

CSR REPORT 2016-2017













HUMAN RIGHTS

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

LABOUR

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

ENVIRONMENT

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

ANTI-CORRUPTION

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



attal Group is keen to its commitment to embrace social Our CSR intervention in the local community for the last few - responsibility in all aspects of the business. Starting years, and our ability to develop and grow specific initiatives from our core values of Trust, Sharing, Courage and into real partnerships, are the drive behind the renewal of our Respect, which are key pillars for running business ethically. commitment with UNGC. Strengthening our partnerships with reaching to our commitment to engage stakeholders having multiple stakeholders from the private sector and the civil the same values, from suppliers, to customers and mainly our society allowed us to achieve the sustainability development workforce. goals.

2017 marked the celebration of the Fattal Group 120 years We have focused our CSR approach on increasing our Anniversary, a legacy that we are proud of, mainly for being workforce's engagement in preserving our environment, able to be a major contributor to the economic growth of the enhancing the lives of many disadvantaged families mainly communities in the 7 countries where we operate. On that same those lacking quality access to education and the basic occasion, we renewed our commitment to promote quality requirements of a decent life. education by refurbishing the Khalil Fattal & Fils Auditorium at ESA Business School, which we had donated 20 years ago upon Doing business with heart, is how we describe our track the creation of the school. record. As we strive continuously to grow our impact on the

2016 marked the celebration of our 80 years of partnership with Unilever. A business relationship that is not only limited to the commercial aspect. Our partnership with Unilever is also about a close collaboration on sustainability plans for the benefit of the communities we serve. In this context, we seized the occasion of Mr. Paul Polman's visit to our headquarters to organize a roundtable around the topic of sustainability in presence of key stakeholders in Lebanon.

OUR VISION OF SUSTAINABILITY

wellbeing of employees, the environment and the community, we are sure that our CSR moto 'Change For Life', will continue to inspire us for many years to come.

Bertrand Fattal

Senior Vice President



OUR COMPANY

Headquartered in Beirut, our company - Fattal Groupwas founded in 1897. We are agents of renowned international, regional and local brands with 120 years of experience in distributing products to the market. Our Group's solid workforce infrastructure and diversified trade network are the recipe of our successful business record. We handle a wide portfolio of products and services encompassing several categories such as food and beverages, home and personal care, pharmaceuticals, medical and office equipment, perfumes and cosmetics, jewelry, electronics and home appliances, to name but a few.

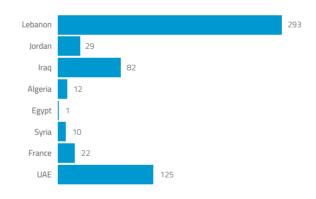
Many of the brands we represent belong to Fortune 500 companies. We are as well, proud recipients of numerous awards from our suppliers and varied other stakeholders. Via our portfolio of quality brands, we thrive to improve the daily lives of 60 million families in the region and directly employ more than 2,700 people in the Arab world out of which 24% are women..

Beyond distribution, we strategically ventured in direct sales, retail and logistics with a blue chip reputation in Lebanon and the Middle East. Our company has a culture of humility, resilience and salesmanship and stands on its core values of courage, trust, respect and sharing.

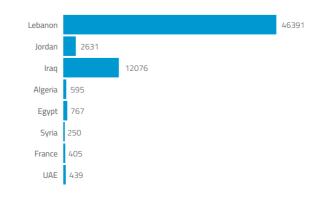
Where we operate

Operating in Lebanon, Syria, Jordan, Iraq, UAE, Algeria, Egypt and France, Fattal Group is a a powerful gateway to reaching millions of consumers in the MENA region. We handle more than 60,000 different SKUs (stock keeping units) across our operations with over 500 trade suppliers and 88,000 customers. More than 55% of our workforce is located in Lebanon.

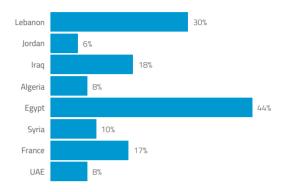
Number of Suppliers



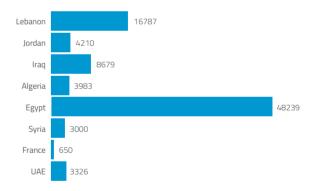
Number of SKUs (Stock Keeping Units)



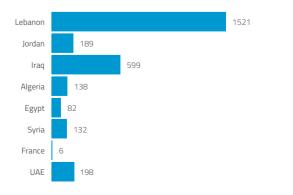
Number of women in %



Number of Customers



Number of Employees





EMPLOYEE WELLBEING

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> For us, the internal compass revolving around employee wellbeing, environment protection, community empowerment and education, is what will keep us going.

OUR CSR VISION

Lead positive change in our region and impact 5,000 lives every year through Education, Environment, Community, Services and Employees wellbeing.

OUR CSR MISSION

Engage at least %10 of KFF Fattal staff in Fattal CSR activities to:

- Save the equivalent of 1,000 trees per year through waste management, carbon footprint reduction,
- Optimize our engagement in giving back to community: (1) Maintain our current educational commitments and improve quality of our contribution under our Lady of Hope Foundation (2) Empower Entrepreneurs and university students to develop and launch their start-ups by making sure each line of business leverages its industry capabilities to support one new CSR initiative every year, (3)Partner with NGOs and institutions that directly serve our CSR &Corporate vison and mission
- Strive to safeguard our engagement index at %86 by focusing on employee safety, health, integration, work life balance and recognition.





Zeina K. Assi, GROUP HR DIRECTOR

Work has long been recognized as having a major influence on health and wellbeing . With our everyday fast changing environment and the evolution of technology, the nature of work and the way it is conceptualized has been evolving drastically. This new reality has changed the way organizations and individuals perform at the workplace. Therefore, and at Fattal Group, we ensure that all necessary efforts, policies and processes are in place to make work experience as a positive influence on our employee's health and consequently on our Community. Employee wellbeing is a key purpose at the heart of our mission. We are dedicated to continuously address and improve Fattal employee's wellbeing to make sure they remain happy and motivated at work. Guided by our Group Values of Trust, Courage, Respect and Sharing, we are committed on promoting open communication, providing equal opportunities, encouraging internal mobility, endorsing learning and ensuring fairness and job clarity. Morale and satisfaction directly impact employees' engagement, productivity, retention and contribute solidly towards our groups' sustainability..

PLOYEE ELLBEING

OCCUPATIONAL PROGRAMS

	2016	2017	TARGET GROU
BACK PAIN (SPINAL CARE)	111 employees		All Employees
DRIVING IMPROVEMENT PROGRAM BY LEBANESE INTERNATIONAL ROAD SAFETY ACADEMY - LIRSA		44 employees	All employees

Internal sports tournaments



Sports activities are a great way to enjoy our dynamic and healthy rivalry spirit in a non-business context. It is also a unique opportunity for colleagues from different entities to interact as teams, opponents and supporters. Our outdoor basketball court located in our headquarters site in witnesses the fun and excitement brought up during our internal tournaments.

In 2016-2017, sports tournaments involved up to 8 competing teams in activities such as football, basketball, volleyball but also ping pong, involving several business entities. The tournaments season regularly features as well, intellectual games typically such as chess and backgammon. Our Official

Basketball team created in 2015 was not less active in 2016-2017 performing at its best and competing against other local and regional corporate teams. Aside from sports, our employees' health condition and safety is yet another important priority. Consequently, we regularly invest in long term health centered programs such as the 'Proactive Spinal Care Awareness Program' intended to help our people better manage physical strain. Similarly, we offer occupational safety programs aimed at raising awareness and protecting our employees against injuries. Fattal is among the fewest companies in Lebanon that invested in GYM at its premises. The Dolphin Fitness Club is a hub for all employees to stay healthy and fit and thus, perform better.

3 GOOD HEALTH AND WELL-BEING

-M/

SPORTS, HEALTH

AND SAFETY

JP

OBJECTIVE

Acquiring 1st aid principles and how to react in emergency situations

Acquiring useful tips and healthy habits to prevent injury and back pain.

SENIORITY AND RECOGNITION

As a core belief in the wellbeing of our employees' community, recognizing performance is a practice our company has been embracing all from the start.

> We recognize our employees at various stages of their tenure within the Group. Seniority events are meant to acknowledge loyalty and are celebrated at the conclusion of 8, 15 and 25 years of service. In 2016-2017, 110 employees celebrated their 8 years of seniority within the Group, 33 employees celebrated their 15 years of seniority and 18 employees, their 25 years. For each tenure span, we acknowledge people's loyalty by offering a different set of both material and highly symbolic presents.

> As a core belief in the wellbeing of our employees' community, recognizing performance is a practice our company has been embracing all from the start. Our yearly Performance Awards Ceremonies represent a crucial moment of the year whereby colleagues from our Lebanon and MENA operations get publicly recognized for their individual work as well as for their team performance.

SENIORITY

SENIORITY CELEBRATIONS

8 YEARS	65 employees	45 employees	Financ recogr
15 YEARS	26 employees	28 employees	Financ recogr memb mana
25 YEARS	5 employees	3 employees	Financ Recog 25 mc Fattal

2016

2017



Ceremonies take place in Beirut at the very emblematic Bernard Fattal Auditorium followed by the traditional get together reception. Every 2 years, we grant the prestigious 'Bernard Fattal Entrepreneurship & Pioneering Award' (E&P) meant to recognize exceptional entrepreneurial and pioneering endeavor.

Performance recognition takes place also at the level of commercial entities allowing them to reward furthermore, achievements which were not acknowledged companywide.

We also share with our workforce their moments of happiness and grief throughout a well-designed community news communication scheme with appropriate gestures and tokens of solidarity.

WEDDING, BIRTH AND GRIEF:

OCCASION	2016	2017	BENE
WEDDING	43 employees	35 employees	Finance and va
BIRTH	63 children	56 children	250\$
GRIEF	59 losses*	50 losses*	Donat

*Direct member of an employee family

BENEFITS & TOKENS

ncial reward (1 monthly salary), Framed certificate of gnition, 8 months free membership at the corprorate gym

ncial reward (2 monthly salaries), Framed certificate of gnition, Silver pin with Fattal Group emblem, 15 months free obership at the corporate gym, Lunch with direct and top agement

ncial reward (4 monthly salaries), Framed certificate of gnition, Gold pin with Fattal Group emblem, Crystal Trophy, nonths free membership, at the corporate gym, Lunch with al Group Chairman, direct and top management



EFITS

ncial reward (Purchase voucher) based on years of service varying between 500\$ to 1 monthly salary

§ Purchase voucher

ation of LBP 100.000 to Our Lady of Hope Foundation

RETIREMENT & **OTHER BENEFTIS**

In line with our priorities to boost the wellbeing of our workforce, and in addition to our health insurance schemes, we take pride in our proprietary saving plan. The plan allows Fattal Group employees to enhance their retirement earnings through an enterprise saving scheme bearing advantageous interest rates. Funded partly by the company and partly by voluntary employee contribution, the plan grants a great deal of flexibility for colleagues who wish to withdraw financial benefits during their career and before retirement age in view of making alternative investments such as housing, land or other personal investments.

> Our Group offers in addition, a unique pension plan whereby retired employees work on a part time basis performing less demanding tasks while still benefiting from health insurance coverage. Our Group counts till end 2017, 716 employees under the pension plan scheme.

CODE OF ETHICS

Our 'Code of Ethics and Business Conduct' responds to an evolving business world characterized by our own expansion across the MENA region and the evolution of the digital technology. The document states the Group's obligation to abide by the law and by business ethics. It also states its firm commitment to preserve the environment, empower the community, and protect people's rights. It conveys clearly the Group's corporate values of trust, respect, courage and sharing, those being at the heart of our company's identity. By signing the code, employees engage in conducting honest and responsible business practices.

TEAM BONDING

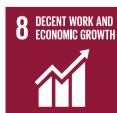


TEAM BONDING



FATTAL CELEBRATES 120 YEARS

3 GOOD HEALTH AND WELL-BEING



Reaching 120 years wouldn't have been possible for Fattal Group without its employees' commitment and dedication over the generations. This is the reason why the Fattal family decided to celebrate those twelve decades with the whole Fattal workforce on May 19, 2017 at Hilton Habtoor – Beirut during a memorable Gala Dinner. This unique evening of its kind reunited 1500 colleagues coming from the Group's 7 affiliates in the MENA and from Lebanon.

The 120 Years Anniversary Celebration was an occasion for Fattal community to get together from all across Lebanon regions and from affiliates in the MENA. It was as well an opportunity to re-embed our business values of Courage, Respect, Trust and Sharing in our way of doing business.



We encourage our teams across different functions and geographies to organize and engage in miscellaneous festivities. Christmas, Ramadan, Easter, Adha, Nowruz and many other occasions are celebrated by our teams in the most joyful, innovative and warm ways. Often such events are ideal occasions to expand team bonding to the outside world spreading a positive spirit inside and outside the Group.

In 2016-2017 onwards, Fête de la Musique (on June 21) and End Year Celebrations have been chosen as yearly occasions where events are organized by the Group CSR department with the objective of bringing together all the teams across the different functions to celebrate together.



Arnaoon Day

Employee gatherings play a major role in enhancing their motivation, level of engagement and sense of loyalty.

GET TOGETHER DAY

The wellbeing of employees being one of the main pillars of Fattal Group CSR approach, a yearly get together mega event has been initiated in 2016 whereby the entire Fattal Community is invited in the context of a non-work related environment and away from the office. The first edition of this winning team bonding experience took place in September at Arnaoon Village. Colleagues from all over the company divisions and departments met and mingled together in the casual and natural setting of a unique venue nested in the heart of Batroun hills. More than 600 employees attended this full day Such gatherings play a major role in enhancing employees' motivation, level of engagement and definitely their sense of loyalty.



Fattal Hiking activities were initiated in 2016 with the objective of instilling a taste of nature in the midst of the Group workforce's hectic work schedules. Organized by the CSR Committee members, the monthly hikes taking place on weekends have become gradually more and more popular as the hikers explore a new Lebanese region each time they gather for a new adventure. Wherever our teams go hike, they try to buy their needs of the day from local manufacturers and crops. Hikes are open to Fattal employees' friends and family members adding fun and enjoyment. Accessible itineraries in breathtaking locations earned the participants' enthusiasm as the number of both hikes and hikers went on increasing since the inception of Fattal Hiking activities.

MY SHOP

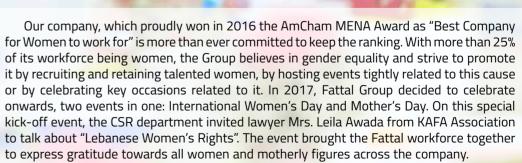


Created in 2016 in an attempt to give Fattal employee easy and convenient access to the Group's near to expiry products at discounted prices. The rich and varied assortment of products offered by this internal outlet along with the extremely lively and animated promotions that take place almost every 2 weeks made it a perfect internal shopping destination. At my Shop, colleagues would of course benefit from the privileged pricing but also meet and have a brief relaxing time while shopping among colleagues, in an environment dedicated for them as Fattal employees.

WOMEN'S CAUSE

5 Gender Equality Ø





OUR Environment

RECYCLING

In 2016-2017 we saved the equivalent of 5,712 trees (26 % increase over the period 2014-2015) via our paper recycling program put in place in 2012. Providing dedicated paper recycling bins in each and every working space across our Lebanon premises was and still is key to the success of this initiative.



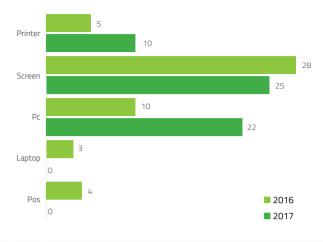
Imad Nassar, Group Properties and Facilities Manager

Success of our CSR committee initiatives taken in past years on environmental issues until now encouraged me to never doubt that a small group of thoughtful committed persons can really make a change.

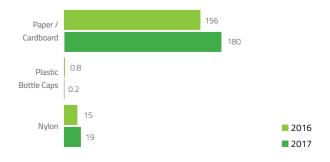
It encouraged us to think, to try and to develop new ways in getting everybody involved so to learn how to use our resources more wisely and to raise awareness on the most pressing environmental issues of our time.

Despite our advancement in many fields, our goals are still threatened by a range of problems, but Fattal Group chose the road of true commitment to our environment and believes that economic growth and environmental protection can and should go hand in hand.

Similarly, in our warehouses, cardboard boxes as well as nylon waste and obsolete promotional materials are systematically collected every day, compressed in-house and delivered to recycling companies. Our plastic bottle caps collection program launched in 2013 in collaboration with Arc-En-Ciel, a powerful local NGO specialized in waste management, allows us to offer a free wheelchair to at least one physically disabled person each year. In 2016-2017, we collected through our workforce, 1000 KG of plastic bottle caps. Also for recycling purposes and for the last 7 years, we have been actively collecting old IT supplies generated by our company's usage of technology. Recyclables (UNITS)



Recyclables (TONS)



REDUCING

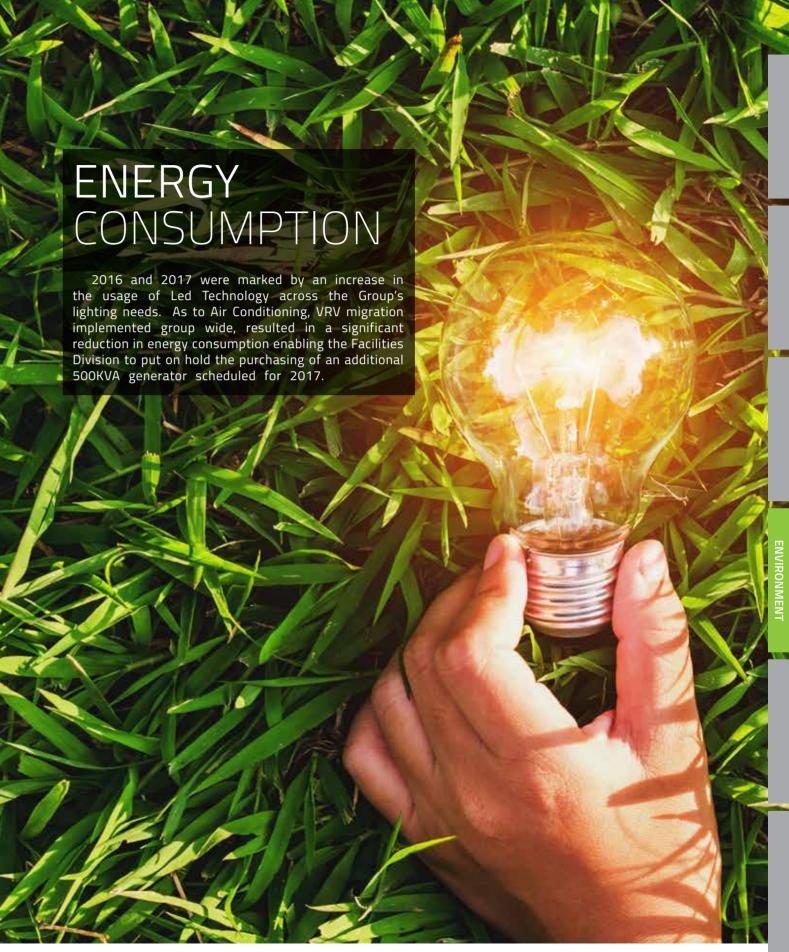
In 2013, we accomplished a leap forward in reducing paper usage through our accounts receivables department by shifting from printed account statements to a computerized interface, allowing clients to check their dues online. In 2016-2017, this initiative led to a reduction in paper usage worth of nearly 200 reams of A4 paper (500 KG), not to mention the reduction in the consumption of ink cartridges and related hardware.



REUSING

Our efforts in terms of 'reusing' are still shy but nevertheless worth mentioning. Through the Karcher brand (cleaning equipment) which we distribute, we have been implementing small scale but very inspiring practices directly linked to our commercial activities. Our frequent participation in 2016-2017 to miscellaneous fairs involving Karcher cleaning devices is a typical case whereby we make use of old warehouse pallets and worn tires to furnish our booths, hence conveying to the community message.







CARBON FOOT PRINT CALCULATION

The Fattal Group has achieved in the second half of 2017 a very important leap forward by calculating the 2016 Carbon Footprint (CO2 Emissions) related to its Healthcare and Logistics Division in Lebanon. The work on this pilot project which had started in 2016 in cooperation with V4 Advisors, a trusted expert in the field, led to a comprehensive report highlighting the carbon emissions of the 2 operations occupying a total space of 18, 174 SQM of space and 266 employees.

In 2016, KFF Healthcare and Excel Logistics produced 2,035.7 Tons of CO2, the equivalent of 214 trips around the equator using a normal passenger car. The main drivers of the carbon emissions being the use of owned generators, car and vehicle fleets, purchased electricity, travel flights, and paper usage. In an ideal situation and in order to compensate the Group's emissions of CO2, the Group needs to have 93,381 planted trees of 10 years old each or 6,846 PV panels (solar panels) of 2x1m (305 WP) each.

Fattal Group is the first distribution company in Lebanon to calculate the carbon footprint of its companies in view of taking remedying actions on a scientific basis.

NATURE PRESERVATION





Our commitment to nature preservation is not new. It dates back to the 80's when we started allocating large green spaces whenever new offices and warehouses were built, often at the expense of parking spots. Our concern to maintain a high ratio of built versus green areas throughout our past, current and future expansion plans, has become a full-fledged practice of our sustainable growth culture. At our headquarters in Lebanon, employees and visitors benefit from an outdoor tree shaded area pretty much similar to a small park often used for recreational activities and outdoor lunch break. Similarly, green areas have been taken into account to a large extent at our warehouses in Nahr Ibrahim (North of Beirut) and in our premises in Erbil -Iraqi Kurdistan.

EMPOWERMENT TO COMMUNITY



The economic growth cannot take place in communities that suffer. Around the world, efforts are being joined among private and public sectors, alongside with the civil societies to enable communities increase control of their lives. Based on this, we, at Fattal Group have faith in our support to the local communities as we believe in the power of partnership to meet the SDGs goals. Empowerment to community is a strong pillar of our CSR approach. It is a platform for us to share our knowledge, expertise and care with our local community beyond the ordinary financial contributions.

It is also an opportunity for us to engage our own employees in thinking about the main challenges faced by our community starting from basic need for food, lack of awareness about health issues, difficulties in accessing education and others. Through their engagement, we are growing their sense of responsibility and their potential of making a greater impact, if we just act.



VOLUNTEERING

WITH INJAZ

Fattal Group being on the board of INJAZ was very active in 2016-2017 involving members of its workforce to volunteer and bring business knowledge and education to schools and universities. In this context, a team of Fattal middle and upper management delivered the "It's My Business" program for Grade 7 in several schools, and the "Be a Leader" for Grade 9 and "Steer Your Career" programs for university students. The successful sessions were acknowledged by INJAZ management as being highly effective according to the principals of the schools and universities involved. As to the Fattal Group volunteers, the experience was rewarding in the sense that it helped them uncover their capabilities alongside of being heard and valued for their professional input. INJAZ in their turn, acknowledged the Fattal volunteers in written and as follows: ""Thank you so much for successfully delivering our programs with great enthusiasm, professionalism and commitment. We are really grateful to your dedication to the INJAZ mission and hope that you enjoyed it as we know the students did. The feedback from the school principals and students were very positive and we hope you consider volunteering with us again."

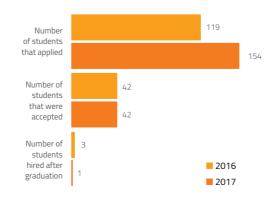




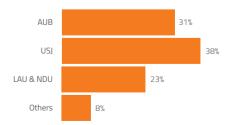
In 2015-2016, a total of 82 university students enrolled in our internship program which we run each year during the months of July and August. Depending on what the pre-graduate student is majoring in, tailor-made projects are designed and redesigned to answer most of his/her expectations. Each intern is directed to the department that suits most his/her educational background with a work curriculum that provides a unique learning opportunity via real-life work situations supervised by a dedicated coach.

On the job training, technical and business tutoring, in addition to fieldwork, sales assignments, workshops as well as specific projects are among the many activities our coaches prepare thoroughly every year in view of a successful internship season. Around 30% of applicants get accepted in the internship program, all selected fairly from the best ranking educational institutions. Upon finalizing the list of interns for a specific year, we give priority to our workforce's children making sure we do not compromise on the educational level. The program is challenging but features fun moments such the graduation ceremony, which the interns' family members and friends as well as Fattal Group top management and the Chairman's office are invited. Every year, a handful of interns end up proudly working for us once they graduate.

Internship



Average Acceptance (2 Years)



ENVIRONMENTAL CHAMPIONSHIP PROGRAM (ECP)

Our kids during ECP





Today's youth are tomorrow's leaders! As responsible corporates, part of Fattal Group duty and commitment to giving back, is to educate youngsters and create proper social-environmental awareness for them to be able to make knowledgeable decisions regarding their future lifestyle. To commit again that sales are not our Fattal Group's only concern, Fattal co-sponsored with Holdal Group and for the first time, a 5-day camp for employees' kids, aged between 9 and 12 years, at the end of which they would become "Environmental Champions"!

Built on the concept of experiential learning, with hands-on, fun, and creative activities aiming at giving kids a clear understanding of the full loop that is our supporting ecosystem, the objective of the program is to empower kids through educators and coaches by giving them the title of "Environmental Champions",

The program, inspires the kids to become stewards of the planet Earth in a pro-active way by protecting nature, acting sensibly about eco-issues and communicating around them the related important environmental messages.

The multi-location camp itself is organized by the LMTA (Lebanese Mountain Trail Association) and Eco-Consulting. Activities involved basic earth science, hiking, fieldwork and recreational activities giving the kids the opportunity for a better understanding of the Lebanese eco-system. Kids connected with nature and enhanced their knowledge and awareness about the importance of the environment developing an internal sense of responsibility which they will doubtfully spread in their respective communities.



Participation to Myschoolpulse Marathon

SUPPORT TO NGO's

We actively empower the community by supporting causes that meet our sustainability goals. We typically stand for causes directly related to education, but also causes that promote wellbeing, health, underprivileged communities and a greener environment. In this context, we are partners to several associations such as 'Myschoolpulse', a nonprofit organization dedicated to providing education to hospitalized children undergoing lengthy treatments. Every summer for already 7 years, we participate to the 5KM race organized by 'Myschoolpulse' in the context of an annual fundraising campaign at Faqra Club. Whenever we engage in supporting the community, we strive to involve our workforce as we firmly believe that caring and giving back is a human quality much more than a corporate practice.

We strive to involve our workforce as we firmly believe that caring and giving back is a human quality much more than a corporate practice. In 2016-2017, Fattal Group continued to support Lebanon's environment and natural heritage namely through Jouzour Loubnan whom we continuously back up over the years. As part of the Group's belief in the importance of conserving the cultural and natural heritage of the country, the Group contributed in 2016 to the reforestation of 2 hectares in the Shouf Biosphere Reserve, the largest Lebanon natural reserve. In July 2015, UNESCO declared the Shouf Biosphere Reserve a protected area of approximately 50,000 hectares or 0.5% of the total area of Lebanon. This reserve is a major natural attraction for Lebanon and the region.

Fattal, as part of the UNGC Lebanon Chapter, has been an active participant on the Education Committee









Every year, Fattal makes sure to lock in its calendar, a day to support DSC (Donner Sans Compter), as we believe blood donation is a national need, a cause hitting the wellbeing of the community. Around the date of June 14, the Group celebrates International Blood Donor Day by giving the chance to our workforce to contribute by donating blood.

In the healthcare field, Fattal Group takes part regularly in reducing the burden of cancer on the occasion of the World International Cancer Day (February 4) by organizing fundraising activities aimed at supporting the Children Cancer Center in Lebanon. Fattal employees are the major contributors in the context of such activities as they take

place in the form of buying a rose for a cause for example given February 4 is close enough to Valentine's Day.

The Back to School period is a particularly important occasion within the Group, whereby the Fattal CSR committee organizes every year and in conjunction with Eastpak (a backpack brand distributed by Fattal) a joint charity initiative. Fattal Community and their kids donate their old backpacks filled with unneeded books. In return, they are entitled to a 50% discount on a new Eastpak backpack. NGOs specialized in scholarly assistance to students benefited from the donated backpacks in 2016. Children of an orphanage were the happy receivers of the school bags in 2017.



During the Awards Ceremony of UNCG competition

Charity initiatives are present across the Group especially during the end year festivities period and during Ramadan. The yearly Hope Hive Charity initiative organized by Fattal CSR department collaborates with several NGOs as receivers of the collected items. In 2016 – 2016, the Group collaborated for example with Les Soeurs du Bon Pasteur convent, to contribute to the well-being of 40 girls, aged between 5 and 20 kept away from their families by the Convent to protect them from mental or physical abuse. To note that the convent is also supported by the Fattal Foundation (Our Lady of Hope Foundation for Education & Teaching) to ensure the girls are getting quality education.

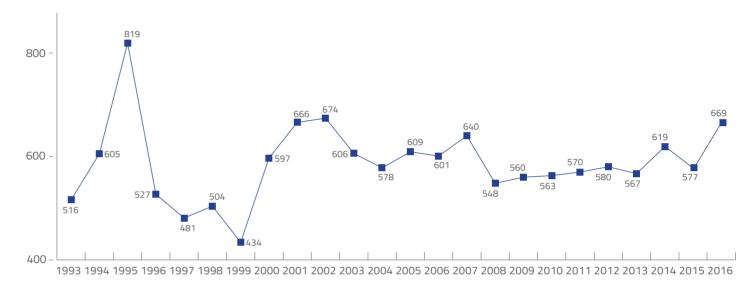
Other Charity related initiatives undertaken in 2016-2017 onwards are the charity boxes that could be found in the Group's cantinas around Christmas period. Le Bonheur du Ciel NGO was the receiver of the collected amounts.

Fattal Group, as part of the UNGC Lebanon Chapter, have been an active participant on the Education Committee. We participated in the jury of a National competition among school students to raise awareness about the UNGC Principles.

FINANCIAL CONTRIBUTIONS

Throughout the years, we succeeded in maintaining our commitment to help students no matter the circumstances. Thanks to our donors, partners, sponsors and the efforts of our volunteers, we are able to keep our promises year after year, ensuring that underprivileged children continue to benefit from our financial contributions. Every year, an average of 600 students benefit from our contributions to schooling fees.

NUMBER OF FINANCIAL CONTRIBUTIONS



In 2012, we started to focus on a lesser number of schools without necessarily altering the number or the value of the financial contributions we grant. More than 30 years of experience in the field, taught us that the best way to ensure students efficiently benefit from our grants, is to closely follow up on their educational journey, therefore limiting the number of schools towards a better management of the distributed funds. This improved way of looking at the recipients of our financial contributions, led us often to increase selectively the amount of individual grants in favor of a more effective and efficient impact.

NUMBER OF SCHOOLS VERSUS NUMBER OF STUDENTS



DY OF HOPE **FOUNDATION**



Samir Messara, Sales Capabilities Director

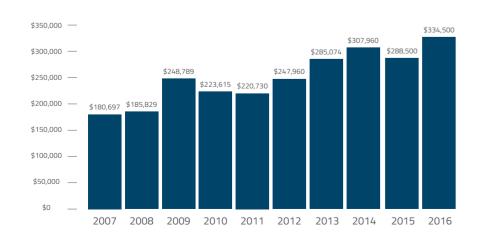
Throughout its journey of 31 years; the "Our Lady of Hope Foundation" has touched the hearts of hundreds of deprived Lebanese families by assisting them in paying the school fees of their children. It made their dreams come true. It drew a smile on their faces. It showed that in a world where violence is increasingly threatening our lives, human values still prevail. It asserted that education comes first and is a fundamental right that no one can prevent or deny. Thanks to the efforts of its board of trustees and the unfailing support of the donors, Fattal community of employees, friends, customers, and suppliers; The "Our Lady of Hope Foundation" is now a major change agent that contributes in crafting the future of our nation through a relentless quest of building the capabilities of our incoming generations. A Tibetan proverb says: "A child without education is like a bird without wings". Let us all unite and work hard to make our young birds fly.

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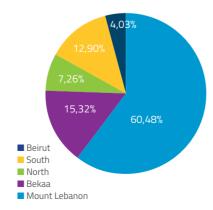


We strive to increase the total value of our contributions year on year as this means most of the time that we are answering the needs of more and more families eager to ensure proper schooling for their kids. In 2016, the total amount of schooling fees contributions was in excess of 325\$K. We do our utmost to ensure the wider coverage possible reaching out to the most remote and deprived areas. Recently, we enhanced our grants spread, typically targeting remote areas such as Bekaa, North and the South of Lebanon always making sure we address schools with the most urgent requests.

YEARLY FINANCIAL CONTRIBUTIONS



FINANCIAL CONTRIBUTIONS DISTRIBUTION BY REGION 2015-2017



ANNUAL FUNDRAISING CONCERT



Our Lady of Hope Foundation derives funds from different sources namely its Board of Trustees, Fattal Family members, Fattal companies, Fattal employees, individual donors and through social activities. Fundraising through social events accounts for circa 40% of the funds we raise and includes the traditional Annual Fundraising Concert.

The traditional Annual Gala Concert represents Our Lady of Hope Foundation's main annual fundraising activity. It features each year a different prominent Lebanese celebrity in the context of a musical concert. Each year, the Gala Concert gathers around 1000 supporters many of which are Fattal Group employees, their generous friends and family members, but also customers, suppliers and various stakeholders. An average of \$75,000 is raised during this yearly social event. We are extremely thankful to the artists with whom we collaborated in 2016-2017 namely One Lebanon, Cats Production: and Mrs. Tania Kassis, and Mrs. Manel Mallat in person. We are equally thankful to Emile Lahoud Convention Center in Dbayeh for hosting most of our annual events at their venue. We are equally grateful to our Food & Beverage division for their unfailing support year on year, handling the convivial welcome drink that takes place at the start of each event.

SOURCES OF FUNDS in % (Average 2 Years, 2016 and 2017)

 111/y
 2%

 0up
 9%

 ted
 9%

 if &
 3%

 ors
 1%

 ted
 40%

Fattal Family Members

Fattal Group of Companies Fattal Affiliated Members Fattal Staff & Individual Donors Members Contributions Social Activites Other



Fattal employees with their Godsons and daughters

THE PARTNERSHIP WITH AVSI

This partnership between Our Lady of Hope Foundation and AVSI entered its 3rd year in mid 2017. Under AVSI 'Soutien a distance" project (SAD), launched 4 years ago, Fattal colleagues parent 12 kids from the South of Lebanon. In 2016 and 2017, and in order to strengthen further the bonds with the children, Fattal CSR Committee organized regular visits as well as outings during the Christmas Season or on specific occasions such as the Myschoolpulse Mini Marathon, during which Godparents get to meet the children in order to monitor their personal and social progress. In addition to Deir Mimes in the South of Lebanon and Klaaya in the Caza of Marjeyoun which constituted the 2 major outing destinations in 2016 and 2017, Fattal CSR with the help of the Godparents organized a Cinema Outing for the kids which took place at Vox Cinemas in Beirut. For some children, it was their first time at the movies.

Our Lady of Hope Foundation went the extra mile in 2017 by donating the amount of USD 9,000 to AVSI allowing the Italian NGO to transform a decrepit space in the public school of Klayaa (Marjeyoun District – South of Lebanon) into a modern, hygienic and colorful playground for kids, fitted out with colorful play equipment.



The Beirut Marathon is an exceptional event in Lebanon. Rarely does one activity in Lebanon have the power to bring all people together running for good causes. Our Lady of Hope was proud to be part of it again, in 2016 and 2017 (for the 4th year in a raw) and the CSR Committee succeeded in turning this participation into a real success once again!

Much more than a traditional fundraising event, beyond a typical corporate social responsibility activity, on its 30th anniversary (2017), Our Lady of Hope Foundation involvement in Beirut Marathon came to rejuvenate its educational commitment and mission launched by Fattal Group in 1987, offering Lebanese children better access to quality education.

Unilever, Fattal Group's 83 years old business partner personated this matured business relationship through a

major sponsorship of the event and more through their eager 100 participants. ESA Business School, for the 4th year in a row, sponsored as well, through 46 participants, adding an exceptional taste to the action. Teleperformance completed the supporters' community with 37 of its collaborators and Fattal Group supported the cause of education with 217 of its ardent personnel who passionately engaged on the running track. Once again, this year's 400 participants, each in his own way, contributed in giving access to quality education to as many Lebanese unprivileged children as possible.

Fattal thanks go as well to our sponsors and toparticipants in Beirut Marathon 2016 edition namely the Fattal Community of employees alongside MILTON, MEDCO, UNIPAK and ALCS.

TESTIMONY

Randa Alamuddin, Head Of Talent Acquisition

«Of all the paths you take in life, make sure a few of them is dirt.» John Muir

As a Lebanese who grew up close to nature, I was always fond of spending time outside in fresh air. When I joined the CSR hiking group to discover the true face of Lebanon which is it>s nature, I found out a face that we need to promote and be proud of!

God in his creation has endowed this country such a diverse nature with sea, mountains, valleys and peaks all waiting to be enjoyed by us where we enjoy being outside at different altitudes, discovering small villages, lovely hospitable people, traditions and enjoying food grown and cooked the way our forefathers knew.

There is a trail that will suit everybody, you can brisk walk, stroll or face up the challenge set by some competitive people. Get lost in nature, and discover the true value of life, make new friends and cement old friendships.

I highly recommend every able body to join and experience Lebanese unspoiled paths.

«Climb mountains not so the world can see you, but you can see the world.»



Thank you to our community of volunteers who are the assets and the drive behind our CSR.

This report has been conceived by the Fattal CSR department, together with the Corporate Communications and the HR departments. It was graphically designed by Chantal Coroller and printed on FSC paper.

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