



## COMMUNICATION ON PROGRESS

Period covered by the Communication on Progress (COP)

From: December 2020

To: November 2021

### A letter to our stakeholders

I am pleased to present our sixth United Nations Global Compact Communication on Progress report, focusing on the past 12 months of unpredicted challenges and uncertainty. Despite the relentlessness of the COVID-19 pandemic amid two years into Lebanon's unprecedented economic and financial crisis, Malia Group remains committed to the Ten Principles of the United Nations Global Compact in the areas of Human Rights, Labor, Environment and Anti-Corruption, and they continue to guide the way we do business.

The UN Global Compact principles are consistent with Malia Group business principle and ethical business practices 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.

As part of our ongoing commitment and active engagement as a member of the UNGC, this Communication on Progress documents our progress on implementing the ten Principles, for 2021, which focuses on raising sustainability performance.

Sincerely yours,

Joanne Chehab  
Chief Executive Officer  
Malia Group

A handwritten signature in blue ink, appearing to be "Joanne Chehab", written over the printed name and title.

## HIGHLIGHTS OF OUR 2021 PROGRESS ACROSS THE FOCUS AREAS OF THE UNGC

### HUMAN RIGHTS

Malia Group recognizes that human rights are an integral part of corporate citizenship. We uphold the protection of internationally proclaimed human rights, implementing the UNGC guiding principles of human rights in our key policies, particularly our Code of Ethics and Business Conduct.

Our policies outline our commitment to:

- not using forced, compulsory or child labor;
- creating a healthy and safe work environment, where everyone is treated fairly and with respect and has the opportunity to develop to their full potential;
- recruiting and developing our people on merit, irrespective of age, race, color, origin, gender, religious beliefs, disability, family or marital status, or sexual orientation: Our people want to work for an organization that encourages and respects individuals, and this is one of our core values across Malia Group;
- ensuring workers are provided safe, suitable and sanitary workplace and 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 systems within a complete fire evacuation strategy / plan, (iv) the availability of workmen compensation insurance for all employees and (v) the strengthening of our Security department (additional headcount and updating of related policies & procedures).
- Covid19 related safety program

As part of our health & safety program we have undertaken wellbeing initiatives to help employees look after their physical and mental health, especially during the pandemic. These have included (i) working remotely when possible (ii) implementing a mask-wearing policy within the workplace, (iii) providing personal protective equipment such as masks, face shields, gloves, sanitizers, (iv) conducting daily temperature screening before entering the workplace, (v) establishing rules and practices for social distancing i.e. restricting employees from gathering in groups in all areas of the workplace, including work areas, meeting rooms, lunch break rooms, elevators (use of floor markings in elevator to reinforce social distancing), (vi) continuously reminding employees about steps to take to protect themselves and others at work, (vii) using video or telephone conferencing instead of in-person client meetings, (viii) restricting business travel, (ix) updating technology to support virtual workers (x) daily cleaning of all high-touch surfaces and continuous sanitization of premises, (xi) phasing-in employees returning to work, and (xii) offering employees (in April 2021) Sputnik-V vaccine on free of charge basis through the vaccination campaign to the private sector carried out by Pharmatrade, a subsidiary of Malia Group.

- Lebanon Economic and Financial Crisis

The significant depreciation of the currency and the plummeting economy that Lebanon has been witnessing since October 2019 drowned a large segment of the population in insecurity and desperation. As crisis worsens, Malia Group has taken some measures to help reduce the impact of the crisis on its employees and secure a sense of safety and security to them through (i) recruiting security guards in all our sites, (ii) continuously revising our compensation system to compensate part of the Lebanese Pound (LBP) devaluation, and (iii) offering financial support to employees having difficulty coping with health, housing and educational expenses.

CSR initiatives

- Malia Group vaccination initiative to support and facilitate the national COVID-19 vaccination initiative in Lebanon

Aiming at significantly scaling the immunization program in order to reach a large portion of companies, associations, institutions, foundations, syndicates and NGOs to help securing the greatest amount of herd immunity among the community, Pharmatrade s.a.l. a subsidiary of Malia Group has obtained in March 2021 the necessary authorizations from the Lebanese Ministry of Public Health to import and distribute Sputnik-V vaccine in Lebanon, in compliance with the applicable laws and regulations namely Law No. 211 of 16/01/2021 on Regulating the Emerging Use of Medical Products to Combat the COVID-19 Pandemic. First private company in the region to import a Covid19 vaccine, Pharmatrade created and launched a special online web application and partnered with Nextcare Lebanon to operate a web platform for vaccination appointments scheduling purposes.

- Cosmaline Wings

Because we believe that our success is the success of every business who, like us, has dreamed of prospering in Lebanon, Cosmaline s.a.l., a subsidiary of Malia Group, launched on March 9, 2021, Cosmaline Wings, an initiative to support small businesses and provide them with the needed foundations to grow.

Every 6 months, Cosmaline seeks 3 candidates i.e. "Feathers" who consist of passionate Lebanese small business owners or entrepreneurs in the fields of beauty or fashion accessories, to take under the company's wing. During the six-month period, Cosmaline experts provide these 3 Feathers the guidance needed in marketing, operations, and managerial coaching, as well as a financial support.



## 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. We protect labor rights and promote safe and secure working environments for all workers.

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.

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.

### Gender Equality Initiatives:

#### **1- United Nation Global Compact: Target Gender Equality**

Through facilitated performance analysis, capacity building workshops, peer- to-peer learning and multi-stakeholder dialogue at the country-level, Target Gender Equality drives business success, sustainability and contribution to the Sustainable Development Goals.

Malia Group is a proud participant of Target Gender Equality, an accelerator program from the UN Global Compact tackling barriers to gender equality and advancing women's equal representation and leadership in business.

#### **2- World Bank Group | IFC: Leaders4Equality**

Under the WBG Mashreq Gender Facility in Lebanon, IFC partnered with the Chamber of Commerce, Industry and Agriculture of Beirut and Mount Lebanon (CCIABML) in June 2020, to create a Women's Employment Peer Learning Platform specifically designed to support Lebanese private sector companies and build their capacity on the recruitment, retention, and promotion of women in their workforce.

Malia Group has been selected to be a member of Leaders4Equality (L4E) Cohort, under the World Bank Mashreq Gender Facility activities in Lebanon.

The L4E will boast 10 Lebanese companies that will be positioned as the leaders for equality, diversity and inclusion in the Lebanese private sector. Activities of the L4E will ensue at the end of September 2021 and will conclude in June 2022.

### ENVIRONMENT

Malia Group and its member companies are dedicated to managing our environmental impacts proactively and we are committed to continue making significant progress in reducing our environment impact by encouraging the development and diffusion of environmentally friendly technologies:

- 1- Diesel generators are equipped with suitable Box Silencers and Mufflers with filters for exhaust air.
- 2- Preventive maintenance program is implemented by trained maintenance Team of engineers & Technician.
- 3- Pharmaline Plant is designed, executed and operating, Compliant under cGMP (current Good Manufacturing Practice) regulations.
- 4- All utility systems in Pharmaline are controlled & monitored by a central BMS (Building Maintenance System).
- 5- Energy efficiency systems are implemented; all pumps are VFD controlled, heat recovery is introduced within the HVAC system, Capacitor banks for electric power reduction and efficiency.
- 6- Recyclables bins are installed in all premises: Nylon, Cartons and Plastic are recycled.
- 7- Solid waste sent to the municipality is always monitored and quantities kept low for the last 5 years.
- 8- Waste water is treated by biodegradable enzymes. The idea of having a waste water treatment plant is elaborated; Collaboration with UNDP is in place, the final study of the project is approved by foreign experts and the company is about to initiate the physical implementation of the project.
- 9- Cosmaline and Pharmaline are ISO 14001 certified; therefore, Emergency, Environmental, Storage and Handling materials are available as part of this standard procedure.

- 10- Procedures for Fire evacuation, Spills, Accidents and First Aid measures are present as well.
- 11- Materials are handled according to their Material Safety Data Sheet MSDS.
- 12- All light bulbs were replaced with LED alternatives at their end of life. In 2021 all Malia Offices & facilities are LED lite reducing energy consumption.
- 13- Lighting, Heating and Cooling smart systems are conducted by introducing presence detection sensors, smart thermostats, and conducting awareness sessions promoting responsible behavior.
- 14- Double sided photocopying is mandatory on all our photocopiers.
- 15- Suitable dedicated and controlled areas is present for flammable materials.
- 16- At Cosmaline, a subsidiary of Malia Group, 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.

### **Renewable Energy Initiative**

Malia Group's sustainability efforts started years ago with the implementation of several initiatives to produce a clean energy and reduce carbon footprint; renewable energy was the natural next step. Joining forces with Ghaddar Machinery Co. and APAVE, solar PV Hybrid System with Fuel Saver Technology has been installed at Pharmaline and Cosmaline Industries terraces.

The system with the capacity of 572 KWp (DC) is meant to produce a clean energy of 787 MWh/year. It will reduce CO<sub>2</sub> emissions by 512 Tons / Year. The hybrid system will power Pharmaline factory and is designed to work with the existing diesel generators and the Utility Grid without any batteries installed. This system supplies the load of the factory while maintaining the generators running at minimum load. Consequently, the solar system will reduce the fuel consumption and the electricity bill, hence making a significant financial saving and will contribute to a cleaner environment.

### **CEDRO 5 Program**

In November 2021, UNDP and Pharmaline have agreed to work together to implement an energy efficiency project for the company's industrial site. This project aims to decrease the load consumption of Pharmaline industry using energy efficiency technologies and to reduce pollution loads.





## ANTI-CORRUPTION

Doing business responsibly and ethically, in compliance with laws and with integrity is the foundation of Malia Group's culture, reflecting our core values, inclusiveness and the highest ethical standards.

Responsibility at Malia Group starts at the top, with our Board, our Chairman and our Chief Executive Officer, and cascades through Malia Group subsidiaries, which conduct their business in a legal, transparent and ethical manner and operate a zero-tolerance approach to bribery and corruption in any form. The business integrity principles are inspired by and adhere to the UN Convention against Corruption. We have a clear governance structure to help us achieve our goals and ensure that these principles are reflected throughout the organization.

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.

### Anticorruption policies and compliance

Our anticorruption policy, part of our Code of Ethics, require our people, business partners and suppliers to comply with the anticorruption laws everywhere we do business.

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, we continually assess the effectiveness of compliance-related processes across corporate functions through audits and risk assessments. An internal audit function is present at all levels and reports to the Audit, Risk and Compliance Committee, constituted of the independent members of the Board of Directors; in addition, External Auditors 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	2.62%
20 to 25 years	15.76%
26 to 30 years	23.49%
31 to 35 years	21.51%
36 to 40 years	12.62%
41 to 45 years	7.56%
46 to 50 years	5.41%
51 to 55 years	5.29%
56 to 60 years	3.26%
60+ years	2.50%

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%

## ABOUT MALIA GROUP

Malia Group is a multifaceted group of 27 companies and is active in 6 sectors including: Industries, Consumer Goods Distribution, Technology & Management Solutions, Fashion, Engineering & Contracting, and Hospitality & Real Estate. With operations in 5 countries in the Levant, North Africa, and the GCC, our purpose is to ensure excellence in the creation, production, and the timely delivery of goods and services. Throughout the last 8 decades, we have accrued 60 brands and forged alliances with 35 best-loved multinationals – all testimonies to that fact that we are the Group of choice in the region.

Visit us at [www.maliagroup.com](http://www.maliagroup.com)