will plant a tree for every square meter sold.

We view responsibility as an approach for how businesses conduct their work. At Cornerstone Development, we demonstrate responsibility by implementing solutions to problems we see in our everyday life and trying to mitigate any inevitable drawbacks that could be induced by our own practices.

The population growth in Lebanon over the recent years has increased the demand for residential occupation and consequently building-construction projects.

Driven by its belief that socially responsible developments are a cornerstone for the rebirth of a stable and prosperous society, Cornerstone Development saw the opportunity to satisfy these occupational needs through its signature project. The core concept of District //S is to challenge the conventional approach of construction by bringing state-of-the-art ecofriendly products and solutions that instead of misusing our country's land, brings back life into it.

For that reason, Cornerstone Development partnered with Jouzour Loubnan, a non-governmental organization committed to the forestation of arid regions in Lebanon, and committed to plant a tree for every square meter of District //S sold.

For its 120,000 square meter residential and retail space, District //S will plant around 120,000 trees that not only contribute to increased greenery space in Lebanon but also absorb around 1,200 tons of carbon dioxide emissions.



A GREEN CITY WITHIN THE CITY

AS PART OF AN ONGOING COMMITMENT TO ECO-SENSITIVITY,
DISTRICT //S WILL PLANT A TREE FOR EVERY SQUARE METRE SOLD.

■ **ENVIRONMENTAL MENTORSHIP**

Cornerstone Development took part in an environmental accelerator, ENVIRONMATE, as a mentoring partner to one of the participant teams. As a mentor, Cornerstone Development provided the team with the resources, including an overview of LEED, to create a proper framework that grows their idea into viable implementation.

ENVIRONMATE is a competition-based accelerator launched by the **Global Compact Network Lebanon** in 2017. The initiative invites young professionals, including university students, to submit an idea for a home-grow solution which addresses one of today's most urgent energy and environmental challenges in Lebanon.

MEASUREMENT OF OUTCOMES

After delivering its procurement manual to contractors and sub-contractors, Cornerstone Development is working on ensuring that all of its construction partners work in compliance with the policies and conditions outlined in the procurement manual. Cornerstone Development intends to have a training for all contractors to introduce them to the essence of this procurement manual and entice them to adhere to its provisions.

By relying on solar-powered thermal heating and street lighting to help cut electricity requirements, the signature project of Cornerstone Development, District//S, contributes to reducing energy consumption within this complex by 60%. Moreover, using stone cladding and installing tall louvered shutters allows the buildings and the rooms to cool during the summer and therefore cut energy consumption.

Moreover, the project's green space of 9,000 m² is expected to absorb carbon dioxide and release enough oxygen for 155 individuals to breathe.

District//S also contributes to decreasing carbon footprint through the following practices:

- ✓ Easing the congestion problem by featuring a strategically-located parking facility displayed on 6 levels that can accommodate over a 1,000 underground parking spaces;
- ✓ Featuring biking racks and preferred parking spots for hybrid and electric cars that will contribute to a decrease in the carbon footprint or the amount of carbon dioxide released by vehicles in Lebanon, which is around 1.6 tons a year per single vehicle; and
- ✓ For its 120,000 square meter residential and retail space, District //S will plant around 120,000 trees that not only contribute to increased greenery space in Lebanon but also absorb around 1,200 tons of carbon dioxide emissions. Moreover, one acre of trees has the ability to remove 13 tons of particles and gases annually.



AREA 4:
ANTI-CORRUPTION



ANTI-CORRUPTION

10. Businesses should work against corruption in all its forms, including extortion and bribery.

OUR COMMITMENT

The real estate business is a multifaceted business process; it involves working with many stakeholders through every step of the value chain and performing activities like the acquisition of land and obtainment of government approvals. These functions make the profession prone to corruption practices.

As real estate developers in the Middle East region, Cornerstone Development makes it a priority to incorporate anti-corruption principles in each of its policies, codes, and frameworks to ensure the ethical operation of its work, ethical behavior at work, and ethical decision-making.

GUIDING PRINCIPLES

The principles of ethical business lie at the heart of almost every law, convention, and business framework that we subscribe to. In particular, Cornerstone Development focuses on its compliance with local anti-corruption laws, whether reinforced locally or not, and affirms its commitment to international standards such as the UN Convention against Corruption.

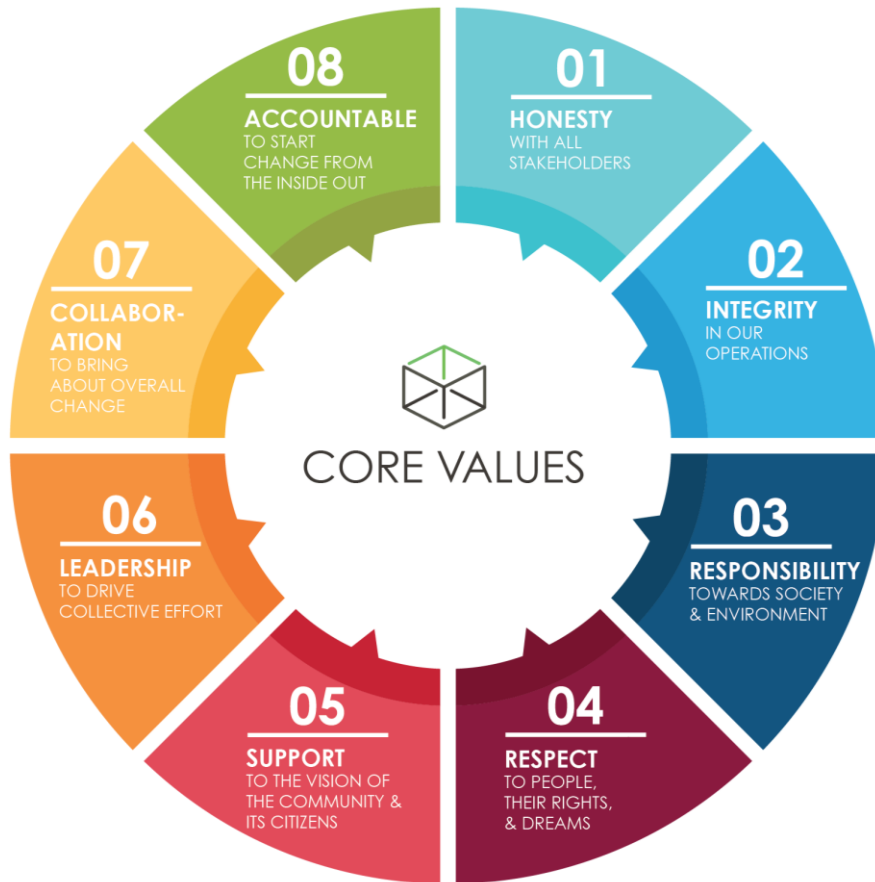
OUR POLICIES

■ GOOD GOVERNANCE

Our Corporate Governance practices and policies are at the heart of our business model and provide the accountability and transparency that we consistently aspire to uphold across various facets of our operations. Our values, robust policies and code of conduct that are implemented, provide the guiding compass for everything we undertake, how we run our business, and how we deal with stakeholders inside and outside the company.

VALUES

Figure 8 - Our Core Values



POLICIES & CODES

At Cornerstone Development, our commercial strategy and code of conduct are twin pillars that jointly and coherently support our business growth, and contribute to earning the trust of our clients and stakeholders, through transparency and accountability.

■ PROCUREMENT MANUAL

As part of its Quality Management System, Cornerstone Development has created a Procurement Manual, which provides principles, guidance and procedures for Cornerstone Development and other individuals involved in the various stages of the procurement cycle for the purpose of attaining quality standards in the procurement process. This is intended to alleviate the occurrence of any potential corrupt practices that are not in conformity with stringent best practice guidance set in this manual.

The procurement process encompasses all activities related to acquiring goods, works, and services, including all related functions such as supply chain management, identification of needs, sourcing and solicitation of offers, preparation and award of contract, as well as administration of contract.

As shown in the figure below, the Procurement Manual advocates for the integration of Cornerstone Development's values through every step of the procurement process:

| VALUE | PROCUREMENT POLICY |
|------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| ACCOUNTABILITY | PROCUREMENT OFFICIALS/AUTHORIZED OFFICIALS HAVING DELEGATED PROCUREMENT AUTHORITY MUST BE PARTICULARLY CAREFUL TO ENSURE THAT ALL ACTIONS UNDERTAKEN BY THEMSELVES OR PERSONS UNDER THEIR SUPERVISION ARE IN COMPLIANCE WITH THE CORNERSTONE DEVELOPMENT PROCEDURES, ITS FINANCIAL REGULATIONS AND RULES, STAFF REGULATIONS AND RULES, CODE OF ETHICAL CONDUCT, BOARD OF DIRECTORS' DIRECTIVES, MANAGEMENT INSTRUCTIONS AND POLICIES, INCLUDING THIS MANUAL. |
| FAIRNESS, INTEGRITY, & TRANSPARENCY | STAFF ASSOCIATED WITH THE PROCUREMENT FUNCTION ARE RESPONSIBLE FOR PROTECTING THE INTEGRITY OF THE PROCUREMENT PROCESS AND MAINTAINING FAIRNESS IN THE TREATMENT OF ALL BIDDERS/SUBCONTRACTORS AND VENDORS. ALL PROCUREMENT ACTIVITIES SHALL BE CARRIED OUT BASED ON CLEAR AND APPROPRIATE RULES AND PROCEDURES THAT ARE APPLIED CONSISTENTLY TO ALL BIDDERS AND VENDORS. |
| SUPPORT | WHEN UNDERTAKING THE PROCUREMENT FUNCTIONS, CORNERSTONE DEVELOPMENT UPHOLDS THE PRINCIPLE OF <i>EFFECTIVE COMPETITION</i> : THE EXTENT TO WHICH CORNERSTONE DEVELOPMENT IS SUCCESSFUL IN CREATING EQUAL OPPORTUNITY FOR POTENTIAL BIDDERS AND VENDORS TO PARTICIPATE IN THE ORGANIZATION'S PROCUREMENT ACTIVITY. |
| CONFIDENTIALITY & ETHICAL BEHAVIOR | IT IS ABSOLUTELY ESSENTIAL THAT ALL PROCUREMENT ACTIVITIES BE CARRIED OUT IN A MANNER ABOVE REPROACH, WITH COMPLETE IMPARTIALITY AND WITH NO PREFERENTIAL TREATMENT. BIDDERS/SUBCONTRACTORS AND VENDORS SHALL, AT ALL TIMES, ADHERE TO THE HIGHEST ETHICAL STANDARDS AND CONFIDENTIALITY PROVISIONS. INFORMATION CONCERNING PROCUREMENT AND BIDDING PROCESS SHALL NOT BE COPIED, EXHIBITED, OR FURNISHED TO OTHERS WITHOUT THE PRIOR WRITTEN CONSENT OF THE COMPANY. |

| | |
|--------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| RESPONSIBILITY | EACH PARTICIPANT OF THE PROCUREMENT PROCESS MUST CONFIRM ADHERENCE TO THE "DECLARATION OF COMPLIANCE WITH CORNERSTONE DEVELOPMENT PROCUREMENT ETHICS AND PROFESSIONAL RESPONSIBILITY STANDARDS." |
| SUSTAINABLE PROCUREMENT | ENHANCE THE OUTCOME OF THE PROCUREMENT PROCESS BY TAKING INTO ACCOUNT SOCIAL AND ENVIRONMENTAL IMPACTS ALONG WITH TRADITIONAL ECONOMIC AND EFFICIENCY CONSIDERATIONS – AT VARIOUS STAGES OF THE PROCUREMENT CYCLE. |

PROCUREMENT ETHICS & RESPONSIBILITY

In order to ensure fulfilment of the requirements concerning procurement ethics and responsibility, each participant of the procurement process (Procurement Officials, Authorized Officials, Project Managers, staff in CORNERSTONE offices and any other officials involved in the procurement process) must confirm adherence to the "Declaration of Compliance with CORNERSTONE Procurement Ethics and Professional Responsibility Standards" strictly.

ETHICS IN DEALING WITH BIDDERS/CONTRACTORS/VENDORS

CORNERSTONE's procurement process must allow bidders to compete for CORNESTONE business on a fair basis. Therefore, staff associated with the procurement function are responsible for protecting the integrity of the procurement process and maintaining fairness in the treatment of all bidders/Subcontractors and Vendors.

The standard of conduct for all CORNERSTONE staff involved in the procurement process includes, but is not limited to, the following:

- During the pre-bidding stage, CORNERSTONE staff shall not allow any company or organization access to information on a particular acquisition before such information is available to the business community at large;
- Furthermore, staff shall not intentionally use unnecessarily restrictive or "tailored" technical specifications or terms of reference that could discourage competition;
- CORNERSTONE staff shall not solicit or accept, directly or indirectly, any financial benefit, gratuity, gift, favor, entertainment or any promise of future employment from anyone who has or is seeking to obtain CORNERSTONE business;

- CORNERSTONE staff shall not have a personal, family or financial interest in any bidders/Subcontractors/Vendors responding to CORNERSTONE solicitation, and are prohibited from any involvement in the procurement action if they do;
- CORNERSTONE staff shall not disclose, directly or indirectly, proprietary and source selection information to any person other than a person authorized to receive such information.

The actions of CORNERSTONE staff in the procurement process shall be transparent so that it can be verified that these standards have been upheld.

During the bidding process, contacts with bidders, potential and otherwise, shall be dealt with in the following manner:

- Prior to the deadline for the receipt of offers, no communication shall take place between the recipients of the bidding documents and CORNERSTONE, except with the Procurement Official/Authorized Official designated as the CORNERSTONE sole point of contact.
- Absolute impartiality shall be maintained with all potential bidders/Subcontractors/Vendors throughout the bidding and selection process. The same information concerning the bidding documents shall be made available to all potential bidders/Subcontractors/Vendors.
- All potential bidders/Subcontractors/Vendors who have confirmed their intention to participate in the bidding process shall receive the same information, and to the extent possible, simultaneously, to avoid the appearance of partiality, and to prevent the perception that other parties have received information that can offer them an advantage in winning CORNERSTONE contract awards.
- Any significant change of information related to the bidding process prior to the deadline for the receipt of offers shall be appended in the form of an amendment to the bidding documents and shall constitute a part of the bidding process.

Any procurement personnel maintaining a conflict of interest or potential conflict of interest should immediately notify his/her supervisor.

ETHICAL BEHAVIOR OF BIDDERS/SUBCONTRACTORS/VENDORS

Bidders/Subcontractors and Vendors shall at all times adhere to the highest ethical standards and confidentiality provisions specified in Article 6.3.

For the purpose of this Manual, the following definitions shall apply:

- “Corrupt practice” means the offering, giving, receiving, or soliciting, directly or indirectly, anything of value to influence improperly the actions of another party;
- “Fraudulent practice” means any act or omission, including a misrepresentation, that knowingly or recklessly misleads, or attempts to mislead, a party to obtain a financial or other benefit or to avoid an obligation;
- “Coercive practice” means impairing or harming, or threatening to impair or harm, directly or indirectly, any party or the property of the party to influence improperly the actions of a party;
- “Collusive practice” means an arrangement between two or more parties designed to achieve an improper purpose, including influencing improperly the actions of another party; and
- “Obstructive practice” means (i) deliberately destroying, falsifying, altering, or concealing of evidence material to the investigation or making false statements to investigators in order to materially impede an investigation into allegations of a corrupt, fraudulent, coercive, or collusive practice and/or threatening, harassing, or intimidating any party to prevent it from disclosing its knowledge of matters relevant to the investigation or from pursuing the investigation, and (ii) acts intended to materially impede the exercise of inspection and audit rights.

If bidders/Subcontractors/Vendors behave unethically and/or are involved in bribery, corrupt, fraudulent, collusive, coercive or similar practices, CORNERSTONE will reject their offers and/or cancel or terminate purchase orders/contracts. Any such action in respect of a bidder/Subcontractor/Vendor shall be well documented and approved by the CHAIRMAN following consultation with the head of the Procurement Committee, and the Office of Legal Affairs.

CONFIDENTIALITY

The handling of offers as well as their content shall be treated in a confidential manner throughout the whole procurement process.

It is understood that any procurement exercise is confidential and proprietary to CORNERSTONE DEVELOPMENT, contains privileged information, part of which may be copyrighted, and is received by bidders/subcontractors and vendors on the condition that no part thereof or any information concerning it may be copied, exhibited, or furnished to others without the prior written consent of CORNERSTONE as determined by the relevant Procurement Official/Authorized Official. This condition may be exempted to the extent that the bidder/Subcontractor/Vendor may exhibit part or parts of the bidding documents to potential subcontractors for the sole purpose of obtaining offers from them. Notwithstanding any other provisions in CORNERSTONE's bidding documents, bidders/Subcontractors and Vendors will be bound by the terms and conditions of the bidding documents whether or not their company or organization submits an offer or responds in any other way to a procurement notice.

Information relating to the examination, evaluation, and comparison of offers and the recommendation of contract award shall not be disclosed to bidders/subcontractors/vendors or any other persons not officially concerned with such process.

Any effort by a bidder/subcontractor/vendor to influence CORNERSTONE in the examination, evaluation and comparison of the offers or contract award decisions may result in the rejection of his offer.

From the time the offers are opened to the time the contract is awarded, if any bidder/subcontractor/vendor wishes to contact CORNERSTONE on any matter related to his bid, he should do so in writing to the relevant Procurement Official/Authorized Official.

IMPLEMENTATION

■ ANTI-CORRUPTION TRAINING

Cornerstone Development employees participated in an anti-corruption workshop organized by the Global Compact Network Lebanon in collaboration with UNDP's Regional Initiative on Anti-Corruption and Integrity in Arab Countries, which was held at the American University of Beirut (AUB) on February 24 2017.

The purpose of the workshop is to introduce the key concepts of corruption, including definition, basic laws, and international standards, and train companies to deal with anti-corruption challenges in Lebanon.

The poster is for a one-day training on anti-corruption. At the top, it features the UN Global Compact Network Lebanon logo. The title 'A One-Day Training on ANTI-CORRUPTION' is prominently displayed in the center. Below the title, the date 'FEBRUARY 24, 2017' and the location 'OLAYAN SCHOOL OF BUSINESS, AUB' are listed. The main body of the poster contains a schedule of activities, including registration, a moderator's introduction, a corruption definition session, a legislative efforts session, a coffee break, a session on anti-corruption legislation, and a lunch break. The poster is designed with a clean, professional layout using a color palette of red, white, and grey.

UN GLOBAL COMPACT
Network Lebanon

A One-Day Training on

ANTI-CORRUPTION

FEBRUARY 24, 2017 **OLAYAN SCHOOL OF BUSINESS, AUB**

| | |
|---------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 8:45 - 9:00 | Registration |
| | Moderator: Dima Jamali, Representative of the UN Global Compact Network Lebanon |
| 9:00 - 10:00 | Corruption: Definition and key concepts from a practitioner's perspective Arkan El Seblani - Chief Technical Advisor, Anti-Corruption and Integrity in Arab Countries, UNDP |
| 10:00 - 11:00 | Anti-corruption legislative efforts: Progress achieved and the way forward Ali Berro - Legal Advisor to the Minister of State for Administrative Reform Judge Marwan Abboud - President of Higher Disciplinary Commission |
| 11:00 - 11:20 | Coffee Break |
| 11:20 - 1:30 | Beyond anti-corruption legislation: Initiatives to promote a culture of integrity Carol Sabty Awad - Legal Advisor Lebanese Advocacy and Legal Advice Center, LTA Jihad Kosremelli - Sales & Business Director, LibanPost |
| 1:30 - 2:00 | Lunch |

This training is organized by the GCNL in collaboration with UNDP's Regional Initiative on Anti-Corruption and Integrity in Arab Countries

MEASUREMENT OF OUTCOMES

In 2016, Cornerstone Development developed a procurement manual. This manual is intended to alleviate the occurrence of any potential corrupt practices that are not in conformity with stringent best practice guidance set in the manual. In the next year, Cornerstone Development aims to deliver explanatory sessions to introduce the Procurement Manual to its contractors and sub-contractors.

Cornerstone Development also took part in anti-corruption training held by the Global Compact Network Lebanon which gave an overview of existing national laws and policies with regard to corruption and advice and guidance to companies on how to detect corruption and minimize potential involvement in this respect.

Looking ahead, Cornerstone Development aims to set a complaint mechanism for employees and staff to allow them to report any form of misconduct or unethical practice.