

# GHADDAR MACHINERY ESG REPORT 2023



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# 1 Introduction

About us  
Message from CEO



## Ghaddar Machinery Co.

GHADDAR Machinery Co. operates in the field of Electrical Power Generating Sets, Diesel Engines Based Power Solutions, Green and Hybrid Power Solutions, Sound attenuation and all types of Power control and automation systems.

The company has over 40 years successfully managed both its distribution and OEMs businesses in full harmony.

The company currently holds distributorship and OEM agreements with world leaders in the design and manufacture of industrial diesel engines.

- Kubota – Japan
- John Deere – USA
- Cummins G-drive – USA

### Core Values

- Integrity
- Diversity
- Respect
- Innovation
- Discipline
- Superior Results

### ENGINES SOLD

Since 1980, Ghaddar machinery Sold more than 400 thousands engines in the MENA and GCC region

**400,000**  
ENGINES

ghaddar.com

EST. **1980**

> **40**  
Years  
Of Experience  
In Electro-mechanical field

**CUSTOMERS**  
Thousands of customers satisfactorily served in all sectors

### About Us

#### BRANCHES AFFILIATES

- United Arab Emirates
- Nigeria
- Saudi Arabia
- Iraq

**4**

#### HEADQUARTERS

Ghazieh, Sidon Lebanon

**530** EMPLOYEES

220 Work in Ghaddar headquarters  
130 Work in United Arab Emirates  
120 in Nigeria  
50 in Saudi Arabia  
50 in Iraq

# Message from CEO

With the end of the year, I am please to share with you our company's progress, achievements, and future plans with you. As the CEO, I am proud of the contributions made by our team in the pursuit of sustainability. As we embark on The ESG journey, we find ourselves motivated and committed to instill best practices reached through continual learning and improvement.

This reports serves as an overview of our Journey to achieve environmental stewardship, social responsibility, and corporate governance. Together with our suppliers who have embarked on this journey, we shall collude efforts to push change together and build a brighter future.

With its sustainability strategy, Ghaddar has outlined its active commitment to enabling a low carbon world, preserving resources and promoting social progress. Along with a commitment to ethical practices and transparency, drafted in the Ghaddar Machinery code of conduct and compliance policies and programs, forming the foundation of how the company's people work in a sustainable and ethical way.



# 2 Executive Summary

Key Achievements

Future Goals, Main Challenges

Overall ESG Performance Highlights



# Key Achievement

## Reduction of Scope1 Greenhouse Gas Emissions

Expansion of Solar energy as source powering the ghaddar building and factory which contributed to a decreased reliance on diesel generators a source of power.

## Improvement of Suppliers Due Diligence Processes to Include ESG Guidelines

Development of supplier code of conduct that aligns with Ghaddar Machinery Co. Values and Principles and drawn Policies.

## Expansion of Renewable Energy Portfolio

Early 2017, Ghaddar Machinery launched its renewable energy department dedicated to supply local and neighboring markets with clean renewable energy sources. the renewable energy business grew year on-year , for which Ghaddar machinery invested in a total of XXX Million Dollars paved the way to a considerable reduction Scope 3 Greenhouse gas Emissions. Strategic Partnerships with Sungrow, Longi and Trina solar panels were signed. Ghaddar Machinery Sees this partnership

## Company Wide Compliance Program Launch

A company wide compliance program was launched to mitigate risks related to non-compliance. Export control, Anti-Bribery and corruption programs were launched inter-branch. Training were carried out on the highest level to foster a culture of commitment.

# Key Achievement

## Launch of Community Engagement Processes

New community Surveys were launched with a dedicated channel for community initiated to voice in community suggestions for improvement

community@ghaddar.com

## Testing of Gas Engines powered generators

Team of engineers completed the design and testing of a range of gas engines powered generators.

## Review and update of Internal Policies

A comprehensive review of internal policies and programs, including human resources policies and programs, and launch of internal channels for grievance reporting.

## Safety Training

in collaboration with GIZ academy, Ghaddar Machinery planned a safety training program for foremen and technicians including risk assessment and related safety subjects. Training was successfully carried out by GIZ academy .Enrollements to the program included workers, group leaders and supervisors.

## Future Goals

In the past year, GHADDAR Machinery co. has achieved success in upgrading its ESG performance. It has been a journey of instilling ESG principles in its operations and work habits. Ghaddar Machinery willingly committed ESG norms and principles, and enhanced its management processes to be able to deliver and progress. As for aims for carbon emission reductions, Ghaddar Machinery applied sustainable practices across its operations, thus reducing its scope 1 and 2 carbon emissions. As for targets for carbon emission reductions (scope 3), upstream supply chain greenhouse gas emissions as well as emissions from usage of sold product (scope 3) were monitored and targets set. Future goals will focus on:

**Reducing scope 1 and 2 carbon emissions:** reaching carbon neutrality across its operations is a long-term goal based on incremental improvement year on year.

**Reducing scope 3 carbon emissions:** with a focus on fossil free steel, Ghaddar Machinery plans to reduce its upstream carbon emissions by 2030. the long term strategy is built on creating improvements within its supply chain, to accomplish sustainable procurement targets and goals.

**Enhancing employee training** and development initiatives to build a culture of excellence: Keeping people secure and with minimal injury is a primary priority of Ghaddar Machinery. We aim at boosting people development and training strategies to incorporate a wide range of skills and knowledge.

**extending renewable energy offerings** to satisfy growing market demand: extending the alternative power division business and portfolio with further investments, thus improving scope 3 downstream carbon emissions.

## Main Challenges

Infrastructure challenges, changes in customer's total cost of ownership, regional resources needs, cost increase are all challenges in implementation of our future goals. With our commitment to overcome these challenges to reach milestones along our journey, we believe our targets will successfully be reached.

# Key ESG Performance Highlights

## SUSTAINABLE ENERGY USE

Reduced greenhouse gas emissions by 13.5% (2023) through 42% renewable electricity supply

### GREENHOUSE GAS EMISSIONS(t CO2e)

2022	1208	
2023	1046	<b>-13.5%</b>

### RENEWABLE ELECTRICITY

2022	33%
2023	42.17%

## OCCUPATIONAL HEALTH AND SAFETY

\*Percent of Recordable incidents per 100 employees

Reduced recordable work incidents and achieve safe working environment.

### RECORDABLE INCIDENTS RATE

2022	8.98
2023	9.5

## DIVERSITY AND INCLUSION

Embraced diversity and inclusion women participation in management.

### FEMALE IN ADMINISTRATION

2022	50%
2023	50%

### FEMALE IN TOP MANAGEMENT

2022	50%
2023	50%

## RESOURCE MANAGEMENT

Reduce Metal Scrap Ratio by 5%

### METAL SCRAP RATIO (Tons Metal)

2022	12%
2023	11%

## SUSTAINABLE PROCUREMENT

Measured and set targets for greenhouse gas emissions (Scope 3 upstream activities GHG Emissions) by 8% for the year 2024

### GREENHOUSE GAS EMISSIONS(t CO2e)

2023	8,643
2024 target	Below 8000

## COMMUNITY

Increased community engagement initiative and internship programs.

2022		
2023		

# 3 Environmental Performance

Every country, city, financial institution and company should adopt plans for transitioning to net zero now

António Guterres, United Nations (UN) Secretary-General



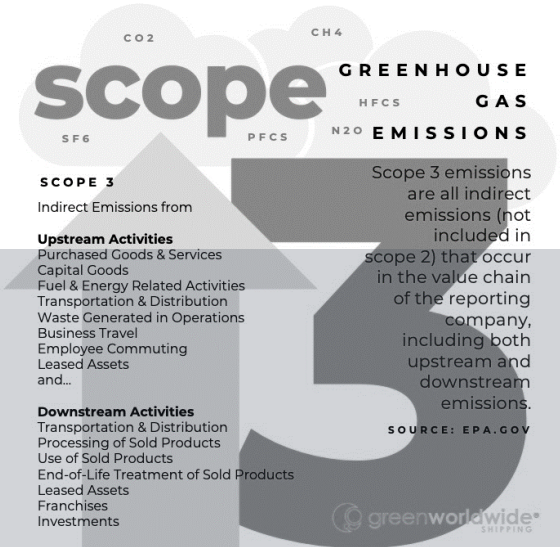
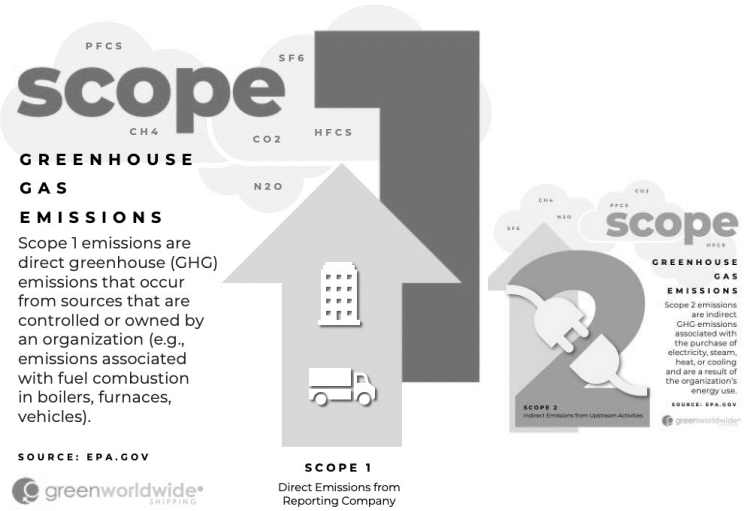
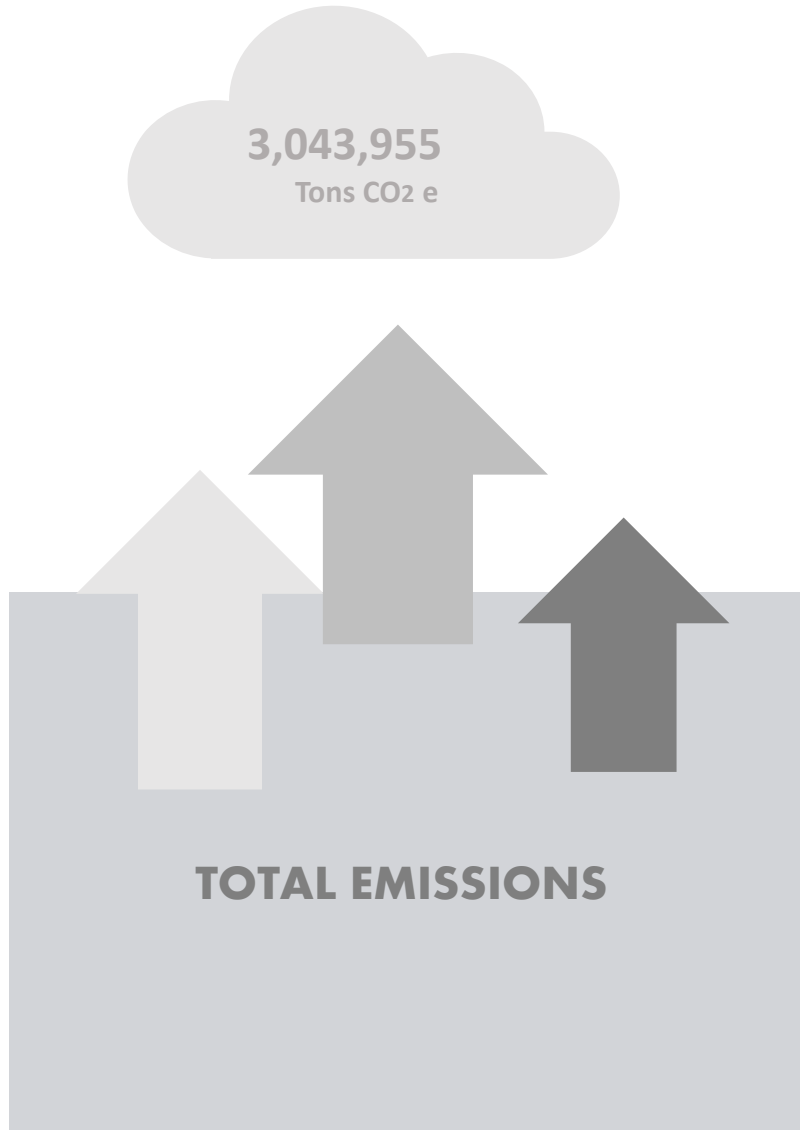


# Environmental Indicators 2023 (GHG Emissions Per Scope)

Operations Emissions (Scope 1,2)		
Subcategory	CO <sub>2</sub> e	Total
Company Facilities	850	1,046 Tons CO <sub>2</sub> e
Company Vehicles	46	
Flights	18	
Vehicles Fuel	130	

Upstream Activities (Scope 3)		
Subcategory	CO <sub>2</sub> e	Total
Purchased Products	10,897	11,495 Tons CO <sub>2</sub> e
Capital Goods	Na	
Waste Disposal	309	
Employee Commuting	289	

Downstream Activities (Scope 3)		
Subcategory	CO <sub>2</sub> e	Total
Use of Sold Product	3,031,414	3,031,414 Tons CO <sub>2</sub> e
Transportation and Dist	Not calculated	
End of Life	Not Calculated	



# SUSTAINABLE ENERGY USE : Reducing the GHG Emissions of our Operations (Scope 1&2)

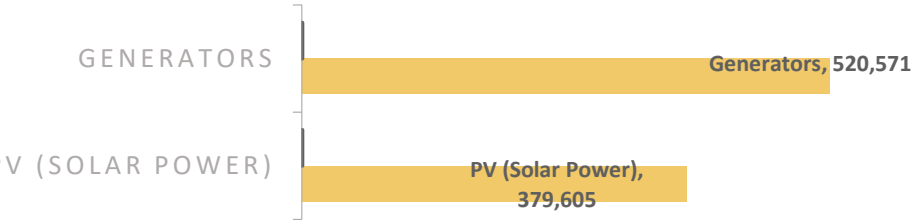
In 2023, 42% of its factory power came from renewable energy, up from 33% in 2022. The solar energy system generated 379,000 KWH year, reducing Scope 1 greenhouse gas emissions by 14% in 2023 by 365 Tonnes CO<sub>2</sub>e. Ghaddar Machinery Co. plans to cut scope 1 GHG emissions by 10% by 2026.

## Reducing Emissions within its Operations

GHADDAR MACHINERY will reduce its GHG emissions by 30% by 2030 and reach carbon neutrality by 2050, harmonizing with international climate change conventions. Strategy has a timeline:

- A- Enhancing energy efficiency
- B- Increasing renewable energy use in the factory

## Energy Consumption Per Source (KWH)- 2023



### SUSTAINABLE ENERGY USE \* For Ghaddar Machinery Headquarters facility

Achieved Objective: Reduce greenhouse gas emissions (Scope 1 and 2) by 10% (in 2023) through 40% renewable electricity supply

GREENHOUSE GAS EMISSIONS(tCO <sub>2</sub> e)		
2022	1208	
2023	1046	<b>-13.5%</b>

2023 ENERGY CONSUMPTION	
Generators	520,571 KWH
Solar Energy	379,605 KWH

EQUIVALENT TREES PLANTED	
2023	15,000

SOLAR ENERGY KWH	
2022	315 000 KWH
2023	379 605 KWH

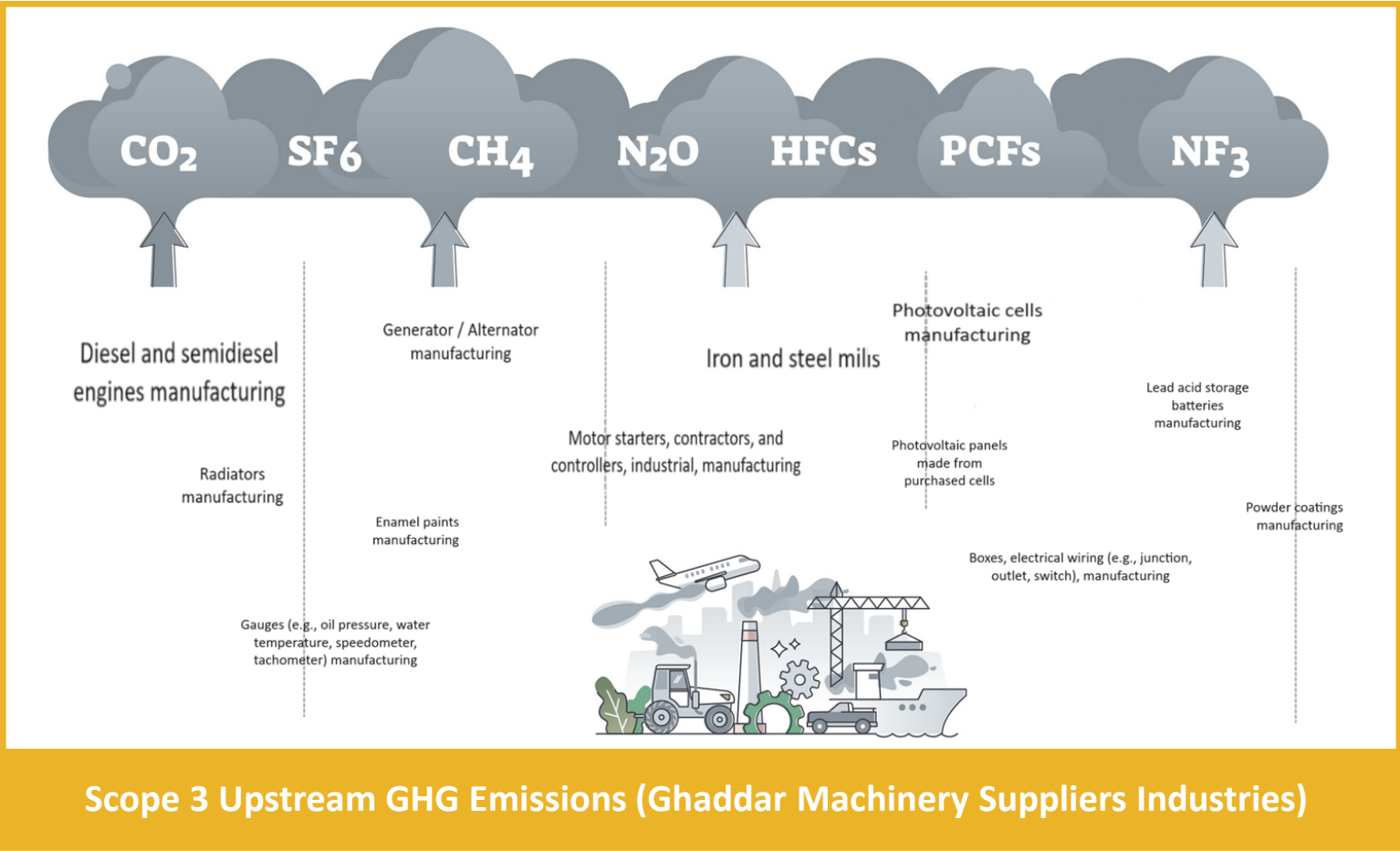
CO <sub>2</sub> e REDUCTION	
2023	365 Tons CO <sub>2</sub> e

ELECTRICITY (GENERATOR+PV) CARBON FOOTPRINT	
2023	484 tonnes CO <sub>2</sub> e

# SUSTAINABLE PROCUREMENT: Reducing upstream activities GHG Emissions (Scope 3)

GHADDAR MACHINERY is committed to working with impactful suppliers to achieve a 20% reduction in their emission by 2030. Supply Chain GHG emissions reduction strategy relies on sourcing “green” material and reducing supply chain carbon footprint. In 2023, Ghaddar Machinery measured scope 3 GHG emissions of its supply chain. Analysing spend data, Ghaddar Machinery measured its upstream scope 3 emissions to be 11,495 tonnes of carbon emissions for the year 2023. Forward planning aims at reducing its upstream carbon footprint by 8% for the year 2026 and 20% by the year 2030.



Upstream Supply Chain GHG Emissions (Scope 3)	
2023	<b>11,495 Tonnes CO<sub>2</sub>e</b>
2026 Target	-8%
2030 Target	-20%

## Sustainable Procurement



## SUSTAINABLE PROCUREMENT: Reducing upstream activities GHG Emissions (Scope 3)

Reducing carbon footprint of steel industry suppliers (metal sheets) that enters in the manufacture of sound proof canopies, base frames and control panel enclosures. Main hurdles and challenges are layed ahead of this achievement, linked with the additional costs incurred while sourcing the carbon emission free metal without really impacting other crucial factors.

### The Steel Industry : background

Internationally speaking, the iron and steel sector is one of the top carbon emitters, and is currently responsible 7% of all emissions globally.

In recent years, new steel, zero fossil carbon emissions is becoming accessible on the market . several vendors are employing new technologies to lower steel sector carbon footprint.

However, important obstacles persist. Green steel created with renewable hydrogen is substantially more expensive than its conventional equivalents today. Hydrogen is a highly wanted energy source in the green steel market.

### What we have done

We have contacted out to numerous steel suppliers (manufacturers) inquiring about the method they are handling these environmental restrictions, and exploring the technologies their organization utilizes in steel production.

Have they employed there any alternatives to the standard blast furnaces that rely on coal and coke combustion?

What do they do to lessen their environmental impact?

These inquiries will continue throughout the year 2024, based on which a new steel sourcing strategy will be created.

## Steel made with no carbon emissions



### Upstream GHG Emissions (steel Industry) (Scope 3)

2023

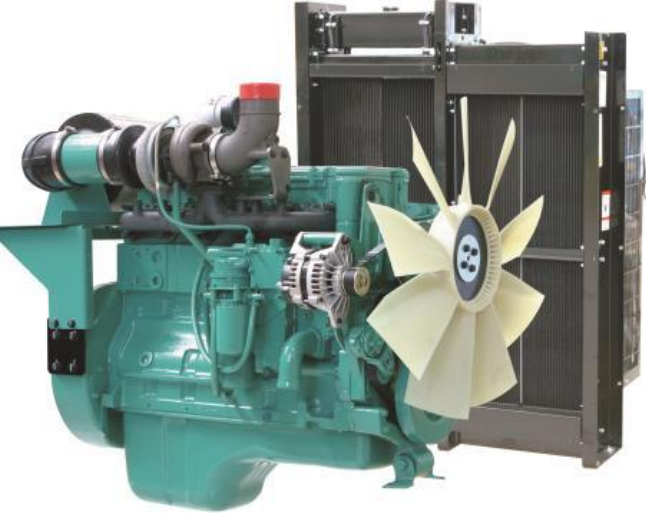
**1,290 Tonnes CO<sub>2</sub>e**

# SUSTAINABLE PRODUCT DEVELOPMENT: Reducing Downstream GHG Emissions (scope 3)

Without emissions regulations in the covered territories, Ghaddar Machinery improved the environmental qualities of the engines used in its power solutions range generating sets. Tier Classified generating set engines are replacing non-certified engines to offer a greener portfolio. Customers are voluntarily buying gensets with better Tier classification from Ghaddar Machinery. By 2030, Ghaddar wants to phase out non-certified engines in its diesel generating units, especially in the large range.

## Engine Tier Classifications

### Engines with Higher Tier Compliance



Cummins QSI9G5 powering CT300 Generating set complies with EU Stage IIIA, EPA Tier 3, 4g TA Luft regulations

## GENSET SALES PER DIESEL ENGINE TIER

SOLD	2022 % of total quantity sold	2023 % of total quantity sold	2026 target % of total quantity sold	2030 Target % of total quantity sold
Genset with Non-Certified Engines	33%	34%	20%	0%
Genset with Tier I Engines	5%	3%		
Genset with Tier II Engines	60%	62%	70%	
Genset with Tier III Engines	1%	2%	10%	100%
Genset with Tier IV Engines	0%	0%		

NITROGEN OXIDES  
HYDROCARBONS  
CARBON MONOXIDE  
PARTICULATE MATTER

# SUSTAINABLE PRODUCT DEVELOPMENT: Reducing Downstream GHG Emissions (scope 3)

## Product Emission Reduction Plan

Throughout its generating set product range, engines entering into the manufacture of these generating have varying conformance to environmental standards. Ghaddar machinery strategy is to phase out the non regulated engines by the year 2030, by replacing them with engines with higher conformance standards (Tier I, II, III) with Tier IV or Tier V engines having the most stringent restrictions for carbon emissions.

Downstream Activities GHG Emissions	
2023	<b>3,031,414 Tonnes CO<sub>2</sub>e</b>
2026 Target	-5%
2030 Target	-20%

Analysing « use of sold product » Category 11 of Scope 3 of greenhouse gas Protocol, emissions per product sold was calculated and accordingly, a product emission reduction plan was drawn to reach the needed target.

Use of sold Product (category 11) GHG Emissions				Downstream Scope 3 Product use GHG emissions						
				Direct use-phase emissions						
Brand name	Genset	Emissions or Certification Level	Sold	Lifetime (Years)	Standby Operation Hours per year	Lifetime Total Hours	Fuel Consumption @ 100% Load	Total Consumption during lifetime (L)	Diesel emission factor (KgCO <sub>2</sub> e/L)	diesel fuel consumed KgCO <sub>2</sub> e
Kubota Engines	KT9	Tier2 Certified		20	500	10000	2.45	24500	2.70105	66,176
	KT12	Tier2 Certified		20	500	10000	2.6	26000	2.70105	70,227
	KT15	Tier2 Certified		20	500	10000	4.72	47200	2.70105	127,490
	KT20	Tier2 Certified		20	500	10000	6.2	62000	2.70105	167,465
	KT30	Tier2 Certified		20	500	10000	7.15	71500	2.70105	193,125
	KT30	EPA/CARB Tier 2 level		20	500	10000	7.15	71500	2.70105	193,125
John Deere Engines	DT30	Non-certified		20	500	10000	6.9	69000	2.70105	186,372
	CT136	Non Regulated		20	500	10000	35	350000	2.70105	945,368
Cummins Engines	CT155	Non Regulated		20	500	10000	37	370000	2.70105	999,389
	CT200	NSPS / Stage IIIA3/T		20	500	10000	45	450000	2.70105	1,215,473
	CT250	NSPS / Stage IIIA3/T		20	500	10000	59	590000	2.70105	1,593,620
	CT300	4g TA Luft		20	500	10000	63	630000	2.70105	1,701,662
	CT365	Non Regulated		20	500	10000	87	870000	2.70105	2,349,914
	CT409	Non Regulated		20	500	10000	82	820000	2.70105	2,214,861
	CT416			20	500	10000		0	2.70105	0
CT455	Stage IIT		20	500	10000	93	930000	2.70105	2,511,977	

# SUSTAINABLE PRODUCT DEVELOPMENT

Renewable Power Solutions Portfolio is expanded to include a large portfolio for clients opting for green or hybrid energy solutions. Sustainable products sales value constituted 6% of total product sales value in 2023.

The sales of renewable power solutions constituted in the year 2023, 6 % of total sales, compared with 7% in the year 2022.

## Renewable Energy Solutions portfolio

In Parallel , Ghaddar Machinery expanded its product portfolio to include new renewable power solutions.

Ghaddar Machinery solar division product development team developed a battery storage system that compensate for any fluctuations in solar energy supply. It stores any excess power in the system for use when solar energy is low. Technical drawings were conceived by the team and material sourced to produce five prototypes. The prototypes successfully passed validation tests.



### RENEWABLE POWER SOLUTIONS SOLD 2023

	% of T. Sales value	2030 Target
2022	7%	25%
2023	6%	

### EPC Projects Total KWp

2018	2021	2022	2023	Cumulative Total
366 KWp	732 KWp	1060 KWp	1017 KWp	3,383 KWp

### Cumulative CO2e REDUCTION

2018-2023	<b>4044</b> tonnes CO2 per year
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# 4 Social Performance

# Social Targets and Achievements

## Human Rights

### Reduce Employee Turnover Ratio

Imbedding a culture of diversity, Non-discrimination, inclusion, and fairness principles in all areas of work and reducing employee turnover ratio and reducing grievance reports by employees

## Safety and personnel development

### Reducing Recordable incidents Rate

Instilling a culture of safe work practices based on risk assessment and mitigation  
Expanding training and development programs

## Affected Communities

### Increase community engagement

a new channel for community engagement is made available to take in community voice. Our aim is to address 100% of community claims and concerns



Women in management has increased by 10% in the past 5 years to reach 50% in 2022 and 53% in 2023



Safety training increased for factory workers from 0.6 hour per employee in 2022 to 5.59 hours per employee in 2023.



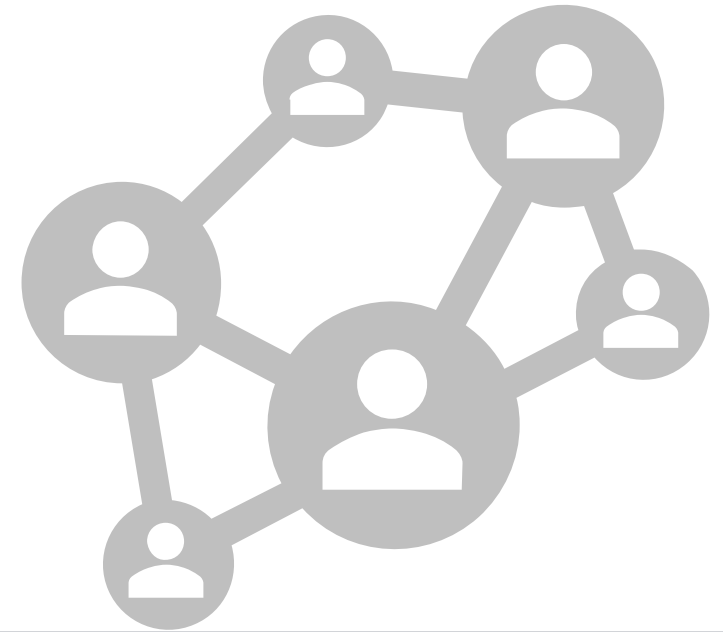
Administrative personnel development programs (soft skills training and technical training) reached 5.39 hour per administrative full time employee for the year 2023



Recordable incidents rate increased by 1 point because of increased production and working hours but we aim is to reduce it by addressing root causes.



Employee turnover ratio decreased by 1.7% in 2023 compared with 2022



We aim at becoming an enterprise where financial and social values co-exist. An enterprise that promotes the principles of entrepreneurship to find solutions with social and financial sustainability. This can be achieved through capacity building and community ownership.

# DIVERSITY AND INCLUSION

## Diversity and Inclusion

Ghaddar Machinery, in its internal policies, stresses on the importance of diversity and inclusion principles. Diversity enriches workplaces. We distinguish:

Diversity enriches workplaces. We distinguish:

**Gender Diversity:** Women in administration and women in top management.

**Educational Diversity:** qualifications required per job were pre-set to guarantee quality of work. People with different educational backgrounds are needed in different job positions. Educational diversity is embraced.

**Marital Status Diversity**

**Age Diversity**

## Employee Turnover

Employee turnover ratio decreased from 3.6% in the year 2022 to 1.9% in the year 2023

### EMPLOYEE TURNOVER RATIO

2022	3.6%
2023	1.9%

## Women in Administration

Women participation in administration and top management

Women In Administration		Women in Top Management	
2022	50%	2022	49%
2023	53%	2023	52%

### Marital Status Diversity 2023

	Married	Non- Married
2022	73%	27%
2023	76%	24%

### Workforce Educational Diversity 2023

No Educational Background	5%
Elementary or Secondary School	39%
BT (The Baccalauréat Technique)	23%
TS (Superior Technician Diploma)	8%
Bachelor in Engineering (BEng)	2%
Masters in Engineering (MEng)	7%
Bachelor of science (BSc)	9%
Masters in Science (Msc)	7%

### Age Diversity 2023

<30	4.3%
30-50	74.8%
> 50	20.9%

# SAFETY IN THE WORKPLACE

## Safety Training

In addition to the standard operating safety procedure manuals existing for the multiple work stations, external safety training were carried in collaboration with GIZ academy for factory workers. The program constitutes a yearly refresher and boost for factory employees about the importance of safety on the workplace. The training was a 4 weeks program where attendees learned how to identify the occupational hazards and how to mitigate such risks. Factory group leaders, welders as well as CNC machine Operators participated in this training.

## Recordable incident rate

Recordable Incident rate Increased from 8.98 (2022) to 9.5 (2023). This rise was caused by the increased demand and production in the 2023. We aim at reducing this rate by identifying root causes and addressing them and by prioritizing safety issues.

### EMPLOYEE SAFETY TRAINING

Increase training hours per FTE to 5.5 in the year 2023 to 7 hours in the year 2024

GIZ total Delivered Training hours*			GIZ Safety Training Hours per FTE (Full Time employees) - Factory	
2023	738	Hours	2023	5.59

Total number of delivered hours is calculated by multiplying the total duration of the sessions by the number of persons subjected to these courses.

### RECORDABLE WORK INCIDENTS

Decrease Recordable Work Incidents Rate

RECORDABLE INCIDENT RATE	
2022	8.98
2023	9.5

# EMPLOYEE TRAINING AND DEVELOPMENT PROGRAMS

## Training Programs


Training hours per Full Time Employee (FTE) increased in the year 2023 to a 5.39 hours compared with 1.45 hours in the year 2022. Training subjects spectrum covered many subjects and were categorized as safety training, technical training or soft skills training. 27% of personnel participated into one or more training courses. Increased safety training included risk assessment and mitigation methods ,use of PEP equipment, and routine maintenance. Various technical training for product development engineers were carried throughout the year. Soft skills (problem solving and time management) training were carried out for administrative personnel in the purpose of employee development.

## Welding Certification

In collaboration with Industrial Research Institute- Lebanese Welding Center, welding tests were performed for welders in the fabrication department to assess their skills and to verify compatibility of techniques to produce welded components that are in compliance with welding codes and have acceptable mechanical properties. The tests covered different welding processes (MIGMAG-EE1-EE2-TIG1-TIG2) for different welding positions and material thickness and for different type of welds (Butt Weld- Filet Weld)  
All Welders acquired the certification approvals.

## EMPLOYEE TRAINING AND DEVELOPMENT PROGRAMS\*

Increase training hours per FTE From 5.39 in the year 2023 to 7 hours in the year 2024

Total Hours of Training delivered			Training Hours per FTE	
2022	292		2022	1.45
2023 delivered	1128	 310%	2023	5.39

FTE\*=Full time employee

## Community Engagement and Apprenticeship Programs

Students apprenticeship programs were offered to 15 Students of different background with an average of 154 Hours of internship hours offered per intern.

Community Surveys were launched in 2023.

a dedicated channel [community@ghaddar.com](mailto:community@ghaddar.com) was installed during the year.

# Social Initiatives and Projects

## Collaboration With Lebanese American University graduate students

In this initiative, which focuses on product quality, environmental and social objectives, we wanted to find a solution for rinsing metal components with water. The water quality used to rinse metal components plays an important part in the adhesion process of powder paint, so we need to keep an eye on the water quality to make sure it is adequate. We came up with a draft of our engineering solution to improve our rinsing procedure. We also drew a water refinement project for manufacturing purposes. The Project Diagrams were created by our internship students who focused on all aspects of the project. Including students in our improvement project is also a social objective with mutual benefit.

## INVESTING IN FUTURE LEADERS

Ghaddar Machinery, presided by Mr. Mohamed Samih Ghaddar, participated in the event organized by AUB Alumni to award scholarships supporting students from diverse backgrounds. This provides a unique opportunity for students to pursue interests in engineering and other fields. For Ghaddar, it would be empowering young generations who are the promise of a brighter future.

For AUB Giving Day 2023 Partners (including Mohamed Samih Ghaddar), press [Here](#)



# 5 Governance



# Sustainability Governance

Ghaddar Machinery Board of Directors has oversight of sustainability and is responsible for aligning strategic priorities and ensuring environmental, social, and governance (ESG) principles are integrated throughout the enterprise.

Company Bylaws determine criteria needed for board of directors, election of chairman, meeting frequency and agenda, meetings quorum, remuneration of board, appointments of auditors, general assembly and other governance principles.

## Key Roles and Responsibilities

The risk committee reviews all ESG topics periodically, all initiatives and performance indicators. The committee drives and directs strategic ESG planning

External independent auditors periodically assess the conformity of the management systems to the regulatory requirements and applied standards. Audit reports present detailed assessment results for ISO9001:2015 Standards, ISO14001 Standard and ISO45001 Standard conformity. Any opportunity for improvement is escalated as a corrective action and subsequently closure methods and times are monitored.

Members of the Board of Directors	
Mohamed Samih Ghaddar	Managing Director and CEO
Sara Ghaddar	Quality Assurance Manager/ ESG
Lina Ghaddar	CFO
Mariam Ghaddar	Financial Analyst
Karim Ghaddar	Alternative Energy Dpt Manager

Key Officers	
President/CEO	Mohamed Samih Ghaddar
CFO	Lina Ghaddar
COO	Mohamed Maarouf
Sales/Marketing Director	Mohamed Afif Ghaddar
R&D	Mansour Sleiman

		Central Administrative Functions	Operations Management Functions
		Quality Assurance	Sales Management
	Human Resources	After Sales Management	
	Accounting and Finance	Production Management	
	Purchasing	Logistics	
Board of Directors	Chief Executive Officer	Product Development	Solar Division Management
<b>Receive periodic reports</b> from management on ESG and Management systems	Managers <b>identify ESG risks</b> and communicate them to managers and/or the risk committee, determine risk tolerance level.		
Incorporation of ESG factors into <b>enterprise-wide strategy</b>	Managers <b>implement</b> the board’s ESG risk <b>strategy</b> through risk management systems and processes Managers provide assurance to the board that the risk management plan is integrated with the daily activities of the company		

# Compliance Targets and Achievements

## Code of Ethics Compliance

Alignment of personnel to the principles of Business Ethics Policy refelecting core business values:  
 Ethical Business Practices  
 Anti-bribery and Export Control (Trade Sanctions Compliance)



100% administrative Employees signed acknowledgment of code of ethics policy

## Human Rights Policy

Alignment of Personnel to the principles of human rights and ensuring that human rights are upheld for our employees and all workers in our supply chain.



100% of sales personnel completed trade sanctions compliance training and Anti-Bribery and corruption training

## Environmental and Health Policy

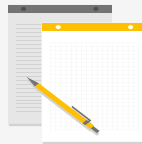
Alignment of Personnel to the principles of human rights: Workplace Harrassement Policy



Updated Supplier code of Conduct and due Diligence process to incorporate sustainability

## Supplier Code of Conduct and Due Diligence

Supply Chain engagement and alignment of policies and principles for sustainable mutual growth.



47% of impactful suppliers signed and approved Supplier code of conduct. (Impactful suppliers are suppliers of primary raw materials)



Created a whistleblowing channel for reporting non-compliance incidents. [Compliance@ghaddar.com](mailto:Compliance@ghaddar.com)

# Code of Ethics

Zero tolerance to bribes

Prohibition of accepting gifts from current or potential clients, agents that may influence the employee's judgement

Facilitation payment forbiddance

Prohibition of giving gifts to vendors, agents or business partners that may affect the vendor judgement.

Prohibition of contributions to political parties in a way to obtain unfair advantage

Prohibition to be used as a channel for money laundering and other financial criminal activities

Charitable contributions or sponsorships not to be used as subterfuge for bribery

# 6 Key Performance Indicators



Environmental KPI		2021	2022	2023	2026 Target
Scope 1 GHG Emissions*			1208	1046	-10%
Scope 3 Upstream GHG Emissions*		-	-	11,495	-8%
Scope 3 Downstream GHG Emissions*		-	-	3,031,414	-5%
Total GHG Emissions (metric Tonnes CO2e)		-	-	3,043,955	-6%
Social KPI		2021	2022	2023	2026 Target
Diversity: Women in Top management (%)		49%	49%	51%	+2%
Diversity : Women in administration (%)			50%	53%	+2%
Development: Training hours per FTE*		-	0.6	5.59	8-10
Employee Turnover Ratio (%)			3.6%	1.9%	-15%
Recordable Work incidents Rate		9.3	8.98	9.5	-10%
Community engagement : Internship Programs					
Governance KPI		2021	2022	2023	2026 Target
Administrative Employees Signing Acknowledgement of Code of Ethics (%)		-	-	100%	100% incl. new
Compliance Training for administrative employees (%)		-	-	22%	100% incl new
Supplier Engagement: impactful Supplier Signed Supplier Code of Conduct (%)		-	41%	47%	> 70%

\*Scope 1 GHG Emissions are the emissions arising from the direct and indirect use of company’s facilities (Buildings- vehicles)- Measured in Tons CO2e

\*Scope3 Upstream emissions are the emissions arising from the assets and activities not owned by Ghaddar, but that ghaddar affects in its value chain (Supply chain). They include purchased products, capital goods, transportation of purchased product, waste disposal facilities ,business travel. Employee commuting. –Measured in Tons CO2e

\*Scope 3 Downstream emissions are emissions arising from Transportation and distribution of products sold, use of sold product, waste disposal of sold product and leased assets owned by company, franchises. – Measured in Tons CO2e

\*FTE: Full time employee

**Future Goals**

**Challenges**

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