

I. STATEMENT OF CONTINUED SUPPORT

Whereas 2018 was a solid year in approaching sustainability for Fattal group, 2019 and 2020 were exceptionally challenging years at all levels. The economic and political state that engulfed the company's operations in Beirut were by far the worst since the inception of the country as a modern nation. A banking system that fell totally apart, a drastic devaluation of the Lebanese pound coupled with incessant political corruption led to a generalized collapse.

In the midst of the turmoil, we succeeded in dealing with the rampant impoverishment process, adjusting wages and benefiting all Lebanon employees from a social assistance fund addressing their devaluated earnings.

The August 4 2020 Beirut Port explosion brought about an unseen level of solidarity involving the Group as well as a handful of local and international partners. The company deeply struggled to maintain its commitment to the community deploying gigantic efforts to stand by devastated employees and their families. The result, a reconstruction fund initiated to help the workforce rebuild their homes and recover other belongings.

Thanks to the Group's resilience and core values of COURAGE, RESPECT, SHARING and TRUST, we conducted minimal restructuring abiding by the highest levels of ethics as to layoffs, labor laws and human rights.

To enforce our commitment to quality education, a cause deeply at stake, The Fattal Group charity organization (Our Lady of Hope Foundation) elected a new board of trustees and reviewed its donations strategy according to the prevailing situation. A special call to action was initiated by Fattal Group, involving many stakeholders in support of the foundation mission.

The COVID-19 pandemic, which knew no geographical borders, added tremendous complexity to the situation, calling upon our regional sense of survival on both a business and a human capital level. Sanitary precautions, working from home policies and medical follow up were given top priority across the Group's headquarters in Lebanon and affiliates in the MENA allowing a good containment of the virus spread inside the workplace. A process planned for 2021 was put in place in view of a massive vaccination of our employees and their immediate family members; hence, contributing to the herd immunity in Lebanon.

Despite the turbulent situation, Fattal Group will remain true to its commitment to the UNGC 10 principles and to the Sustainable Development Goals of *Zero Hunger, Good Health & Wellbeing, Quality Education, Climate Action and Partnership for the Goals*.

The Group CSR department will follow suit and continue to carry on its activities engaging our workforce to support the company's pledge for sustainability through the 4 pillars of: Employee Wellbeing, Environment, Empowerment to Community and Education.

Bertrand Fattal



Senior Vice President

II. DESCRIPTION OF ACTIONS

Human Rights



i. Employee Wellbeing

Despite the many challenges on the economic, political, social and sanitary level, Fattal Group never stopped believing in employees' rights to Good Health, Wellbeing and Safety. Accordingly, internal and external sports tournaments continued to be organized through the summer seasons of 2018 and 2019 involving at least 160 participants. The company gym kept its doors open until it was not anymore safe to do it due to the spread of the Covid-19 pandemic.

Online yoga classes were organized instead and most of all, the company kept its popular hiking programs, until the first quarter of 2020 with at least 15 different tracks over 3 years involving an average of 50 hikers and their friends per track.

Further, on the wellness and health front, Fattal Group organized in 2018, a free diabetes and eye testing campaign for the company's workforce. At least 500 employees were involved in the testing. In July 2019, the Group launched the 'Wellness Month' a series of collective workshops raising awareness on topics such as body composition, cholesterol, heart disease, managing stress, the benefits of biking etc. The wellness month involved around 350 colleagues from across the company's different business entities.

Throughout 2018 and 2019 several in-house Fire and Safety Prevention sessions as well as First aid trainings were provided by HR involving circa 250 employees working in both offices and warehouses. An external program conducted off premises took place tackling Occupational Health and Safety Management System (ISO 45001:2018).

Seniority Celebrations (300 colleagues over 3 years) organized by HRD and held in small crowds were organized throughout 2018 and 2019 and kept through early 2020. Award Ceremonies rewarding business performance taking place in the summer and involving at least 500 people per ceremony, were held through 2018 and 2019 and totally stopped in 2020 because of the Covid-19 outbreak. Company large-scale gatherings such as end-year celebrations were systematically paused throughout 2020.

At least 200 training and development sessions in several different business fields involving 3,800 registrations were delivered across the company in 2018 - 2020 including Induction, Onboarding and Integration programs for new joiners.

In 3 years, 8 Talks delivered by experts in the field were organized by the Fattal Group CSR Department and conducted either offline or online to raise awareness among employees about miscellaneous topics ranging from inspiring women to toxic fumes. At least 140 employees participated to the talks.

The yearly Back to School initiative in partnership with Eastpak and involving the collection of used backpacks took place as usual in 2018 through 2019 and continued in 2020 despite the pandemic. More than 900 employees were engaged in the program and at least 200 underprivileged kids

benefited from donated school bags. To cope with the financial situation, the 2020 Back to School special edition included offering a wide variety of school furniture at much discounted prices.

Between 2018 and the first quarter of 2020, circa 550 employees and their children were engaged in kids and youth related programs designed and implemented by the Fattal Group CSR department. Most of the programs took place on premise, allowing kids to discover their parents' workplace and for some of them, dream about what they wish to become.



ii. Empowerment to Community

Away from philanthropy, Empowerment to Community as seen by Fattal Group is an inclusive process whereby the Fattal workforce itself is engaged in each initiative or event targeting the community at large. The Group CSR Department is particularly active in planning and implementing projects that answer the community most pressing needs, sensitizing colleagues along with their families and friends to support the advocated causes.

In 2018 through 2020, Fattal Group supported at least 25 Lebanese and global not-for-profit organizations by empowering them in their mission, strategy and activities.

By collaborating with the LMTA - Lebanese Mountain Trail Association (www.lebanontrail.org) and Eco Consulting (www.ecoconsulting.net) and in partnership with HOLDAL Group, we established 5 years ago, an Environmental Championship Program whereby each year, around 80 kids are enrolled in a 1-week educational camp to learn about nature and ways to protect the environment. In 2021, and due to the lockdown restrictions, the program was exceptionally run online and the young champions were awarded schooling grants for their parents to cope with the economic crisis.

Through partnering with Fabric Aid (www.fabricaid.me), we succeeded in helping establish a socially and environmentally conscious value-chain for the apparel industry by installing collection bins for used cloths in the company premises and the surrounding area. In 2018 through 2019, our collaboration resulted in the collection of circa 1/2 Ton of fabric (used cloths in good condition), which were later reconditioned for sale to underprivileged communities at symbolic prices.

With the Children's Cancer Center of Lebanon (www.cccl.org.lb), we are committed every year to offer the proceeds of selling flowers on Valentine's Day, February 14 being close to the World Cancer Day (February 4).

'Ardi Ardak' or 'My land is your land' is a sustainable development initiative by the American University of Beirut (AUB) in partnership with the Lebanese League for Women in Business (LLWB) and the Food Heritage Foundation (FHF). By collaborating with Ardi Ardak, we distribute to the Fattal employees since 2020, more than 1000 organic vegetable and herbs seed bags and seedlings for personal and home planting.

Our partnership with Beit El Ataa' NGO, is meant to support the surrounding community around Fattal Group headquarters in Beirut. Through employee volunteering, we serve food to around 100 underprivileged elderly at lunchtime on a weekly basis. In addition, we provide basic food and personal care items to cater for their everyday needs. Due to physical distancing our involvement in 2020 consisted in personal financial donations. This partnership also engages our commercial entities in continuous products donations.

We support several other local and international organizations whose impact on the community meets our CSR objectives such as Couvent des Soeurs du Bon Pasteur (Marginalized Young Women), Donner Sang Compter (Blood Bank), LiveLoveBeirut (Beirut Relief), Beit El Baraka (Beirut Relief), Injaz Lebanon (Academic Education), Muwatneen Lebneen (Beirut Relief), the Lebanese Red Cross, the Lebanese Food Bank, Malta Order and the UNGC.

Our Internship programs are a major pillar of our support to the community as the Group HR Department works hard to welcome each year 40 interns from several universities for a period of 2 months. Interns are coached by Fattal managers and assigned varied and enriching tasks. Each year, a handful of capable interns end up being recruited by us for a full time job.

In 2020 and for COVID-19 related reasons, the Fattal Internship program was halted in order to abide by the necessary precautionary measures.

Interns are also often involved in CSR programs whereby they are trained on sustainability, and deliver specific projects in support of the community which they present at the end of their internship program.

iii. The COVID-19 Pandemic

Fattal Group started dealing with COVID-19 pandemic as early as March 2019 by enforcing precautionary measures and raising awareness about the importance of wearing masks, sanitizing hands and maintaining physical distancing. Across all our branches and affiliates in Lebanon and abroad, offices and warehouses were regularly disinfected.

Working from home policies were issued by the HR department and implemented widely in order to ensure business continuity. Infected employees were dismissed from work as soon as tested positive along with their colleagues and/or departments with whom they would have had a direct contact.

A COVID-19 emergency team from the HR department was assigned the handling of the pandemic. The company doctor as well as international trusted guidelines mainly the WHO's, were followed towards a minimization of infections.

With the economic collapse in Lebanon, all PCR tests were centralized and provided to employees free of charge regardless of their number and on a timely basis, by dealing with a specific hospital as a service provider.

Four portable oxygen machines were offered to employees and their families on a free of charge basis. Covid-19 positive case count reached 170 in Lebanon until December 2020 while only 2% of the total cases were a result of contamination on premises, thanks to the persistent efforts deployed by the HR department.

The CSR department provided several online activities such as yoga or gym classes, to help in the relief of stress generated by the repetitive confinements.

And finally, the HR department in cooperation with the company's Healthcare Division initiated a project to be carried on in 2021 in view of providing free of charge COVID-19 vaccine to the entire Fattal community in Lebanon along with their immediate family members.



iv. August 4 2020 Beirut Explosion Community Relief

The August 4 2020 Beirut Port explosion killed more than 200 people, left more than 6,500 injured, 300,000 people homeless, and severely damaged critical health infrastructure and medical supplies. Fattal witnessed an unparalleled spirit of giving in response to the tragedy. The immediate reaction to the blast was a spontaneous response by the CSR department whose members and their friends went on the streets the following day of the tragedy distributing food, giving a hand to the devastated people. Later on, when organized initiatives started to be put in place, the Fattal CSR department was involved at all levels in both facilitating the donations granted by suppliers and the Group commercial entities, and engaging internally the Fattal community to address the needs emerging from all sides. With the economic downturn and the COVID-19 outbreak, Fattal CSR Committee with the help of the Group's workforce managed to vehicle donations to several trusted NGOs. Several amazing and sizable humanitarian initiatives took place thanks to years of fruitful business relationships and trust between Fattal commercial entities and suppliers from all over the world such as Unilever, Evian, Lorenz, Electrolux, California Garden, AB-Inbev, Korkmaz, Johnson & Johnson and several others.

In addition to our suppliers', our own initiatives had an important impact in relieving the devastated communities as we distributed basic necessities through trusted NGOs such as Beit El Baraka, The Lebanese Food Bank, Arcenciel, St. Vincent de Paul, Malta Order and the Lebanese Red Cross. We also made sure to contribute to the UNGC's Relief Plan through the 'Lira Betshabe3 initiative' launched by the UNGC Lebanon team.



v. The Fattal Foundation

In 2018 through 2020, Our Lady of Hope Foundation (the Fattal charity organization for education), continued to pursue its mission despite the many challenges. Schooling grants to kids of families whose financial means have been compromised continued to be distributed. On average, 450 school students benefited from schooling grants on a yearly basis in the period ranging from 2018 till 2020.

Under the Covid-19 pandemic, the Fattal Foundation had a key role in the distribution of a Unilever \$100K aid of sanitizing products to schools. And in 2020, the Fattal Foundation elected a new board to reflect its renewed commitment to education and the changing dynamics of the Lebanese society prey to unparalleled educational challenges related to the collapse of the Lebanese economy.



Labor

i. August 4 2020 Beirut Explosion Employee Relief Fund

Given the scale of the damages incurred by Fattal employees as a result of the Beirut Port explosion, Fattal Group allocated a sizable contribution to compensate each colleague depending on the damages level. Funds collected through a special relief appeal to several international suppliers out of

whom Boucheron and Bacardi reacted positively, helping in alleviating the weight of the unexpected financial disbursement.

A special crisis unit lead by the HR, the CSR and the Properties and Facilities departments was created to cater for the remittance of individual compensations. Employees' files were treated case by case and the damages categorized by level of destruction. 135 concerned colleagues received a financial help covering their needs to rebuild or repair their houses, cars or other belongings. Insurance companies having waved any coverage, the relief was deeply appreciate by the Fattal workforce in Lebanon.

ii. Employee Social Assistance

In 2020 and in addition to the fund allocated to relief Lebanon employees from the destruction generated by the Beirut Blast, Fattal Group immediately reacted to the massive impoverishment process generated by the collapse of the economy. The company offered employees in Lebanon a 25% advance on cost of living followed by a monthly social assistance meant to alleviate the consequences of an ill-fated economy.

Environment



i. Recycling

Whereas previously, our focus was on paper, cardboard and plastic bottle caps; in 2019 we launched a company-wide program consisting in collecting and sorting a comprehensive array of waste. For that, 300 recycling bins were installed all across the company premises (offices, warehouses and outside areas) to collect and sort plastic, metal, organic and paper waste in addition to cardboard, nylon, electronic waste and batteries.

In 2018 through 2020, we collected and sent for recycling 580 Tons of paper and cardboard waste, 62 Tons of Nylon and Plastic waste, 600 Kgs of Metal and Aluminum waste and 220 pieces of electronic waste.

ii. Energy Consumption

In 2018 through 2020 we completed the sizable project of shifting to LED technology lightning across our warehouses. Although we planned to replace the company electric generators with environmentally cautious exhaustion engines, the economic collapse hitting Lebanon prevented us from carrying the project towards completion. For the same reason, our plan to install photovoltaic cells on the roofs of 2 of our major warehouses was postponed.

iii. Carbon Footprint Calculation

In 2016, Fattal Group was the first distribution company in Lebanon to calculate the carbon footprint of its operations in view of taking remedying actions on a scientific basis. The pilot project includes

the Group Healthcare warehouses in Beirut and FMCG warehouses in the North of Lebanon. In 2018, a GHG Audit was conducted successfully thanks to our partnership with V4 Advisors. The result, we managed to reduce carbon emissions by 35%.

iv. Nature Preservation

In 2018, with UNDP and LIVELOVEBEIRUT we organized an empty hunting cartridges cleaning day. In 2020, to curb the effect of deforestation, a group of Fattal employees in partnership with Jouzour Loubnan (A Lebanese NGO), planted 100 cedar trees in the region of Kfardebian. In 2020, we donated funds for the creation of a new trail in the Cedars forest of Maasser El Shouf, one of the most important natural reserves in Lebanon. Such initiative comes as an integral part of our commitment to preserve Lebanon's beautiful environment.

v. Change For Green

In 2019, the month of August was dedicated to environment under the 'Change For green' moto. Typical activities included the introduction of the carpooling concept, an office cleaning drive, an incentive to use eco-bottles with Tupperware (270 bottles involved), and the yearly back-to-school campaign proposing to Fattal workforce and their friends to donate old backpacks intended for reuse, in partnership with Eastpak (70 backpacks donated).



Anti-Corruption

i. Company Code of Ethics

The Fattal Group Code of Ethics updated regularly is an official document signed by all employees upon the completion of the recruitment process. The document binds its signatories to ethical and professional behavior in the workplace. By signing the document, employees commit to value and safeguard relationships with the company customers, suppliers and with their fellow colleagues. Hence, new recruits commit to respect the privacy of their coworkers, work towards a safe and healthy working environment, keep the workplace free of violence, harassment, drugs, weapons, smoking, betting and gambling, political and religious affiliations and maintain proper etiquette at all levels.

Signatories also commit to value and focus on proactive involvement in the community by playing an active, cooperative and collaborative role in society thriving to enhance the quality of life, ensure the well-being of the wider public, bring about cultural advancement and make the community a better place to live and conduct business in.

Joiners of the Fattal community promise to use electronic communication and internet accesses solely for Company purposes. They commit to avoid conflict of interest in dealing with suppliers, customers and other stakeholders as well as regarding outside employment mainly receiving job offers from suppliers or competitors.

Fattal employees are expected to protect the Company reputation and keep accurate Company records making full, fair and accurate disclosures when needed. They are also expected to protect Company property along with any confidential information related to it.

Reporting complaints related to the violation of the Code is ruled by a rigorous authority and responsibilities system, reporting mechanism and investigations body, ensuring confidentiality and protection against retaliation.

ii. Brand Protection Group

To fight against corruption on a business level, Fattal Group has been an active board members of the 'Brand Protection Group - Lebanon' since its inception in 2003. Brand Protection Group - Lebanon is an association of leading local, regional and international manufacturers and distributors whose mission is to confront the phenomenon of counterfeiting, smuggling and copying all types of products, in particular consumer products in Lebanon. The core objective is to protect intellectual property rights and to preserve the rights of the consumer against fraud and illicit competition.

III. MEASUREMENT OF OUTCOMES

We are proud to belong to those companies who are very active in living and promoting corporate social responsibility on a daily basis. The top down motivation exerted by our Senior Vice President has been essential in driving motivation and faith in every strategy, project or initiative we undertake despite a prohibitive situation specifically in 2019-2020. The devoted CSR team and HR department as well as the hundreds of colleagues involved at all levels of our sustainability pledge are the key energy behind our success.

Employee Wellbeing

In 2018-2020 we succeeded in engaging 160 participants in sports tournaments not counting the supporters from all across our company's business entities. At least 500 registrations to our hiking programs were processed in 2018, 2019 and early 2020. On the wellness front, 850 registrations were handled. More than 250 employees followed occupational and safety trainings organized by the HR department.

Seniority was celebrated for around 300 employees and at least 1000 colleagues attended our annual Award Ceremonies.

The HR department organized or helped hosting nearly 200 professional training programs followed by 3,800 registered participants. 140 employees attended our CSR talks over a period of 3 years. In the 2018-2020 period, 900 colleagues were engaged at least once in our Back To School Program benefiting 200 underprivileged kids. 550 employees were engaged along with their children in our kids and youth programs that took place on premise.

135 Lebanon employees benefited from the company relief fund in rebuilding their homes and recovering their personal belongings following the Beirut Explosion on August 4, 2020. In addition, the entire workforce in Lebanon received a 25% advance on cost of living in 2019.

And finally, due the relentless efforts of the Group's HR department, only 4% of the company's workforce contracted the COVID-19 virus in the 2019-2020 period.

Empowerment to Community

In 2018-2020, Fattal Group supported at least 25 local and international organizations by advocating and engaging in their causes.

By collaborating with such institutions, we empower the company external community while often engaging our internal community as well. In 3 years, more than 500 Kgs of used clothes destined to less advantaged communities were collected thanks to our collaboration with Fabric Aid. Similarly, at least 100 elderly benefited regularly from our help through our collaboration with Beit El Ataa' throughout the 2018-2020 period.

By buying seeds and seedlings and offering them to the Fattal community, we empower Ardi Ardak, a Lebanese NGO committed to sustainable development. And by working with the LMTA and Eco Consulting we gave them the possibility to exert their professional know how in coaching 80 kids to become environment champions throughout 2018-2020.

Our collaboration with a multitude of other NGOs allows us to empower them by offering basic items often collected through our workforce and donated for the relief of underprivileged communities such as Le Couvent Des Soeurs du Bon Pasteur who takes care of marginalized women or Beit El Baraka for Beirut relief and Malta Order.

Our HR department empowers 40 interns each year by giving them the unique opportunity to join the Fattal Group for a 2-month internship program. Such empowerment goes further whenever a handful of interns are recruited for a full time job.

Environment

Our Commitment to the environment witnessed, in the period 2018-2020, a leap forward in terms of both our strategy and the harvested outcomes. With the installment of recycle bins across the Group in Lebanon, we collected for recycling the worth in waste of 580 Tons of paper and cardboard, 62 Tons of Nylon and Plastic, 600 Kgs of Metal and Aluminum and 220 pieces of electronics.

In terms of energy consumption, we completed in 2019 the shift to LED technology lighting across all our warehouses in Lebanon and with regards to Carbon Footprint, our calculated toxic emission were reduced by 35% in 2018.

On the nature preservation front, we donated for the creation of a new trail in Maasser El Shouf Natural reserve in 2018, and we planted 100 Cedar trees in 2020.

Education

Education remains a key element for injecting hope amidst our extremely challenging times. The Fattal Foundation has maintained its commitment to financially support 450 students on a yearly basis throughout 2018-2019. With the new elected board, our goal is to maintain the same number of beneficiaries while increasing the value of support, putting more focus on students in complementary classes to ensure their access to quality education in private schools. Because of the committed efforts of the Foundation's social workers, closely following up on each student, we are planning to support for a longer period of time those pupils who happen to be real stars and showing potential, because no student should be left behind.