



## COMMUNICATION ON PROGRESS (COP)

Period covered by the Communication on Progress (COP)

From: December 2018

To: November 2019

### STATEMENT OF CONTINUED SUPPORT BY THE CHIEF EXECUTIVE OFFICER

December 3rd, 2019

To our stakeholders,

I am pleased to confirm that Malia Group remains committed to the Ten Principles of the United Nations Global Compact in the areas of Human Rights, Labour, Environment and Anti-Corruption.

The UN Global Compact principles are consistent with Malia Group business principles which guide our decision-making and actions. The Ten Principles are incorporated in our Code of Ethics that is published on our website for free consultation and confirms our long term commitment to said principles.

We here present our approach to the UN Global Compact Principles for 2019 and describe undertaken actions to continually improve the integration of said principles into our business strategy, culture and daily operations.

Sincerely yours,

Joanne Chehab  
Chief Executive Officer  
Malia Group

A handwritten signature in blue ink, appearing to be "Joanne Chehab".



## DESCRIPTION OF ACTIONS

### Human Rights

Malia Group recognizes that human rights are an integral part of corporate citizenship. The UNGC human rights principles are embodied in Malia Group's key policies, particularly our Code of Ethics.

Our policies outline how:

- We treat people fairly, with dignity and pursue equality of opportunity and inclusion for all employees
- We recruit and develop our people on merit, irrespective of age, race, color, origin, gender, religion, disability, impairment, political belief, family status, marital status or sexual orientation
- We ensure workers are provided safe, suitable and sanitary work facilities through (i) the availability of a company doctor and mandatory pre-recruitment and continuous medical tests, (ii) the availability of a suitable cleaning plan, (iii) the availability of Firefighting and Fire Alarm system and (iv) the availability of workmen compensation insurance for all employees
- We strive to provide all employees with a workplace that is an enjoyable and without risks to safety and health: (i) awareness sessions are given during on boarding period focusing on the fact that at Malia Group we must treat each other with honesty, integrity and, above all, respect, (ii) the Code of Ethics encourages all employees to report any deviations from it to management, HR and/or Business Conduct Committee, and (iii) take measures to eliminate ingredients, defects or side-effects that could harm or threaten human life and health during manufacturing, usage or disposal of products by installing filters where needed, and providing manufacturing sites' workers with protective clothing and equipment

We are all Winners initiative: In addition to our existing programs that care for our employee's wellbeing – Health wise, Malia Group launched in March 2019 the Malia Group biggest weight loss competition. In collaboration with NFL clinic, Malia Group team members were set meal plans with goals to achieve and six follow-up sessions with a dietitian to make sure they made the scale.

CSR program: On top of supporting local charities and helping people in need through our company foundation, we teamed up with FabricAid to provide disadvantaged communities with clothes at micro-prices – ranging from 0.35\$ to a maximum of 2\$ per item. As part of our #MaliaGroupGivesBack campaign, Malia Group employees contribute by collecting clothes and shoes and placing them in the FabricAid Bins located in specific places at our different premises.



## Labor

Malia Group does not use forced and compulsory labor or child labor and supports freedom of association.

Malia Group Internal Labor Regulation is approved by the Lebanese Ministry of Labor and is compliant with Lebanese labor law and applicable international conventions.

We comply with minimum wage standards.

All employees are registered in the National Social Security and their full wages are declared.

We ensure that employment-related decisions are based on relevant and objective criteria:

- Competency based interviews and assessment for the selection of suitable candidates
- Application of performance management system as a base for career development and salary reviews / bonus distribution
- Application of job evaluation / job classification system for compensation and benefits related matters
- Conducting leadership potential assessments in collaboration with an external psychometric testing provider, and setting of Career Planning and Succession Planning systems to ensure business development and the retention and motivation of our employees

Malia Group encourages and respects individuals and this is one of our core values across all of Malia Group member companies. We aim to promote an inclusive culture within all our member companies and our community where everyone is involved, respected, and connected.

We ensure equal treatment and opportunities for all employees, regardless of age, race, color, origin, gender, religious beliefs, disability, family or marital status, or sexual orientation.

In 2019, the following actions were taken with respect to the law outlining that public and private employers with more than 60 employees must have at least 3% of their total workforce with special needs:

- Awareness session by Arcenciel (NGO) took place to raise awareness about People with Disabilities (PwDs), emphasize the importance of hiring people with disabilities and ensure and secure the right integration of PwDs in the company
- Three candidates with disabilities were hired in 2019

## Environment

We support a precautionary approach to environmental challenges:

- Plants and generators are equipped with suitable filters
- Regular preventive maintenance and checks for filters, machines and generators
- HEPA Filters on Exhausts
- Checks the Generators' emissions
- Implementation of BMS (Building Maintenance System) to optimize the use of electricity
- Domestic waste sent to the municipality and its quantity is approximately stable for the last 3 years
- Emergency procedures are available for Cosmaline and Pharmaline as part of the ISO 14001 system
- Main Procedures are for Fire, Spills, Accidents and First Aid measures
- Materials are handled according to their Material Safety Data Sheet MSDS
- Procedure for storage and handling materials is available as part of ISO 14001 system

We undertake initiatives to promote greater environmental responsibility; and encourage the development and diffusion of environmentally friendly technologies:

- Recycled bins installed in all premises: Nylon, Cartons and Plastic are recycled
- Waste water is treated by biodegradable enzymes. The idea of having a waste water treatment plant is elaborated and we are currently assessing its technical feasibility
- Double sided photocopying is installed on all photocopiers
- Currently evaluating the feasibility of having a solar energy system in the plants
- Suitable dedicated area for flammable materials

## Anti-Corruption

Malia Group is committed to achieving a high standard of ethical behavior when doing business. Its member companies conduct their business in a legal and ethical manner and operate a zero-tolerance attitude to fraud. The main standards and regulations applicable to Malia Group and its member companies are the UNGC principles and designated persons by OFAC. We comply with their requirements.

On the other hand, Malia Group enters in partnership with international Groups as a licensee, distributor, manufacturer, or other. Such Groups have their ethics and compliance standards, anti-corruption and anti-bribery policies that they incorporate into contract, and with which we comply.



Additionally, starting year 2018 we request every supplier we deal with to sign a declaration agreeing to the international principles of compliance, transparency, disclosure, ethics and fairness.

Our internal procedures support the company's anti-corruption commitment. The Ten Principles of the UNGC are incorporated into our Code of Ethics. Whenever employees are newly recruited, they sign on the Code of Ethics and Internal Regulations.

We have as well systems implemented to ensure quality and transparency to eliminate corruption. For instance, it is by system that for purchasing matters, three or more quotations from different vendors are requested, and then audited by the procurement auditor, to ensure non-bias and eliminate the risk of corruption.

Additionally, the Audit function is present at all levels: an internal audit function audits the financials and procedures of the businesses. Said function reports to the Audit, Risk and Compliance Committee, constituted of the independent members of the Board of Directors; in addition, Deloitte audits the financials and procedures of the Group at standalone and consolidated level; a third audit happens where needed, for instance principals who audit our facilities.

## MEASUREMENT OF OUTCOMES

22 Nationalities; Gender equality is respected.

Age Bracket	Headcount
18 to 20 years	1.69%
20 to 25 years	15.86%
26 to 30 years	27.06%
31 to 35 years	20.76%
36 to 40 years	10.23%
41 to 45 years	8.35%
46 to 50 years	5.69%
51 to 55 years	5.45%
56 to 60 years	3.09%
60+ years	1.82%





Rate of occupational diseases, injuries, and absenteeism:

- Availability of sick leave database with obligation of the employee to submit a medical report with 24 hours of sickness
- Availability of work accident database to store the reason and take suitable corrective action after a work accident
- Availability of annual and exit leave policy and procedure and database system that stores employees absence

Percentage of recycled materials: Around 10%

