



Cyprus Trading Corporation Plc

**CORPORATE
SOCIAL
RESPONSIBILITY
REPORT**

2017

CSR



Cover

View of Limni Bay site, near Polis Chrysochou, following the reinstatement of the natural environment with the removal of mining tailings and other excavated materials, left over from the mining operations by the previous owners. The procedure lasted three years (2008-2011).

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INTRODUCTION

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The first CSR Report

The Board of Directors of Cyprus Trading Corporation Plc (CTC or CTC Group or the Group) hereby presents its first Corporate Social Responsibility Report for the year ending 31 December 2017, which accompanies the Group's annual financial statements. Corporate Social Responsibility also includes the concept of sustainability.

The CSR Report has been prepared by CTC (parent company) and includes all the subsidiary companies of the Group. For this reason there are no separate CSR Reports by the subsidiaries.

The consolidated CSR results of the Group include those of the following companies:

CYPRUS TRADING CORPORATION PLC

Argosy Trading Company Ltd
Cassandra Trading Ltd
Artview Co. Ltd
HOB House of Beauty Ltd
CTC Automotive Ltd
CTC AutoLeasing Ltd

ERMES DEPARTMENT STORES PLC

C.W.Artopolis Ltd
Superhome Center (DIY) Ltd
Novario Holding Ltd
Fashionlink S.A.*

WOOLWORTH (CYPRUS) PROPERTIES PLC

APEX Ltd

Reference is also made to the Limni Bay project of the associated company, Cyprus Limni Resorts & GolfCourses Plc, whose financial statements are not included in CTC's consolidated financial statements.

** The information in the present CSR Report does not apply in its entirety to Fashionlink S.A. Where it applies, particular reference is made to the fact.*

Introduction by the Executive Chairman and CEO

“For Cyprus Trading Corporation Plc (CTC), Corporate Social Responsibility is as important as reaching our financial targets.”

For Cyprus Trading Corporation Plc (CTC), Corporate Social Responsibility (CSR) is as important as reaching our financial targets. CTC, while mainly a commercial organisation, touches on various fields of CSR due to its diverse operations. This is why, over the course of the years, through our socially responsible practices, we have taken various actions for the benefit of our people, the environment and society in general. This year, we are proceeding with the implementation of a cohesive CSR strategy, not only because there now exists a legal obligation to do so, but because we believe that it strengthens the financial viability of our companies and creates added value.

2017 was a good year for CTC, which increased both its turnover and operational profit. This is even more significant considering the fact that the Cyprus economy, despite showing substantial signs of improvement, is still dealing with the consequences of the great financial crisis that began in 2009 and reached its peak in 2013. The proactive strategy implemented by CTC to dispose mature investments during the crisis, helped it survive this threatening period, by halving its bank debt, and substantially increase its liquidity. CTC has since maintained this strategy unchanged, enabling it to enjoy, with a greater degree of security, a dynamic course of growth, both organic and through mergers and acquisitions. Beyond its activities in Cyprus, the Group is taking serious steps in expanding abroad in the retail and distribution sectors, with the full support of our suppliers.

We are constantly investing in and upgrading technology and logistics, so as to increase our efficiency and productivity but also to provide better service to suppliers, commercial customers and consumers. At the same time, we are redesigning, refurbishing, and upgrading our existing stores and proceeding to set up new ones aiming to enhance

customer experience. Furthermore, this year we are introducing a new reward scheme by which customers will benefit, all year round, from special offers of a very large range of products, from all the different types of stores managed by the Group.

Through various actions and in collaboration with other bodies, we have always endeavoured to contribute to the modernisation of the business environment in Cyprus and its adaptation to European standards. We believe in a free market, without distortions and unfair competition. In this context, we have taken initiatives and supported the concept of year-round sales and the extension of shopping hours to include Sundays. This began during the 2013 financial crisis and resulted in the creation of hundreds of new jobs, as well as better service to consumers.

Despite the financial difficulties that we also had to face during the crisis, as a large organisation in the country, we felt the need to contribute towards alleviating unemployment, which had reached 14% and, among young people, 27%. To this end, through our Management Trainees programme, we gave the opportunity to a much larger number of young graduates, than ever before, to be employed, gain work experience and receive a respectable salary (23 instead of 2-3 recruits).

On environmental issues, we make a significant contribution to the recycling of PMD, paper, glass, batteries, electrical and electronic equipment, since we are among the founder members with active presence on the Boards of Green Dot, A.F.I.S. and WEEE. We have also started renewing our company fleet with lower-emission vehicles, we have drawn up a safe driving code for our employees and we contribute in various ways to enhancing road safety consciousness.

“Human resource is the most important factor in CTC’s success. As one of the biggest employers in Cyprus, with over 2,200 employees, we strive to provide a work environment in which every individual is shown respect, equal treatment and equal opportunities to progress within the Group, through transparent, fair and objective processes.”

Our decision to develop the Limni Bay resort, in a freehold land of 3,03 million square metres in the Polis Chrysochou area, a very beautiful but neglected part of Cyprus, gave us the opportunity to reinstate the natural environment through the removal of mining tailings and other excavated materials, left over from the mining operations by the previous owners, at a cost of around €40 million. This was carried out in supervised geotechnical conditions with the guidance of specialist consultants.

Limni Bay will include two 18-hole Signature Golf Courses, a luxury hotel, luxury villas and other residential units and sports facilities. The project will provide hundreds of new jobs, both during its construction and when it becomes operational, while at the same time, improve the natural environment and create new economic activity for the local population.

For CTC, the concept of social contribution, in its broader sense, has always been a priority. We believe that businesses should not only generate wealth but also give back to society and people, in return for their support. In this regard, we offer financial support to national, social, cultural and charitable organisations, with particular emphasis on those involved with children and young people. Among other actions, in 2013, when many families were unable even to feed their children adequately, we began to offer daily breakfast to thousands of needy primary school children, in collaboration with the Ministry of Education. This continued until summer 2016, at a cost of more than €1,5 million. Through the “Sophia Foundation for Children”, we

support the programme “I cook and I offer” which is implemented in 16 primary schools and provides a daily meal to needy children. Through a donation of €9 million, we are funding the creation of the Medical School at the University of Cyprus. A previous donation of €4,5 million, financed the creation of the “Shacolas Educational Center for Clinical Medicine” at the same university. Both contribute to educating young people and providing people in Cyprus with the best medical treatment.

Human resource is the most important factor in CTC’s success. As one of the biggest employers in Cyprus, with over 2.200 employees, we strive to provide a work environment in which every individual is shown respect, equal treatment and equal opportunities to progress within the Group, through transparent, fair and objective processes. Particular importance is placed on personnel training and development, as well as on health and safety issues. Our employees frequently reveal their social sensitivity through volunteerism, either on environmental issues or for charitable causes.

This first CSR Report presents the CTC Group strategy, which is based on four pillars: Our People, Society, Market & Products, Environment. The following pages provide details of our actions and commitments with regard to all four pillars.

Marios N. Shacolas
Executive Chairman & CEO

02

CTC AND BUSINESS SECTORS

- CTC at a glance
- Brief History
- Vision and Code of Business Conduct
- Business Sectors
- Group Developments
- Corporate Governance

CTC at a glance

GROUP PROFILE

Cyprus Trading Corporation Plc (CTC) is a leading Group, based in Cyprus, listed on the Cyprus Stock Exchange. N.K. Shacolas (Holdings) Ltd is the major shareholder with a controlling stake of 87%. It owns and controls a number of companies, each specialising in a specific industry. Three of them are also listed on the Cyprus Stock Exchange. CTC's diversity of operations, a key factor in the company's strength, is spread over five main business sectors:

Distribution and Logistics: Branded Fast Moving Consumer Goods, luxury cosmetics and fragrances, home appliances.

Retail: Fashion, beauty, F&B, home improvement & DIY, home appliances.

Automotive & Engineering: Passenger and commercial vehicles, heavy machinery, photovoltaics, professional tools, lighting.

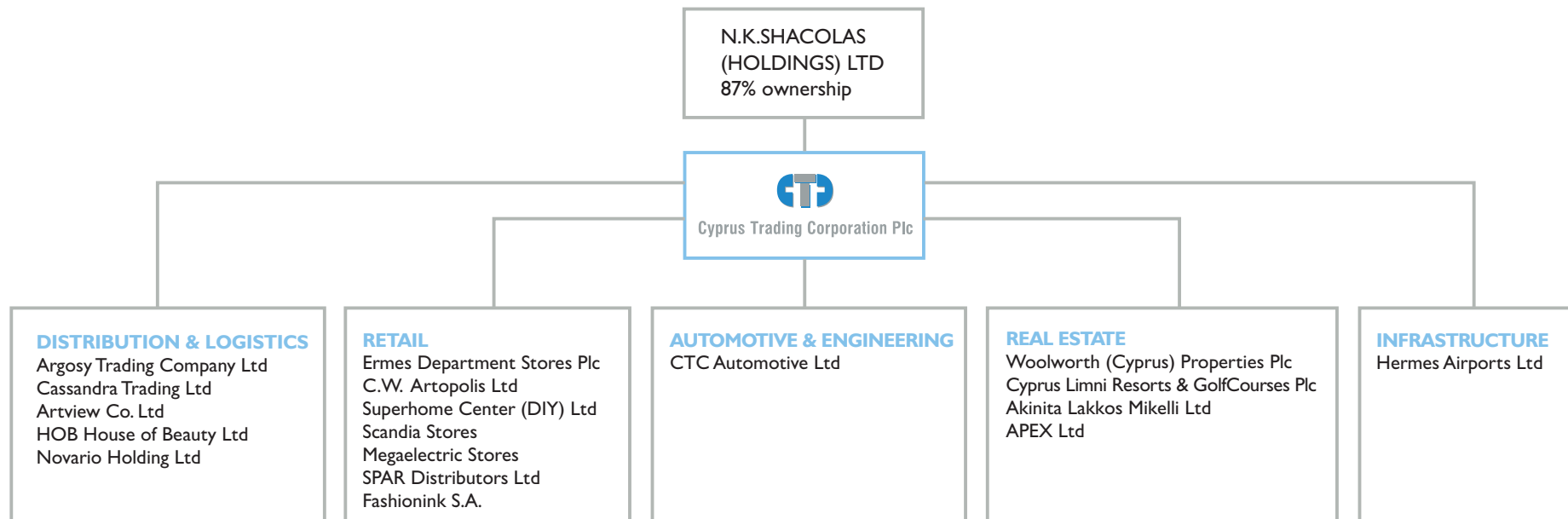
Property Development & Management: Retail outlets, department stores, shopping malls, resorts, residential.

Infrastructure: Development and management of Larnaka and Pafos international airports.

Despite the diversity of activities, CTC remains effective in each category of investments and operations through an appropriate structure, which enables autonomous teams of skilled professionals to maximize shareholder value.

Pursuing a strategy of alliances and partnerships with renowned international organisations has been fundamental to CTC's long term success.

GROUP STRUCTURE



Brief History

CTC is one of the oldest active trading companies in Cyprus. It was registered in the British colonial government's Company Register on 22 April 1927, under the name Cyprus Trading Corporation Ltd, registration No. 18. In 1984, the company was bought by the Shacolas Group and gave its name to one of the Group's subsidiaries in 1989. The same year, CTC was converted into a public company and it was listed on the Cyprus Stock Exchange on 29 March 1996. The majority shareholder today is N. K. Shacolas (Holdings) Ltd with 87%.

The history of CTC is directly linked to that of the Shacolas Group, which began operations in 1953 with the trading of agricultural products. The Group thrived but suffered a major blow in 1974 due to the Turkish invasion. It was subsequently reactivated both in Cyprus and abroad and, through the establishment of new companies and the acquisition of others, became one of the leading and most diversified business organisations in Cyprus. It also had presence in England, Greece, Nigeria and Russia. Today, CTC Group continues as the parent company of all those operating in distribution and logistics, retail, automotive and engineering, property development and management and infrastructure.

In addition to its present commercial activities, CTC has also been involved, from time to time, in other sectors including insurance, telecommunications, the dairy industry, building materials, hosiery and paper processing.

On the initiative of its founder and first Executive Chairman, Nicos K. Shacolas, in 2000, the international consortium Hermes Airports Ltd was established to build and manage until 2031 the international airports of Larnaka and Pafos. CTC is the biggest Cypriot shareholder in Hermes, with a stake of 11,34%.

Some of the Group's mature investments were disposed, gaining substantial returns.

In May 2015, Marios N. Shacolas took over the reins of the Group as Executive Chairman and Managing Director. Nicos Shacolas was nominated Lifetime Honorary Chairman.



Vision and Business Conduct

All Group operations are bound by the same vision, which determines our direction and governs our objectives.

OUR VISION

To be the No. 1 choice:

For consumers: By making available to the market top brands, best quality products and services at competitive prices.

For trading customers: By offering excellent and efficient services through a partnership approach and a portfolio of products ensuring a preferred supplier status.

For suppliers: By being market leaders, strong competitors, effective and focused professionals in a spirit of partnership, adding value to suppliers' offerings.

For employees: By providing career opportunities with growth and development prospects based on merit, in an exciting environment.

For shareholders: By being a reputable company that delivers above market average returns and consistent growth.

BUSINESS CONDUCT

Code of Business Conduct

All our activities are guided by the Code of Business Conduct of the CTC Group, which sets common standards shared by everybody, forms its culture and enhances its reputation.

By embracing the Code:

- We protect the interests and the reputation of our company and we passionately contribute to its continuous success.
- We focus on the customer-consumer.
- We behave with responsibility and integrity.
- We treat everyone with respect.
- We constantly try to improve ourselves.
- We work as a team.

In addition, for the optimum and responsible employee engagement, we implement policies and procedures, which are included in the HR Manual. Among others:

Disciplinary Code, which explains the procedure to be followed in case of misconduct or error by an employee.

Policy on Conflict of Interest, by which employees are obliged to reveal any legal, ethical, financial or other conflict of interest they may have in relation to the Group's activities.

Policy on Gifts, which forbids employees to accept gifts so as to avoid the possibility of bribery or corruption.

Policy on Dual Employment, which requires revealing information on any work carried out for another employer.

Business Sectors

CTC owns and controls a number of companies, each specialising in a specific industry.

DISTRIBUTION & LOGISTICS

Fast Moving Consumer Goods

Argosy Trading Company Ltd is the leading distributor of the grocery retail sector in Cyprus with a network reaching about 2000 outlets. It handles brands of fast moving consumer goods, a lot of which hold one of the top three positions in their respective market category. Since the end of 2017, Argosy has also become one of the major suppliers of food products in the food service business (HORECA) after acquiring one of the leading suppliers in the field.

Cassandra Trading Ltd is the importer and distributor of Philip Morris International tobacco products, with a portfolio of cigarette brands and heated tobacco products, which enjoy a significant share in the Cyprus market.

Cosmetics and Fragrances

Artview Co. Ltd is the distributor of the luxury brand Christian Dior fragrances, make-up and skincare in the Cyprus market.

HOB House of Beauty Ltd prides itself with a portfolio of world famous brands of luxury and premium cosmetics and fragrances for the Cyprus market. It meets the aspirations of its suppliers and customers by adhering to the highest standards of distribution and service, in strict compliance with each brand's image and strategy.

Home Appliances

Novario Holding Ltd focuses on import, distribution and after sales service of well-known brands of electric and electronic appliances for domestic use, personal care and entertainment, professional photography and sound.



RETAIL

Ermes Department Stores Plc (Ermes) is the retail arm of the CTC Group. It is the biggest and most diverse retailer in Cyprus and is also listed on the Cyprus Stock Exchange. It operates 95 stores, 7 of which in Greece, with over 75,000 sqm of retail space. Retail segments include: department stores, stand-alone fashion franchise stores, beauty stores, F&B, food retail, home appliances, home improvement & DIY stores.

Department Stores

Debenhams Retail Plc, one of the leading department store chains in the UK, participates with a 10% shareholding in the Ermes Group. Seven Debenhams franchise department stores operating across Cyprus offer fashion, beauty, homeware, food departments and coffee shops.

Stand-alone Fashion Franchise Stores

- Zako for lingerie, hosiery, haberdashery, swimwear (28 stores)
- Next offers complete UK lines for men, women and kids (6 stores in Cyprus and 4 in Greece)
- OVS Italian fashion for the entire family (2 stores in Cyprus and 1 in Greece)
- Peacocks UK retailer offering great value fashionable clothes for both men and women (2 stores in Cyprus and 2 in Greece)
- Armani Exchange (1 store at the Mall of Cyprus, Nicosia)
- Forever 21 (1 Young fashion store at The Mall of Cyprus, Nicosia)
- Uber lifestyle store with international young fashion brands (1 store at The Mall of Engomi, Nicosia)
- Navy & Green menswear collection inspired by the Mediterranean way of life (1 store at The Mall of Cyprus, Nicosia)
- Orsay: German brand with French finesse (1 store in Limassol)



Beauty

- Debenhams Beauty Department
- Glow Specialist beauty store for women and men (1 store at The Mall of Cyprus, Nicosia)

Food & Beverage

C.W.Artopolis Ltd manages 15 retail outlets:

- Venue Café (7 in Debenhams department stores)
- Artopolis bakeries (3 in Debenhams Food Halls and 1 standalone bakery at The Mall of Cyprus)
- Coffee & More (3 coffee shops)
- Bliss gelateria (1 at The Mall of Cyprus, Nicosia)

Food Retail

SPAR Distributors Ltd is the strategic partnership of Ermes Department Stores with SPAR International, the world's largest voluntary food retail chain. The new entity, aims to create and maintain the biggest voluntary food retail chain and to become the leading wholesale and retail service provider to independent retailers in Cyprus, through its expertise, guidance, cooperation and support.

Home Appliances

- Scandia, leads the home appliances retail sector. It provides the widest product range of well-known quality brands of electric and electronic appliances for home use, entertainment and personal care. It also offers best possible in-store and after sales customer care. It operates through 6 outlets at key locations around Cyprus.
- Megaelectric, 5 standalone stores of domestic electric and electronic appliances in all cities and 6 shop-in-shop stores within the Sklavenitis hypermarkets with emphasis on small domestic appliances and personal care. It specialises in professional sound and image categories and has a highly trained sales team.

Home Improvement and DIY

Superhome Center (DIY) Ltd is the leading retailer in Cyprus for Home Improvement and DIY. It operates 5 stores in Nicosia (2), Limassol, Larnaka and Pafos, with 19 departments and 65.000 items in each store. Services include: in-store assistance and technical advice, spacious parking area, delivery, repairs, reward scheme, colour mixing, timber cutting, battery and electric appliances recycling.



AUTOMOTIVE AND ENGINEERING

CTCAutomotive Ltd deals with vehicles, heavy machinery, professional tools, lighting and photovoltaics.

- Volvo saloon cars, Hyundai saloon cars and vans, Iveco lorries, trucks and buses, Scania trucks and buses.
- Caterpillar heavy machinery (earthmoving equipment, generating sets, marine engines, telehandlers, photovoltaics).
- Hilti professional tools.
- Philips lighting products.
- Leasing of passenger and light commercial vehicles.



PROPERTY DEVELOPMENT AND MANAGEMENT

Woolworth (Cyprus) Properties Plc, a company listed on the Cyprus Stock Exchange, is the property arm of the CTC Group. Owner of property in prime locations all over Cyprus, Woolworth is strategically involved in the development and management of projects such as shopping malls, department stores, retail outlets, resorts, residential.

- Retail property: Debenhams department stores, Central in Nicosia, Olympia in Limassol, Zenon in Larnaka, Korivos Commercial Centre in Pafos, Ledra Arcade in Nicosia and other smaller stores and offices.
- Plots of land: A collection of plots of land for commercial and/or residential development in prime locations in Nicosia, Limassol and Larnaka. The associated company Akinita Lakkos Mikelli Ltd owns a large area of land in a particularly privileged location at the entrance of Nicosia, ideal for a mixed use commercial and residential development, or the construction of office/business centres.
- Resorts: Cyprus Limni Resorts & Golf Courses Plc, a listed Company, is the owner of about 3,30 million sqm of freehold land situated near Polis in the Pafos district. The property can be roughly divided in two parts:
 - Limni, with 3,03 million sqm that will be used to create a stylish sustainable mixed use resort, Limni Bay. When completed, it will feature two 18-hole Signature Golf Courses, each with its own clubhouse, a small luxury hotel, private freehold villas on independent plots, premium residential properties and other related facilities and services.
 - Kinousa, 254.905 sqm at the foothills of Troodos mountains, next to Kinousa village, ideal for a spacious hill resort, with magnificent sea views.

INFRASTRUCTURE

Hermes Airports Ltd is a consortium formed by a number of international and local companies to undertake the Cyprus government's contract for the construction and operation of Larnaka and Pafos airports, a BOT (Build, Operate, Transfer) project. Operations commenced on 12 May 2006 and will continue until 2031. The new Pafos and Larnaka airport terminals opened in November 2008 and 2009 respectively, offering world class facilities and handling 9 million passengers annually. CTC is the biggest Cypriot shareholder with a stake of 11,34%.



Group Developments

Following its strategic decision to dispose mature investments for the benefit of its shareholders, CTC Group improved its returns and operating results for the year ended 31 December 2017, implementing its policies for strategic readjustments and healthy and constructive development. In this context, it carried out mergers and acquisitions and formed strategic partnerships. Full details of these developments are included in the 2017 Annual Report. In brief, the most significant ones were the following:

- The acquisition of the operations of Chrikar Trading Company Ltd by Argosy Trading Company Ltd was completed. The operations of Chrikar relate mainly to the food distribution in the hotel, restaurant and catering sector and the company is considered as one of the most important in this field.
- Cassandra Trading Ltd, importer and distributor of Philip Morris International, in Cyprus, launched the revolutionary new and potentially reduced risk heated tobacco product, IQOS, that has been gaining more and more popularity among smokers since 2014 when it was first released in Europe and Japan.
- CTC AutoLeasing Ltd, a subsidiary of CTC Automotive Ltd, began its operations. It is engaged in the provision of long-term passenger and commercial vehicle leases, offering all related services that a vehicle needs for its operation.
- Zaco Estate Ltd, a subsidiary of Woolworth Group, proceeded with the disposal of its four-storey neoclassical building in Ledra Street in Nicosia.
- Ermes Department Stores Plc launched the first Armani Exchange and Forever 21 stores in the Mall of Cyprus in Nicosia. It also opened a new Oviesse store in the Kings Avenue Mall in Pafos.
- Ermes Group is in the process of refurbishing a number of its stores. Work on the ground floor of Debenhams Zenon in Larnaka and Debenhams Korivos in Pafos has already been completed, with the aim of providing the best possible quality customer service.

- A strategic partnership agreement was signed between Ermes Department Stores and the internationally renowned SPAR International, voluntary food retail chain. The Company, through its subsidiary SPAR Distributors Ltd, has already begun installing the required IT systems, while the first SPAR store is expected to operate during 2018.
- Ermes is also investing in the development of a new, flexible customer reward scheme, focusing on customer individual needs. The new scheme is due to be launched in 2018.

Developments that took place after the end of 2017:

- During the first months of 2018, the sale of three properties belonging to the Woolworth Group was completed: Shacolas Tower in Ledra Street, Nicosia, the property in Strovolos housing the Superhome Center (DIY) and the property in Limassol that houses the Debenhams Apollon department store.
- The large-scale refurbishment of the Debenhams department store at The Mall of Cyprus in Nicosia began, which is expected to attract even more customers. It has been designed by a renowned French firm of architects/interior designers.
- Milliouni, the first online mall in Cyprus, was launched by Ermes Department Stores Plc, starting with offering products from over 100 brands.
- Argosy Trading Company Ltd took over from Foodpax Trading Ltd the distribution and importation of Foodpax branded frozen food products as well as ownership of the brand. Foodpax has been operating since 1969.

Corporate Governance

The Board of Directors of CTC, recognising the importance of the Corporate Governance Code for the proper and prudent management of the Company, as well as for the continuous safeguarding of the Shareholders' interests, has adopted the Corporate Governance Code and applies its principles. The Code is also applied by the CSE listed subsidiaries of CTC, Ermes Department Stores Plc and Woolworth (Cyprus) Properties Plc. The Board of Directors is responsible for ensuring that all the principles of the Corporate Governance Code are adhered to.

CTC is listed on the Alternative Market of the Cyprus Stock Exchange and the Corporate Governance Code has been adopted voluntarily.

Here below the various committees of the CTC Board of Directors are presented in brief. Additional information on Corporate Governance is available in the annual financial statements of CTC and its subsidiary Groups, Ermes and Woolworth.

All three of these public companies are governed by their own Board of Directors and have their own relative committees, which are presented in the section "Management Report on Corporate Governance" of their Annual Reports.

Board of Directors

CTC is governed by a 13-member Board of Directors, of whom four are executive and nine are non-executive directors. Four are independent. There are eleven men and two women. Four of them are shareholders. At every Annual General Meeting, one third of the members of the Board of Directors with the longest period of service, as well as those appointed after the last Annual General Meeting, resign, with the right to re-election.

Members of the Board of Directors make up the following committees:

Nominations Committee

Responsible for recommending new members for appointment to the Board of Directors.

Remunerations Committee

Responsible for submitting recommendations to the Board of Directors regarding the content and level of the Executive Directors' remuneration, as well as the terms of the relevant employment contracts. Non-Executive Directors' remuneration is determined at the Annual General Meeting.

Audit Committee

Responsible for matters regarding the services provided by the External and Internal Auditors, including the confirmation of their independence, matters relating to accounting treatments, reviewing significant transactions that may lead to conflict of interests, as well as the preparation of the Management Report on Corporate Governance, with the help of the Compliance Officers responsible for the Code, Demetris Demetriou and George Mitsides.

Internal Audit Department: It assists the Group to achieve its objectives by applying a systematic and disciplined methodology to assess and improve the Risk Management and Internal Control Systems and the application of the Corporate Governance Code by each company. In the context of its independence, the Department's members report directly to the Audit Committee on administrative and operational matters.

Capital Expenditure Committee

Responsible for examining the recommendations for capital expenditure made by the management of each company and, subsequently, submitting them to the Board of Directors for final decision.

In addition to the above committees of the Board of Directors, the following committees have been set up, at Group level:

Authority Levels Committee

Responsible for submitting recommendations concerning the authority levels given to management and senior officials of the companies of the Group. The recommendations are submitted to the Board of Directors for approval.

Group Finance Committee

Responsible for monitoring and evaluating the financial and cash flow situation of the Group companies and the effective management of their financial resources, for maintaining contacts with the financial institutions with which they cooperate, for implementing International Financial Reporting Standards and for monitoring tax-related matters.

Central Recruitment and Remuneration Committee

Responsible for the recruitment and remuneration of senior management, as well as the monitoring of the implementation of recruitment and remuneration policies and procedures regarding all other employees. Its purpose is to ensure that the Group employs and retains the best human capital possible relevant to its business needs and maximise its potential.

Central Purchases and Procurement Committee

Responsible for implementing policies and procedures for non-operational purchases by the Group, ensuring the greatest value for money in all transactions. It promotes transparency and trust in the Group and business associates relations, reinforcing, at the same time, corporate governance.

Central Committee of Social Contribution

It deals with issues relating to charity, the support of non-profit associations / organisations and the sponsorship of cultural events, implementing specific policies and objective criteria.

CSR Team

The CEO of CTC oversees CSR and reviews and approves all relevant Reports. In order to implement our commitment, we have set up Committees at Group and company level. The Group CSR Committee with the CEO have the overall responsibility for the development and implementation of strategy. At company level, the implementation of the strategy is the responsibility of each company CSR Committee.

Furthermore, these Committees are responsible for collecting all the required data for the CSR Report.

The Group CSR Committee consists of the following senior officials:

Chrysoula Shacola, *Executive Director*

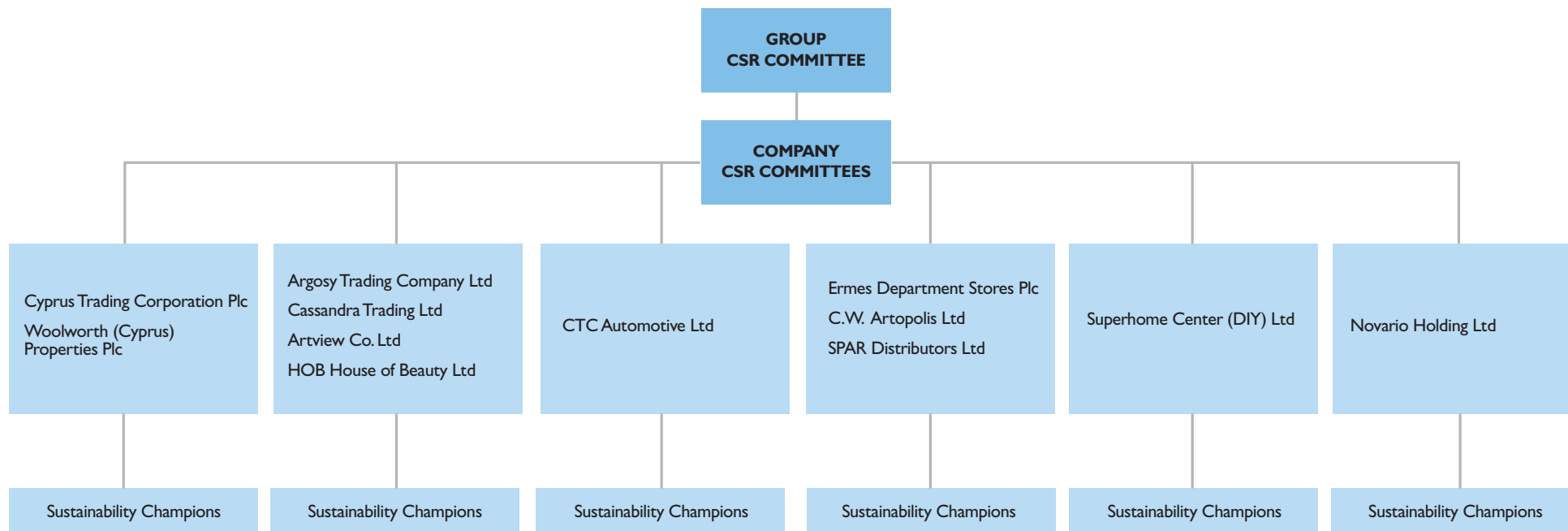
Loukia Makri Christofide, *Group HR Manager*

George Louca, *Group Director of Finance and Information Technology*

Marios Loucaides, *CEO FMCG Distribution and Logistics*

Kyriakos Kolocassides, *CFO Ermes Group*

It should be noted that the Head of the CSR Committee, at company level, is the company CEO or General Manager. Committee Members, among others, comprise CFOs and HR officials. Each company has its “Sustainability Champions”, who represent most departments, such as Marketing and Logistics, and play a significant role in developing CSR culture and implementing relevant policies.



03

STAKEHOLDERS AND CSR MATERIAL ISSUES

- Methodology for identifying CSR Material Issues
- CSR Strategic Pillars
- Measuring our performance

Methodology for identifying CSR Material Issues

For the preparation of the CSR Report, we have implemented a comprehensive strategic approach, which is presented in the diagram below. A significant part of this approach is the identification of CSR material issues.

In order to gain a full picture of the CSR issues relevant to the Group, a series of workshops was held, with the participation of a number of staff members from various companies and departments of the Group.

This process, which was carried out with the help of specialist consultants on sustainability and corporate responsibility, is presented here below in stages:

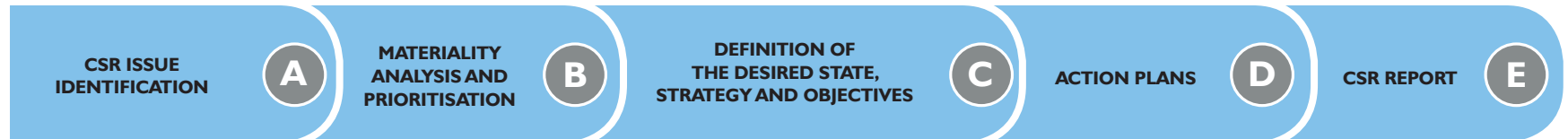
Stage A: We identified, grouped and ranked the Group Stakeholders. We then identified the main CSR issues, taking into consideration material issues for the Group, the business environment, Stakeholders' demands and expectations, social and environmental trends and constraints.

Stage B: We identified, grouped and ranked the main CSR issues, determining their importance for the Group and its Stakeholders. The findings were then confirmed by a questionnaire sent to a number of Stakeholders.

Stage C: The most important CSR issues were grouped into four strategic pillars: Our People, Society, Market & Products, Environment. The current state within the Group regarding material CSR issues was recorded and objectives were set in relation to the desired state.

Stage D: Priorities were determined and action plans were developed for each CSR pillar. These are presented at the end of each section.

Stage E: The CSR Report was compiled.



Methodology for identifying CSR Material Issues

STAKEHOLDERS AND COMMUNICATION

The table on the next page presents the main Stakeholders of the Group as determined by the methodology for the identification of CSR material issues, listed in no particular order.

It also shows the various channels of two-way communication and the most material CSR issues by Stakeholder group.

To identify the main CSR issues for each Stakeholder group, we gathered information through:

- In-house workshops with employees
- A questionnaire to Stakeholders
- Other means of communication with Stakeholders as shown in the table on the next page

Our aim is to involve more people from each Stakeholder group, in the future, in order to identify with greater precision the CSR issues of concern.

Through communication with the Stakeholders, we adjust our corporate objectives and improve our products and services, responding at the same time to the needs and expectations of the society in which we operate.

Stakeholders	Two-Way Communication	CSR Issues
Employees	<ul style="list-style-type: none"> Training workshops and seminars HR surveys Internal meetings and announcements Annual appraisal and feedback meetings Events 	<ul style="list-style-type: none"> Change management HR Management, Performance & Motivation Employee Health, Safety & Well-being Education & Training Labour practices Data security and technology Culture management Career Diversity, Equal Opportunity and Human Rights
Shareholders	<ul style="list-style-type: none"> Annual Reports Annual General Meetings Through Board Members appointed as Shareholder Liaison Officers Website 	<ul style="list-style-type: none"> Change management Talent attraction Customer satisfaction HR Management, Performance & Motivation Financial performance CTC reputation and brand image Clear strategic direction Data security and technology Compliance Culture management Social contribution Corporate governance Anti-money laundering
Trading Customers	<ul style="list-style-type: none"> Meetings and continuous feedback Complaint management Sales and Marketing Customer satisfaction surveys Questionnaires Training 	<ul style="list-style-type: none"> Data security and technology Supply Chain management Food safety Customer / Consumer satisfaction Quality of products and services Responsible marketing Anti-competitive behaviour Health and Safety
Consumers	<ul style="list-style-type: none"> Customer satisfaction surveys Complaint management Reward Scheme Media and Social Media Advertising and promotional activities Sales monitoring 	<ul style="list-style-type: none"> Customer service Product quality and value Market presence Trading practices Health and Safety Personal Data Protection Responsible marketing

03 STAKEHOLDERS AND CSR MATERIAL ISSUES

Stakeholders	Two-Way Communication	CSR Issues
Board of Directors	Meetings Questionnaires	Human Rights Anti-competitive behaviour Anti-corruption Anti-money laundering Financial performance Data security and technology Compliance Corporate governance Quality of products and services CTC reputation and brand image Employee Health, Safety & Well-being Responsible marketing
Management	180° Feedback system Annual appraisal and feedback meetings Training workshops and seminars HR surveys Internal meetings and announcements Events	Change management Talent attraction Customer / Consumer satisfaction Quality of products and services Human Rights HR Management, Performance & Motivation Financial performance
Suppliers	Meetings and continuous communication Questionnaires Business agreements Training / support	Human Rights Business ethics Product traceability HR Management, Performance & Motivation Education and Training Labour practices Anti-corruption
Society	Surveys Social media Media Announcements / Press Releases Website Events	Labour practices Compliance Anti-money laundering Data security and technology Social contribution Anti-competitive behaviour Food safety Trading practices

Stakeholders	Two-Way Communication	CSR Issues
Government	<ul style="list-style-type: none"> Official announcements Monitoring of laws and regulations Meetings and negotiations Inspections Letters 	<ul style="list-style-type: none"> Compliance Economic impact on society Labour practices Anti-money laundering Anti-competitive behaviour Food safety Data security and technology
Media	<ul style="list-style-type: none"> Daily media monitoring Press Releases Press Conferences / Interviews Group Media Spokesperson Invitations to participate in Group events 	<ul style="list-style-type: none"> Compliance Economic impact on society Labour practices Anti-competitive behaviour Data security and technology Trading practices Responsible marketing CTC reputation and brand image Anti-corruption Social contribution
Associations and other Organised Bodies	<ul style="list-style-type: none"> Meetings Letters Website Announcements 	<ul style="list-style-type: none"> Compliance Economic impact on society Labour practices Anti-competitive behaviour Trading practices Social contribution Food safety Business ethics Management of environmental issues Customer satisfaction Anti-money laundering CTC reputation and brand image Employee Health, Safety & Well-being

CSR MATERIALITY MATRIX

As a result of this process, the Group CSR Materiality Matrix was drawn. This matrix determines the most important issues for the Group (vertical axis) and for its Stakeholders (horizontal axis).

Our aim is to present a CSR Report that focuses on issues that are highly material, both for the Group and for its Stakeholders.

The process of materiality analysis was carried out in accordance to the guidelines of the Global Reporting Initiative (GRI), which are as follows:

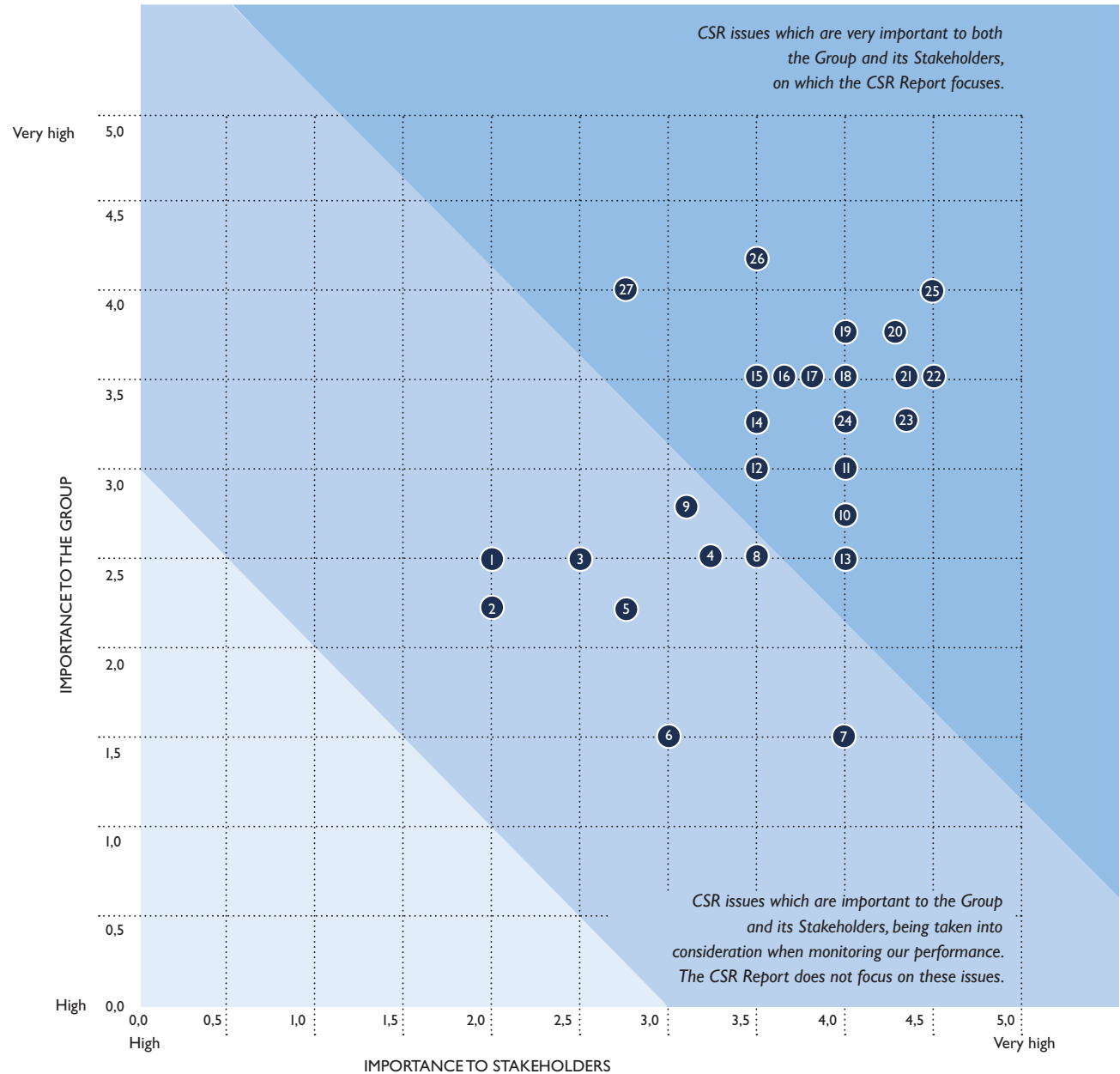
- **Stakeholder Inclusiveness:** The Group must understand and respond to stakeholder justifiable expectations and interests.
- **Completeness:** The Report must cover the most material issues for the Group and for its Stakeholders.

- **Sustainability Context:** The Report must present the Group's performance in the broader concept of sustainability, contributing either to the improvement or the management of the impacts on financial, environmental and social conditions, developments and trends at a local or broader level.
- **Materiality:** The Report must cover issues that reflect Group significant financial, environmental and social impacts or affect Stakeholder decisions.

The following sections present and analyse in detail the issues that have been identified by this process. The Group's CSR materiality matrix is presented in the next page.

CSR Materiality Matrix

- 1 Responsible Marketing
- 2 Anti-corruption
- 3 Diversity and Equal Opportunity
- 4 Supply Chain Management
- 5 Anti-Competitive Behaviour
- 6 Social contribution
- 7 Human Rights
- 8 Anti-money Laundering
- 9 Corporate Governance
- 10 Compliance
- 11 Economic Impact on Society
- 12 Operational Effectiveness & Process Standardisation
- 13 Clear Strategic Direction
- 14 Quality of Products and Services and Food Safety
- 15 • Consumer Health and Safety
• Health, Safety & Well-being in the Workplace
- 16 Reputation
- 17 Management of Environmental Issues
- 18 HR Management, Performance & Motivation
- 19 Education and Training
- 20 Data Security and Technology
- 21 Sustainability Image
- 22 Customer / Consumer Satisfaction
- 23 Market Presence
- 24 Labour Practices
- 25 Financial Performance
- 26 Risk Management
- 27 Trading Practices



CSR Strategic Pillars

Corporate Social Responsibility refers to business practices which aim at having a positive impact on the economy, society, the environment and Stakeholders.

We manage the CSR material issues via a proactive approach which is implemented through our organisational structure and internal processes, as well as through action plans for each strategic pillar:

The CTC Group CSR strategy is based on the following four pillars:

OUR PEOPLE

SOCIETY

MARKET & PRODUCTS

ENVIRONMENT

The diagram shows the CTC Group CSR strategic approach and its basic focus areas.

The Group CSR strategy is summarised as follows:

- Four strategic pillars and issues covered
- Objectives and indicators that determine our performance
- Action plans and commitments
- CSR Team








Measuring our performance

To assess our effectiveness, we have adopted performance indicators for each of our strategic pillars and issues, with published measurable objectives, so as to be responsible and accountable for our performance and to monitor our progress.

In the following sections, we describe how CSR issues are managed and we note the main initiatives and actions we are planning to implement. The symbols in the table show the current stage of implementation.

From time to time, we shall update and adjust our objectives and actions.

Symbols indicating action implementation stage

Symbol	Implementation Stage
	New commitment
	Commitment not started
	In progress
	Completed
	Ongoing commitment with no end date

04

CSR STRATEGIC PILLARS

- Our People
 - Society
 - Market & Products
 - Environment
-

Our People



Key information

The growth of CTC depends on its people. Each one can make a difference and contribute to the success of the Group.

CTC is one of the biggest employers in Cyprus. Our size, diversity and association with multinational suppliers, along with our support and training programs, provide valuable knowledge, experience and opportunities for professional and personal advancement.

Our concern as employers is to provide a working environment in which each individual is treated with respect and given equal opportunities to advance within the Group, through transparent, fair and objective processes.

A significant milestone in our efforts was a specialist Human Resources study, conducted in 2016 in collaboration with external consultants. The aim of the study was to evaluate and improve CTC Group's processes and practices on issues concerning the management and development of our human resources, so as to achieve a change of culture. Based on the results of the study, an action plan was drawn up for the following years.

To achieve the above, the HR Department focuses its actions on the following five areas:

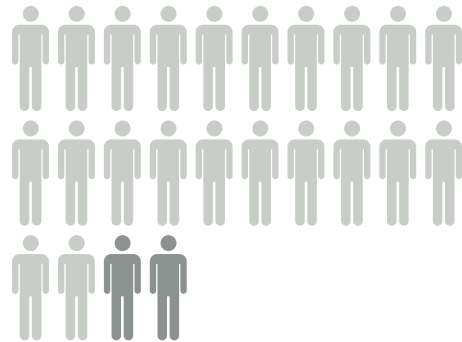
- Recruitment and selection
- Performance management
- Recognition and rewards
- Training and development
- Communication and cooperation

For each of the five areas, strategic objectives have been determined, together with key performance indicators, the progress of which is monitored at regular intervals. Both strategic objectives and key performance indicators are aligned with the Group's priorities.

On the following pages we present in brief the HR policies, procedures and practices that are being implemented, as well as our future commitments based on strategic objectives.

MANAGEMENT TEAM (2017) *

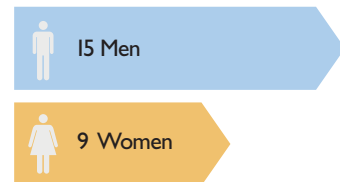
Origin



Age



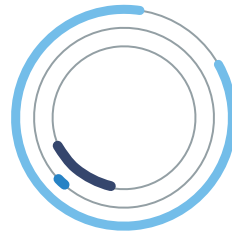
Gender



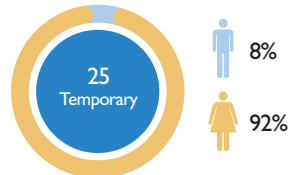
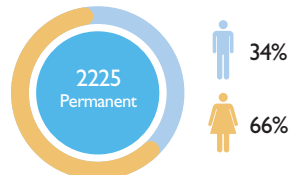
*The management team includes the Executive Directors, General and Financial Managers and Senior Managers at Group level.

EMPLOYMENT TYPE (2017)

Total number of employees

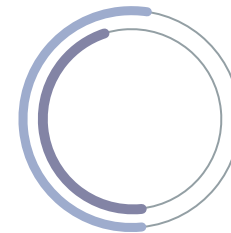


- 86% Permanent employees
- 1% Temporary employees
- 13% Supervised associates' employees

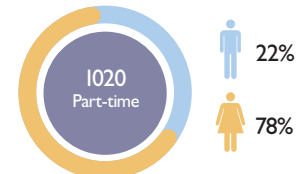
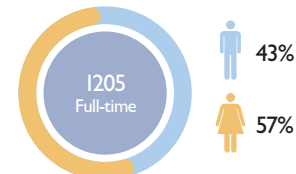


Note: Fashionlink S.A. is included.

Permanent employees

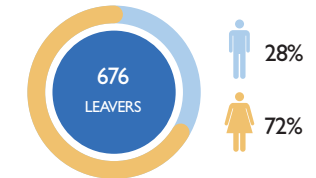


- 54% Full-time employees
- 46% Part-time employees



Note: Fashionlink S.A. is included.

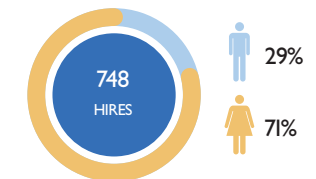
TURNOVER (2017)



Age



HIRES (2017)



Age



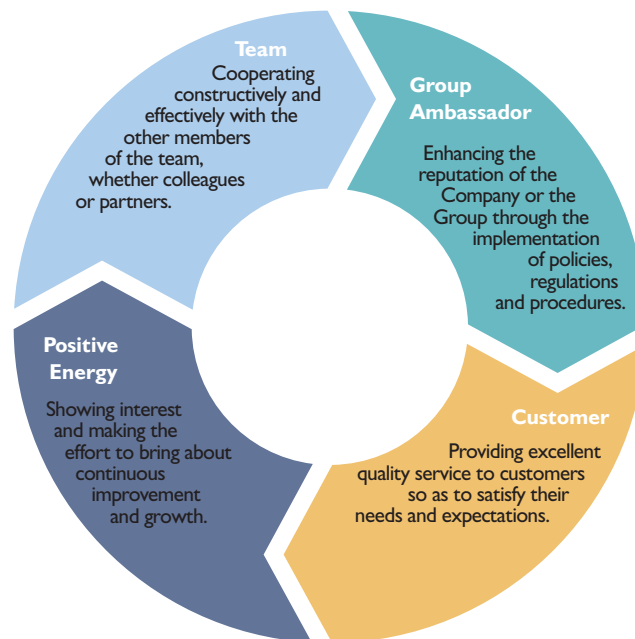
Note: Fashionlink S.A. is included.

HR Management, Performance and Motivation

FRAMEWORK OF COMPETENCIES, SKILLS AND BEHAVIOURS

For all employees

CTC Group has adopted a common framework of behaviours for all employees. The framework describes the core behaviours that all Group employees are expected to demonstrate during the execution of their work, which are considered to be of crucial importance to the Group's success. These behaviours have been grouped under four criteria on which they are assessed:



For managers

In addition to the behavioural framework for all CTC Group employees, another framework has been drawn up for Group managers. The competencies, skills and behaviours that the managers of all companies of the Group are expected to demonstrate, have been grouped under the following four criteria on which they are assessed:

Strategic Orientation

Translating the corporate strategy into specific work objectives and ensuring their success.

Leadership and Inspiration

Demonstrating the appropriate behaviours that make them role models, motivating / energizing employees to do their best.

Guidance and Development

Managing effectively the employees through proper communication, allocation of responsibilities, guidance, feedback and participation in decision-making.

Commitment

Having the ability to see the 'big picture' and act in the interest of the Company and of the Group as a whole.

ANNUAL PERFORMANCE APPRAISAL

The formal performance appraisal is conducted once a year. The objective of the Performance Appraisal System is to align the employees' personal targets with those of their Department and Company, to evaluate their performance regarding those targets and to identify training and development needs. Furthermore, the process allows good results to be recognised and rewarded, talents to be identified and developed and opportunities for advancement to be provided.

In 2017, a revised Performance Appraisal System was introduced, aiming to ensure a structured and uniform approach to performance management for all CTC Group employees. The completion rate exceeded 85%.

It should be noted that the performance of new hires is evaluated upon completion of six months of employment, with the aim of providing timely feedback and guidance before the end of their probation period.

180° FEEDBACK SYSTEM FOR MANAGERS

In 2017, the 180° Feedback System was introduced. This is a process by which 84 managers of the companies of the Group had the opportunity to receive feedback, confidentially and anonymously, from members of their team, as well as from colleagues and associates with whom they have direct collaboration. These managers were assessed based on the common framework for managers. The objective of this process was to give them the opportunity to:

- Identify and enhance their strong features and develop areas requiring improvement.

- Strengthen their levels of self-awareness and the perception of their competences to manage their subordinates and cooperate with other managers.
- Realise how their behaviour affects the members of their team, as well as their colleagues and associates.
- Understand what is expected of them by their team.
- Strengthen the level of cooperation with their team, as well as their colleagues and associates.

KEY PERFORMANCE INDICATORS (KPIs)

2017 was also the year when a common process of setting key performance indicators began across the Group. This formed the basis on which annual bonuses were calculated. The process was fully implemented in early 2018, aiming to achieve a direct link of personal remuneration to corporate, departmental and individual results. The targets set are pre-agreed, measurable and demanding and concern both quantitative results (e.g. profitability, sales, turnover; reserves, expenses), as well as qualitative results (e.g. annual appraisal, results of the 180° feedback system).

SALARIES AND BENEFITS SURVEYS

CTC Group participates in surveys on employee salaries and benefits, the results of which are being used to determine or adjust salary scales for each job position. Our aim is to be competitive in the job market in order to attract and retain the best talents.

We ensure that all employees engaged in jobs regulated by the Minimum Salary Law, are remunerated under the provisions of the Law. Specifically, for full-time sales people, the minimum monthly salary is €870, rising to €924 after six months of continuous employment, while for part-time sales people the minimum hourly wage is €5.28, rising to €5.61 after six months of continuous employment.

Aiming at attracting young talents, we have developed the following programs:

MANAGEMENT TRAINEES / YOUNG TALENTS

The Management Trainees / Young Talents programme has been part of CTC Group's practice for many years. Every year, 2-3 university graduates are hired and trained for six to nine months, and are being remunerated at a higher salary than the minimum legal requirement. During this period, they gain experience in various Group operations and, following appraisal, they take up responsible positions with all relevant benefits. 2014 was a milestone for the Group, which contributed towards tackling increased unemployment, a consequence of the major financial crisis of 2013, by taking on 23 Management Trainees, 15 men and 8 women.

INTERNSHIP PROGRAMME

CTC Group collaborates with universities and colleges in Cyprus and gives students and graduates the chance to gain work experience in its companies and develop important skills that will be useful in their subsequent careers. The programme includes participating in the execution of daily work and / or various projects. In 2018, through "Come and Join Our Team", the internship programme has been established, aiming to attract capable young people, eligible to be employed by the Group in the future.

Education and Training

IDENTIFICATION OF TRAINING NEEDS

The Group gives a great emphasis on the development of its human resources, a source of competitive advantage, and, through training, covers both team and individual needs:

- Team training needs relate to large groups of employees. They usually stem from the introduction of, or amendments to, systems and work methods, a change in commercial direction, the introduction of new products/services, a change of culture, etc.
- Individual training needs relate to individuals who need to improve their performance in identified areas of development, or undertake additional training for the purposes of assuming new responsibilities, transferability or preparation for future professional advancement.

For the identification of training needs, the strategic direction of the Group, the specific needs of Operations / Departments, and the annual performance appraisal of each employee, are taken into account.

TRAINING METHODS

Training can be on the job (e.g. being trained by a superior, observing how a colleague carries out his job, swapping jobs) or outside the workplace (e.g. seminars, conferences, university courses).

Training may be conducted by internal or external trainers / suppliers. In 2017, 32% of training hours were carried out by internal trainers, while 68% by external trainers / suppliers.

TRAINING TOPICS

- Marketing
- Development of personal and professional skills
- Customer service and sales
- Product training
- Specific training (depending on job requirements)
- Certifications
- Compliance with the Law
- Technology and IT
- Health and safety
- Corporate Social Responsibility

In 2017, 232 training programmes were held for 2.668 employees. The total duration was 1.724 hours with the average training of each employee being 7,8 hours. All expenses were covered by their respective companies.

In addition to the above, all new employees undertake an induction training as an introduction to the Group and their job position.

- At Ermes Department Stores Plc and C.W.Artopolis Ltd, an e-learning platform is being used, through which employees can follow a series of 3-hour online introductory courses. Following that, each individual is trained in specific areas relative to the job position. For example, sales assistants are trained in the use of the cash register.
- In 2018, the e-learning training platform for the introductory courses is expected to start being used by all the companies of the Group.

OBTAINING ACADEMIC / PROFESSIONAL QUALIFICATIONS

CTC encourages its employees to obtain academic or professional qualifications and, to this end, it has adopted a special sponsorship scheme under which course fees are partly or fully subsidised. The company decides whether a particular course of study is essential and will help the employee to advance further within the Group. In 2017, four employees benefited from the scheme.

Moreover, CTC maintains special relations with universities and colleges in Cyprus, which offer scholarships to the Group employees and/or their family members.

SYSTEM OF VOCATIONAL QUALIFICATIONS

Upgrading our human resources through accreditations and certifications of their professional qualifications is a priority for the Group. To this end, we cooperate with the Human Resource Development Authority (HRDA) and participate in the System of Vocational Qualifications, which examines and certifies the level of an individual's ability regarding a particular vocational qualification. Specifically, employee knowledge and skills are evaluated using various methods, such as observation at work, an oral exam, a written exam, etc. This project is co-funded by the European Social Fund (ESF) of the European Commission and the HRDA as the national partner.

In 2016 at Ermes Group, 20 members of the stores' management team were certified with the "Retail Sales Operations – Level 5" and one person with the "Trainer of Vocational Training". In 2017 48 members of the stores supervisory staff were certified with the "Retail Sales Operations – Level 4".

Diversity, Equal Opportunity and Human Rights

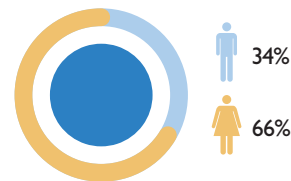
The key principle behind the policies, procedures and practices that we follow regarding the management of our human resources, is that the value of each employee is determined by performance, knowledge, experience, dedication and character.

- Regarding existing employees, decisions about promotions and salary increases are taken on the basis of, as far as possible, measurable and objective criteria.
- Regarding potential employees, we strive to ensure the greatest possible objectivity and reliability in the recruitment and selection process. Therefore, in 2016, we have introduced the use of psychometric tools for specific positions, while, in 2017, we have incorporated into our process, assessment centres, based on the relative position and profile.

Furthermore, CTC Group implements the principle of equal opportunity in all its activities and safeguards the right of all employees to work in an environment free from any kind of discrimination, unequal treatment and harassment. For this reason, we have a standardised procedure by which employees can report freely any complaint regarding their working conditions, without fear or negative consequences.

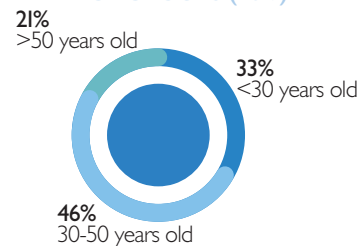
It is the right of every employee to be informed of issues of immediate concern. At CTC Group, every new employee is briefed in detail on his rights and obligations from day one. In the course of his employment, every employee is given timely information about all issues of concern through meetings and announcements sent by email, or placed on notice boards.

GENDER (2017)



Note. Includes Fashionlink S.A.

AGE GROUPS (2017)



Note. Includes Fashionlink S.A.

Certification for Implementing Good Practices in Gender Equality

In 2015, Cyprus Trading Corporation Plc and Ermes Department Stores Plc were recognised by the Department of Labour Relations of the Ministry of Labour, Welfare & Social Insurance for implementing good practices for gender equality in the workplace. The relevant certification was obtained from the National Accreditation Body and remains valid for four years.

For CTC and its subsidiaries Argosy Trading Company Ltd, Cassandra Trading Ltd, Artview Co. Ltd and CTC Automotive Ltd, the certification model included implementation of the following three new good practices:

- Holding seminars for managerial staff on gender equality, harassment and sexual harassment.
- Providing printed material to all employees on gender equality, harassment and sexual harassment.
- Training and re-induction of employees who were absent from work for a long period.

It is important to note that, in 2014, CTC was also awarded certification for current good practices regarding gender equality.

For Ermes Department Stores Plc and its subsidiaries The Avenue Department Stores Ltd, C.W. Artopolis Ltd, Superhome Center (DIY) Ltd and Idee Distribution of Appliances Ltd, the 2015 certification model included the implementation of the following 14 good practices:

- Management Trainees / Young Talents programme.
- Subsidising a postgraduate diploma or professional qualification.
- Paid study leave.
- Implementation of the Vocational Qualifications System (VQS).
- Paid sick leave.
- Topping up of maternity allowance.
- Psychological support services.
- Stress management seminars.
- Discounts for Group products.
- Suggestion boxes in the staff areas of stores where suggestions or any comments can be made, either signed or anonymously.
- Formation of a Committee for Equality.
- Creation of a Code on Harassment and Sexual Harassment communicated to all employees.
- Training on issues of equality, harassment and sexual harassment.
- Special training programmes on equality issues.

Health, Safety & Well-being in the Workplace

HEALTH & SAFETY MANAGEMENT SYSTEMS

CTC Group recognises the responsibility to promote health and safety in the workplace and to maintain high standards of health and safety, in accordance with all relevant legislation. We consider it our professional duty to protect our employees, customers and associates as well as broader society.

In this regard, each company has developed its own Health & Safety Management System. The three biggest companies of the Group - Ermes Department Stores Plc, Superhome Center (DIY) Ltd and Argosy Trading Company Ltd, as well as Cassandra Trading Ltd and Artview Co. Ltd which operate on the same premises - have developed their Health & Safety Management System in collaboration with external consultants based on the principles of the OHSAS 18001 model. Due to their size, all three companies employ a Health & Safety Officer.

The Health & Safety Management Systems include integrated processes that support their implementation and comprise manuals, procedures, instructions and leaflets, which are monitored on a regular basis so as to ensure continuous improvement on health and safety issues in each company.

In this context, the following actions are being promoted:

- Creation and operation of Health & Safety Committees, with a clear role and directives
- Risk assessment and management of health and safety issues, updated at regular intervals
- Design and implementation of emergency procedures

- Reporting, investigation and analysis of incidents and accidents
- Use of personal protection gear, according to the type of work
- Ensuring the provision of suitable equipment and safe installations
- Inspections of health and safety issues in the workplace
- Ensuring the provision of safety measures for associates and sub-contractors on our premises
- Implementation of fire safety and fire protection regulations
- Implementation of road safety rules

Information about health and safety policy and systems is communicated to all employees, who receive training at regular intervals, as required by law.

In 2017, 341 hours of training were spent on the following topics:

- Basic principles of health and safety
- Creation of health and safety culture
- Risk analysis and assessment
- Crisis management
- Safety and hygiene in warehouse areas
- First aid and emergencies
- Cardiopulmonary resuscitation (CPR) and the use of an Automated External Defibrillator (AED)
- Use of fire extinguishers
- Training on the correct use of tachographs
- Stress management
- Occupational diseases

CTC became a signatory to the European Road Safety Charter on 15 June 2009.

25% reduction in accidents involving company vehicles in 2017 vs 2016.

Since 2011, a fleet telematics system has been introduced, by which the drivers of the 242 Distribution Centre company vehicles (the Group's largest fleet) are being warned when their speed limit is exceeded. The implementation of this system led to a reduction of speed limit violations by an enormous 92%.

Road safety

CTC Group, as a signatory to the European Road Safety Charter since 2009, has been promoting specific activities and programmes aiming to inculcate road safety consciousness among its employees and society at large.

In this framework, the Group implemented modern electronic fleet management and telematics systems, which resulted in an immediate reduction in traffic violations. Since 2011, at the CTC Distribution Centre (which houses Argosy Trading Company Ltd, Artview Co. Ltd and Cassandra Trading Ltd), a fleet telematics system has been introduced, by which the drivers of the 242 company vehicles (the Group's largest fleet) are being warned when their speed limit is exceeded. The implementation of this system led to a reduction of speed limit violations by an enormous 92%.

The number of accidents involving company vehicles were reduced by 25% in 2017 vs 2016.

In conjunction with organised bodies, such as the well-known not-for-profit organisation Reaction and the Police Traffic Department, a number of employees participate actively in campaigns, seminars, conferences, etc. and our companies support road safety programmes through sponsorships or the donation of products.

Examples of implemented measures:

- Timely automated reminders to drivers about the required maintenance checks on their vehicles.
- A monthly checklist for external and mechanical faults with set instructions.
- Immediate warning to company drivers when they exceed their speed limit.

- Processing and analysis of truck tachograph data to confirm that drivers comply with regulations on driving and rest periods.
- Appointment of a committee to examine the circumstances under which road accidents have taken place, so that the necessary preventive measures are being taken.
- Immediate e-mail briefings on road safety issues and possible road network problems.
- Smoking is prohibited in company vehicles.

Actions and Rewards:

- CTC, mainly through the actions of Argosy Trading Company Ltd, has been recognized several times by the organisation Reaction for supporting their actions, particularly those concerning road safety of employees, young people and society at large (2011, 2012, 2013, 2014). On 23 December 2013, in addition to the award received, CTC became an Honorary Member of Reaction.
- Company representatives were repeatedly invited to attend and express their views on road safety issues at annual seminars, conferences, public hearings, local radio programs and European events.
- In 2016, CTC was one of the European organisations nominated for a Good Practices Award at the European Road Safety Charter Excellence in Road Safety Awards.
- In January 2018, CTC received an award from Reaction for its long-term contribution and active support to the organisation in its efforts for a better society and a better Cyprus.

Performance Indicators 2017

Performance Indicators	Number of accidents	Employee man-hours	Man-hours lost due to accidents	Number of accidents per employee man-hours (Injury Rate x 100.000)	Man-hours lost / employee man-hours (Lost Day Rate x 100.000)
Men	22		1.993	0,46	41,96
Women	59		1.283	1,24	27,02
Total	81	4.749.208	3.276	1,71	68,98

- Data refers to the employees of Argosy Trading Company Ltd, Ermes Department Stores Plc, C.W.Artopolis Ltd and Superhome Center (DIY) Ltd. The other companies had no accidents involving employees.
- Of the 22 accidents involving men, 4 were serious. Of the 59 accidents involving women, 5 were serious. No accident was fatal.
- There is no data for occupational diseases.
- At Ermes, there were 6 more minor accidents (1 man and 5 women) involving staff employed by a third company working in our stores. These accidents are not included in the above table.
- Regarding customers, 29 accidents occurred during 2017 in the stores of Ermes Department Stores Plc and Superhome Center (DIY) Ltd. The other companies had no accidents involving customers.

WELL-BEING IN THE WORKPLACE

Attractive benefits package

At CTC, we are committed to encouraging the continuous growth and development of our employees, through the creation of a positive and healthy working environment, based on communication, respect and recognition.

Every employee, on either part-time or full-time basis, enjoys the same benefits which are communicated to them during the induction process:

- Healthcare.
- Medical fund or subsidy for the healthcare of dependents.
- Life insurance.
- Personal accident insurance.
- Topping up of sickness allowance up to 100% of salary, for a specific period.
- Annual leave increasing according to years of service.
- Paid study leave.
- Subsidisation of an academic or professional qualification based on specific criteria.
- Topping up of maternity allowance up to 100% of salary.
- 13th salary.
- Provident fund.
- Discount card for use in Group stores.
- Paid expenses for travelling for working purposes.
- Telephone allowance (where required).
- Company car (where required).





















Healthy and flexible working environment

Taking into account the family obligations of its employees, combined with the operational requirements of each company, CTC has adopted and implemented a series of practices to ensure a healthy and flexible working environment and a good work-life balance:

- Psychological support – The Group collaborates with an approved psychologist who provides psychological support to employees, or members of their families, if needed. Sessions are carried out in strict confidence.
- Stress management seminars – Every year, seminars are being held for employees aiming at learning stress management techniques within and outside the workplace. In 2017, three such seminars were attended by 32 people.
- Free afternoon – Working hours are scheduled in such a way so as to give employees one or two free afternoons per week, depending on the company and department. This makes it easier for employees to take care of their personal and family obligations.
- Flexible working hours – Within certain parameters determined by some of the companies in the Group, there is flexibility regarding employees' starting and finishing times.
- Casual Friday – Some companies of the Group have adopted "Casual Friday" when employees may dress casually.
- Fruit day – Some companies of the Group offer to employees free fresh fruit once a week.
- Events – Social events are organised for Group employees and / or members of their families.

Action Plan

-  New commitment
-  Commitment not started
-  Completed
-  In progress
-  Ongoing commitment with no end date

CSR Issue	Objective	Action and Timetable	Implementation Stage
HR Management, Performance and Motivation	Ensuring maximum performance by every employee.	Restructuring of retail store operations and introduction of a target-based rewards scheme for store employees – 2018.	
	Enhancement of employee commitment, talent retention, young talent attraction, succession.	Strengthening cooperation with universities and colleges through participation in “Career Day” events and the “Come and Join Our Team” internship programme – 2018.	
		Implementation of Key Performance Indicators (KPIs) process – 2018.	
		Participation in market surveys on salaries and benefits.	
	More effective communication of policies and procedures.	Review of the HR Manual and Code of Business Conduct – 2019.	
		Upgrade the company Intranet and implement relevant systems - 2018/20.	
	Change Management.	Training on key managerial skills (communication, monitoring, problem solving).	
Education and Training	Well trained employees, opportunities for talent development.	Operation of an upgraded online training platform for all companies of the Group – 2018/19.	
		Review of the induction programme for all new employees – 2018/19.	
		Creation of the CTC Academy – 2019/20.	
		CSR Training.	
Diversity, Equal Opportunity & Human Rights	Implementation of relevant uniform policies across the Group.	Training on equality and diversity within the framework of the induction process in all companies of the Group – 2018/19.	
		Implementation of the Code on Harassment and Sexual Harassment (currently applied by the Ermes Group) in all companies of CTC Group – 2018/19.	
Health, Safety & Well-being in the Workplace	Ensuring health and safety in the workplace.	Updating of health and safety systems where necessary.	
		Training of all employees handling machinery – 2018/19.	
		First Aid and AED training.	
		Creation of a common template for recording of incidents, evaluation and actions – 2018.	
	Road Safety.	Installation of bluetooth in all vehicles of the CTC National Distribution Centre – 2018/19.	
		Introduction of fleet telematics system with warnings for speed limit violations, in all Group company vehicles if not yet available – 2019/20.	
	Work-Life Balance.	Increasing the number of social and other events for employees and their families.	

Society



Social Contribution

Contribution to society and people has always been integrated into the policy of CTC and its main shareholder, N. K. Shacolas (Holdings) Ltd. This fact is appreciated by both society and institutions in Cyprus.

Among the most important social contributions in recent years, is the €9 million endowment through the “Nicos and Elpida Shacolas Foundation” to the University of Cyprus for the building of the Medical School. Relevant to this, is the older €4,5 million endowment for the building of the “Shacolas Educational Centre for Clinical Medicine”, also part of the University of Cyprus.

Moreover, in the difficult year of 2013, our Group responding to a request by the Government and the Ministry of Education & Culture, was the first to offer free daily breakfast to thousands of needy primary school children. This continued until June 2016 at a cost exceeding €1,5 million. For this action, the Group was honoured with the Corporate Social Responsibility Award at the 2014 IN Business Awards.

In 2017, the following actions took place, among others:

Sophia Foundation for Children

- Voluntary participation of a large number of employees from all over Cyprus in a charity cycling event which raised €7.000 in sponsorships. CTC matched the amount and a total of €14.000 was donated to the Sophia Foundation for Children. A similar event took place in 2016 with a fund-raising charity walk, while a charity regatta is planned for 2018.
- €7.000 worth of tickets to charity concerts were offered to members of staff.
- Through the programme “I cook and I offer”, Melissa pasta was offered for a whole year, for the preparation of 36.000 meals, benefiting 1.000 children in need.

Needy children, families, Associations, Organisations

New clothes were given to needy children through the Pafos Municipality. Vouchers and various amounts of money were also given to needy families through various schools and the Municipality of Latsia, to enclaved children in the occupied area, to associations and organisations, totalling around €15.000.

Environment

Donation of €30.000 to the Municipality of Pafos to turn a green area into a municipal park.

Culture

Sponsorship of an event in honour of the national poet Vassilis Michaelides, donations towards the restoration and repairs of historic churches, and prizes to outstanding students, amounting to €19.500.

Volunteerism

- Apart from our participation in charitable events for the Sophia Foundation for Children, employees volunteer to an annual blood donation event.
- Every year a number of employees actively participate in the campaign of “Let’s do it Cyprus - We clean up Cyprus in one day”.
- A number of employees took part in the “Run in Colour” and “Running Under the Moon” campaigns.
- In April 2015, Argosy received a certificate from the Pancyprrian Volunteerism Coordinative Council with warm thanks for its help and support to volunteer organisations / NGOs.

Road Safety

CTC promotes specific activities and programmes aiming to inculcate road safety consciousness among its employees and society at large. Details can be found in section “Health, Safety & Well-being in the workplace”.

In addition to the above actions, the Group contributes to the society through the employment of more than 2.200 people and also the cooperation with local suppliers of goods and services, as illustrated below.

2017	
Social Insurance and other funds	€3.775.417
Wages*	€37.317.410
Local purchases of goods and services**	€70.010.237

* Including Fashionlink S.A.

**Electricity cost is not included.

CTC Group Image

CTC has always been implementing CSR policies in relation to social contribution, the environment, recycling, employees, etc. even though these were not incorporated into an integrated CSR framework. This first CSR Report marks the beginning of a cohesive strategy for our Group.

Workshops attended by employees concluded that one of the material issues was the need for stakeholders to be given more effective and detailed information about CSR activities, with the aim of creating a more accurate and objective CSR image for the CTC Group.

To this end, we are implementing the following actions:

- CSR Reports.
- Development and implementation of action plans relating to CSR strategic pillars.
- Development and implementation of a cohesive communication strategy that focuses on the CSR priority material issues.
- Stakeholder awareness and participation in achieving Group CSR targets.
- Assessment of Group image through surveys.



Personal Data Protection

Through specific procedures, CTC Group has always been enforcing Personal Data Protection measures, according to current legislation. Following the implementation of the General Data Protection Regulation (GDPR), which came into force in May 2018, efforts to inculcate awareness on personal data protection issues have been reinforced throughout the Group.












The Group appointed a Data Protection Officer (DPO) and proceeded to cooperate with specialist consultants, including legal and IT, for the purpose of recording and assessing all personal data

collection, management and storage processes, so as to identify weaknesses and take the required action. In addition, a GDPR Committee has been set up to monitor the assessment and compliance project. The Committee, composed of representatives from all the Group main departments (Financial, Legal, Human Resource, IT, Internal Audit), holds regular meetings on issues relating to personal data protection.

In 2017, the Group did not receive any complaints regarding violation of privacy or loss of customer data.

Action Plan

-  New commitment
-  Commitment not started
-  Completed
-  In progress
-  Ongoing commitment with no end date

CSR Issue	Objective	Action and Timetable	Implementation Stage
Social Contribution	Supporting society in various ways.	Continue the financial support to various organisations, on a case-by-case basis, depending on the Group financial affluence.	
		Encourage voluntary participation of employees in various events.	
		Create a park and outdoor gym next to the CTC National Distribution Centre for the benefit of employees and neighbouring villages - 2019.	
CTC Group Image	Safeguard a positive Group image, in line with its CSR commitments.	CSR Reports.	
		Development and implementation of action plans relating to CSR strategic pillars.	
		Development and implementation of a cohesive communication strategy that focuses on the CSR priority material issues - 2018.	
		Stakeholder awareness and participation in achieving Group CSR targets - 2018.	
Personal Data Protection	Full compliance with GDPR.	Assessment of Group image through a survey – 2019/20.	
		Cooperation with specialist consultants for the assessment of the current state and development of an action plan – 2018.	
		Employee training on personal data protection issues – 2018.	
		Recording of procedures relating to personal data – 2018/19.	



Market & Products

Trading Practices

BUSINESS ETHICS

Apart from a number of policies and procedures that ensure business ethics, we have developed and adopted a Code of Business Conduct within the Group. At the same time, most contracts with suppliers contain anti-corruption clauses. Argosy Trading Company Ltd is in the early stages of implementing the relevant standard ISO 37001 Anti-Bribery Management Systems.

BUSINESS ENVIRONMENT MODERNISATION

Through various actions and in cooperation with other Bodies, we have always tried to contribute to the modernisation of the business environment in Cyprus and its adjustment to European standards. Among the significant milestones in the Group's business history were the operation of department stores for the first time in Cyprus, and the construction and operation of The Mall of Cyprus, the first of its kind on the island. In 2018 the Group created and launched the operation of Milliouni, the first Cypriot online mall.

PROMOTION OF THE FREE MARKET

We believe in the free market, with healthy competition and without distortions. In this context, we took initiatives and supported year-round sales, as well as Sunday trading. This happened during the major financial crisis in 2013 and resulted in the creation of hundreds of new jobs and better service to consumers.

CREATION OF RESPONSIBLE ADVERTISING CULTURE

We are among the founder and active members of the Cyprus Advertising Regulation Organisation (CARO) and the TV Audience Measurement Research Audit Committee, both of which are concerned with implementing practices for transparency, ethics and responsible advertising.

ENRICHMENT OF PRODUCT AND SERVICES RANGE

Recognising our responsibility towards the environment and society and with the aim of satisfying as much as possible our customers'/consumers' concerns, we are constantly enriching our product and services range so as to respond best to new needs. For example, in recent years we have introduced a large range of products addressing customers'/consumers who choose a healthy diet (wholemeal pasta and flour, low-sodium salt, gluten-free crackers, protein bars, etc.) and more environmentally friendly products (hybrid cars, LED light bulbs, etc.)

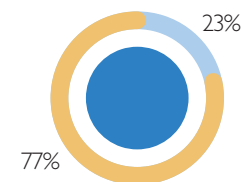
PARTICIPATION IN VARIOUS ASSOCIATIONS

- Cyprus Employers and Industrialists Federation (OEB) – Board of Directors member.
- Cyprus Chamber of Commerce & Industry (CCCI) – Board of Directors member.
- District Chambers and Business Associations linking Cyprus to other countries, under the auspices of the CCCI.
- Intercontinental Group of Department Stores (IGDS), the biggest department store association in the world.
- Efficient Consumer Response (ECR) Cyprus – One of the founder members, with the aim of improving cooperation among retailers, suppliers and manufacturers for the provision of better and more competitive products to consumers. Its Chairman is Marios Loucaides, CEO FMCG Distribution & Logistics.
- Among others: the Cyprus Union of Retail Businesses (ENEAEK), the Cyprus Commercial Representatives Association, the Cyprus Land & Property Owners Organization, the Cyprus Advertisers Association, the Association of Large-Scale Development Projects, the Motor Vehicles Importers Association and the Association of Importers of Electrical Domestic Appliances.

Financial Performance

2017 was a good year for CTC, which increased both its turnover and operational profit. This is even more significant considering the fact that the Cyprus economy, despite showing substantial signs of improvement, is still dealing with the consequences of the great financial crisis that began in 2009 and reached its peak in 2013. The strategy implemented by CTC to dispose mature investments during the crisis, helped it survive this threatening period, by halving its bank debt, and substantially increase its liquidity. CTC has since maintained this strategy unchanged, enabling it to enjoy, with a greater degree of security, a dynamic course of growth, both organic and through mergers and acquisitions. Beyond its activities in Cyprus, the Group is taking serious steps in expanding abroad in the retail and distribution sectors, with the full support of our suppliers.

PERCENTAGE OF PURCHASES FROM SUPPLIERS
WITHIN AND OUTSIDE CYPRUS (2017)



- Trade Suppliers abroad
- Trade Suppliers within Cyprus

Operational Effectiveness & Standardisation of Processes

The Executive Chairman and CEO of CTC defines the Group strategy, which is communicated to its Management. Based on this strategy, the Management of each company specifies annual targets and budgets, following a common procedure which is completed with the approval of the Board of Directors. The strategy and, consequently, company targets and budgets, determine the individual Key Performance Indicators (KPIs) of employees.

Given the diversification and size of the Group, the standardisation of processes and written policies and procedures are very important in achieving optimum operational effectiveness. Over and above each company's own processes, there are common procedures, policies and manuals that are implemented by all companies of the Group.

Indicatively:

- Authority Levels Matrix: It determines the level of authority delegated to Management, as well as other procedures relating to expenses approvals.
- HR Manual: Common to the whole Group, it was first published and communicated in 2014. It was revised in 2016 and a new edition is due in 2019.

The following services exist at Group level benefiting all Group companies:

- Financial
- Legal
- Internal Audit
- Human Resources
- Public Relations
- Property Management Technical Services
- IT

At company level, we have already begun the assessment of current procedures, in collaboration with external consultants, with the aim of identifying improvement areas and redesigning:

- At Superhome Center (DIY) Ltd work has started on standardising and improving procedures and further defining job descriptions and deliverables.
- At Ermes Department Stores Plc, the restructuring of operational processes in Debenhams department stores is under way. Job descriptions are being redefined and a new, simpler Customer Service Manual, containing all in-store customer-related procedures, is being drawn.

The Internal Audit Department acts as the guardian of all Group policies and procedures and ensures their implementation. Its goal is to provide added-value, independent and objective advisory services and improve Group company operations.

Corporate Data Security & Technology

We are constantly investing in new technologies, upgrading our IT systems, aiming to increase our efficiency, provide better service to our suppliers, commercial customers and consumers, as well as ensure our infrastructure security.

Our security policy is very strict and we employ multiple methods to ensure data security, prevent hacker attacks or deliberate destruction of files. Moreover, security checks are conducted by external consultants in order to identify potential weaknesses, and subsequently take the appropriate corrective measures.

In view of the General Data Protection Regulation (GDPR), which came into force in May 2018, we have intensified our efforts to inculcate a personal data protection culture in all Group companies. The Group has already engaged external consultants for the provision of services relating to compliance with the new regulation.

Risk Management

The Group has a wide range of activities and investments and does not depend exclusively on a small number of associates or factors or operations. Consequently, the Group benefits by spreading its risks.

In each company's long-term strategy and preparation of budgets, the Management identifies and assesses risks and develops contingency plans to minimise their impact.

The Group maintains an Internal Control System to ensure the greatest possible protection of shareholder investment and company assets. The Internal Audit Department, in collaboration with the Management of Group companies, identifies, records and prioritizes the risks relating to the three main Groups of CTC - Cyprus Trading Corporation Plc, Ermes Department Stores Plc and Woolworth (Cyprus) Properties Plc. Its findings are presented to the companies' audit committees, on an annual basis, for the formulation and approval of the annual audit plan.

The main risks are:

- Significant reliance on foreign suppliers / companies.
- Constant changes and rapid developments in the retail sector.
- Fluctuations in property prices.
- Fluctuations in the tourism sector.
- Financial risks.
- Other non-financial risks relating to operations, compliance, legislation and loss of reputation.
- Risks arising from the economic environment in Cyprus where the Group operates.
- Intense competition.
- Lack of liquidity in the market.

The Group implements procedures through the committees listed below, the aim of which is to reduce operational risk (as noted in the section on Corporate Governance):

- Capital Expenditure Committee: Comprised by members of the Boards of Directors of Group companies, it is responsible for examining and approving / rejecting the capital expenditure / investments proposed by the management of each company, taking into consideration the level of expenditure, the expected return, the payback period and related risks.
- Central Purchases and Procurement Committee: Responsible to conduct a detailed review of the tender process for all non-operation purchases by Group companies exceeding €30.000 per year.
- Group Finance Committee: Responsible for monitoring and evaluating the financial and cash flow situation of the Group companies and the effective management of their financial resources, for maintaining contact with the financial institutions with which they cooperate, for implementing International Financial Reporting Standards and for monitoring tax-related matters.
- Authority Levels Committee: Responsible for creating the "Authority Levels Matrix" which is approved by the Boards of Directors of Group companies. The Matrix defines the company officials authorised to sign cheques, approve operational expenditure, approve capital expenditure, negotiate and sign agreements, approve other procedures.

Compliance

Compliance with legal obligations and strict implementation of Group policies and procedures is a key element of CTC Group policy. For this purpose the Group maintains an Internal Audit Department, while legal issues are handled by both in-house and external advisors.

INTERNAL AUDIT DEPARTMENT

The independence of the Internal Audit Department is guaranteed since it reports, on both administrative and operational matters, directly to the Group Audit Committee. It is responsible for monitoring the application of the aforementioned laws, internal policies and procedures, as well as Health & Safety regulations governing the activities of the Group companies, stores and workplaces.

COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

The Group companies adhere strictly to all the requirements with respect to companies listed on the Cyprus Stock Exchange. The risk of non-compliance with the laws and regulations is limited to a great extent through the supervisory role of the Compliance Officers, as well as through other control systems implemented by the companies.

ANTI-MONEY LAUNDERING AND ANTI-CORRUPTION

Through the financial departments of its companies, CTC complies fully with both the letter and the spirit of the law on preventing and combating money laundering. At the same time, in the context of its commercial transactions, all actions relating to bribery and corruption are strictly prohibited at every level.

CODE OF BUSINESS CONDUCT AND HR MANUAL

The Group Code of Business Conduct applies to all employees and its acceptance is an employment prerequisite. Through it, they commit to apply the highest possible standards of transparency and ethical business conduct and not violate relevant laws and regulations, such as:

- Involvement of employees and / or third parties acting on their behalf, in any kind of bribery or corruption.
- Concealment by employees or associates of any legal, ethical, financial or other conflict of interest that they may have, in relation to company activities.
- Involvement in unfair business practices and behaviours considered to be disciplinary offences.

Reporting of such cases or suspicions of involvement is encouraged.

Acceptance and compliance with the HR Manual also constitutes a prerequisite for employment. It contains all the rules and regulations governing all human resources. In addition details of specific policies are circulated among employees who are required to state in writing their receipt and acceptance.

Consumer Health & Safety

QUALITY OF PRODUCTS AND SERVICES

CTC acknowledges and promotes customer and consumer health & safety through providing safe facilities and quality products that reach the market by way of an efficient supply chain.

Selection and Evaluation of Suppliers

The selection and evaluation of suppliers is based not only on commercial criteria but also on social and environmental criteria.

For every supplier, we obtain the following information, depending on the nature of the product:

- Certifications
- Licence from the Health Services
- Licence from the Veterinary Services
- Lifecycle of products
- Product storage conditions
- Suitable labelling

Where purchases from third countries are involved, an on-site visit takes place before any agreement is signed, in order to inspect:

- Installations
- Staff working conditions
- Respect for human rights (e.g. child labour)

Choice of Products

We give particular attention to our choice of products, in the framework of our policy for promoting well-known brands recognized for their excellent quality. We check that:

- We buy the best quality in relation to price / value for money.
- We adhere to all Cyprus and EU legislation.
- All the required certificates are provided, such as:
 - The CE or COC marking, which proves that the product has been checked and complies fully with all European standards regarding safety and the protection of health and the environment.
 - REACH certificate - EU regulation concerning the assessment and restriction of the use of chemical substances during manufacture.

Product traceability

Systems used in the supply chain encode all products and enable immediate traceability in case a recall is required for any reason.

FOOD SAFETY

The Group considers the provision of safe food as a professional necessity and has a food hygiene and safety policy in place, which sets out its basic principles and objectives for continuous improvement.

Ermes Department Stores Plc, C.W.Artopolis Ltd and Argosy Trading Company Ltd implement a Food Safety Management System and are certified by ISO 22000:2005. In the context of the implementation of this standard, the following actions are promoted:

- Design and implementation of appropriate regulations and processes.
- Training of employees to acquire the essential knowledge and skills in food hygiene and safety in areas where food is processed (where applicable), managed, distributed and sold.
- Appropriate personal hygiene measures.
- Risk assessment.

HEALTH & SAFETY ON GROUP PREMISES

For the management of Health & Safety issues, we implement appropriate systems in accordance with the law. All measures taken to ensure the health and safety of consumers, trading customers and third parties on Group premises are presented in the section “Health, Safety and Well-being in the Workplace”.

Supply Chain Management

Managing the social, environmental and financial impact of the supply chain is a business practice that is being recognized as a key aspect of corporate responsibility. The management of CSR issues concerning the supply chain is the key to maintaining brand integrity and Group reputation. It also contributes to ensuring compliance with laws and regulations.

PLANNING AND PURCHASING OF PRODUCTS

Purchases are planned taking into account existing stock, pending orders, expected sales, the reserve / safety buffer and suppliers' supply chain parameters. The aim is to ensure the correct stock level, and based on product type, expiry dates, fashion trends, seasonality, consumer preferences and technology.

The frequency of orders sent to suppliers is linked to product lifecycle. The shorter the lifecycle is, the greater the frequency of orders. Continuous replenishment ensures the freshness of products.

PRODUCT RECEIPT AND INSPECTION

Upon receipt, the following checks, among others, take place to ensure the quality of the products to be marketed:

- Quantity checks against order.
- Checks for broken / wet / damaged goods.
- Checks that expiry date is according to the agreed.
- Laboratory tests.
- Correct labelling.

DISTRIBUTION CENTRE / WAREHOUSING

In the warehouse areas there are specific roles and responsibilities. Based on risk assessment employees use the necessary safety clothing and warehouse equipment.

Product receipt and storage is carried out according to suppliers' specifications and standards to ensure optimal quality for the consumer.

Technology in the storage areas maintains all information and data required for each product. In the food sections, technology enables the preparation of orders with the First Expire First Out (FEFO) system, as well as the recall of a specific batch from the market. In the clothing, cosmetics and accessories sections, the First In First Out (FIFO) system is used.

In addition, technology enables voice picking in food storage areas and work is carried out without the use of paper. At the same time, the various temperatures are recorded and all doors remain closed. There is a defined cleaning and disinfecting schedule as well as pest control for all installations and outdoor spaces. Detergents and disinfectants used are compatible to the products. The cleaning products are stored in separate areas.



Right product



Right quantity



Right conditions



Right place



Right time



Right customer



Right price

DISTRIBUTION

For the distribution, the companies' fleets consist of new vans and trucks. Drivers are trained in the use of tachographs and on road safety. Products are loaded onto vans and trucks in accordance with their storage requirements. Text messages are sent in case of temperature problems. All vehicles are cleaned regularly.

Gold Supply Chain Award to Argosy

Argosy Trading Company Ltd, gained a unique distinction at the Greek Supply Chain Awards 2018 on Tuesday, 5 June, in Athens. Argosy won the Gold Award in the category 'Storage & Distribution Centre Infrastructure' among more than 100 nominees. It was the only Cypriot company to win an award.

Since 2000, Argosy has been operating its own distribution centre of more than 70.000 cubic metres of storage space. It stores goods in four different temperature zones and manages its entire supply chain logistics (end to end) by itself. With modern high-tech methods such as voice picking, a modern WMS (Warehouse Management System), and special shelving for micro picking (for products such as cosmetics and mobile telephony), the company has managed to increase productivity by 15% and reduce errors by 40% in the last three years, while lowering operating costs. Its sophisticated forecasting system enables the company to maintain the right level of stocks and, consequently, the desired high standard of customer service. Thanks to the flexibility and innovation that ensure that the company maximises productivity and provides a particularly high standard of service to customers and consumers, Argosy has been recognized for its storage and distribution centre and its optimization of communication among all those involved in the supply chain.



Customer / Consumer Satisfaction

Customer and consumer satisfaction is very important to CTC Group since our vision is to be choice number one for consumers and trading customers.

In addition to ensuring the offering of high quality products, the Group focuses on customer service through applying relative policies and procedures and employee training.

SURVEYS

Some companies of the Group use market surveys, customer and / or product surveys to gain knowledge of current trends and customer / consumer views in order to identify areas of improvement and achieve service excellence. These surveys are either conducted especially for us or are obtained from specialist organisations. In addition, internal surveys are carried out, such as through follow-up calls.

PRODUCT RETURN PROCEDURE

As regards associates / trading customers, each company has its own product return procedure, which is communicated to them. Customers / consumers of the Group stores are informed of this procedure which varies according to product type.

CUSTOMER / CONSUMER COMPLAINT MANAGEMENT

- Consumer complaints to the companies based at the CTC National Distribution Centre are handled by the Marketing Department. Following the initial contact with the consumer, the relevant form is completed with the necessary information. There is immediate contact with the relevant departments of the company and, if necessary, with the supplier. According to the procedure, within two days, latest, from the reporting of a complaint, a reply must be provided to the consumer who made it.

- In the Group stores, customers may report a complaint verbally or in writing, either to the Customer Service Desk, or to a member of the store management team. If the problem cannot be resolved there and then, it is forwarded to and dealt with by the person responsible for complaint management at the company's Head Office.
- Also, some complaints are reported on Social Media. They are monitored by the Marketing Departments of the companies and forwarded to the person responsible for resolving them.
- All complaints are recorded and monitored.

REWARD SCHEME

Ermes Group operates today two special reward schemes (Ermes Club and Beauty Club), which offer customers benefits based on their purchases. With a view to providing even better customer service, the Group is due to launch a new reward scheme that will focus on customer specific and individual needs.

Action Plan



CSR Issue	Objective	Action and Timetable	Implementation Stage
Operational effectiveness and process standardisation	Evaluation and improvement of current procedures and standardisation of common processes across the Group.	Restructuring of retail stores project – 2018/19.	
		Recording of procedures at the Superhome Center – 2018/19.	
	Clear and effective communication of strategy.	Supervision of strict implementation of the ways of communicating the Group strategy, as stated in the KPIs setting procedure.	
Data Security and Technology	Continuous upgrading of the Group IT infrastructure with the aim of maximizing security and productivity.	Creation of a Group Energy Efficient Data Centre in accordance with the latest technological specifications and requirements – 2017/21.	
		Centralisation of the Group IT systems – 2019/21.	
		Creation of a Disaster Recovery Site – 2019/22.	
		Certification with ISO 27001 standard for Data Security Management – 2019/21	
		Implementation of Office 365 system in all companies – 2018/19.	
Risk Management	Minimising risk in Group operations.	Setting up of a Risk Committee – 2018.	
Compliance	Full compliance with legislation and regulations.	Continuous employee training on laws and regulations related to their duties.	
		Creation of Compliance Officer positions – 2019.	
Supply Chain Management	Timely availability of products to customers / consumers.	Completion of Warehouse Management System (WMS) in Ermes for Zako stores – 2018.	
		Completion of Imports and Stock Management Systems for Ermes – 2018.	
		Implementation of Warehouse Management System (WMS) at Superhome Center – 2019.	
Customer / Consumer Satisfaction	To be Choice no 1.	Conducting customer / consumer satisfaction surveys at regular intervals, evaluation of the findings and application of corrective / improvement measures.	
		Introduction of a new Customer Reward Scheme – 2018.	
		Creation of a common template for recording statistics – 2019.	



Environment

Biodiversity

LIMNI BAY

The greatest contribution of CTC Group to biodiversity has to do with the development of Limni Bay resort. Information about the project is given here below.

Limni Bay site is located near Polis Chrysochou, an area that is geographically isolated and economically degraded. No significant infrastructure projects have been carried out so far, by either the State or the private sector, and, compared to other areas in Cyprus, it has a higher unemployment level, forcing young people and families to migrate to other parts of Cyprus or abroad.

The Shacolas Group purchased the Limni area in 1983, attracted by its natural beauty and landscape which combines sea and mountains in an excellent climate. The site on which the project will be developed is 3,03 million square metres.

Reinstatement of Limni natural environment

In the period from 1937 to 1979, the Limni area was being used for mining purposes, the main minerals extracted being copper and sulphur. In 1979 the mining operations ceased and in 2008 the reinstatement of the natural environment commenced.

Up to 2008, as a result of the large scale of mining operations conducted by its previous owners, the natural environment of the Limni area suffered negative consequences and severe deterioration, including a serious disturbance of its ecosystem. Large quantities of excavated materials and tailings had been deposited on various parts of the site and an open crater measuring 900 metres long, 400 metres wide and about 100 metres deep, had been created.

Similar negative impacts, due to the depositing of tailings, had also affected the Limni beach, where severe environmental degradation had taken place.

In this regard, and as part of the Limni Bay project design and implementation, the Company decided to proceed with the reinstatement of the Limni natural environment and at the same time to take measures to effectively protect the integrity of the turtle habitat. On the basis of a special design carried out by the international firm Sogreah and, after the granting of the relevant permits by the Departments of Environment / Town Planning / Forestry, some 12 million cubic metres of mining tailings and other excavated materials were removed from the site and placed back into the crater. The whole process of reinstatement lasted approximately three years and was completed in 2011. This huge operation included the cleaning of the turtle nesting beach. The environmental restoration, together with the programmes of the Department of Fisheries, resulted in an increase in the turtle population in the last few years.

It should be noted that this environmental restoration is considered to be one of the biggest of its kind in the world with a total cost to the Company of about €40 million.

Following the completion of the above works, numerous specialised laboratory tests were carried out on samples recovered from various depths below ground level to confirm the decontamination and cleanliness of the ground. In addition, for further verification and enrichment of the soil, the previously affected areas were sown with grain crops and more than 9.000 trees were planted across the whole property.

Goals

The Company's vision is the creation of an integrated resort, which will comprise two 18-hole signature golf courses, each with its own clubhouse, a small premium hotel, villas on individual plots, high-quality residential units, leisure facilities, a Limni history museum and an extensive landscaped network of walkways and bicycle tracks. The project will be of superior quality and one of the best in the Mediterranean region. It will include many other environmental elements and will be in harmony with the natural environment of the area, which it will enhance.

To achieve the above goals, the Company appointed the internationally known American firm EDSA for the master plan and landscaping; the renowned award-winning architects Foster + Partners (the Architect) for the design of the residential units, the hotel, the Clubhouses and all other facilities of the project; and Jack Nicklaus and Gary Player, two of the best in the world, for the design of the golf courses.

The key principles underlying the design of the project include the following:

- The reinstatement of the environment and the enhancement of the natural beauty of the area.
- The effective protection of the integrity of the turtle nesting beach and habitat.
- The use of new technologies to save water, energy and other precious natural resources, as well as local materials and elements used in the traditional architecture in the surrounding area.
- The preservation and enrichment of the natural endemic vegetation in the area.

Positive impacts of the Project

The project, over and above its expected positive impact on the local economy and the wellbeing of the residents of the area, will allow the effective protection of the turtle habitat through appropriate measures relating to lighting (direct and indirect) and the proper management of beach visitations. At the same time it will include various other cultural and environmental elements, such as the museum dedicated to the history of Limni, the Environmental Information and Educational Centre for sea turtles, nature trails, extensive planting of endemic vegetation etc.

The completion and operation of the Project will generate hundreds of new jobs and new activities and services for the residents of the area, especially for the young people, with multiple benefits for the whole area of Polis Chrysochou.

Planning permit for the Project

The Project is at its final stage of being granted the permits by the relevant authorities. The updated Appropriate Environmental Assessment, carried out by the world-renowned firm Mott MacDonald, which dealt in detail with the issues of lighting and visitation to the turtle nesting beach, received a positive assessment from the European Commission at the beginning of 2018. The updated Opinion of the Department of the Environment and thereafter the granting of the planning permits for the whole project from the Town Planning and Housing Department is expected.

BEFORE

The Limni area prior to 2008, as a result of extensive damage and degradation from mining operations conducted by its previous owners.



Crater - 900m x 400m, depth 100m approximately



Mount of tailings - 250.000 sq.m, height 35m, volume 4,5 million cubic metres



Remains of tailings and excavated materials



Mining tailings on the turtle nesting beach

AFTER

The Limni area after the reinstatement of the natural environment by Cyprus Limni Resorts & GolfCourses Plc.



The crater after being filled with 12 million cubic metres of tailings and other excavated materials



Planting of all the affected areas and restoration of the landscape, after being cleaned of mining tailings



The turtle nesting beach after the removal of the mining tailings.

Energy Management

Taking into account the energy-related challenges facing the country due to climate change, CTC acknowledges its responsibility to select actions that contribute to minimising its ecological footprint and to conserving natural resources.

In this context, CTC Group has taken the following steps:

- Use of energy-efficient equipment in buildings that are under construction or being renovated.
- Replacement of existing lighting with LED technology - The Group companies are gradually changing from conventional lighting systems and light bulbs to their LED equivalents. This is an essential element of every renovation or new building project, with the goal of saving on both energy and costs. Also, in this way, lighting levels are improved, thereby making the user experience more comfortable for both employees and visitors. During 2017, throughout the whole Group, some 6.270 light fittings and 676 LED lamps were installed.

The Superhome Center store in Strovolos, Nicosia, where lighting equipment was replaced with LED technology in 2015, achieved energy savings of up to 74%, while the upgrading of light fixtures at the Superhome Center in Limassol in 2017 resulted in energy savings of 54%.

- Renewal of company fleets with low-emission and lower fuel consumption vehicles - Taking account of environmental legislation and rapid developments in the automotive industry, we have begun replacing old company vehicles with new ones, which have better fuel consumption, 20 times fewer emissions than the old ones and the frequency of faults is visibly reduced.
- Tree planting - At CTC National Distribution Centre at Pera Horio Nisou, 500 large trees have been planted. Also, at Limni, where the Limni Bay resort will be developed, some 9.000 trees were planted, following the cleaning of the area.

Energy	Units	Consumption 2017
Electricity	Kwh	20.954.423
Electricity per m ²	Kwh/m ²	169,86
CO ₂ emissions from electricity consumption* (Scope 2)	Kg CO ₂	44.922.092
Liquefied Petroleum Gas (LPG)	Kg	16.633
CO ₂ emissions from LPG (Scope I)	Kg CO ₂	4.556
Diesel	Lt	11.160
CO ₂ emissions from Diesel Oil (Scope I)	Kg CO ₂	3.265
Owned / Rented vehicles – Diesel	Lt	766.151
Owned / Rented vehicles – Petrol	Lt	124.620
Water consumption	m ³	242.768
Premises (m ²)	m ²	123.366

* Calculation is based on the document “Cyprus Building Energy Performance Methodology” (August 2009) by Infotrend Innovations and BRE for the Ministry of Energy, Commerce, Industry & Tourism.

Environmental Impact of Products and Activities

CTC Group recognises the importance of reducing the environmental impact of the products it imports and distributes to the Cyprus market and that of its activities. To this end, we have taken a number of actions with a view to instituting a centralised policy on these issues.

Our goal, regarding the management of the environmental impact of our products and activities, has always been to:

- Reduce the amount of materials that are not recyclable or biodegradable.
- Promote green and sustainable products in the market.
- Use collective systems for the collection, recovery and recycling of waste.

ENVIRONMENTAL IMPACT OF PRODUCTS

Management of packaging and packaging waste, in accordance with EU Directive 94 / 62

- CTC was one of the first organisations in Cyprus, which, under the auspices of the CCCI (KEBE), contributed to the creation of a collective system, based on which a central Body undertook the collection, recovery and recycling of waste. This Body is Green Dot (Cyprus) Public Co. Ltd, which was founded in 2004. Ever since, CTC has been a shareholder and member, participating in the collective system.

Management of electrical / electronic waste and batteries

- The subsidiary IDEEA Distribution of Appliances Ltd, in the context of compliance with the provisions of Law 125/2002 on Solid and Hazardous Waste, proceeded with other companies to establish a company of collective management, named WEEE Electrocyclosis Cyprus Ltd, which was licensed and began collecting obsolete electrical and electronic devices in 2009.
- The subsidiary Argosy Trading Company Ltd is one of the founders of A.F.I.S. Cyprus Ltd, a collective system for the management of batteries and accumulators. In accordance with Regulation 125/2009, EU Directive 2006/66/EC and with its licensing on 30 March 2009, A.F.I.S. Cyprus Ltd began operations in June 2009.

Management of end of life vehicles

- On 1 July 2005, CTC signed an agreement with the company authorised to collect vehicles at the end of their lifecycle, as well as collect and manage metallic waste, in accordance with Law 157/2003 on End of Life Vehicles.

Recycled waste in 2017 in collaboration with Green Dot and WEEE

Recycled waste from sales in 2017 invoiced by Green Dot	
Recycled Waste	Total (Tons)
Household	
Glass	206,61
Paper	900,24
Steel	94,99
Aluminium	13,15
PET	7,58
HDPE	56,70
Drink cartons	0,0038
PVC	19,10
PE	21,50
PP	111,90
PS	0,10
Other	128,54
Non recoverable	1,29
Commercial	
Paper	699,46
Plastic	33,30
Wood	363,74
Other	64,89

Recycled waste from operational processes in 2017 collected by WEEE	
Recycled Waste	Total (Tons)
Domestic appliances	
<50 cm	244,17
>50 cm	1027,74
Electrical and electronic tools	
<50 cm	24,05
>50 cm	0
Games and sports	
<50 cm	0,16
>50 cm	0

MANAGEMENT OF WASTE FROM OPERATIONAL ACTIVITIES

As regards waste arising from Group activities, the following are systematically recycled:

- Paper
- Plastic
- Wood
- Batteries
- Oils










Moreover, we are in the process of implementing an Environmental Management system in the Group companies with the aim of attaining certification to ISO 14001 – Environmental Management Systems.

Recycled waste from operational processes in 2017 collected by CEI	
	Total (Tons)
Paper	135,73
Plastic	57,72
Wood	8,35
Other	0

Recycled hazardous waste from operational processes in 2017	
Batteries	Total (Units)
Non-rechargeable	
Up to 5gr	96.090
6 - 30gr	1.441.519
31 - 50gr	110.455
151 - 2.000gr	0
Rechargeable	
Up to 150gr	36.612
151 - 2.000gr	3.418
Fluorescent Tubes Containing Mercury	207
Fluorescent Tubes and Other Waste Containing Mercury	225
Batteries and Accumulators	428

Action Plan

-  New Commitment
-  Commitment not started
-  Completed
-  In progress
-  Ongoing commitment with no end date

CSR Issue	Objective	Action and Timetable	Implementation Stage
Energy Management	To reduce energy consumption.	Commencement of the procedure for conducting energy audits – 2018.	
		Adoption of a central energy management policy – 2019.	
		Use of more energy-efficient equipment.	
		Gradual change of conventional light fixtures and bulbs with LED technology products at Group premises – 2015/20.	
		Renewal of company fleets with low-emission and lower fuel consumption vehicles.	
		Carry out a study for the installation of photovoltaics – 2018.	
Environmental Impact of Products and Activities	Creation of environmental awareness.	Implementation of Environmental Management System and certification to ISO 14001 at the CTC National Distribution Centre – 2018/19.	
	Enrichment of the range of products with environmentally friendly ones.	Inclusion of environmental issues in the Group training programme – 2018/19.	
		Promotion of electric cars, LED lighting.	

05

ADDITIONAL INFORMATION

- Global Reporting Initiative (GRI) Table of Indicators
- Contact Details

Global Reporting Initiative (GRI) Table of Indicators

GRI Standard	Disclosure Title	Reference	Page
GRI 102: General Disclosures 2016	Organisational Profile		
	GRI 102-1 Name of the organisation	The first CSR Report	5
	GRI 102-2 Activities, brands, products, and services	CTC at a glance	9
	GRI 102-3 Location of headquarters	Contact Details	83
	GRI 102-4 Location of operations	CTC at a glance	9
	GRI 102-5 Ownership and legal form	CTC at a glance	9
	GRI 102-6 Markets served	Business Sectors	14
	GRI 102-7 Scale of the organisation	Business Sectors	14
	GRI 102-8 Information on employees and other workers	Our People / Key information	35
	GRI 102-9 Supply chain	Business Sectors	14
		Supply Chain Management	65
	GRI 102-10 Significant changes to the organisation and its supply chain	Group Developments	19
	GRI 102-11 Precautionary principle or approach	Corporate Governance	20
	GRI 102-12 External initiatives	Trading Practices	57
		Diversity, Equal Opportunity & Human Rights	44
	GRI 102-13 Membership of associations	Trading Practices	57
	Strategy		
	GRI 102-14 Statement from senior decision-maker	Introduction by the Executive Chairman and CEO	6
	GRI 102-15 Key impacts, risks, and opportunities	Risk Management	61
	Ethics and Integrity		
	GRI 102-16 Values, principles, standards, and norms of behaviour	Vision and Business Conduct	12
	Governance		
	GRI 102-18 Governance structure	Corporate Governance	20
	Stakeholder Engagement		
	GRI 102-40 List of stakeholder groups	Methodology for identifying CSR Material Issues	25
	GRI 102-41 Collective bargaining agreements	HR Management, Performance and Motivation	38
	GRI 102-42 Identifying and selecting stakeholders	Methodology for identifying CSR Material Issues	25
	GRI 102-43 Approach to stakeholder engagement	Methodology for identifying CSR Material Issues	25
	GRI 102-44 Key topics and concerns raised	Methodology for identifying CSR Material Issues	25

GRI Standard	Disclosure Title		Reference	Page
GRI 102: General Disclosures 2016	Reporting Practice			
	GRI 102-45	Entities included in the consolidated financial statements	The first CSR Report CTC at a glance	5 9
	GRI 102-46	Defining report content and topic Boundaries	Methodology for identifying CSR Material Issues	25
	GRI 102-47	List of material topics	Methodology for identifying CSR Material Issues	25
	GRI 102-48	Restatements of information	This is our first report	
	GRI 102-49	Changes in reporting	This is our first report	
	GRI 102-50	Reporting period	2017	
	GRI 102-51	Date of most recent report	This is our first report	
	GRI 102-52	Reporting cycle	Annual	
	GRI 102-53	Contact point for questions regarding the report	Contact Details	89
	GRI 102-54	Claims of reporting in accordance with the GRI standards	Reporting is in accordance with GRI Standards: Main option	
	GRI 102-55	GRI content index	Global Reporting Initiative (GRI) Table of Indicators	
	GRI 102-56	External assurance	Does not apply	
Material Topic: Compliance				
GRI 103: Management Approach 2016	GRI 103-1	Explanation of the material topic and its Boundary	Boundary: Internal, External Compliance	62
	GRI 103-2	The management approach and its components	Compliance	62
	GRI 103-3	Evaluation of the management approach	Compliance	62
GRI 102: General Disclosures 2016	GRI 102-18	Governance structure	See GRI 102-18	
Material Topic: Financial Performance				
GRI 103: Management Approach 2016	GRI 103-1	Explanation of the material topic and its Boundary	Boundary: Internal, External Financial Performance	58
	GRI 103-2	The management approach and its components	Financial Performance	58
	GRI 103-3	Evaluation of the management approach	Financial Performance	58
GRI 202: Market Presence 2016	GRI 202-1	Ratios of standard entry level wage by gender compared to local minimum wage	Our People/ Key information HR Management, Performance and Motivation	36 38
	GRI 202-2	Proportion of senior management hired from the local community	Our People/ Key information	36
GRI 204: Procurement Practices 2016	GRI 204-1	Proportion of spending on local suppliers	Financial Performance	58
			CTC Group Image	53

GRI Standard	Disclosure Title	Reference	Page
Material Topic: Market Presence			
GRI 103: Management Approach 2016	GRI 103-1	Explanation of the material topic and its Boundary	Boundary: Internal, External Our People/ Key information HR Management, Performance and Motivation 36
	GRI 103-2	The management approach and its components	Our People/ Key information HR Management, Performance and Motivation 38
	GRI 103-3	Evaluation of the management approach	Our People/ Key information HR Management, Performance and Motivation 36
	GRI 103-3	Evaluation of the management approach	Our People/ Key information HR Management, Performance and Motivation 38
GRI 202: Market Presence 2016	GRI 202-1	Ratios of standard entry level wage by gender compared to local minimum wage	Our People/ Key information HR Management, Performance and Motivation 36
	GRI 202-2	Proportion of senior management hired from the local community	Our People/ Key information 38
Material Topic: Group CSR Image			
GRI 103: Management Approach 2016	GRI 103-1	Explanation of the material topic and its Boundary	Boundary: Internal, External CTC Group Image 53
	GRI 103-2	The management approach and its components	CTC Group Image 53
	GRI 103-3	Evaluation of the management approach	CTC Group Image 53
GRI 204: Procurement Practices 2016	GRI 204-1	Proportion of spending on local suppliers	See GRI 204-1
GRI 102: General Disclosures 2016	GRI 102-16	Values, principles, standards, and norms of behaviour	See GRI 102-16
Material Topic: Group Reputation			
GRI 103: Management Approach 2016	GRI 103-1	Explanation of the material topic and its Boundary	Boundary: Internal, External CTC Group Image 53
	GRI 103-2	The management approach and its components	CTC Group Image 53
	GRI 103-3	Evaluation of the management approach	CTC Group Image 53
GRI 204: Procurement Practices 2016	GRI 204-1	Proportion of spending on local suppliers	See GRI 204-1
GRI 102: General Disclosures 2016	GRI 102-16	Values, principles, standards, and norms of behaviour	See GRI 102-16
GRI 102: General Disclosures 2016	GRI 102-18	Governance structure	See GRI 102-18

GRI Standard	Disclosure Title	Reference	Page
Material Topic: Management of Environmental Issues			
GRI 103: Management Approach 2016	GRI 103-1	Explanation of the material topic and its Boundary	Boundary: Internal, External
			Biodiversity 70
			Energy Management 74
	GRI 103-2	The management approach and its components	Environmental Impact of Products and Activities 76
			Biodiversity 70
			Energy Management 74
			Environmental Impact of Products and Activities 76
	GRI 103-3	Evaluation of the management approach	Biodiversity 70
			Energy Management 74
			Environmental Impact of Products and Activities 76
GRI 302: Energy 2016	GRI 302-1*	Energy consumption within the organisation	Energy Management 74
	GRI 302-2*	Energy intensity	Energy Management 74
GRI 304: Biodiversity 2016	GRI 304-3*	Habitats protected or restored	Biodiversity 70
GRI 305: Emissions 2016	GRI 305-1*	Direct GHG emissions (Scope 1)	Energy Management 74
	GRI 305-2*	Energy indirect GHG emissions (Scope 2)	Energy Management 74
	GRI 305-4*	GHG emissions intensity	Energy Management 74
GRI 306: Effluents and Waste 2016	GRI 306-2*	Waste by type and disposal method	Environmental Impact of Products and Activities 76
Material Topic: Labour Practices			
GRI 103: Management Approach 2016	GRI 103-1	Explanation of the material topic and its Boundary	Boundary: Internal, External
			HR Management, Performance and Motivation 38
	GRI 103-2	The management approach and its components	HR Management, Performance and Motivation 38
			Health, Safety & Well-being in the Workplace 45
GRI 401: Employment 2016	GRI 103-3	Evaluation of the management approach	Diversity, Equal Opportunity & Human Rights 43
			HR Management, Performance and Motivation 38
	GRI 401-1	New employee hires and employee turnover	Our People/ Key information 36

GRI Standard	Disclosure Title		Reference	Page
Material Topic: Education and Training				
GRI 103: Management Approach 2016	GRI 103-1	Explanation of the material topic and its Boundary	Boundary: Internal Education & Training	41
	GRI 103-2	The management approach and its components	Education & Training	41
	GRI 103-3	Evaluation of the management approach	Education & Training	41
GRI 404: Training and Education 2016	GRI 404-1*	Average hours of training per year per employee	Education & Training	41
	GRI 404-2	Programs for upgrading employee skills and transition assistance programs	Education & Training	41
	GRI 404-3	Percentage of employees receiving regular performance and career development reviews	Education & Training HR Management, Performance and Motivation	41 38
Material Topic: HR Management, Performance and Motivation				
GRI 103: Management Approach 2016	GRI 103-1	Explanation of the material topic and its Boundary	Boundary: Internal HR Management, Performance and Motivation	38
	GRI 103-2	The management approach and its components	HR Management, Performance and Motivation	38
			Health, Safety & Well-being in the Workplace	45
			Diversity, Equal Opportunity & Human Rights	43
GRI 103-3	Evaluation of the management approach	HR Management, Performance and Motivation	38	
GRI 405: Diversity and Equal Opportunity 2016	GRI 405-1	Diversity of governance bodies and employees	Corporate Governance	20
			Our People/ Key information	36
			Diversity, Equal Opportunity & Human Rights	43
Material Topic: Customer / Consumer Satisfaction				
GRI 103: Management Approach 2016	GRI 103-1	Explanation of the material topic and its Boundary	Boundary: Internal, External Customer / Consumer Satisfaction	67
	GRI 103-2	The management approach and its components	Customer / Consumer Satisfaction	67
	GRI 103-3	Evaluation of the management approach	Customer / Consumer Satisfaction	67
GRI 417: Marketing and Labeling 2016	GRI 417-1*	Requirements for product and service information and labeling	Customer / Consumer Satisfaction	67
			Consumer Health & Safety	63
			Supply Chain Management	65

GRI Standard	Disclosure Title	Reference	Page
Material Topic: Quality of Products and Services and Food Safety			
GRI 103: Management Approach 2016	GRI 103-1	Explanation of the material topic and its Boundary	Boundary: Internal, External
		Customer / Consumer Satisfaction	67
		Consumer Health & Safety	63
	GRI 103-2	Supply Chain Management	65
		The management approach and its components	Customer / Consumer Satisfaction
		Consumer Health & Safety	67
	GRI 103-3	Supply Chain Management	63
		Evaluation of the management approach	65
		Customer / Consumer Satisfaction	67
GRI 417: Marketing and Labeling 2016	GRI 416-1*	Consumer Health & Safety	63
		Supply Chain Management	65
		Assessment of the health and safety impacts of product and service categories	63
	GRI 418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	54
		Personal Data Protection	54
		Health, Safety & Well-being in the Workplace	45
	GRI 403-2	Types of injury and rates of injury, occupational diseases, lost days and absenteeism, and number of work-related fatalities	45
		Health, Safety & Well-being in the Workplace	45
		Health, Safety & Well-being in the Workplace	45

GRI Standard	Disclosure Title	Reference	Page
Material Topic: Consumer Health and Safety			
GRI 103: Management Approach 2016	GRI 103-1	Explanation of the material topic and its Boundary	Boundary: Internal, External Consumer Health & Safety 63
	GRI 103-2	The management approach and its components	Consumer Health & Safety 63
	GRI 103-3	Evaluation of the management approach	Consumer Health & Safety 63
GRI 416: Customer Health and Safety 2016	GRI 416-I*	Assessment of the health and safety impacts of product and service categories	Consumer Health & Safety 63
Material Topic: Economic Impact on Society			
GRI 103: Management Approach 2016	GRI 103-1	Explanation of the material topic and its Boundary	Boundary: Internal, External Community Investment Financial Performance 51 58
	GRI 103-2	The management approach and its components	Community Investment Financial Performance 51 58
	GRI 103-3	Evaluation of the management approach	Community Investment Financial Performance 51 58
	GRI 103-3	Evaluation of the management approach	Community Investment Financial Performance 51 58
GRI 202: Market Presence 2016	GRI 202-1	Ratios of standard entry level wage by gender compared to local minimum wage	See GRI 202-1
	GRI 202-2	Proportion of senior management hired from the local community	See GRI 202-2
Material Topic: Trading Practices			
GRI 103: Management Approach 2016	GRI 103-1	Explanation of the material topic and its Boundary	Boundary: Internal, External Trading Practices 57
	GRI 103-2	The management approach and its components	Trading Practices 57
	GRI 103-3	Evaluation of the management approach	Financial Performance 58
GRI 202: Market Presence 2016	GRI 202-1	Ratios of standard entry level wage by gender compared to local minimum wage	See GRI 202-1
	GRI 202-2	Proportion of senior management hired from the local community	See GRI 202-2
GRI 417: Marketing and Labeling 2016	GRI 417-I*	Requirements for product and service information and labeling	See GRI 417-1

GRI Standard	Disclosure Title		Reference	Page
Material Topic: Clear Strategic Direction				
GRI 103: Management Approach 2016	GRI 103-1	Explanation of the material topic and its Boundary	Boundary: Internal, External HR Management, Performance and Motivation Operational Effectiveness & Standardisation of Processes	38 59
	GRI 103-2	The management approach and its components	HR Management, Performance and Motivation Operational Effectiveness & Standardisation of Processes	38 59
	GRI 103-3	Evaluation of the management approach	HR Management, Performance and Motivation Operational Effectiveness & Standardisation of Processes	38 59
GRI 102: General Disclosures 2016	GRI 102-43	Approach to stakeholder engagement	See GRI 102-43	
	GRI 102-44	Key topics and concerns raised	See GRI 102-44	
Material Topic: Operational Effectiveness & Process Standardisation				
GRI 103: Management Approach 2016	GRI 103-1	Explanation of the material topic and its Boundary	Boundary: Internal Operational Effectiveness & Standardisation of Processes	59
	GRI 103-2	The management approach and its components	Operational Effectiveness & Standardisation of Processes	59
	GRI 103-3	Evaluation of the management approach	Operational Effectiveness & Standardisation of Processes	59

Note: This is the first CSR Report of the Group. Some of the information does not appear in the required format. We are taking measures to improve the quality of the information that we provide.

* This information is partially available.

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Explanatory Note

The present Report has been drafted in good faith and with the greatest possible care, in the context of the information available to the Management of the Group, so as to reflect the truth. Nonetheless, the Company does not undertake any responsibility for the correctness or completeness of this information.

The Report also includes forward-looking statements, which are not facts but assumptions and expectations based on Group plans, as available to the Management at the time of writing this Report. As future developments and events may affect these statements, the Company undertakes no obligation to update them.

The use of the male gender is merely for practical reasons and refers to both genders.

June 2018

