



fine  
hygienic  
holding

## 2021 Sustainability Report

## Fine Hygienic Holding

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#### (UN Global Compact Communication on Progress – 2021)

This is Fine Hygienic Holding's 14<sup>th</sup> sustainability report, covering the period from January 1 through December 31, 2021. This report was prepared using the Global Compact principles based on the basic reporting level and will be published publicly in August 2022. 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, 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](mailto:info@finehh.com).

For more information about the Global Compact principles, please visit:

[www.unglobalcompact.org/what-is-gc/mission/principles](http://www.unglobalcompact.org/what-is-gc/mission/principles).

For more information about Fine Hygienic Holding, please visit: [www.finehh.com](http://www.finehh.com).

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## CEO Message

I am pleased to introduce the 14<sup>th</sup> Sustainability Report from Fine Hygienic Holding, which covers all of our activities and operations during the 2021 fiscal year. Since 2007, when we became the first paper mill in the region to sign on to the United Nations Global Compact, we have wholeheartedly embraced the UNGC vision and the principles of the Global Compact, which continue to guide corporations around the world as they step up to make a difference for a more sustainable and equitable world.

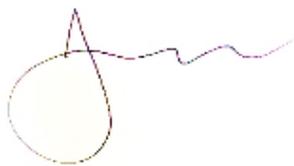
Our sustainability efforts strive to benefit our people, our customers, and their communities, as well as the environment—and in this, as in all things, we are guided by our cultural values, which include:

**We do the right thing. Always.** We recognize our capacity to impact the world we live in, and the people we interact with. We will continue to uphold our core values as a company and our promise to operate in an economically, environmentally, and socially sustainable manner for the good of our employees, stakeholders, customers, environment, and communities.

**We embrace meritocracy and diversity.** We continued our practice of embracing diversity in our hiring practices, and fostering a workplace where equal opportunity means that everyone is encouraged to grow and reach their full potential.

**If we take care of the people, the business will take care of itself.** In 2021, we continued to be recognized as a top employer in the field of FMCG. Attaining this recognition yet again proves that our value – *if we take care of the people, the business will take care of itself* – is being put into action every single day. We know that our success as a company derives from the strength of our most important asset: our Fine people. That is why we are constantly working to create an environment that attracts and retains the very best, and we are always celebrating and rewarding employees who go above and beyond, both in their performance and in their embodiment of our company values.

This publication not only shows the progress we have made in environmental stewardship and social responsibility over the past year but reaffirms our commitment to sustainability as an essential function of growth for the future—both for the company and the planet.



James Michael Lafferty

Chief Executive Officer - Fine Hygienic Holding

## About Fine Hygienic Holding

Fine Hygienic Holding (FHH) is one of the world's leading wellness groups and MENA's leading manufacturer of hygienic products and long-term germ protection solutions. The company was originally established as a paper manufacturer in 1958, but in recent years we pivoted into the wellness industry, by innovating products which promote the health of our consumers around the world.

FHH continues to push for the expansion of its presence and market leadership by out-innovating and out-maneuvering the competition. From our uniquely sterilized tissue products and long-lasting germ protection solutions to our range of 100% natural beverages and nutritional supplements, we support the wellbeing of millions of individuals and their families in over 80 regional and global markets across the Middle East, Africa, Europe, Asia, and the USA.

We are deeply committed to the sustainability principles and sustainable development goals of the United Nations Global Compact. Indeed, FHH was the first paper mill in the Middle East to sign on to the UNGC, back in 2007, and is a founding member of the UNGC Jordan network. We work diligently to adhere to the compact's 10 principles, which include upholding rigorous standards in the fields of human rights, labor, the environment, transparency, disclosure, good governance, and sustainability.

Everyone at FHH adheres to a strict Code of Business Ethics (CoBE) as well as a set of well-defined values which are deeply rooted in every individual employee, instilling an atmosphere of integrity throughout our operations. This ethical approach to business is mirrored in our diversity and inclusion policies, which impact both on hiring practices and the daily work environment.

FHH currently employs approximately 2,700 employees across more than 40 nationalities. We never allow race, color, gender, age, disability, nationality, sexual orientation, gender identity, gender expression, marital status, class, religion, politics, choice of individual style/language, or any other characteristics influence our judgement when it comes to recruitment, development, and growth opportunities.

We are proud of our investments in our own people, which has created a workplace that attracts and retains the very best. FHH was recognized as Top Employer Middle East by the prestigious Top Employers Institute, in every country we operate, for our outstanding HR policies and practices.

- **Our Approach to Corporate Social Responsibility**

FHH remains committed to promoting comprehensive, sustainable development throughout the countries and communities where we operate. Our long-term CSR strategy aims to address wide-reaching development issues in society, with a particular focus on education and empowerment especially of women and youth. FHH also prioritizes issues like health, wellbeing, and family, which are tackled through a diverse array of programs, initiatives, and outreach activities that focus on the most urgent needs of local communities.

- **Our Commitment to Good Governance & Ethical Operations**

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

- **Our Pledge to Support a Sustainable Future**

FHH assumes its responsibility for preserving the environment through managing and reducing environmental impacts within different operations and locations, as well as managing natural resource consumption for maximum efficiency. 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 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 we operate in a region that is characterized by water scarcity. 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, and similar projects are being developed to manage energy use and reduce greenhouse gas emissions by FHH’s operations and fleet.

The Corporate Impact Index is an internally developed measure to assess FHH’s 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.

## Human Rights

*Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and*

*Principle 2: make sure that they are not complicit in human rights abuses.*

FHH is committed to adhering to human rights laws and condemns any related violations, including child labor and all forms of forced or compulsory labor. At Fine, we understand that people are at the core of what we do, and we understand that our responsibility to do the right thing is not limited to our employees but to all our business partners as well.

The guiding principles of our human rights policy are our Cultural Values, which dictate the minimum behavioral and social standards required for any member in our group. We constantly reinforce these positive behaviors and recognize those who take these principles to heart. Our Cultural Values are as follows:

- We do the **right thing**. Always.
- We embrace **meritocracy** and **diversity**.
- If we take care of the **people**, the **business** will take care of itself.

Additionally, our facilities are required to abide by our Code of Business Ethics (CoBE), which ensures their commitment to upholding human rights in all aspects of operations. One of our major inspirations when drafting this code was the Universal Declaration of Human Rights and you can find those principles embedded in every word.

Fine systematically evaluates and assesses existing and potential business partners to ensure that they too adhere by international conventions and laws put in place to safeguard Human Rights. We work with several international suppliers, ranging from the European Union and North America to Japan and Taiwan, and make sure our suppliers follow stringent local human rights regulations, which we verify through our annual supplier sustainability index.

Furthermore, to ensure the continuation of respect of those principles, our Legal and Compliance Department organizes educational seminars to bring awareness and educate our employees about the importance of upholding these values.

Accordingly, in 2021, we did not receive 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, and based on this, none of our operations were subject to human rights reviews.

## *Our Cultural Values in Action*

**If we take care of the people, the business will take care of itself.**

### **Health and Wellbeing in the Workplace**

Fine is committed to improving wellness and employee satisfaction in the workplace, ensuring that our workforce is healthier, more productive and better motivated across all levels. We encourage all Fine employees to maintain their overall wellness through efforts such as our **LiveWell Campaign** which includes gym co-payments, free online exercise classes, health and nutrition sessions, and a mental health hotline. We recently introduced **My Benefits**, an online platform offering employees deals and discounts on a range of health services.

In line with promoting a healthy work-life balance, we are continuing our **Work from Anywhere Policy** which increased Employee Value Proposition (EVP) by providing employees with the flexibility to work remotely.

We are proud of our world-class **Parental Leave Policies** and flexible work arrangements for working parents. Moms-to-be are guaranteed 16 weeks of fully paid maternity leave, allowing them plenty of time for childbirth, childcare, and to make a full recovery. New mothers have the choice to extend their maternity leave for an additional 16 weeks unpaid followed by our flexible return to Work Policy until 12 months after birth. Fine's Paternity Leave policy offers three weeks leave at full pay and one week unpaid, as well as flexible work arrangements for new fathers.

### **CSR Strategy**

Our CSR strategy is informed by our cultural values, aiming to do the right thing and support sustainable community development by addressing issues around poverty, unemployment, education, health, and wellbeing in the communities we inhabit.

Among our initiatives in 2021, we equipped a safe and inviting classroom for autistic children at Rashid Center for People of Determination in Dubai, and worked with Misr Al Khair, a leading Egyptian NGO, to empower women in rural communities to set up their own income generating projects. Our pioneering CSR initiative in Jordan, Fine Academy, welcomed its first batch of interns looking to better their future by developing and enhancing their technical skills in the field of supply chain management. We also give back by donating essential hygienic paper products and PPE to those who are in need, including Fine Guard masks for cancer patients and their families in Lebanon.

## Labor

*Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;*

*Principle 4: the elimination of all forms of forced and compulsory labor;*

*Principle 5: the effective abolition of child labor; and*

*Principle 6: the elimination of discrimination in respect of employment and occupation.*

At Fine, we take care of our people and treat our employees respectfully, fairly and in accordance with relevant labor laws and regulations. We recognize our employees' right to participate in labor unions, wherever permissible by local laws, and to negotiate their needs with management at the corporate or national level. We maintain strong relations with local trade unions, and have regular communication and alignment with unions and employees to coordinate and ensure that all parties benefit.

As an active participant and signatory to the UN Global Compact, none of our operations encourage any form of child, forced or compulsory labor. Furthermore, we operate in countries that support the International Labor Organization (ILO) and are committed to achieving the goals of ILO article CO29, which bans all forms of forced or compulsory labor. Our internal systems related to hiring are based on these frameworks, as outlined below, and are approved by the Ministry of Labor in the relevant country of operations.

- **Forced and Compulsory Labor:** Under no circumstances would we coerce any individual into serving the company by use of aggression, threat or force, or any other means whatsoever.
- **Unlawful Use of Immigrant Labor:** Without exception, we shall not employ the services of any immigrant residing illegally in the country without the requisite visa or work permit.
- **Child Labor:** We comply with the minimum age for employment, as prescribed by the applicable law of each country. In any event, as a matter of company policy, we do not employ anyone less than 18 years of age, directly or indirectly.

We have established a hotline where employees can report any labor law transgressions whilst being protected by complete confidentiality. The Legal and Compliance department then takes the necessary measures to investigate the reported incident and ensure that no violations are taking place at the workplace against any of the employees. FHH also conducts regular awareness sessions on these systems to ensure that all employees know about and use them efficiently.

All our operations are audited on an annual basis to ensure their compliance, and no cases of labor rights violations were reported in 2021.

## *Our Cultural Values in Action*

### **We embrace meritocracy and diversity.**

At FHH, we value the range of experiences that our employees bring to our work culture and believe that it is this diversity that drives us to succeed by generating new ideas, products, and services. Which in turn maximizes our ability to achieve our goals and gives us a sustained competitive edge. The following principles are important focus areas in achieving our diversity efforts:

- Accepting and respecting **individual differences**.
- Focusing on **substance** and not **style** (personal choices in grooming, body art, choice of words, and cultural variations).
- Providing a **welcoming** and **safe place** for everyone.
- Capitalizing on the **diverse backgrounds** and **experiences** of our employees.
- Doing what is right and **not tolerating harassment** or **discrimination**.
- Treating our employees with **dignity, respect, and fairness**.

Fine sees a culture of opportunity and fairness as an essential way of future-proofing the business. Through a policy of recruiting a range of talented and skilled professionals with different perspectives and experiences, Fine has created a dedicated, innovative, and effective team that can better drive the business through an era of great change.

Our Leadership Team champions workplace diversity principles and incorporates it into their teams and management practices including training, career development, promotions, and employee recognition based solely on their performance, skills, and capabilities.

FHH has a zero-tolerance policy for discrimination, bullying, and harassment of any kind. We are committed to investigating and taking appropriate corrective actions in response to any violation to our Code of Business Ethics and Workplace Diversity Policy. No reprisal or retaliatory actions are taken against any employee for raising concerns under this policy.

### **Gender Equality**

Led by our core values and dedication to building a diversified workforce, the company has made noticeable progress in gender diversity through a policy which focuses on the inclusion of more women in different managerial levels of the organization.

Fine has developed a number of initiatives across the MENA region, including the Fine Female Network, a support group for female employees which aims to address gender

diversity issues, and the 'Shine with Purpose' Female Leadership Program, which focuses on promoting female talent from within through training and development.

FHH constantly innovates, develops, and applies best practices on gender diversity and equality. This is managed by the HR team through a centralized online platform to ensure the highest level of performance, analysis, and alignment between all the HR departments and other FHH functions. Our HR systems are gender neutral and do not discriminate against men or women based on their gender, race and nationality. We regularly revisit our systems to ensure consistency and fairness.

### **Equal Pay**

FHH strongly believes in the principle of Equal Pay between genders. In aid of our Workplace Diversity Policy, the compensation and benefits systems at FHH are based on job value and position accountabilities regardless of gender, race, or nationality, and male and female employees handling similar jobs and accountabilities are equally compensated, taking into consideration individual performance and achievement.

Moreover, we ensure that our pay scale satisfies any regulations related to minimum wage and is competitive in our various operating countries by regularly reviewing and updating our salary scales based on scientific market surveys.

### **Recruitment and Talent Acquisition**

In terms of talent acquisition, FHH demonstrates a strong commitment to meritocracy and giving all applicants a fair opportunity at all stages of the hiring and onboarding process. Employee recruitment is conducted via our career page, with policies in place to ensure that no discrimination takes place. We also partner with organizations that host career fairs, networking and development events to attract diverse candidates.

We put considerable efforts into increasing the proportion of female hires as well as members of minority groups, people with disabilities, and people who have been long-term unemployed and face difficulties reentering the job market.

We also work with local governments to address unemployment and develop capabilities by engaging with talented youth. In 2021 we launched the Fine Academy in Jordan, our pioneering on-the-job training program established to build upon formal education and equip students with in-demand practical and business-applicable skills in line with our long-term vision for sustainable growth in the Kingdom and we intend to expand it regionally. This builds upon our existing internship programs, where we partner with engineering schools at local and international universities to identify driven students.

## Environment

*Principle 7: Businesses should support a precautionary approach to environmental challenges;*

*Principle 8: undertake initiatives to promote greater environmental responsibility; and*

*Principle 9: encourage the development and diffusion of environmentally friendly technologies.*

Fostering sustainability is critical to our strategic goals, and the United Nations Sustainable Development Goals provides a valuable framework to realize them. The production of hygienic paper products requires a great deal of natural resources, as well as a great deal of energy. The shortage of water and clean energy in the region makes the careful conservation of resources a necessity for us, which is why sustainability and efficiency are so central to our approach to environmental stewardship.

While environmental policy is set at a company-wide level, implementation is managed on a more localized scale, with different projects manifesting in different national operations. Because each cluster is more agile and can adapt to the specific requirements of that country. A more localized approach encourages and inspires our workforce to engage with environmental stewardship personally, because we believe their involvement is what makes change possible. This is further augmented by annual training and awareness initiatives.

Our high standards are not only applied to ourselves, but also to our partners. This is the function of our Suppliers Sustainability Index (SSI), a comprehensive matrix for assessing and monitoring the environmental impact of our suppliers, which ensures that our own efforts are not undone by the actions of our partners.

Senior management evaluates our environmental performance at regular management review meetings, as a part of our Internal Management System. This process sets clearly defined goals that provide a matrix to implement and measure our overall performance, which in turn plays an important part in determining potential future policy changes.

To ensure that our environmental measures are correctly implemented and accurately recorded, our performance is closely monitored and evaluated on an annual basis, with certification provided by independent external auditors. Our different facilities and business units are ISO 14001: 2015 certified, while our paper mills are ISO 50001: 2011 certified.

## ***Our Cultural Values in Action***

### **We do the right thing. Always.**

While recognizing the ecological responsibility that befalls large-scale manufacturers, FHH believes that environmental stewardship is an essential part of business growth. In terms of operation efficiency, doing the right thing means that we are always aiming to minimize our pulp, energy and water consumption, and reduce waste across all levels of our operations.

#### **Raw Materials**

It is important for us to make sure that we give more back to our planet than we take from it. All of our hygienic paper products use 100% virgin pulp provided by responsible, environmentally sustainable plantations and pulp providers who plant an average of five trees for every one used in production.

Our adherence to the Supplier Social Responsibility (SSR) program ensures that all raw materials we use, pulp and other kinds, are environmentally renewable, and we carefully verify our suppliers' credentials and encourage them to get certified by international organizations, like the Forest Stewardship Council (FSC) and the Programme for the Endorsement of Forest Certification (PEFC).

We aim to produce highly eco-friendly products by utilizing either biodegradable or recyclable material for the main ingredients of our paper products. We also produce an environmentally conscious line of washable and reusable personal protective equipment to help cut down on waste produced by single use masks and gloves.

#### **Recycling and Waste Management**

We are committed to ensuring that all operations and activities are fully compliant with current waste management legislation and use the most efficient methods to reduce the waste and maximize the re-use or recycling of waste material.

We are proud to have reached our goal of zero landfill waste across all of our operations: everything we dispose of is sent to recycling facilities, run by trusted third-party contractors, and reused for other manufacturing activities. Hazardous waste has been almost entirely eradicated, and what negligible amounts remain are disposed of responsibly.

## **Water**

We have already established ourselves as the industry leader in minimizing water usage and continue to look for new ways to conserve this finite resource. Our on-site water treatment units employ cutting-edge filtration and sanitation technology to treat wastewater from the production process so that it can be reused in its operations.

The first of these initiatives was designed to recycle 80% of wastewater at our Arenbeh manufacturing site. Since its implementation in 2018, freshwater usage in the paper making process has dropped by 25%, resulting in operational savings of USD100,000. While at our Al Nakheel site in the UAE, water consumption has been reduced by more than 20%, saving USD136,000 per year.

In 2021, FHH's paper mills in Egypt reduced their water consumption by 10% in comparison to the previous year, reflecting a substantial optimization in terms of both efficiency and sustainability.

## **Energy**

In order to support global efforts to reduce greenhouse gas (GHG) emissions, we have implemented multiple projects to reduce CO2 and GHG emissions at our facilities. We monitor our electrical and thermal consumption in all facilities and operations, ensuring that we are working according to the ISO 50001 energy management certificate.

By diversifying our sources of electricity generation, we are becoming less reliant on grid-generated electricity. Our facilities in Jordan and Egypt are supplied with natural gas in place of more environmentally harmful fossil fuels. This gas line also helped generate hot steam for industrial purposes, reducing the dependency on conventional boilers. As a consequence of this and other energy efficiency measures, our Al Bardi Paper Mill in Egypt has reduced its CO2 emissions by an estimated 25,384 tons per year. Our manufacturing and processing plants in Jordan have reduced their CO2 emissions by an estimated 30,000 tons per year. In Paper Mill 2, we achieved our ambitious targets for 2021 to reduce electricity consumption per ton of product, resulting in operational savings of around USD33,000.

In the UAE we installed new power meters on converting lines to monitor energy consumption and address overuse. Further reductions were achieved by installing a new variable speed drive on the vacuum machine, which is the sites' second largest power consumer, in order to optimize its energy use. Due to these measures, our UAE operations got the IS 50001 energy management certificate for the first time.

## Anti-Corruption Principles

*Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.*

FHH is fundamentally opposed to corruption in all its forms and has a series of policies and values in place to oppose them. Our employees are trained on how to fight corruption and embrace transparency and constantly reminded to uphold FHH's values, policies and codes.

Our **Code of Business Ethics** (CoBE) contains comprehensive definitions of bribery, facilitation payments, and other forms of corruption and unethical actions. It also clearly sets out the code of behavior that employees should adhere to as well as guidance on how to spot breaches and how to proceed should they ever find themselves uncertain about which course of action they should take in such situations.

Fine's **Whistleblowing Policy** is best summarized by the key phrase "When in doubt, speak out." Employees are encouraged to come forward and report their concerns about any wrongdoings without fear of being dismissed or victimized. We are dedicated to ensuring that our employee's anonymity is safeguarded and that the information they share is maintained in full confidence. In 2021, 4 anti-corruption whistleblowing reports were submitted to the Conduct Committee.

Any reported infractions are investigated thoroughly and objectively by the **Chief Legal & Compliance Officer**. Proven cases of violations of anti-corruption policies are immediately terminated with legal action taken against them soon thereafter. Actions taken by FHH against violators help establish that misconduct is taken seriously.

Our **Anti-corruption Compliance Program** is continuously reviewed and improved to prevent similar occurrences in the future. For training and communication purposes, FHH is committed to organizing roadshows, company-wide training, and mandatory annual testing on our Anti-corruption Compliance Program, which is completed by all employees including the group's Chairman and CEO.

In all instances, we believe in the importance of effective communication with all employees, which is accomplished by ensuring the availability of various communication channels such as *Town Hall* meetings, suggestion systems, grievance systems, and our Corporate Integrity Hotline.