



**fine
hygienic
holding**



Fine Hygienic Holding Sustainability Report 2017



This is our **Communication on Progress** in implementing the principles of the **United Nations Global Compact** and supporting broader UN goals.

We welcome feedback on its contents.

Better today...better tomorrow

This is Fine Hygienic Holding's 10th sustainability report, and it covers the period from January 1, through December 31, 2017. This report was prepared using the Global Reporting Initiative's (GRI) G4 Reporting Guidelines based on the comprehensive reporting level, and will be published publicly during October 2018. The data in the report pertains to the key sustainability aspects of our FHH operations and subsidiaries (where we exert full control while excluding joint venture and outsourced manufacturing) in Jordan, Egypt, Iraq, Lebanon, Morocco, KSA, and the UAE. The report is consolidated by the Corporate Communication Department at FHH's headquarters, and the accuracy of data is confirmed by the related reporting departments. For any information, you may contact us at: info@finehh.com.

The GRI has not verified the contents of this report, nor does it take a position on the reliability of information reported herein.

For more information about the GRI, please visit: www.globalreporting.org

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

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Message from the CEO

At Fine, we are working tirelessly with equally socially conscious and like-minded global corporations as a part of our commitment to the UN Global Compact (UNGC). Our joint efforts are making the world a better place by focusing on the main sustainable development goals of ending extreme poverty, fighting inequality and injustice, and protecting our planet.

For a company that relies so heavily on natural resources, it is not only our responsibility at Fine, but our global duty to operate in an environmentally and socially sustainable manner. While sustainable companies often see benefits in all areas of business, we consider the biggest benefit to be the long-term improvement of our community and our planet.

Fine's values go hand-in-hand with the UNGC's vision and goals, and sustainability has been built into the framework of our company. Our vision at FHH is to be the leader in hygienic solutions for a better world today and tomorrow, and we achieve this vision by allowing our core values to guide all that we do. Our World, Our Way, and Our Pride are not just hollow words, but our driving principles, which are evident in all facets of our operations, and especially our sustainability efforts.

Our sustainability efforts are two-pronged, with a focus on both environmental protection and our social responsibility. Fine is leading the way in environmental sustainability in the region, as is evident by the fact that we are the first paper mill in the Middle East to join the UNGC. We are committed to environmental stewardship, and our focus on the long-term well-being of our planet has led us to abide by strong standards in all levels of operation.

All of our paper products use pulp provided by responsible and sustainable plantations. Our suppliers plant an average of five trees for every tree used in production, and we have proudly reached our goal of zero landfill waste across all operations. We are the industry leader in minimizing water usage and we are constantly looking for new ways to conserve resources and diversify sources of electricity generation, which has reduced our CO₂ emissions by an estimated 25,384 tons per year.

Regarding social responsibility, our pinnacle effort is our Khair Al Koura initiative, which has played a role in improving poverty and reducing inequality in Jordan for the past years. Around 6,000 individuals currently benefit from this program. The initiative supports the community's sustainable income-creation efforts, which include a chemical-free farming project, a local restaurant, a soap factory, and different food processing units.

At Fine, bettering our community begins with empowering our team, and we consider our employee advancement efforts to be a critical part of our success. In particular, our women's empowerment programs have worked to fight inequality as well as strengthen both our company and our community immeasurably.

In addition, by providing state-of-the-art technologies and processes, like our patented SteriPro™ technology and “no-touch” manufacturing process, we are paving the way for improved professionalism, sustainability, and innovation.

Concerning more recent updates, 2017 saw a slight downturn in revenue due to the increase in pulp prices as well as expanding competition. Even with this dip in revenue, we have high hopes for 2018, where we expect to be able to continue increasing value for all stakeholders and providing customers with the highest quality of hygiene products and services provided in the most environmentally responsible way possible. Specifically, we are excited about our recent digital developments such as the introduction of artificial intelligence, which will help us be both more sustainable and competitive in this fast-growing industry.

In 2018 Fine is celebrating its 60th anniversary, no small feat for a company that began as a modest trade business. As we look to the promising future, we cannot forget our company's distinguished past and the framework of sustainable efforts that has helped us get so far while at the same time ensuring our impact on the environment is a positive one. Our values will continue to guide our success, not just for FHH as a company, but for our communities, customers, employees, corporate partners, and stakeholders.

Salim Karadsheh



Chief Executive Officer – FHH



Salim Karadsheh is the Chief Executive Officer of Fine Hygienic Holding for the reporting year. Born in Amman in 1962, Mr. Karadsheh holds a bachelor's degree in Electrical and Electronic Engineering from the University of Bath in the United Kingdom. He joined FHH in 1986 and has led a variety of projects including mill construction, feasibility studies, and operational management, with key achievements at Al Bardi Paper Mill, Al Keena Hygienic Paper Company, and Fine Hygienic Paper Company.

Mr. Karadsheh is the Chairman of the board of directors of INJAZ, Jordan's leading non-profit organization for the creation of economic opportunities for Jordanian youth. He is a mentor at Endeavour Jordan, a founding member at Jo-Angels, and he contributes as a board member to two local schools and one university.

FHH memberships:

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

Organizational Profile

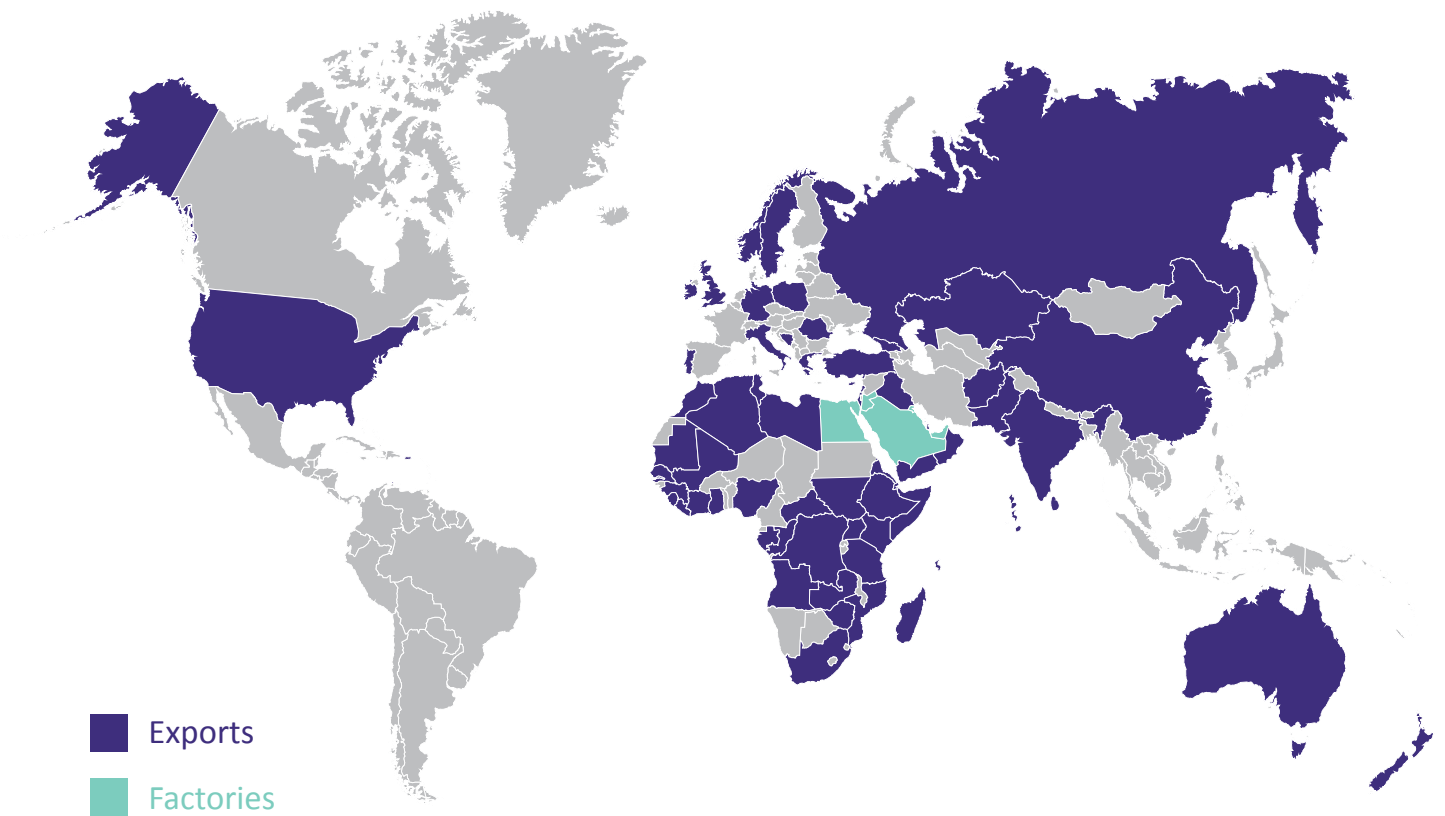
Fine Hygienic Holding (FHH) is the MENA's leading manufacturer of hygienic products. Our journey began in 1958, becoming the first Jordanian company in the hygienic paper industry. With its commitment toward "creating a happier world", FHH focuses on sustainability, state-of-the-art production processes, pioneering CSR programs, and award-winning products. The company offers a diverse array of products including facial tissues enhanced with a touch of real cotton, napkins, kitchen towels, toilet paper, baby diapers, adult briefs, jumbo rolls, as well as away-from-home products to accommodate all types of private and public institutions.

"We aspire to lead in hygienic solutions for a happier world, today and tomorrow."

FHH employs around 4,000 individuals located in several business units in the MENA region, with our headquarters (the Corporate Center), located in Amman, Jordan.

FHH's large scale industrial operations are continually expanding vertically to include the different processes involved in hygienic product manufacturing, this involves mills and converting operations as well as nonwovens and packaging material.

Furthermore, FHH continues to expand its presence globally and is serving over 70 regional and global markets including the Middle East, Africa, Europe, and the United States of America.



- | | | | |
|-----------------|----------------|----------------|-----------------|
| 1 Abidjan | 20 Georgia | 39 Maldives | 58 Sierra Leone |
| 2 Afghanistan | 21 Germany | 40 Mali | 59 Somalia |
| 3 Algeria | 22 Ghana | 41 Mauritania | 60 South Africa |
| 4 Angola | 23 Greece | 42 Morocco | 61 South Sudan |
| 5 Anguilla | 24 Guinea | 43 Mozambique | 62 Sri Lanka |
| 6 Australia | 25 India | 44 New Zealand | 63 Sweden |
| 7 Bahrain | 26 Iraq | 45 Nigeria | 64 Tanzania |
| 8 Bosnia & Herz | 27 Ireland | 46 Norway | 65 Tunisia |
| 9 China | 28 Italy | 47 Oman | 66 Turkey |
| 10 Comoros | 29 Ivory Coast | 48 Pakistan | 67 UAE |
| 11 Congo | 30 Jordan | 49 Palestine | 68 Uganda |
| 12 Curacao | 31 Kazakhstan | 50 Poland | 69 UK |
| 13 Cyprus | 32 Kenya | 51 Portugal | 70 USA |
| 14 Djibouti | 33 KSA | 52 Puerto Rico | 71 Yemen |
| 15 Egypt | 34 Kuwait | 53 Qatar | 72 Zambia |
| 16 Eritrea | 35 Lebanon | 54 Romania | 73 Zimbabwe |
| 17 Ethiopia | 36 Liberia | 55 Russia | |
| 18 Gabon | 37 Libya | 56 Senegal | |
| 19 Gambia | 38 Madagascar | 57 Seychelles | |



Our Vision, Purpose, Strategy, and Core Values

Our Vision

We aspire to lead in hygienic solutions for a better world today and tomorrow.

Our Purpose

Fine Hygienic Holding is devoted to providing customers with the best quality products and services while adhering to the highest ethical standards and environmentally responsible practices.

We aspire to bring joy and prosperity to our customers and the world, reward our shareholders, invest in our employees, and serve our communities.

Our Strategy

Our focus at FHH is to fulfill demand, increase market share, deliver on the promises made to our shareholders, and become the preferred brand for consumers as well as the employer of choice. These goals are reflected in our strategy and programs including demand planning, customer retention and acquisition, key account management, cost efficiency models, and talent retention and development.

Our Core Values

Our values are a reflection of our vision and purpose, and guide us in our operations.



Our World



Our Way



Our Pride

Our World

(responsibility, accountability, commitment)

- **Responsibility toward our consumers:** We listen carefully to our consumers' needs, deliver the best brand experiences, and remain accountable for the improvement of people's well-being and wellness.
- **Responsibility toward our employees:** We are committed to fairness, equal opportunity employment, talent development, and employee empowerment, while preserving the dignity and recognizing the merit of all our employees.
- **Responsibility toward our community and the environment:** We positively contribute to the community while reflecting a serious commitment to sustaining the environment through eco-friendly practices.
- **Responsibility toward our investors:** We seek to maintain continuous growth and achieve profitable results.



Our Way

- **Governance:** We believe that good corporate governance is a main driver for any long term sustainable business performance. To support this endeavor, we commit to creating value for our communities, applying fair work practices, and securing a balanced and healthy work atmosphere.
- **Respect:** We show respect for all individuals regardless of their backgrounds, and we strongly value our relationships with customers, employees, partners, shareholders, and communities.
- **People & Passion:** We are passionate about people. We believe diversity and inclusion are essential to establishing a passionate dedication to our values and to continuously building a stronger FHH.
- **Integrity & Trust:** Integrity and trust are at the core of all our endeavors and work. We value the trust we build with our stakeholders, and are diligent to uphold the integrity of our business, operations, and products.
- **Diligence:** We fully understand where our priorities lie. We respect and honor all our commitments. We constantly work to deliver what is expected of us and beyond. We believe in being diligent and in strengthening our resolve and determination.





Our Pride

- **Heritage:** We are proud of our long and unique heritage that dates back to 1958, a heritage dense in success stories and valued for its honorable reputation. With each passing year, we continue to reach new heights while adding more chapters to our book of achievements, focused on growth and innovation.
- **Leadership:** We value strong leadership in all facets of FHH. Leadership at Fine is reflected through talent, passion, teamwork, creativity, accountability, and responsibility.
- **Innovation:** We are happy to occupy a position as leaders in innovation in the industry. For almost 60 years, our innovations have secured state-of-the-art hygienic solutions for our consumers while always remaining aligned with our business strategies.
- **Pioneering:** We possess a pioneering spirit in hygienic solutions. It is this attitude in an ever-changing market that pushes us to evolve and fulfill our consumers' needs while proactively driving continuous growth.
- **Reputation:** We have built a solid reputation for ourselves based on the trust of our customers. Our longstanding ethics and values will sustain our solid reputation, today and tomorrow.

We take ownership in all aspects of our operations, and Our “Ownership Drivers” are our daily motivators and key enablers that help us put our values into action. These drivers revolve around responsiveness, promptness, fulfillment of all promises, mastering the job, teamwork, synergy, creativity, and innovation.



iZOOM
Faster than the rest



- Do right things - important not urgent
- Lead first to market
- Stay flexible and agile
- Seize new opportunities
- Take calculated risks
- Fully focus on the mission
- Be proactive, not reactive
- Stick in the mind of the consumer
- Finish ahead of the deadline
- Set the pace and deadline



iDELIVER
To the dot.



- I deliver to my stakeholders
(suppliers, customers and employees)
- Delight customers constantly
- Meet their needs beyond expectation
- Go the extra mile to “wow” them
- Understand what is required
- Do things right
- Maximize available resources
- Look for solutions to obstacles
- Complete each task - no matter what
- Delight in each accomplishment



iMASTER
Only the best



- I do it right and on time
- Insert quality into every action
- Learn from mistakes and move on
- Continuous & Never Ending Improvement
(CANI)
- Update to raise our bar
- Perform better than the best
- Anticipate the next level
- Enjoy the ride, love the journey



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iTEAM
Together we can



- Make music like an orchestra
- Acknowledge individual expertise
- Capitalize on team strength & diversity
- Openly learn & share
- Provide & accept honest feedback
- Ask, “how can I help you do your job better?”
- Accept the group knows more
- Celebrate the success of the team
- W.I.N = Our common destiny



fine
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holding

iCREATE
The future & beyond



- Be creative in delivering value to customers
- Think ‘outside the box’
- Encourage people to explore new ideas
- Challenge the status quo
- Anticipate change
- Consider every suggested improvement

Our Products

Jumbo Rolls

From our five paper mills in Jordan, Egypt and the UAE, we produce first-class jumbo rolls, which we supply to a number of converting factories across the region. Our advanced production capabilities allow us to manufacture customizable jumbo rolls, tailored to the specifications of any hygienic paper product from paper towels to tissues and beyond.



Tissues

We provide a wide variety of tissue products to cater to different consumers preferences. Our patented SteriPro™ production method provides our consumers with highly sterilized products such as scented, lotioned, and cotton-infused facial tissues, as well as table napkins.

We also offer different levels of absorbency and other distinguished features in our kitchen towels, and toilet ranges.



Baby Care

Our Fine Baby line has been developed with utmost care and consideration for our babies' comfort and wellbeing. Our diapers are soft, lotioned, highly absorbent, and designed to prevent discomfort and irritation. Moreover, our SmartLock™ technology works to lock in wetness and prevent leaks. Being certified by the Medical Wellness Association is a proof of the high quality of our diapers which makes Fine baby the parents preferred choice for their babies.



Adult Care

Our adult incontinence products feature our DermaPro™ technology, which works to prevent skin irritation and rashes, particularly for wearers with limited mobility. Thanks to this state-of-the-art innovation, our adult pads and briefs are pH-balanced, lotioned, carefully sterilized, and feature odor-control agents, meeting the unique needs of our consumers.



Business Solutions

Our away-from-home (AFH) division, called Fine Solutions, is the region's most comprehensive supplier and preferred provider of hygienic solutions that guarantee exceptional performance and optimal cost of use.

Fine Solutions is uniquely capable of accommodating all types of private and public institutions across the corporate, hospitality, healthcare, industrial, service and academic sectors.



Packaging

Perfect Printing Press showcases our wide range of highly specialized packaging solutions. We provide our commercial clients with a diverse array of modern packaging materials and cartons. From pharmaceutical, cosmetic, and toiletry products to fast food, frozen food, and dry goods, we produce high-quality packages carefully designed to serve their purpose.



Quality and Safety

FHH thrives to provide customers with high quality products that can be safely used. To guarantee fulfilling this promise to customers, a team of professionals manage all processes within the value chain including receiving raw material, production, sale, and after sale to exceed customers' satisfaction.

At FHH, we believe that our customers are the source of all value creation and always seek to exceed their expectations. Accordingly, FHH deployed several tools as customer complaints system and FACT model to ensure that the voice of the customers is well received and considered as the cornerstone in improving our processes.

FHH employs several technologies in manufacturing processes to ensure that the products are not being touched by any human hand before reaching the consumer and other technologies to delight consumers with high quality products and special features, such technologies are described briefly next:



Our patented SteriPro™ technology is one of our proudest achievements, allowing us to provide our consumers with exceptionally sterile products. SteriPro™ uses an ultraviolet sterilization process, which reduces the possibility of germ exposure. Furthermore, all of our products are untouched by human hands, adding yet another layer of germ prevention and care.



We developed our DermaPro™ technology to improve the safety and comfort of our adult incontinence products. DermaPro™ products are designed to help consumers avoid skin complications, which is especially important for those confined to bed or have limited mobility. All DermaPro™ products are pH-balanced, gently lotioned, sterilized using our SteriPro™ technology, and feature highly effective odor-control agents.



As a leader in environmental sustainability, we were the first to introduce WetPro™ technology in the region. With WetPro™, our toilet tissue products are designed to stay intact during use, even when exposed to large amounts of water, but disintegrate when flushed. Not only is this better for the environment, it is also better for your home.



We developed an integrated system to lock in wetness, guaranteeing super absorbency and preventing leakage of diaper.



Our Supply Chain

Fine Hygienic Holding has the advantage of being vertically integrated within its supply chain. Hence, certain materials necessary for our products, such as tissue jumbo reels, packaging, and nonwoven materials are being supplied internally to converting facilities to ensure offering products with high quality at lower cost to consumers.

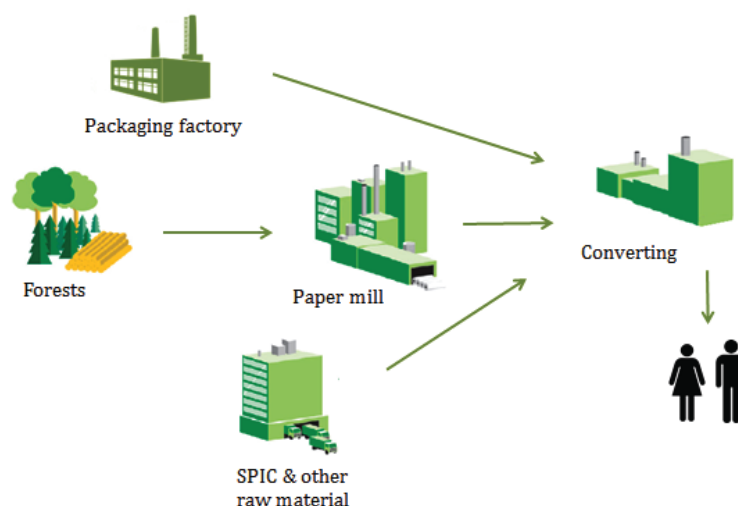
We make a diligent effort to source pulp from forests that are managed in an environmentally and socially responsible manner, mostly from Latin America and Scandinavia as the region we operate in have limited forests for pulp making. This sustainable pulp is the main input in paper mills and is processed to produce tissue jumbo reels, these reels are then sent to converting facilities in order to produce tissue paper products.

Packaging material is supplied either from our Perfect Printing Press (PPP) factory or from local packaging suppliers, and is combined with glue, perfumes, and other inputs in the converting facilities to produce our facial, toilet, towels, and napkin products.

In manufacturing our baby and adult diaper, nonwoven materials are sourced internally, and combined with super absorbent polymers, textile back sheets, fluff pulp, elastic tape and other materials sourced externally.

Additionally, we use external suppliers for a number of products, such as adult pull-ups, wet wipes, soap dispensers, sanitizers, and bed sheets. Specialized providers from Europe, Asia and North Africa supply these products to FHH.

These facilities make up FHH's back-end supply chain, whereas the front-end supply chain is made up of a network of distributors, retailers, and customers. This network ensures being able to reach the end consumer in an efficient and timely manner.



2017: At a Glance



Fine Adds a Touch of Real Cotton to its Tissues

FHH has infused its tissues with a touch of real cotton. While many tissue manufacturers will assert that their products are 'cotton soft', Fine is now the first to actually deliver on this claim. A revolutionary innovation in terms of both quality and manufacturing, Fine's new tissues are the softest and most soothing ever made - a true comfort to red, irritated noses everywhere.



Fine Wins Superbrand Award

Fine was named a top brand of 2017 by Superbrands Middle East, an independent authority and arbiter of branding excellence. This occasion marks the eleventh time that Fine has received this honor from Superbrands.

Fine was among 64 elite companies operating in the UAE that were chosen to receive this prestigious award, beating out more than 2,000 businesses.



Market Expansion

In 2017, FHH entered new markets in Africa, Europe, and Asia including Comoros Island, Mauritania, Tunisia, Romania, as well as India.

Opening of Our Fifth Paper Mill

FHH's fifth major paper mill, Al Nakheel, was inaugurated in September 2017 in Abu Dhabi, the UAE. With an investment of about \$90 million, the state of the art mill will add 60,000 tons of tissue per year to our current production of toilet, facial, napkin, and towel tissues.



AL Nakheel
Hygienic paper manufacturing LLC

Operations Cost Savings

For the eighth year in a row, Generation-S, our manufacturing cost saving program, delivered tangible savings across the business. In 2017, we saved around 4,000,000 million dollars which assures business sustainability through better return on investment. This is reflected on our offered prices to consumers and reduces negative impact on environment through using less resources.

Unveiling of FHH Revamped Corporate Identity

Building on the group's strong brand equity, FHH launched its revamped corporate identity in line with its vision to grow the business and provide a larger number of consumers with a diversified array of hygienic products.

Business Technology Achievements

ERP Rollout at Al-Nakheel

The Business Technology (BT) department rolled out the group's ERP system at our fifth paper mill, Al Nakheel, by creating a new setup for the company on the unified instance. The system included the deployment and setup of all financial, procurement, manufacturing as well as order management modules.

Route Optimization Launch in Jordan

The Route Optimization System was launched in Jordan and aims at reducing distribution costs and fleet miles, increasing resource utilization, reducing the return orders for more than 60%, increasing customer satisfaction through delivering goods on time and within the time windows provided, as well as reducing the chances of human dependency and error.

Deployment of Sales Execution Monitoring System

The Business Technology department was responsible for the deployment of one of the most important projects for FHH in 2017 for sales execution monitoring system. The objective of this system is to enhance and track sales performance in the field and ability to capture market data and competitor activity.

Deployment of VAT Solution in the GCC

In 2017, a new sales VAT was introduced in the UAE and KSA, therefore, the BT department was responsible for reflecting this new regulation on the group's ERP system. The new VAT will be kicked off on production on January 1, 2018.

Governance at FHH

Effective governance of any organization ensures commitment to all of its stakeholders, leads to better decisions, eliminates any conflict of interest, and maintains accountability and clear communication within the organization.

Board of Directors

The board of directors (BoD) holds responsibilities towards FHH's stakeholders to attain prosperous results by steering business decisions and overseeing strategy, continuity and contingency. The board of directors must also deal with challenges and issues related to corporate governance and corporate ethics.

The roles, responsibilities, and modus operandi of the BoD are outlined in the BoD charter as well as the charters for the board's audit, management development, and compensation committees.

FHH board of directors is accountable for:

- Maintaining the defined corporate risk appetite
- Overseeing the overall strategy
- Evaluating and compensating FHH's employees
- Enhancing and safeguarding stakeholders' interests

Moreover, our three principles work to further enhance our continuous efforts in corporate governance:

- Board of Directors Charter: The Charter defines the board's relationship with the executive management, with clear separation of ownership and management. It sets the grounds for selecting independent members and serves as the terms of reference on issues regarding meetings, board term and term limits, attendance policy, voting, compensation of board members, avoiding conflict of interest, board committees, performance evaluation and communication with shareholders.

- **Group Standard Manual (GSM):** The GSM sets out in detail all policies and procedures that have been developed and customized for our group, encompassing all organizational functions and activities. The GSM covers 15 areas: Strategy, Organization, HR, Communication, Marketing, Operations, Procurement, Code of Conduct / Core Values, Safety, Security, IT, Archiving, Contracts and Legal Obligations, Insurance, and Finance.
- **Code of Conduct:** We demand and maintain the highest ethical standards in carrying out our activities. We abide strictly by all local and international laws and regulations. Our code of conduct expresses the principles of conduct and is intended to assist all employees in meeting the highest standards of personal and professional integrity required of them. It is comprehensive, covering areas from financial reporting to workplace ethics.

Communication between employees and the Board of Directors is governed by the following three mechanisms:

- **The chain of command:** employees can communicate concerns and / or suggestions through an outlined chain of command.
- **Annual meetings** between the employees and board members.
- **The corporate integrity hotline:** the integrity hotline is a specialized communication network that is comprised of several communication channels (e.g. a toll-free phone service, email,.. etc.). This network is designated to communicate any behavior that violates our code of conduct. The cases reported and associated actions are communicated directly to the audit committee of the board of directors on a case-by-case basis.

Board of Directors Members



Ghassan Elia Nuqul
Chairman

Born in 1962, Mr. Nuqul holds a bachelor's degree in Industrial Engineering and an MBA from Purdue University (USA). Along with his role on the board at FHH, Mr. Nuqul is a member of numerous governmental councils and committees, and is personally involved in various local and international business associations and not-for-profit organizations and initiatives. Among these are the Central Bank of Jordan, the National Council for Competitiveness and Innovation, the Advisory Board on Partnership between the Private and Public Sectors, the Jordanian Hashemite Fund for Development, the Jordan Strategy Forum, and the Jordan Chapter of the Young Presidents' Organization.

Mr. Nuqul has served on His Majesty King Abdullah II's Economic Consultative Council, and participated in developing the National Agenda. He is Chairman of the Board for Delta Insurance Co., Universal Modern Industries Co., Nuqul Automotive, Integrated Automotive, Nuqul Engineering & Contracting Co., Quality Printing Press Co., Packaging Industries Co., and US Global Ventures. He is also the Vice Chairman of Nuqul Group and the Vice Chairman of Kuwaiti Holding Co.

Born in 1975, Mr. Labib is the Vice Chairman and member of the Remuneration Committee.

Mr. Labib has 20 years of direct private equity and investment banking experience with leading international and regional institutions in the Middle East, including deep relationships with leading family groups, regulators, sovereign wealth funds and limited partners. Mr. Labib joined Standard Chartered Private equity in March 2010 and is Managing Director, Head of Africa & Middle East where he has invested and oversees approximately \$1.5 billion direct investment portfolio in leading companies across sectors in Africa and the Middle East. He actively manages and sits on the majority of the boards of these



Taimoor Labib
Vice Chairman

companies headquartered in Botswana, Jordan, Kenya, Nigeria, Saudi Arabia, South Africa, UAE, UK, and Zambia. Previously Mr. Labib was the Head of Global Private Equity Portfolio Management (2013-2016) overseeing the global emerging market portfolio with investments in Asia, Africa and the Middle East. Mr. Labib began his career with Bear Stearns in New York, and the Carlyle Group in Washington D.C.. He holds a bachelor's degree from Carnegie Mellon University.



Marwan Elia Nuqul
Board Member

Born in 1967, Mr. Nuqul is a member of the board at Fine Hygienic Golding. He holds a bachelor's degree in business administration and is a member of numerous local and international business associations.

Born in 1981, Mr. Rifai is a member of the board at Fine Hygienic Holding and a member of the Audit Committee. Mr. Rifai has almost 14 years of private equity, hedge fund and investment banking experience in the US and Middle East with leading international institutions. Mr. Rifai is Head of Portfolio Management for Standard Chartered Private Equity overseeing a global emerging market portfolio with investments in Asia, Africa and the Middle East. Mr. Rifai has led numerous private equity investments in the UAE, Saudi Arabia, Jordan and Bahrain since joining Standard Chartered Private Equity in November 2008. Prior to joining Standard Chartered Private Equity, Mr. Rifai was based in New York where he worked at DA Capital (Credit Suisse hedge fund) and CIBC World Markets. He has a master's degree in Economics from New York University and bachelor's degrees in Finance and Economics from Michigan State University.



Omar Rifai
Board Member



James Michael Lafferty
Board Member

Born in 1963, Mr. Lafferty is a board member of Fine Hygienic Holding and the CEO of British American Tobacco in the Philippines. He has often been described as one of the most unique and diversified CEO's in the world today.

He is not only a successful CEO - He is an Olympic Coach. An award-winning journalist. A college professor. A competitive athlete. A philanthropist, husband and father of 5.

Mr. Lafferty started his career with humble roots, as a youth track and field coach. Hired by Procter and Gamble in his

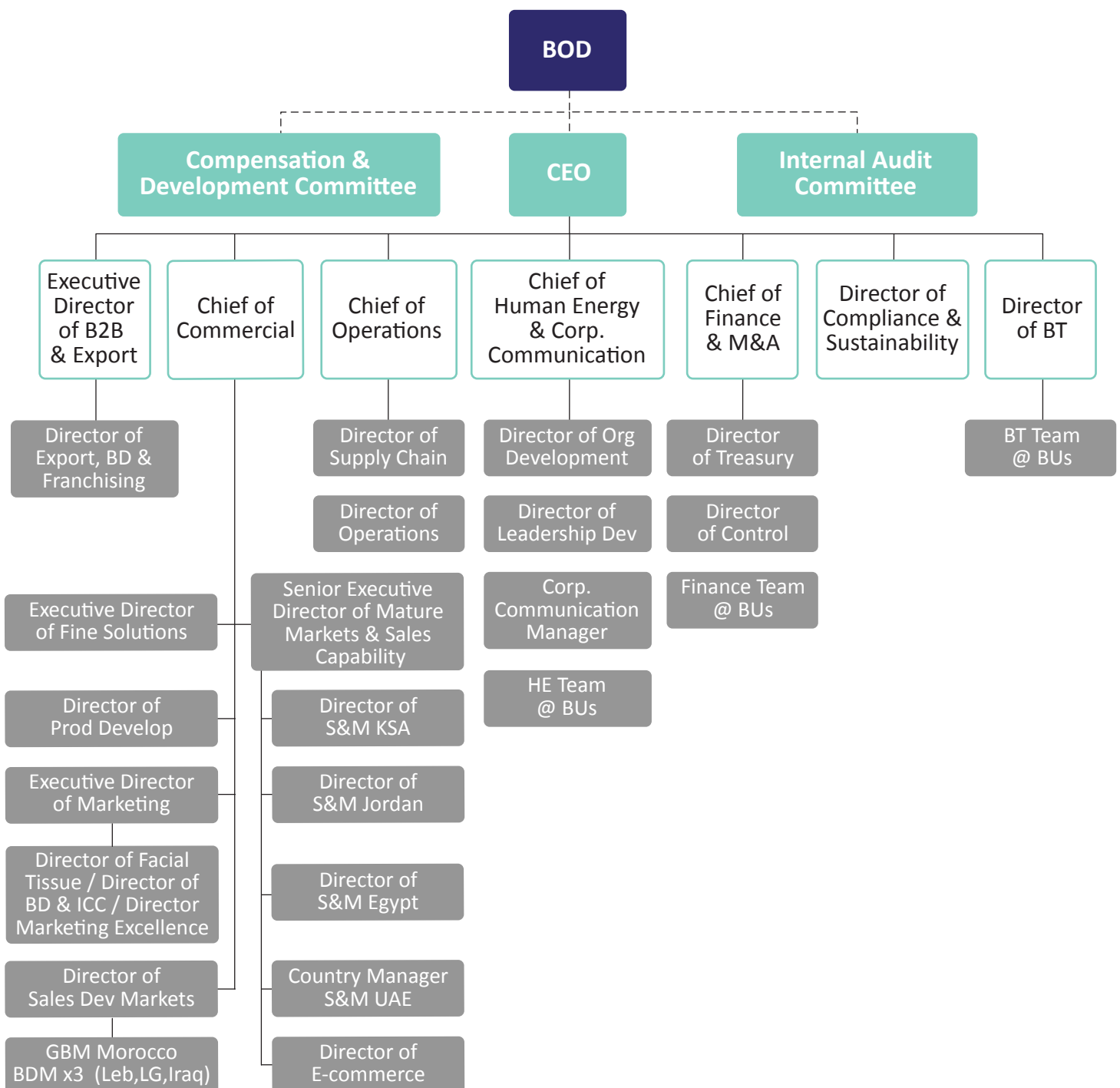
native Cincinnati, Ohio, he was recruited from the ranks of fitness instructor to enter P&G's esteemed "Brand Management" program. After superb business and organizational results on the US business, Mr. Lafferty was transferred into an international career that took him to North Africa, Central and Eastern Europe, the Middle East, Western Europe, Africa and Asia.

With a marketing and general management career that spans over 30 years, Mr. Lafferty is among the leading global experts on business-building, marketing and branding particularly in emerging markets. He has had a long and successful career building businesses and organizations across five continents for some of the world's leading fast-moving consumer goods companies, including CEO roles within Procter and Gamble, and Coca-Cola.

Mr. Lafferty continues to coach professionally, having coached national level athletes in his native USA as well as Nigeria, and most recently as a coach of the Philippines Olympic Athletics team at the 2016 Rio Games. He also remains active as a key part of a healthy lifestyle, having run over 30 full marathons, and was recent 2017 Philippines National Champion in Powerlifting.

FHH Structure

Our organizational structure is a decentralized hierarchy, whereby our board of directors defines the strategic direction. Thereafter; the C-Suite ensures compliance with the chosen strategic direction. This structure ensures open communication channels across the different levels. Our sustainability department reports to the CEO.



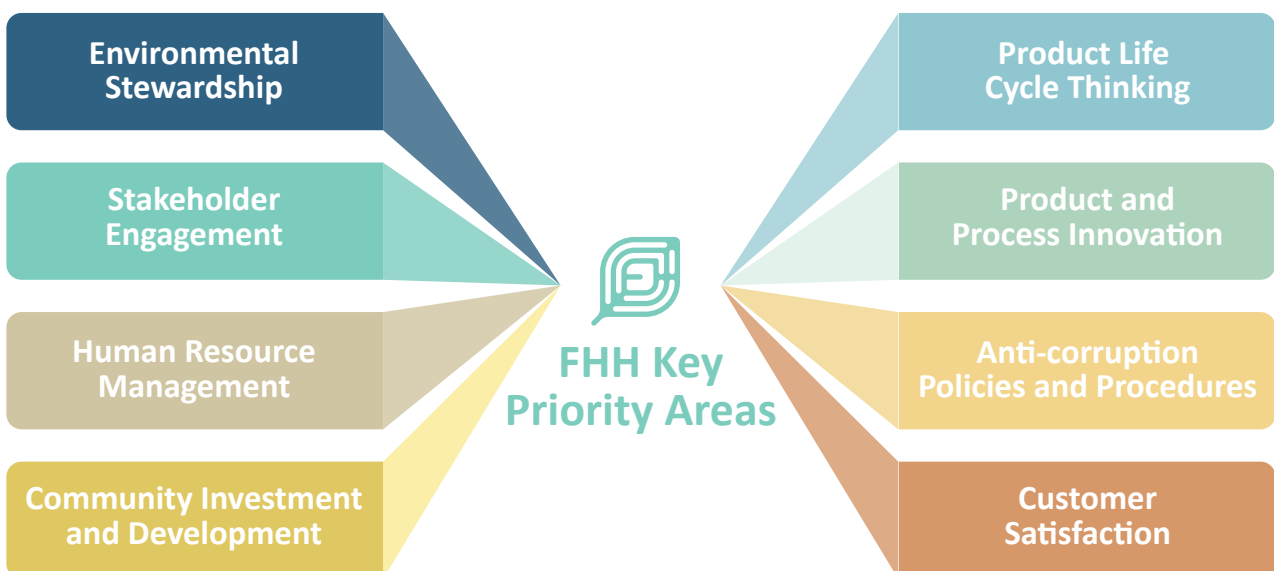
Internal Audit

Our internal audit department is responsible for conducting audits on the implementation of proper internal controls across all departments and in all of our facilities. In cases where there is a corruption claim, an investigation is conducted, and if the claim is proven, the party is held accountable, and appropriate measures are taken.

Sustainability at FHH

For us, sustainability is synonymous with making every day better for our planet and the people through what we produce and how we act.

Sustainability is integrated in our vision and our core value “Our World” where it demonstrates our commitment to sustainable growth and creating a better life for all our stakeholders today without compromising the needs of future generations. Furthermore, environmental stewardship is central to FHH’s identity. Given that we rely on finite natural resources for our products, it is critical to ensure that we effectively manage our resource consumption, utilize environmental responsible practices, and minimize waste and water consumption, while producing sustainable products.



FHH Sustainability Management Framework

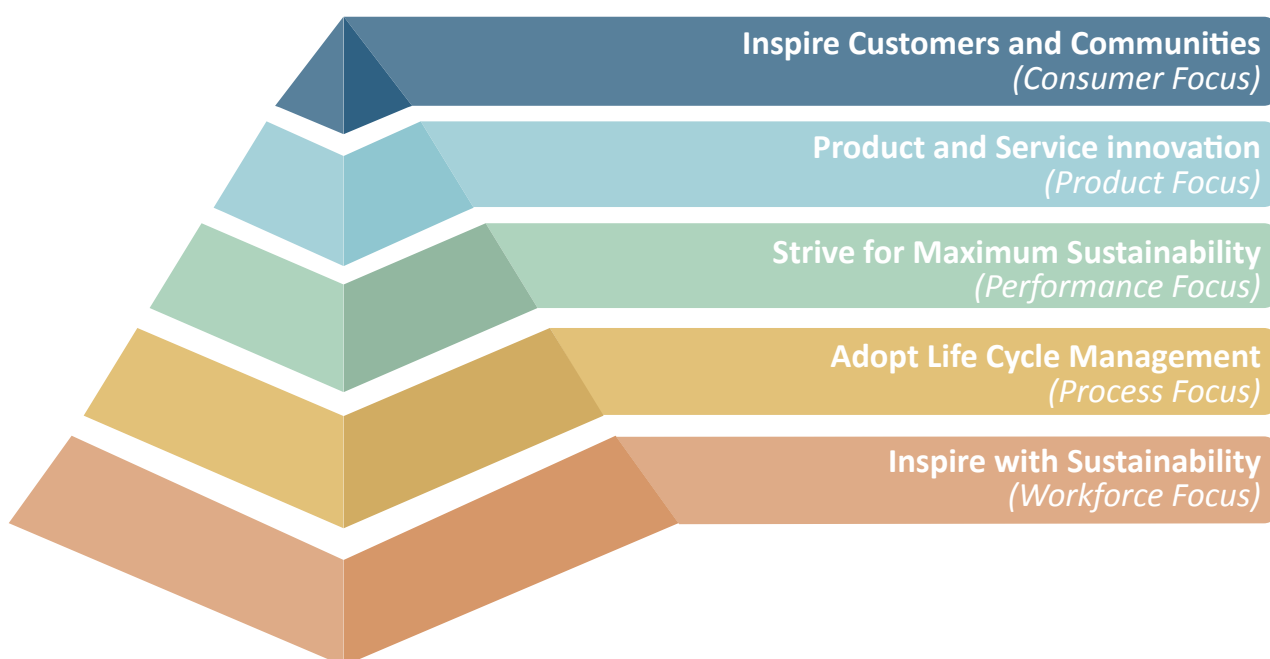
We adopted a five-point focused sustainability management framework to help us in working towards our commitment to sustainable business.

This framework provides a comprehensive and holistic approach to help leverage our performance and continually review all our internal systems and procedures. Furthermore, we use this framework to compare our performance on key issues with that of peers and competitors, to make sure that we are working as industry leaders.

The key priority areas are defined by considering our core values and materiality assessment as well as key areas addressed by the industry globally as reported by associations as EDANA (European Disposables and Nonwovens Association) and sustainability practices from national regulatory requirements and international agreements (UN Global Compact).

This framework translates into steps taken on the ground to fulfill our strategy, as analysis of sustainability trends are the main source to define major areas that impact our operations and sustainability growth, which includes environmental, social and economic issues. This is the foundation for us to build our way forward to achieve sustainability.

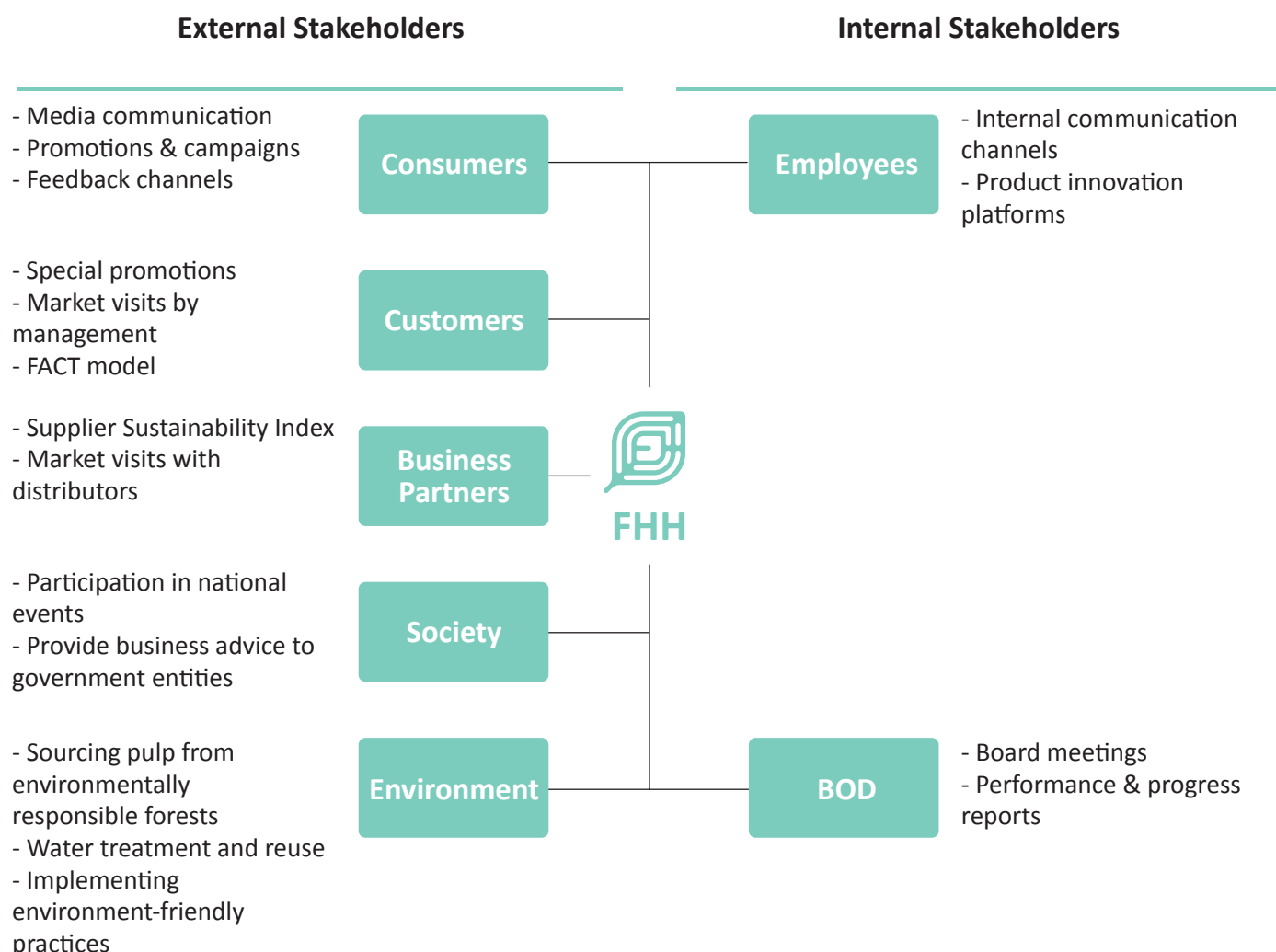
The graph shows five-point strategy with an objective to achieve advancement in our performance along the different areas of focus starting from the workforce as the base and placing our customers and communities as the main goal.



Strategy Point	Purpose	Actions in 2017
Inspire with Sustainability	We aim to use sustainability elements to foster an unprecedented wave of inspiration and focus within our workforce, to be translated into benefits for our stakeholders.	<ul style="list-style-type: none"> Continued to communicate on key sustainability aspects.
Adopt Life Cycle Management	We aim to influence actors at all life cycle phases to adopt this management approach in order to achieve maximum sustainability for our products.	<ul style="list-style-type: none"> Continually sourcing raw material such as pulp from suppliers who manage their forests in environmentally and socially responsible ways. Zero waste sent to landfills.
Strive for Maximum Sustainability	We strive to reduce our net environmental impact to zero over the long-term and better understand our economic and social impacts and presence, systematically improving them.	<ul style="list-style-type: none"> Initiate different projects and initiatives to reduce environmental impact through efficient energy use and water conservation. Monitor resource consumption on a regular basis using an internally developed index.
Product and Service Innovation	We aim to generate a new range of products driven by sustainability insights and to build a brand reputation where the use of our products serves as a respected signal that the user is a conscientious champion of sustainability.	<ul style="list-style-type: none"> Infuse our facial tissues with real cotton to provide consumers and customers with softer tissues.
Inspire Customers and Communities	We aim to improve customer satisfaction, while increasing overall appreciation for sustainability and inspiring others to take action.	<ul style="list-style-type: none"> Khair Al Koura program is the first of its kind sustainable development program in the region, which empowers local communities and ensures sustainable and high social returns positive impact. The program is now 100% sustainable and has been successful for the past several years.

Our Key Sustainability Trends: Materiality and Stakeholder Engagement

FHH encourages the engagement of all stakeholders to generate sustainable value. The below map demonstrates main engagement activities for our key stakeholder groups.

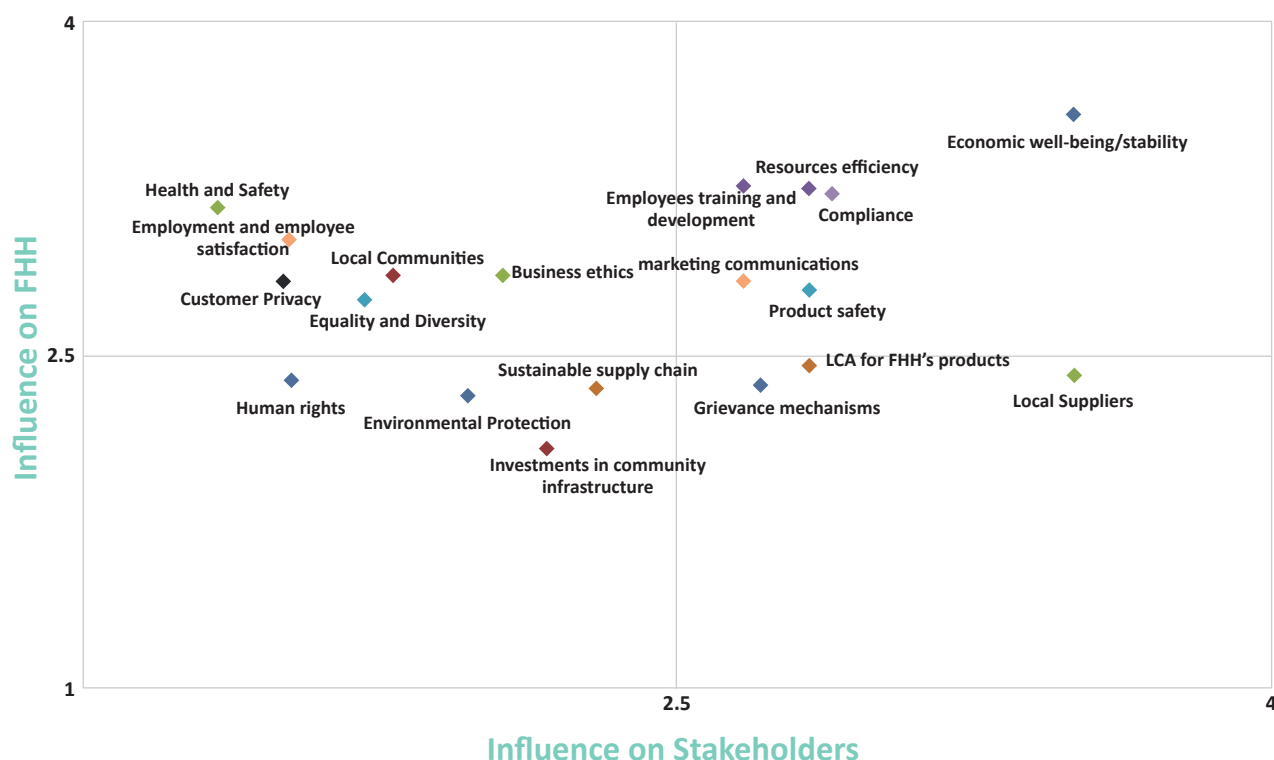


As part of our continuous efforts to enhance our business sustainability, while also engaging our stakeholders, we conducted materiality assessment for the fifth time. This assessment is a tool to help in identifying the key priority sustainability topics according to our stakeholder, to ensure they are aligned with our vision and strategy. The key aspects were defined as per the GRI G4 aspects. The rating of these aspects is shown in the figure.

The assessment was steered with FHH's stakeholders to identify the required sustainability trends and the main areas that influence our stakeholders, such assessment would tell the alignment with the set vision, each aspect's impact and the importance of such aspect that is affecting stakeholder's areas.

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

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



The key focus areas were consistent with previous years' assessment results, with the highest rated aspects being:

- Economic well-being/stability
- Resource efficiency
- Employee training and development
- Compliance
- Product safety
- Marketing communication

Given their importance, the performance in each of these aspects is being monitored and evaluated regularly by the Sustainability and Compliance Department, which sets annual sustainability targets, and reports progress to senior management to ensure continual improvement.

2017 Initiatives

Aspect	Planned Initiatives / Programs
Communication	<ul style="list-style-type: none"> The internal and external communication was integrated under one department the “Corporate Communication” which kept stakeholders informed and employees engaged
Environment	<ul style="list-style-type: none"> Continue developing the Corporate Impact Index (CII) to monitor our performance in environmental and social aspects Continue implementing the Supplier Sustainability Index based on the collected feedback from FHH’s suppliers
Human Resources	<ul style="list-style-type: none"> Revise FHH variable pay scheme Optimize and synchronize business model Enhance retention and engagement activities Introduce GROW Coaching and Feedback Process Conduct several internal sales and leadership development programs Significant achievements in overtime optimization across FHH
Health and Safety	<ul style="list-style-type: none"> Enhance communication and knowledge sharing across business units in order to ensure that health and safety messages are shared with all FHH employees
Community Contribution	<ul style="list-style-type: none"> Improve productivity of existing production projects under Khair Al Koura flagship program (Kitchen, Farm, Labeling and Packaging Unit) Commercialize Khair Al Koura brand and products Partner with local non-for-profit organizations during the Holy Month of Ramadan by providing support to achieve their goal of eradicating hunger Dedicate a percentage of tissue sales profit to support cancer cause Provide hundreds of students with literacy classes and offer internship opportunities for students from technical schools
Inorganic Growth	<ul style="list-style-type: none"> Explore opportunities for inorganic growth
Sales & Marketing	<ul style="list-style-type: none"> Launch sales execution programs in all markets. The program ensures proper display, pricing, and availability of our products Deployment of Sales Execution Monitoring System Launch distribution expansion program



Our Contribution to the World

FHH is responsible and committed toward its different stakeholders from consumers, to employees, community, environment, and investors. It realizes that success and sustainability are interconnected and can only be achieved by recognizing that we are a small part of a large world, that's why we listen carefully to the needs of our customers, we are committed to fairness and equal opportunity among employees, constantly developing them professionally and personally, in addition to following eco-friendly practices when it comes to the environment, and seeking to maintain growth and achieve profitability to deliver on our commitment to our shareholders.

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

Environmental Performance at FHH

FHH applies its commitment to preserving the environment through managing and reducing environmental impacts within different operations and locations, as well as managing natural resource consumption to ensure the best usage without compromising the quality and availability for current and future generations. To that end, we made sure to develop environmental management systems, which are embedded in our operations and our culture through our Group Standards Manual (GSM) and procedures. Our systems are certified under the ISO 14001 environmental management systems certification and undergo monitoring and periodic audits by internal and external parties to ensure compliance.

FHH's integrated management systems and its Corporate Impact Index work hand in hand to optimize the usage of natural resources. This is especially important since FHH operates in a region that is characterized by the scarcity of water resources. Accordingly, several initiatives and projects take place annually to reduce, reuse, and optimize the consumption of water. These initiatives are measured against a set of targets to monitor their effectiveness. Similar projects are being developed to manage energy use and reduce greenhouse gas emissions by FHH's operations and fleet.

Corporate Impact Index is an internally developed measure to assess FHH's companies impact in terms of profit, planet and people. The index aims to push for higher efficiencies across business units to create the optimum value for all stakeholders.

The index measures the impact for the following key aspects:



Water Consumption

Measures specific water consumption per product or per employee depending on the nature of operation



Energy / Electricity Consumption

Measures specific electricity consumption per product



Energy / Fuel Consumption

Measures specific operational fuel consumption or distribution fuel consumption per product as appropriate to the nature of operations



Waste

Measures yield waste, financial waste or quality waste depending on the nature of operations



A4 Admin Paper Consumption

Measures monthly average A4 admin paper consumption for all companies



Accidents

Measures the frequency of accidents per company



Accident Severity Ration

Measures the severity of accidents based on the number of days lost for each company



Sales Efficiency

Measures the sales achieved per employee for each company

Responsible Material Consumption and Waste Management

FHH's commitment to the environment extends to the selection of our raw material suppliers, therefore, pulp material is being sourced from internationally recognized and certified suppliers to ensure that sustainable forestry practices are being followed. To that end, FHH developed a supplier sustainability index to monitor our supply chain and ensure that suppliers are following the best practices.

Furthermore, our operations team worked diligently to deploy best practices to monitor and manage material consumption and waste using world-class systems such as Six Sigma and Lean Manufacturing Techniques.

Sustainable Forestry

Given that pulp is the main raw material in FHH's manufacturing process, sustainable forests are important for our operations and sustainability performance. It is important for us to make sure that we are giving back to our planet more than we take from it; for every tree we use in production, our suppliers plant an average of five.

All of our hygienic paper products use 100% virgin pulp provided by responsible, environmentally sustainable plantations and pulp providers. We carefully verify our suppliers' credentials, policies related to the management and preservation of the forest have to be validated and certified by a third party. FHH accepts certifications from:

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

FHH Paper Mills

While Al Nakheel Paper Mill was inaugurated in September, however, it did not contribute to the overall pulp yield of FHH. Pulp yields are an essential measure that allows us to monitor and adjust our actions to minimize the ratio of original pulp weight to dry pulp retrieved. In 2017, our average pulp yield ratio increased slightly in comparison to last year due to demand fluctuation that affected production levels and schedule.

Pulp Yield	Unit	2017	2016	2015	2014
Pulp Yield	Ratio	1.07	1.061	1.058	1.056

Zero Waste sent to landfills

FHH is deeply committed to responsible waste management, and work with trusted third-party contractors to ensure that the vast majority of the waste we generate is recycled for other uses. We are proud that our operations continue to send zero waste to landfills. Instead, all waste generated is being collected by third party contractors to reuse in other manufacturing processes. This includes waste from all our business units: FHH converting, FHH paper mills, and Specialized Industries Company (SPIC). We make sure that third party waste contractors abide by our agreement that all waste is sent to recyclers that are complying with local and international environmental regulations. However, we make sure to work on decreasing the amount of waste our operations generate, and in 2017 due to the increased production, our business units increased their waste generation by 20%.

Indicator	2017	2016	2015	2014
Total Solid Waste Generated (tons)	4,306	3,581	5,673	4,821

Hazardous Waste Management

The use of printing dyes can generate hazardous waste in negligible quantities, despite the quantities, we make sure all hazardous waste is managed appropriately and is sent to government approved disposal facilities with specially equipped containers designated for safe transport.

Energy Consumption & Climate Change

FHH is committed to managing and reducing its energy consumption through adopting best practices and energy management systems as well as initiating several projects to achieve set of annual targets for energy and resource consumption.

Our fuel consumption in 2017 decreased by 3.1%. On the other hand, our electricity consumption increased by 5.366% compared to 2016. Overall, our GHG emissions increased by 1.335%.

Below is our total energy consumptions in GJ, electricity consumptions per unit production, and GHG emissions.

	2017	2016	2015	2014
Kerosene	21,737	63,934	36,145	140,455
Heavy Fuel Oil	283,167	270,990	280,067	273,329
Natural Gas	1,248,752	1,357,570	1,334,845	985,583
LPG	260,009	200,486	253,735	187,363
Sub Total	1,813,665	1,892,980	1,904,792	1,586,730
Diesel	73,806	66,432	59,888	61,458
Gasoline	64,913	55,539	46,121	51,546
Sub Total	138,719	121,971	106,009	107,866
Total¹	1,952,384	2,014,951	2,010,801	1,694,596
Electricity	230,676	218,927	236,008	239,002

Product Indicator	Unit	2016	2016	2015	Achievement
Electricity Power Consumption per Ton Tissue in Mills	KWh/Ton	1171	1136	1193	3.8% ▲
Thermal Power Consumption per Ton Tissue in Mills	KWh/Ton	1917	1768	2150	8.4% ▲
Electricity Consumption per Ton Non-Woven	KWh/Ton	1642	1288	1563	27.4% ▲
Electricity Consumption per Ton Packaging	KWh/Ton	230	237	229	2.9% ▼
Electricity Consumption per Diaper	MWh/Million Diaper	13.79	13.06	14.03	5.58% ▲
Electricity Consumption per Ton Facial	MWh/Ton	0.24	0.46	0.45	47.8% ▼
Electricity Consumption per Ton Toilet	MWh/Ton	0.26	0.37	0.32	29.73% ▼
Electricity Consumption per Ton Towel	MWh/Ton	0.31	0.45	0.43	31.1% ▼

¹ The numbers for previous years were corrected due to misallocation of fuel between fuels categories; thus, the totals of previous years have changed (Heavy Fuel Oil).

	2017	2016	2015	2014
GHG Emissions from Operational Fuel Consumption				
Kerosene	1,568	4,613	2,607	10,134
Heavy Fuel Oil	20,827	19,931	20,599	20,103
Natural Gas	80,481	87,494	86,029	63,520
LPG	16,420	12,661	16,024	11,832
Sub Total	119,296	124,699	125,259	105,589
GHG Emissions from Distribution Fuel Consumption				
Diesel	5,564	5,008	4,568	4,246
Gasoline	4,608	3,942	3,274	3,659
Sub Total	10,172	8,950	7,842	7,905
GHG Emissions from Electricity Consumption				
Electricity Consumption	155,876	147,936	159,533	161,502
Total GHG Emissions	285,344	281,585	292,634	274,996

Product Indicator	Unit	2017	2016	2015	Achievement
GHG Emissions from Electricity Per Ton Tissue in Mills	Per Ton Tissue	0.658	0.735	0.810	-9.26% ▼
GHG Emissions from Thermal Power per Ton Tissue in Mills	Per Ton Tissue	0.907	0.808	0.823	-1.82% ▼
GHG Emissions per Ton Non-Woven	Per Ton Non-woven	0.875	0.870	1.11	-21.62% ▼
GHG Emissions per Ton Packaging	Per Ton Packaging	0.160	0.160	0.156	2.56% ▲
GHG Emissions per Diaper	Per Million Diaper	10.010	10.130	9.947	6.74% ▲
GHG Emissions per Ton Facial	Per Ton Facial	0.352	0.339	0.306	10.78% ▲
GHG Emissions per Ton Toilet	Per Ton Toilet	0.223	0.254	0.216	17.59% ▲
GHG Emissions per Ton Towel	Per Ton Kitchen	0.541	0.335	0.291	15.12% ▲

Financial Implications of Climate Change

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

Risks and Opportunities Associated with Climate Change

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

Water Conservation

FHH's mill operations depend highly on water in order to make tissue papers. However, we employ measures to manage our water consumption responsibly. Our Operation Excellence team is continuously working to conserve water through several projects and initiatives. In 2017, we managed to reduce total water consumption by 17.4% as shown in table below:

Water Consumption (m ³)	2017	2016	2015	2014
Water from National Grid	530,100	539,743	539,910	560,450
Water from Ground Water Resources (Artesian Wells)	317,910	486,870	557,155	677,535
Total Water Consumption	848,010	1,026,613	1,097,065	1,237,985

The water used in FHH's Jordan tissue operations is treated and reused for non-drinking/non-municipal uses by surrounding communities. Sludge produced during our operations is disposed according to national regulations and requirements. The table below provides figures regarding the sludge generated and wastewater recycled by our mills in Jordan.

Indicator	2017	2016	2015	2014
Total Estimated Sludge Generated by FHH Paper Mills Jordan (Tons)	966.16	1400	1225	815
Total Wastewater Recycled by FHH Paper Mills Jordan (m³)	230,000	285,897	235,369	336,425

Supplier Sustainability Index

Our annual Supplier Sustainability Index is an effective tool used by our supply chain & procurement division, this tool tracks our suppliers' social and environmental performance to ensure they adhere to international and local regulations and policies and apply the sustainability principles to their policies, management approach, and communication across their organizations.

Our suppliers' performances are assessed and given feedback based on FHH's recommendations for areas of improvement on their sustainability efforts. Moreover, the supplier sustainability index is an indicator for our procurement division's bi-annual assessment.

Compliance with Local Regulations

In 2017, all FHH's business units operated in full compliance with local and international environmental regulations and legislations, resulting in no fines addressed to any of its business units regarding environmental non-compliance.



Our Contribution to the Community

At FHH, we believe that good corporate governance is a main driver for any long term sustainable business performance. We execute our work in utmost honesty and professionalism, and are committed to our customers and consumers. To support this endeavor, we are committed to creating value for our communities, we show respect to all of our stakeholders, and we relentlessly work to deliver what is expected from us and more.

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

Khair Al-Koura Corporate Responsibility Program

FHH has always been committed to promoting comprehensive, sustainable development across all the countries and communities in which it operates. It has adopted a long-term strategy for CSR that aims to address wide-reaching development issues, with a particular focus on education and youth. FHH also prioritizes issues like health, wellbeing, family, and society, which it tackles through a diverse array of programs, initiatives, and outreach activities that focus on the most urgent needs of local communities, implementing these activities either individually or in partnership with public sector institutions and civil society organizations.

FHH has created a unique model of wide-reaching social and economic development in Jordan's Al Koura district, located in the Irbid governorate. Through its Khair Al Koura initiative, FHH has established Jordan's first public-private partnership for sustainable development, addressing the many diverse factors that can help improve the lives of local citizens. The program is supported by the Ministry of Municipal Affairs and the Municipality of Dair Abi Saeed, as well as other governmental organizations and civic organizations in the local community.

In 2007, we began community contribution activities and microfinance projects in Al Koura. However, in 2012, after consultation with stakeholders, and as part of our commitment and corporate citizenship, we decided to develop a deep, integrated, sustainability-centric approach tailored to this community. Our aim was to improve the quality of life for the community, and strengthen the local socio-economic infrastructure so that it can become self-sustaining.



The program includes countless projects across all socioeconomic sectors, including labeling and packaging unit, a chemical-free project, a food processing unit, country kitchen that prepares meals from local produce, as well as a soap and candle manufacturing operation and much more. Khair Al Koura has created wide-reaching growth and development, establishing sustainable employment opportunities, elevating capacities and offering educational opportunities, and empowering communities to take charge of their overall wellbeing.

In 6 years, the program is fully sustainable. Furthermore, chemical free farming project and food processing unit are commercializing their products.

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

	2017	2016	2015	2014	2013	2012
Community investments (Thousands of USD)	251	287	335	400	414	387

In 2017, Khair Al Koura program expanded its presence and activities to raise awareness regarding the program, bolstered by its success and positive impact. The local community has been able to present their products in local events and bazaars. Furthermore, the total number of beneficiaries increased, and so has the production capacity and product diversity.

Consultation Services to Jordan Olympic Committee

FHH team continued to voluntarily provide strategy and project management consultation services to the Jordan Olympic Committee (JOC). This is in line with FHH's commitment to supporting the sports scene in Jordan and the region.



Human Energy

Our people are the most important asset in our organization. Our Human Energy (HE) department strives to implement business models and functional strategies that support the organization's vision to attract, develop, and retain talents vital to our success.

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

The HE department also ensures that FHH is in compliance with all regulations regarding human resources in each country of operation.

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

In 2017, we had a total number of 4,085 employees in our FHH units that are located in the MENA region, of which over 100 newly joined.

The department paid close attention to employee engagement in 2017, enhancing and expanding the non-monetary benefits program, which aims at boosting employees' morale, recognizing their efforts, and emphasizing on the "One Family" concept that FHH is known for. The program included celebrating tenure, awarding outstanding performance, celebrating special family occasions such as birthdays and graduations, in addition to organizing health awareness sessions and check-ups, and many more.

Similar to previous years, FHH has successfully built a healthy and mutually beneficial relationship with the Paper Industry Union, during which we managed to deliver various requirements and help the organization improve. This included:

- Developing a fixed and variable pay structures to drive business results.
- Managing employees' performance and development through the planning, development, and review (PDR) system.
- Developing employees' benefits and increase buy-in.
- Holding many engagement programs for our employees.

We are always searching for the best talent. We partner with local academic institutions to provide internship opportunities to students and fresh graduates, through which we identify talents that match our work ethics.

In 2017, the turnover rate decreased by 3.82% in comparison to 2016.

Indicator	Unit	2017	2016	2015	2014
Total Number of Employees	Employees	4,085	4,069	4,249	4,404
Rate of New Hires - FHH	%	16	20.37	30.03	14.38
Turnover Rate FHH - Total	%	20.81	24.63	26.12	25.12

Our employees access several benefits, these include, and are not limited to the below:

Group	Description
Performance Awards	<ul style="list-style-type: none"> • Tenure Awards: Celebrating employees' service to the company on the joining date anniversaries with special recognition for long servicing periods. • We Recognize Awards: we recognize and motivate the right behaviors and activities that demonstrate FHH's values and culture and drive developments at all fronts, acknowledging entrepreneurship, innovation, and creativity as main differentiators in the business.
Work-Life Balance	<ul style="list-style-type: none"> • Flexible Work Arrangement: we offer special work arrangement for our employees, offering flexibility on attendance depending on the nature of their job. Furthermore, special working arrangements are offered to mothers to encourage return to work and enhance work-life balance. • Ladies Day: Female employees are allowed to take one day off every month without a medical note.
One Family	<ul style="list-style-type: none"> • Employee/Family Consolation: as a big family, FHH supports its employees and their families in cases of disability, death, or major personal losses through various moral and material support programs. • Marriage Gifts: as one family, FHH celebrates with its employees their marriages with gifts in addition to special paid leaves. • Child Education: FHH believes in education, hence we cover our employees' children education tuition in both school and university, this unique benefit is provided in some countries and is being considered for expansion.

Training and Development

Employees are FHH's success driving force, therefore, the company remains committed to investing in their professional and personal development. The Human Energy department organized many training programs utilizing the expertise of its own employees as well as third party experts. The programs were tailored to the needs of the different departments in all the business units spread across the MENA region.

Some of the trainings held for the sales teams aimed at building their sales capacity, including Training of Trainers (T.O.T) program, in addition to assertiveness and advance conflict management and decision making sessions, while the HE team gathered from all countries to attend a number of workshops that aimed at rebranding the human resources function and using innovative talent management tools based on global best practices. On the other hand, the management team of our B2B arm, Fine Solutions, flew from all countries to Jordan to attend a team building activity and workshop on the importance of synergy and aligning goals and efforts.

Diversity and Equality

FHH embraces equality and diversity. Employee recruitment is conducted in an inclusive manner with policies in place to ensure no discrimination takes place. All our employees are required to abide by our code of conduct, which revolves around respect and professionalism. We take great pride in the fact that all of our employees understand that, as an organization, we embrace all differences among us.

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

Discrimination of any form has no place in FHH, we have zero tolerance of any discriminatory behaviors in our workplace.

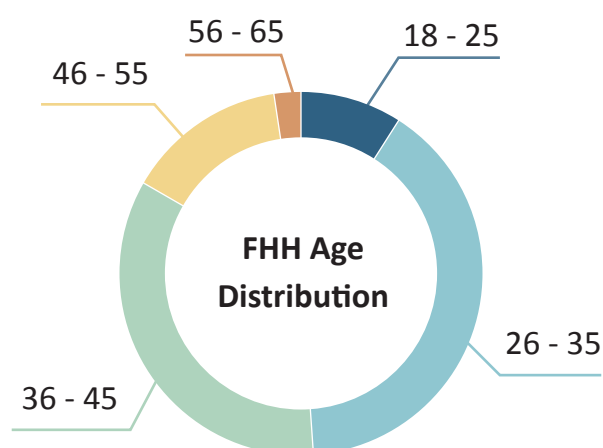
FHH always strives to recruit and retain female employees through several initiatives. Additionally, we have a set benefit system for working mothers including a reduced number of working hours per day for those who have served FHH for five years or more, and the option to include their spouses and children in our health insurance.

The female employment rate in 2017 was 6.10%, which is slightly higher than 2016. Moreover, the rate of females in management positions has increased by 1.3%.

Indicator	Unit	2017	2016	2015	2014
Total Number of Female Employees - FHH	Employees	249	246	271	265
Percentage of Female Employees in the Workforce - FHH	%	6.10	6.05	6.72	6.02
Percentage of Female Employees in Management Positions - FHH	%	10.30	9.0	6.1	6.74

Age Distribution

Employees' age distribution is illustrated in the below figure. As can be seen, around 50% of FHH employees are under the age of 35, which makes FHH a strong contributor to youth employment.



Local Hiring

As part of our efforts to empower local communities, most of our employees are local in the country of operation. However, in certain cases, we have expat hires especially where certain expertise is required. We abide by localization regulations where they exist, for example, in KSA, where the percentage of Saudi employees is 25.59% as follows:

Indicator	Target	2017	2016	2015	2014	2013
Job Saudization	<ul style="list-style-type: none"> • 26% or above (as of Sept. 2017) • 25% or above (year 2016 and earlier) 	25.59%	25.18%	25.00%	25.99%	25.4%

Human Rights in FHH

FHH is committed to adhering to human rights laws and condemns any human rights violations, including child labor and all forms of forced or compulsory labor. We support the right of collective bargaining wherever permissible by local laws and regulation.

As an active participant and signatory to the UN Global Compact, all our operations are prohibited from encouraging any form of child labor and/or forced or compulsory labor. Moreover, all our operations are audited on an annual basis to ensure their compliance with our labor practices requirements.

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

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

As for our suppliers, we work with several international suppliers, ranging from the European Union, to North America, Japan, and Taiwan. We make sure our suppliers follow stringent local human rights regulations to ensure elimination of human rights violations; we verify this through our annual Supplier Sustainability Index.

Accordingly, in 2017, we did not have any grievances related to human rights violations, furthermore, we did not face any incidents of discrimination, violation of the right of association and collective bargaining, or child labor and forced or compulsory labor, accordingly none of our operations were subject to human rights reviews.

Code of Conduct

Our code of conduct sets the ground for our employees to combat all forms of corruption in all of our business dealings, and our corporate integrity hotline ensures enforcement of our anti-corruption policies and requirements by providing the opportunity for all employees to report any unethical behavior.

Our integrity hotline and grievance system ensures that all incidents related to human rights violation and discrimination are communicated promptly to our internal conduct committee, and our integrity hotline targets our internal as well as external stakeholders

and provides a clear and safe channel to report any incident of violation of our code of conduct.

The code of conduct, company policies, and hotline and grievance system are part of the onboarding kit that is given to all new comers to read and sign before starting their jobs.

Standard Entry-Level Wage

As an organization aspiring to be the employer of choice, our salary scale is designed to be competitive. Furthermore, we make sure to pay above the local minimum wage for our entry level workers. We also ensure that our remuneration is based solely on merit, ensuring that both genders are paid equally for equal work.

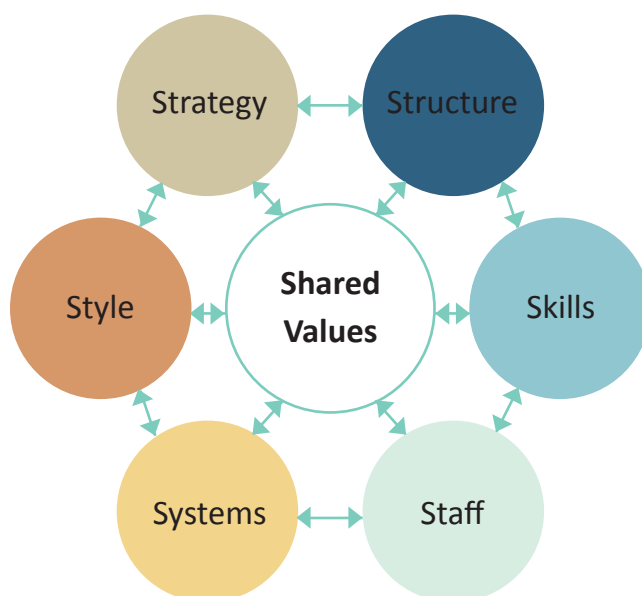
Participation in Public Policy

We constantly engage in stakeholder consultations for different public policy aspects as part of our presence as an industrial leader. Such engagements take different forms, from government surveys, focus groups and round tables to engagement in advocacy with non-governmental bodies. However, our organization does not hold any official position in public policy formation, and we do not participate in any lobbying activity.

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

Health and Safety

FHH health and safety mission is to have zero accidents within our operations through adopting 7S plan based on McKinsey model for improvement which is focused on 7 elements.



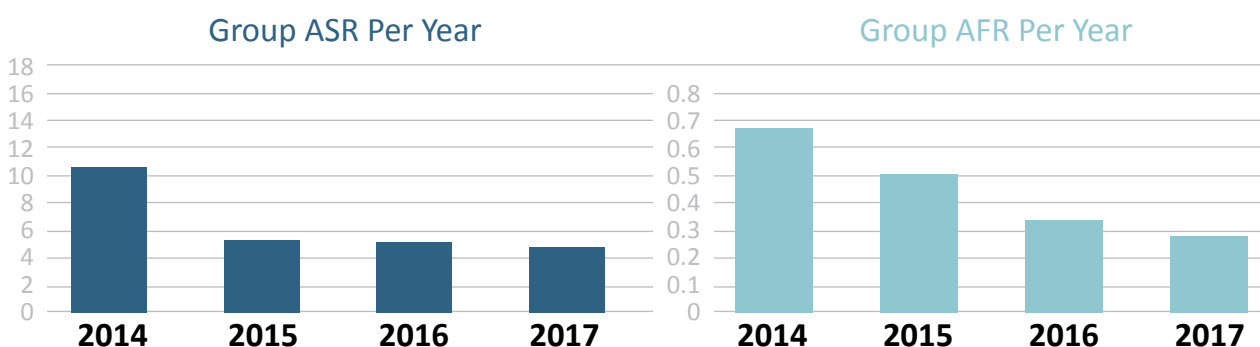
The improvement plan started by comprehensive gap assessment for the current safety status and the desired safety performance level that FHH seeks to achieve. Our Health and Safety team seeks to implement the highest precautionary measures to ensure that employees in all business units are working in an environment that conforms to world-class HS standards. Furthermore, we implemented the OHSAS 18001 standards in our operations to make sure that our spaces are safe and up-to-code.

Our 2017 performance reflects the improvements we have made in HS measures, as we have had five sites free of accidents, and those are: Al Bardi, Al Sindian, Al Snobar, SPIC, and PPP.

Furthermore, our safety figures show further improvement in our safety performance, as the total accident frequency ratio (AFR) has improved by 14.7%. In addition, the accident severity ratio (ASR) slightly improved by 4% in comparison to last year's performance.

The following table and graphs represent FHH's performance in safety in 2017 as compared to previous years.

Parameter	2017	2016	2015	2014
Incidents	16	17	28	31
Lost Days due to injury	278	258	291	529
Working Hours	15,216,291.70	12,067,794	13,167,044	11,969,053
AFR	0.29	0.34	0.51	0.622
ASR	4.93	5.13	5.28	10.607



Emergency Drills

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



Our Contribution to the Economy

FHH employees possess a pioneering spirit, it is this attitude that pushes us to evolve and fulfill our consumers' needs while proactively driving continuous growth through our unwavering commitment to innovation. To enable this, we run a value system, leverage technology, promote synergy, push for creativity and innovation.

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

Economic Performance of FHH

Our eleven operating locations across the Middle East and North Africa are part of the economy in the countries we operate in, they create job opportunities and support the local communities. These actions come from our belief in sustainable growth and value for all of our stakeholders.

Direct Economic Value

2017 was a challenging year economically for FHH, due primarily to the increase in pulp prices, as well as the increasingly complex political situation in the region. These challenges, along with the fierce competition in the markets we operate in, caused a slight decrease in our revenues.

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

Indicator	Unit	2017	2016	2015	2014
Total Revenues*	Million USD	421	436	467	509
Income Tax Paid to Government	Million USD	3	1	5.8	6.6
Employee Wages and Benefits (including bonus, incentives, pension, medical insurance, and education program)	Million USD	68.2	72.4	77.2	79.4

* Revenue values are restated to reflect the consolidated figures instead of the combined.

The fluctuations in payments to the government on a yearly basis are mainly due to changes in local tax laws and regulations in the countries where we operate. Whereas the reduction in expenses on employee wages and benefits is mainly due to currency devaluation in Egypt.

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

Country	Employer Contribution	Employee Contribution
Jordan	14.25% of wages	7.5% of wages
Egypt	26% of fixed wages 24% of variable wages	14% of fixed wages 11% of variable wages

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

Indirect Economic Impacts

As an organization that operates and sells across the MENA region, we acknowledge our responsibility in creating a positive economic impact for all our stakeholders, and strive to ensure that such impact is realized through our operations and products with the aim of contributing to sustainable economic growth for each stakeholder. Our commitment to this endeavor is exemplified by the following:

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

Financial Assistance from the Government

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

Customer Satisfaction

Being a partner of choice requires commitment toward delivering high quality products and differentiated services to our growing customer base. Thus, FHH's operations should meet and exceed customers' needs and expectations at each customer touch point. Our class-A tissue product "Fine" exemplifies the achievement of our goal to win consumers heart and being the brand of choice, this achievement and reputation should be sustained.

In 2017, around 4,000 customers were surveyed across different retail channels by a third party to monitor the delivery of our customer experience, ensure that our sales operations are efficient, and engage our customers to make sure we are meeting their expectations.

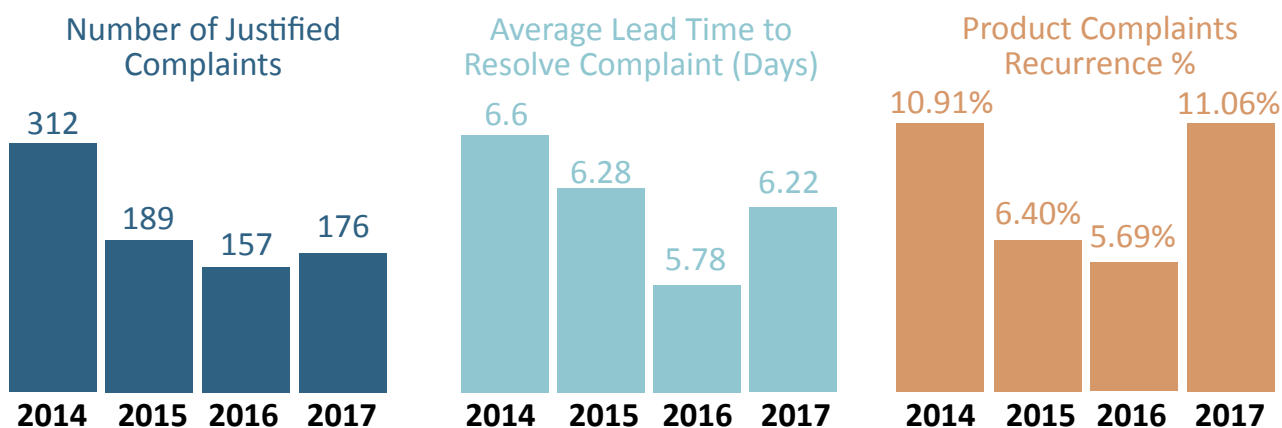
Customer Complaint System

FHH developed customer complaint system in 2012 to ensure that the customer's voice is heard and that it contributes in the development and improvements of our products. An index for customer complaints, which measures values such as product complaint reoccurrences and responsiveness, was developed to provide indicative measures to FHH performance. This helps in elevating the level of customer centricity and allows us to respond in an effective manner.

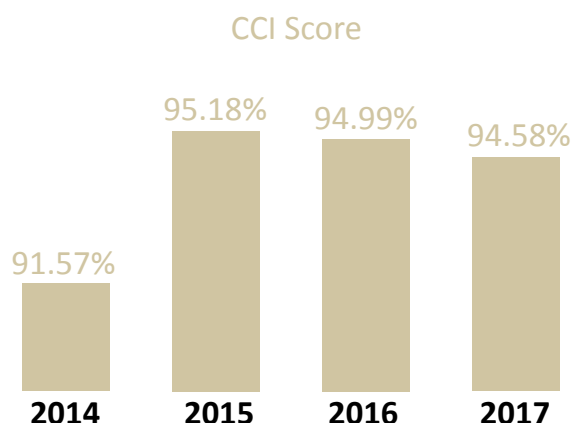
The Customer Complaint Index became a part of the employee appraisal and incentive scheme in order to encourage employees to continually improve the product features to ensure customer satisfaction. The Compliance and Sustainability department is responsible for customer complaints and analyzing the performance monthly, identifying root causes and recommending corrective and preventive measures to improve customer satisfaction levels.

Indicator	2017	2016	2015	2014
Number of Justified Complaints (complaints)	176	157	189	312
Average Lead Time to Resolve Complaint (days)	6.22	5.78	6.28	6.6

In 2017, the number of customer complaints for FHH converting operations (in Jordan, Egypt, KSA and the UAE) increased by 10.79% and the average lead time to resolve customer complaints is still within the set targets. In addition, the complaint root cause reacceptance percentage increased by 94.4% Compound Annual Growth Rate (CAGR).



The overall CCI performance has improved since its inception. However, 2017 witnessed a slight decline of 0.20% when compared to 2016.



Fine Quality Actualization

FACT model was launched successfully in 2015. It aims to measure and improve customer loyalty “Net Promoter Score”, customer satisfaction and sales process operations efficiency. In 2017, we continued with our previous scope that included all sales channels traditional trade, modern trade, pharmacy and wholesale, in addition to process mapping for different selling channels, and identifying main touchpoints with customers to build questions that examine these touchpoints for each selling channel.

In 2017, FACT model implementation catered to the deployment of the Sales Execution Monitoring System and served as the third eye to provide dynamic facts that reflect customer experience and feedback for the in-store execution.

In 2017, with the existence of the Sales Execution Monitoring System, it has created a benchmark for us against the FACT model results.

Performance of 2017



Key Performance Indicator	2017	2016
Percentage of Business Units Audited for Fiscal Responsibility	1.00	1.00
Percentage of Internal Audit Employees Trained on Anti-Corruption Policy and Procedures in 2016	0.00	0.00
Percentage of Business Units for which Sustainability Performance is Tracked on a Monthly Basis	100%	100%
Water Consumption	848,010	1,026,613
Indirect Energy Consumption - Electricity Consumption	230,676	218,927
Electricity Power Consumption Per Ton Tissue in Mills	1171	1136
Electricity Consumption per Ton Non-Woven	1642	1288
Electricity Consumption per Ton Packaging	230	237
Electricity Consumption per Diaper	13.79	13.06
Electricity Consumption per ton Facial	0.24	0.46
Electricity Consumption per ton Toilet	0.26	0.37
Electricity Consumption per ton Kitchen	0.31	0.45
Direct Energy Consumption - Operational Fuel Consumption	1,813,665	1,892,980
Thermal Energy Consumption per Ton Tissue (FHH Paper Mills)	1917	1768
Direct Energy Consumption - Vehicle Fuel Consumption	138,719	121,971
Direct GHG emissions (Operational and Distribution Fuel)	129,468	133,649
Indirect GHG emissions (Electricity)	155,876	147,936
GHG Emissions from Electricity per Ton Tissue in Mills	0.658	0.735
GHG Emissions from Thermal Power per Ton Tissue in Mills	0.907	0.808
GHG Emissions per Ton Non-Woven	0.875	0.870
GHG Emissions per Ton Packaging	0.160	0.160
GHG Emissions per Diaper	10.010	10.130
GHG Emissions per Ton Facial	0.352	0.339
GHG Emissions per Ton Toilet	0.223	0.254
GHG Emissions per Ton Kitchen	0.541	0.335
Waste Generation	4306	3581
Turnover Rate	0.2081	0.246
Female Participation in Workforce	0.061	0.065
Percentage of Females in Management Positions	0.103	0.09
Accident Frequency Ration (AFR)	0.29	0.34
Accident Severity Ratio (ASR)	4.93	5.13
Number of Justified Customer Complaints	176	157
Average Lead Time to Resolve Customer Complaints	6.22	5.78

List of Acronyms

AFR	Accident Frequency Ratio
ASR	Accident Severity Ratio
B2B	Business to Business
BI	Business Intelligence
BoD	Board of Directors
BT	Business Technology
CAGR	Compound Annual Growth Rate
CCI	Customer Complaint Index
CEO	Chief Executive Officer
CII	Corporate Impact Index
CSR	Corporate Social Responsibility
EDANA	European Disposables and Nonwovens Association
FACT	Fine Actualization
FHH	Fine Hygienic Holding
FMCG	Fast Moving Consumer Goods
FSC	Forest Stewardship Council
GHG	Greenhouse Gas
GJ	GigaJoule
GRI	Global Reporting Initiative
GROW	Goal, Reality, Options, Will

GSM	Group Standards Manual
HE	Human Energy
HS	Health and Safety
ILO	International Labor Organization
ISO	International Organization for Standards
JOC	Jordan Olympic Committee
JOD	Jordanian Dinar
KSA	Kingdom of Saudi Arabia
LPG	Liquefied Petroleum Gas
MENA	Middle East and North Africa region
OHSAS	Occupational Health and Safety Assessment Series
PDR	Performance Development Review
PEFC	Program for the Endorsement of Forest Certification
PPP	Perfect Printing Press
SPIC	Specialized Industries Company
UAE	United Arab Emirates
UN	United Nations
UNGC	United Nations Global Compact
UNIDO	United Nations Industrial Development Organization
US	United States
USD	United States Dollar

Glossary of Terms

Aspect	Element of an organization's activities, products, or services that can interact with a specific management dimension.
C-Suit	The highest-level executives are usually called "C-level" or part of the "C-suite," referring to the three-letter initials starting with "C" and ending with "O" (for "Chief ... Officer"); the traditional three such officers are the Chief Executive Officer (CEO), Chief Operations Officer (COO), and Chief Financial Officer (CFO).
Carbon footprint	The total sets of greenhouse gas (GHG) emissions caused by an organization, event, product, or person.
Climate change	A significant and lasting change in the statistical distribution of weather patterns over periods ranging from decades to millions of years.
Code of conduct	A set of rules outlining the responsibilities of or proper practices for an individual, party, or organization. Related concepts include ethical codes and honor codes.
Fast moving consumer goods	Products that are sold quickly and at relatively low costs.
Greenhouse gas	A gas in the atmosphere that absorbs and emits radiation within the thermal infrared range.
Impact	A change that could have a negative effect on an organization
ISO 14001	Environmental Management System requirement
ISO 18001	Series of standard requirements for Occupational Health and Safety Assessment
ISO 50001	Energy Management System requirements
Materiality	One of the GRI's central reporting principles. It is the threshold at which an issue or indicator becomes sufficiently important that it should be reported.
Precautionary principle	The precautionary principle or precautionary approach states that if an action or policy has a suspected risk of causing harm to the public or to the environment, in the absence of scientific consensus that the action or policy is harmful, the burden of proof that it is not harmful falls on those taking an act.

Pulp	A lignocellulose fibrous material prepared by chemically or mechanically separating cellulose fibers from wood, fiber crops, or waste paper.
Shareholder	A shareholder or stockholder is an individual or institution (including a corporation) that legally owns a share of stock in a public or private corporation.
Stakeholder	A stakeholder (corporate) is a person, group, organization, member, or system that affects or can be affected by an organization's actions.
Sustainability	A business approach that creates long-term consumer and employee value by not only creating a "green" strategy aimed towards the natural environment, but taking into consideration every dimension of how a business operates in the social, cultural, and economic environments.
Sustainable development	A mode of human development in which resource use aims to meet human needs while ensuring the sustainability of natural systems and the environment, so that these needs can be met not only in the present, but also for generations to come.
UN Global Compact	A United Nations initiative to encourage businesses worldwide to adopt sustainable and socially responsible policies, and to report on their implementation.

Data Scope, Sources, and Calculation Basis

Indicator	Scope	Source(s)	Calculation assumptions
Total revenues and employee wages and benefits	FHH collective	Form Finance Department at Corporate Center	NA
Payments to governments	FHH collective	Form Finance Department at Corporate Center	Based on total sum of taxes paid to governments
Percentage variation of average entry-level wage in FHH from local minimum wage	As indicated in the table	Average entry-level wage from HE department at HO, local minimum wage as provided by local regulations published on the World Wide Web	$\frac{\text{Average entry-level wage in business unit}}{\text{Local minimum wage in the country of the business unit}} * 100$
Percentage Saudization	Fine KSA	From HE department in Fine KSA	$\frac{\text{Number of Saudi employees}}{\text{Total number of employees in workforce}} * 100$
Pulp consumption	FHH Paper Mills Jordan, FHH Paper Mills Egypt	Directly from operations departments at business units	Actual consumption data
Percentage of recycled polypropylene granules recycled into manufacturing in non-woven production	SPIC	Directly from production department in SPIC	$\frac{\text{Amount of recycled granules used in production}}{\text{Total amount of granules used in production}} * 100$

Indicator	Scope	Source(s)	Calculation assumptions
Pulp yield	FHH Paper Mills Jordan, FHH Paper Mills Egypt	Directly from operations department	Ratio of consumed pulp to amount of pulp used in production
Electricity consumption, water consumption, fossil fuel consumption, and waste generated	FHH Paper Mills Jordan, FHH Paper Mills Egypt, Fine Jordan, Fine Egypt, Fine KSA, Fine UAE, PPP and SPIC	Sustainability dashboard and business excellence departments at business units	Actual consumption data
Electricity consumption per unit product	FHH Paper Mills Jordan, FHH Paper Mills Egypt, Fine Jordan, Fine Egypt, Fine KSA, Fine UAE, PPP and SPIC	Electricity consumption data provided by the sustainability dashboard, production data provided by technical dashboard, and production departments at business units	$\frac{\text{Total electricity consumption} \times \text{sales share of product category}}{\text{Total production of product category}}$
GHG emissions	FHH Paper Mills Jordan, FHH Paper Mills Egypt, Fine Jordan, Fine Egypt, Fine KSA, Fine UAE, PPP and SPIC	Calculated from energy consumption data based on the GHG protocol formula and the IPCC guidelines and emission factors. Electricity GHG emission factors are taken from the International Energy Agency.	
Total sludge generated	FHH Paper Mills Jordan	From operations department in FHH Paper Mills Jordan	Estimate based on material balance

Indicator	Scope	Source(s)	Calculation assumptions
Employee headcount	FHH Paper Mills Jordan, FHH Paper Mills Egypt, Fine Jordan, Fine Egypt, Fine Morocco, Fine KSA, Fine UAE, FHH Corporate Center	Human Energy (HE) Department at the Corporate Center	Number of employees at year end
Number and rate of new hires	FHH Paper Mills Jordan, FHH Paper Mills Egypt, Fine Jordan, Fine Egypt, Fine Morocco, Fine KSA, Fine UAE, FHH Corporate Center	Human Energy (HE) Department at the Corporate Center	Number of employees hired until year end
Employee turnover rate	As indicated in the table on page 46	Human Energy Department at the Corporate Center	$\frac{\text{Terminated or resigned employees during the year}}{\text{Number of employees at year end}} \times 100$
Accident Frequency Ratio (AFR)	FHH Paper Mills Jordan, FHH Paper Mills Egypt, Fine Jordan, Fine Egypt, Fine KSA, Fine UAE, PPP, SPIC	Directly from health and safety department at business units	$\frac{\text{number of accidents at year end} \times 240000}{\text{total number of working hours at year end}}$
Accident Severity Ratio (ASR)	FHH Paper Mills Jordan, FHH Paper Mills Egypt, Fine Jordan, Fine Egypt, Fine KSA, Fine UAE, PPP, SPIC	Directly from health and safety department at business units	$\frac{\text{Number of lost days at year end} \times 240000}{\text{Total number of working hours at year end}}$

Indicator	Scope	Source(s)	Calculation assumptions
Average number of training hours per employee	FHH collective	Human Energy Department at the Corporate Center	$\frac{\text{Total number of training hours at end of year}}{\text{Total number of trained employees}}$
Percentage of female employees of total workforce	FHH Paper Mills Jordan, FHH Paper Mills Egypt, Fine Jordan, Fine Egypt, Fine Morocco, Fine KSA, Fine UAE, FHH Corporate Center	Human Energy (HE) Department at the Corporate Center	$\frac{\text{Number of female employees at year end}}{\text{Total number of employees at year end}} * 100$
Percentage of female employees in management positions	FHH Paper Mills Jordan, FHH Paper Mills Egypt, Fine Jordan, Fine Egypt, Fine Morocco, Fine KSA, Fine UAE, FHH Corporate Center	Human Energy (HE) Department at the Corporate Center	$\frac{\text{Number of female managers at year end}}{\text{Total number of managers at year end}} * 100$
Organizational health survey score	FHH collective	Human Energy (HE) Department at the Corporate Center	% score based on employee response to the organizational health survey
Number of human rights related grievances	FHH collective	From HE department at the HO	

Indicator	Scope	Source(s)	Calculation assumptions
Community contributions	FHH collective	From PR Agency	Total community contributions at year end
Percentage of employees trained in anti-corruption Policies and Procedures	FHH collective	Audit department at the corporate center	$\frac{\text{\# of employees trained in anti-corruption policies and procedures}}{\text{Total number of employees in the audit department}} * 100$
Number of customer complaints	Fine Jordan, Fine Egypt, Fine KSA	Operations support department and business excellence departments in business units	Number of customer complaints at year end
Average lead time to resolve customer complaints	Fine Jordan, Fine Egypt, Fine KSA	Operations support department and business excellence departments in business units	$\frac{\sum(\text{closing date} - \text{start date})}{\text{Number of complaints at month end}} / \text{Number of months}$
Quality rate for baby diapers	Fine Jordan, Fine Egypt, Fine KSA, Fine UAE, Fine Iran	Technical R&D department at the Corporate Center and production department at business units	$\frac{\text{Total first - grade diapers produced}}{\text{Total diapers produced}}$
Leakage complaints for diapers	Fine Jordan, Fine Egypt, Fine KSA	Operations support department and business excellence departments in business units	Number of leakage complaints about diapers at year end

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G4-5	Location of the organization's headquarters	4
G4-6	Location of the organization's operation sites	4
G4-7	Nature of ownership and legal form	27
G4-8	Markets served	5
G4-9	Scale of the organization	5
G4-10	Employee breakdown	50
G4-11	Percentage of total employees covered by collective bargaining agreements	N/A
G4-12	Organization's supply chain	17
G4-13	Significant changes during the reporting period regarding the organization's size, structure, ownership, or its supply chain	None
G4-14	Precautionary approach or principle is addressed by the organization	29
G4-15	Externally developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes or which it endorses.	22
G4-16	Memberships of associations	3
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G4-23	Changes from previous reporting periods in the Scope and Aspect Boundaries	N/A
G4-24	Stakeholder groups engaged by the organization	31
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G4-28	Reporting period	Cover page
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Indicator	Description	Page
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G4-45	Highest governance body's role in the identification and management of economic, environmental, and social impacts, risks, and opportunities	22
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Indicator	Description	Page
G4-51	The remuneration policies for the highest governance body and senior executives	N/A
G4-52	Process for determining remuneration	51
G4-53	How stakeholders' views are sought and taken into account regarding remuneration	51
G4-54	The ratio of the annual total compensation for the organization's highest-paid individual in each country of significant operations	N/A
G4-55	The ratio of percentage increase in annual total compensation for the organization's highest-paid individual in each country of significant operations	N/A
G4-56	Values, principles, standards, and norms of behavior, such as codes of conduct and codes of ethics	6
G4-57	The internal and external mechanisms for seeking advice on ethical and lawful behavior, and matters related to organizational integrity, such as helplines or advice lines	22-23
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G4-EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change	40
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G4-EC6	Proportion of senior management hired from the local community at significant locations of operation	45

Indicator	Description	Page
G4-EC7	Development and impact of infrastructure investments and services supported	N/A
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G4-EN8	Total water withdrawal by source	40
G4-EN9	Water sources significantly affected by withdrawal of water	N/A
G4-EN10	Percentage and total volume of water recycled and reused	41
G4-EN11	Operational sites owned, leased, managed in, or adjacent to protected areas and areas of high biodiversity value outside protected areas	N/A
G4-EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas	N/A
G4-EN13	Habitats protected or restored	N/A
G4-EN14	Total number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk	N/A

Indicator	Description	Page
G4-EN15	Direct greenhouse gas (GHG) emissions (Scope 1)	37-39
G4-EN16	Energy indirect greenhouse gas (GHG) emissions (Scope 2)	N/A
G4-EN17	Other indirect greenhouse gas (GHG) emissions (Scope 3)	N/A
G4-EN18	Greenhouse gas (GHG) emissions intensity	37-39
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G4-EN20	Emissions of ozone-depleting substances (ODS)	N/A
G4-EN21	NOX, SOX, and other significant air emissions	N/A
G4-EN22	Total water discharge by quality and destination	N/A
G4-EN23	Total weight of waste by type and disposal method	37
G4-EN24	Total number and volume of significant spills	None
G4-EN25	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention ² Annex I, II, III, and VIII, and percentage of transported waste shipped internationally	37
G4-EN26	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the organization's discharges of water and runoff	N/A
G4-EN27	Extent of impact mitigation of environmental impacts of products and services	None
G4-EN28	Percentage of products sold and their packaging materials that are reclaimed by category	N/A
G4-EN29	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	51
G4-EN30	Significant environmental impacts of transporting products and other goods and materials for the organization's operations, and transporting members of the workforce	N/A

Indicator	Description	Page
G4-EN31	Total environmental protection expenditures and investments by type	N/A
G4-EN32	Percentage of new suppliers that were screened using environmental criteria	17
G4-EN33	Significant actual and potential negative environmental impacts in the supply chain and actions taken	30
G4-EN34	Number of grievances about environmental impacts filed, addressed, and resolved through formal grievance mechanisms	30
G4-HR1	Total number and percentage of significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	50
G4-HR2	Total hours of employee training on human rights policies or procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained	50
G4-HR3	Total number of incidents of discrimination and corrective actions taken	50
G4-HR4	Operations and suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and measures taken to support these rights	50
G4-HR5	Operations and suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor	50
G4-HR6	Operations and suppliers identified as having significant risk of incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor	50
G4-HR7	Percentage of security personnel trained in the organization's human rights policies or procedures that are relevant to operations	N/A
G4-HR8	Total number of incidents of violations involving rights of indigenous peoples and actions taken	N/A
G4-HR9	Total number and percentage of operations that have been subject to human rights reviews or impact assessments	N/A

Indicator	Description	Page
G4-HR10	Percentage of new suppliers that were screened using human rights criteria	50
G4-HR11	Significant actual and potential negative human rights impacts in the supply chain and actions taken	N/A
G4-HR12	Number of grievances about human rights impacts filed, addressed, and resolved through formal grievance mechanisms	50
G4-LA1	Total number and rates of new employee hires and employee turnover by age group, gender, and region	45-49
G4-LA2	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation	45-49
G4-LA3	Return to work and retention rates after parental leave, by gender	45-49
G4-LA4	Minimum notice periods regarding operational changes, including whether these are specified in collective agreements	N/A
G4-LA5	Percentage of total workforce represented in formal joint management - worker health and safety committees that help monitor and advise on occupational health and safety programs	Not Reported
G4-LA6	Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender	52
G4-LA7	Workers with high incidence or high risk of diseases related to their occupation	N/A
G4-LA8	Health and safety topics covered in formal agreements with trade unions	N/A
G4-LA9	Average hours of training per year per employee, by gender and by employee category	45-49
G4-LA10	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	45-49

Indicator	Description	Page
G4-LA11	Percentage of employees receiving regular performance and career development reviews, by gender and by employee category	45-49
G4-LA12	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity	45-49
G4-LA13	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation	N/A
G4-LA14	Percentage of new suppliers that were screened using labor practices criteria	17
G4-LA15	Significant actual and potential negative impacts for labor practices in the supply chain and actions taken	N/A
G4-LA16	Number of grievances about labor practices filed, addressed, and resolved through formal grievance mechanisms	45-49
G4-PR1	Percentage of significant product and service categories for which health and safety impacts are assessed for improvement	52
G4-PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services during their life cycle, by type of outcomes	52
G4-PR3	Type of product and service information required by the organization's procedures for product and service information and labeling, and percentage of significant product and service categories subject to such information requirements	55
G4-PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes	41
G4-PR5	Results of surveys measuring customer satisfaction	55
G4-PR6	Sale of banned or disputed products	55
G4-PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship, by type of outcome	55

Indicator	Description	Page
G4-PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	N/A
G4-PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	55
G4-SO1	Percentage of operations with implemented local community engagement, impact assessments, and development programs	42-44
G4-SO2	Operations with significant actual or potential negative impacts on local communities	33, 41
G4-SO3	Total number and percentage of operations assessed for risks related to corruption and the significant risks identified	55
G4-SO4	Communication and training on anti-corruption policies and procedures	55
G4-SO5	Confirmed incidents of corruption and actions taken	55
G4-SO6	Total value of political contributions by country and recipient / beneficiary	Not Reported
G4-SO7	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes	N/A
G4-SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	55
G4-SO9	Percentage of new suppliers that were screened using criteria for impacts on society	17
G4-SO10	Significant actual and potential negative impacts on society in the supply chain and actions taken	N/A
G4-SO11	Number of grievances about impacts on society filed, addressed, and resolved through formal grievance mechanisms	55

Date: October, 2018
The Board of Directors

FHH
P.O. Box 154
Amman 11118, Jordan

FHH Stakeholder Council: Independent Assurance Statement

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

Functions and Duties of the Stakeholder Council:

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

Stakeholder Council Members

Stakeholder Group	Member/Organization
Owners	Dima Haddadin - FHH
Employees	Nicola Billeh - FHH
Customers	Amani Abu Hilal - Pharmacy One
Suppliers	Kristin Dannemiller - International Paper
Community/NGOs	Yazan Majaj - Q Perspective
Public Relations	Mirna Khoury - PR Rep. FHH

Review Approach

The sustainability assurance process was planned and organized by the Corporate Communication department at FHH, whereby all members of the stakeholder council were invited to convene to review mandate, scope and expected outcomes of the assurance review. Members were provided with the draft of FHH's 2017 sustainability report alongside a checklist formulated in accordance with the Global Reporting Initiative (GRI) report content and quality parameters and tests.

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

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

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

Level of Assurance

This assurance statement is designed to obtain third party endorsement from all stakeholder representatives regarding all report content and quality parameters as prescribed by the GRI G4 reporting guidelines.

Scope of Assurance

The scope of assurance covers information and indicators reported in the FHH's 2017 Sustainability Report and the procedures and processes related to data collection and presentation.

Observations and Conclusions:

The observations on the report are as follows:

Report Content

Materiality: this report takes into consideration all topics (and included associated indicators) that reflect the organization's significant economic, environmental, and social impacts, or that would substantively influence the assessments and decisions of stakeholders (as addressed in materiality analysis matrix). This includes main issues raised by stakeholders, or reported by peers, competitors and industry association, national and regional laws and regulations, international agreements and standards and guidelines including the GRI G4 Reporting Guidelines. Moreover, as exemplified in the materiality analysis matrix, the key sustainability issues are prioritized according to impact on the organization as well as stakeholder concern.

Stakeholder inclusiveness: the report identifies all key stakeholders and outlines how they are engaged by FHH on regular basis, FHH's understanding of their interests and expectations, and how the organization has responded to these interests and concerns. FHH has established a stakeholder council in order to proactively engage all key stakeholders for the purposes of developing the content of this report.

Sustainability context: the report takes into consideration the sustainability context of FHH's operations, taking into account global sustainable development agendas and trends such as the UN Global Compact. The report presents performance in a manner that attempts to communicate the magnitude of the impact and contribution within the appropriate geographical context. The report also describes how sustainability topics relate to long-term organizational strategy, risks, and opportunities including supply-chain topics.

Completeness: the scope of the report pertains to all entities directly owned by FHH and covers and prioritizes information that should reasonably be considered material on the basis of the principle of materiality, sustainability context and stakeholder inclusiveness. It sufficiently reflects significant economic, environmental and social impacts related to the reporting period, and enables stakeholders to objectively assess the reporting organization's performance in the reporting period.

Report Quality:

Balance: the report presents both the favorable and unfavorable performance results for FHH, as it presents information in a format that allows users to see positive and negative trends in performance on a year-to-year basis. Moreover, the report emphasizes issues as demonstrated in the materiality analysis matrix.

Comparability: **Wherever possible** the report provides year by year data, and have attempted **wherever possible** to follow the GRI G4 Indicator Protocols in order to facilitate comparison of FHH performance against industry peers and other companies using the same reporting protocol.

Accuracy: the report indicates where estimations or other limitations to the data are involved; it also adequately describes the data measurement techniques and basis for calculations. **As most of the information presented is based on actual performance data**, the margin of error for quantitative data is not considered sufficient to substantially influence the ability of stakeholders to reach appropriate and informed conclusions on performance. The qualitative assessments in the report are considered valid **on the basis of other reported information and other available evidence**. There are no GRI Fast Moving Consumer Goods (FMCG) sector supplements that can be used for this report.

Timeliness: FHH's sustainability report is published annually in July in accordance with its commitment to the UN Global Compact. However, this year the report was published in October due to internal changes. Data collection for the report is conducted on monthly basis through their Sustainability Dashboard.

Clarity: Sustainability is a relatively new concept in the region and as such the report provides **introductory information where useful** to facilitate reader understanding of the report content. The report is only provided in English and is accessible to all stakeholders via the World Wide Web.

Reliability: the information and processes used in the preparation of this report are gathered, recorded, compiled, analyzed and disclosed in a way that is subject to examination and that establish quality and materiality of the information.

On Behalf of the FHH Stakeholder Council.
Yazan Majaj



Chairperson