



COMMUNICATION ON PROGRESS (COP)

Period covered by the Communication on Progress (COP)

From: December 2019

To: November 2020

STATEMENT OF CONTINUED SUPPORT BY THE CHIEF EXECUTIVE OFFICER

December 1, 2020

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 principle which guides 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 to assure our stakeholders that it is an integral part of our mission and vision to be a sustainable business.

We here present our approach to the UN Global Compact Principles for 2020 and describe our 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

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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, religious beliefs, disability, family or marital status, or sexual orientation: we recognize that we are all different and our differences can include our age, marital status, parental status, race, religion, disability or impairment, political belief, gender and sexual identity. We must respect these differences and not treat people unfairly because of these differences.
- We ensure workers are provided safe, suitable and sanitary work facilities through (i) the availability of company doctor and mandatory pre-recruitment and continuous medical tests, (ii) the availability of adequate number of cleaners to handle facility cleaning as per set schedule / 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 safe place to work by ensuring a workplace 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 (i) installing filters where needed, and (ii) providing manufacturing sites' workers with protective clothing and equipment.

Covid19 and Lebanon Economic and Financial Crisis

- Many actions were taken to safeguard the well-being and security of employees i.e. renting extra vans to avoid having 2 members per seat, work from home when possible, providing masks/shields, gloves, sanitizers to all, taking temperatures, employee distancing, continuous sanitization of premises...
- We recruited security guards in all our sites.
- We revised our compensation system to compensate part of the Lebanese Pound (LBP) devaluation.
- We offer our financial support when employees have difficulty coping with health and educational spending.



CSR programs

- Since October 2019 as part of our #MaliaGroupGivesBack campaign, 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. Malia Group employees wishing to participate in this campaign can collect clothes and shoes they no longer need or want and place them in the FabricAid Bins located in specific places at our different premises.
- Following the August 4th explosion, we helped our community cope with this tragedy: financial support to employees who needed help to finance works at home/broken car's glass; financial support to our clients (pharmacies, salons...) who suffered from heavy material damage; financial support to hospitals/schools to help rebuild the damaged infrastructure; financial support to NGOs to help them execute their missions; free products to hospitals and NGOs.

Labor

Ensure that the company does not participate in any form of forced or bonded 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.

Comply with minimum wage standards

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

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

Elimination of discrimination in respect of employment and occupation

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.

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Malia Group always ensures equal treatment and opportunities for staff, regardless of age, race, color, origin, gender, religious beliefs, disability, family or marital status, or sexual orientation.

In compliance with the Lebanese Ministry of Labor's decision to start implementing 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, six candidates with disabilities were hired in 2020, whereas three resigned for personal reasons. Currently, Malia Group employs three Operators with hearing problem (deaf) working at its manufacturing facilities.

In 2020 the following actions were taken in this regard:

- 1- Updated database including disability type(s) versus Malia Group job vacancies (all job positions), is now available.
- 2- The talent acquisition team conducted an online training session by ProAbleD on recruiting techniques for people with disabilities.

Malia Group is constantly looking for potential candidates with disabilities but the difficulties remain with the ability of the concerned NGOs to provide adequate profiles.

Environment

Businesses should support a precautionary approach to environmental challenges

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

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

- 1- Recycled bins installed in all premises: Nylon, Cartons and Plastic are recycled.
- 2-Waste water is treated by biodegradable enzymes. The idea of having a waste water treatment plant is elaborated; two offers are in hand to assess technical feasibility.
- 3- Double sided photocopying is installed on all photocopiers.
- 4-Contact suppliers to investigate the feasibility of having solar energy system in the plants.
- 5-Suitable dedicated area for flammable materials



6- At Cosmaline (a Malia Group subsidiary), we know that it takes a community to ensure a healthier and happier planet for all. As such 100 Cosmaline recycling bins were installed in supermarkets all over Lebanon for consumers to drop their used plastic bottles that are later collected and turned into flower pots.

Anti-Corruption

Assess the risk of corruption when doing business + Mention “anti-corruption” and/or “ethical behavior” in contracts with business partners

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.

Ensure that 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 of the Group at standalone and consolidated level; a third audit happens where needed, for instance principals who audit our facilities.

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MEASUREMENT OF OUTCOMES

Demographics of management and employees broken down by diversity factors (e.g., gender, ethnicity, age, etc.)

19 Nationalities; Gender equality is respected.

Age Bracket	Headcount
18 to 20 years	2.12%
20 to 25 years	17.55%
26 to 30 years	25.05%
31 to 35 years	21.42%
36 to 40 years	11.49%
41 to 45 years	6.87%
46 to 50 years	5.68%
51 to 55 years	5.25%
56 to 60 years	2.62%
60+ years	1.94%

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%

