



SUSTAINABLE STRATEGY

DEVELOPMENT VISION FOR A BRIGHTER TOMORROW



إدارة حصر التبغ والتبناك اللبنانية

REGIE LIBANAISE DES TABACS ET TOMBACS

— 80 YEARS OF SUSTAINABLE STEPS —

DEDICATION



To H.E. Mr. Nabih Berri

To the tobacco plant lover

To the guardian and supportive president

Here are the seeds you have planted and the fruits we have harvested

Here is the custody that we have well preserved

Here are our achievements, plans and success stories

We hope you remain to us the support you have always been

And to the country the safety valve

So that our plants remain evergreen and our future bright

Chairman & Board of Directors

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INTRODUCTION

“Steady Steps Forward...”



While the Regie blows out the candle of its 80th birthday, it gets ready to light a more radiant candle for the community in which it has taken root over eight decades. Yes! We are 80 years old, yet we have never been as young, ambitious and visionary as we are today.

On the occasion of the eightieth anniversary, our gift to the future generations is an unprecedented plan for sustainable development through which we seek to meet the expectations of our stakeholders and improve their quality of life, today and in the future.

This sense of responsibility is not new to the management of the Regie that started its sustainable development activities veary early and was one of the first public institutions to recognize the importance of their role in the development of the local community, accomplishing numerous achievements on the level of both the employees and the customers.

And here we are today, laying the cornerstone for a long-term plan aimed at promoting economic development, environment protection, fighting illicit trade and child labor, and at improving the living of workers and farmers as well as the communities where we operate.

Bearing these goals in mind, we are confident that we will see the results and harvest the fruit together in the upcoming ten years. This will also give us a competitive edge and will strengthen our relationship with the community, increasing our ability to lure investors, since our vision is to “win our place among sustainable pioneer tobacco companies in the Middle East and North Africa.”

Sustainable development is not a choice for us; it is a commitment that we have made towards our community, our fellow citizens and our partners, as well as towards everyone who vested his trust in us. This plan is only the first step on a long journey we take forward to build together a better future.

A handwritten signature in blue ink, appearing to read 'Nassif Seklaoui'.

Chairman - General Manager
ENG. NASSIF SEKLAOUI

THE REGIE AT A GLANCE

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SUSTAINABLE STRATEGY



“La Regie Libanaise des Tabacs et Tombacs” is a public institution that manages the monopoly of the plantation, manufacturing, trade and transport of tobacco, Tunbac and their derivatives across Lebanon.

This vital utility plays an important economic, social and developmental role in Lebanon and is one of the most proactive and pioneering organizations in the country at the level of productivity and revenues, playing a significant role in supporting the national Lebanese budget.

THE REGIE AT A GLANCE

What we do

The Regie's business is committed to the highest professional standards on the level of agriculture, industry, commerce, and finance, relying on modern e-management solutions, and keeping in mind the development of the society, agriculture, and farmers.

AGRICULTURE

We are the exclusive authority that grants plantation licenses to tobacco farmers, provides agricultural guidance, supervises plantation techniques and methods, oversees planted areas and ensures overall quality and development through a variety of mechanisms. Once the crop has matured, Regie oversees the harvesting, drying and packaging process prior to delivery to the organization's plants, where the tobacco and tunbac is sorted, packed, prepared and stored before it is processed or exported.

PRODUCTION

We produce local brands of cigarettes and flavored tobacco at our facilities that are equipped with automatic, fast and efficient lines of production. The Regie produces seven local brands and an international one.

TRADE

We are the exclusive agent for all imported tobacco products and the sole agency that has the authority to grant permits for the sale of tobacco.

OUR MISSION, VISION AND VALUES



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SUSTAINABLE STRATEGY

OUR MISSION, VISION AND VALUES

A commitment towards the present and the future

OUR SUSTAINABLE VISION

To win our place among internationally sustainable pioneer tobacco companies, by improving the quality of our products, supporting the development of our national economy, and leading the improvement of our local community's welfare.

OUR SUSTAINABLE MISSION

To produce high-end tobacco products for adult consumers, according to the basics of sustainable development that rely on the following principles:

- ✦ Giving an added value to the local community;
- ✦ Responding to the needs of our partners; and
- ✦ Managing risks, respecting our environment, and fighting illicit trade.



80 YEARS.... AND STILL MOVING FORWARD

Establishment of the Monopoly system and assigning its management to the “Société Anonyme de Régie Co-Intéressée Libano-Syrienne des Tabacs et Tombacs”

1935

Extension of the franchise granted to the company operating the Monopoly

1963

1952
Separation of the joint monopoly between Syria and Lebanon and recovery of the franchise by the Lebanese State

1930

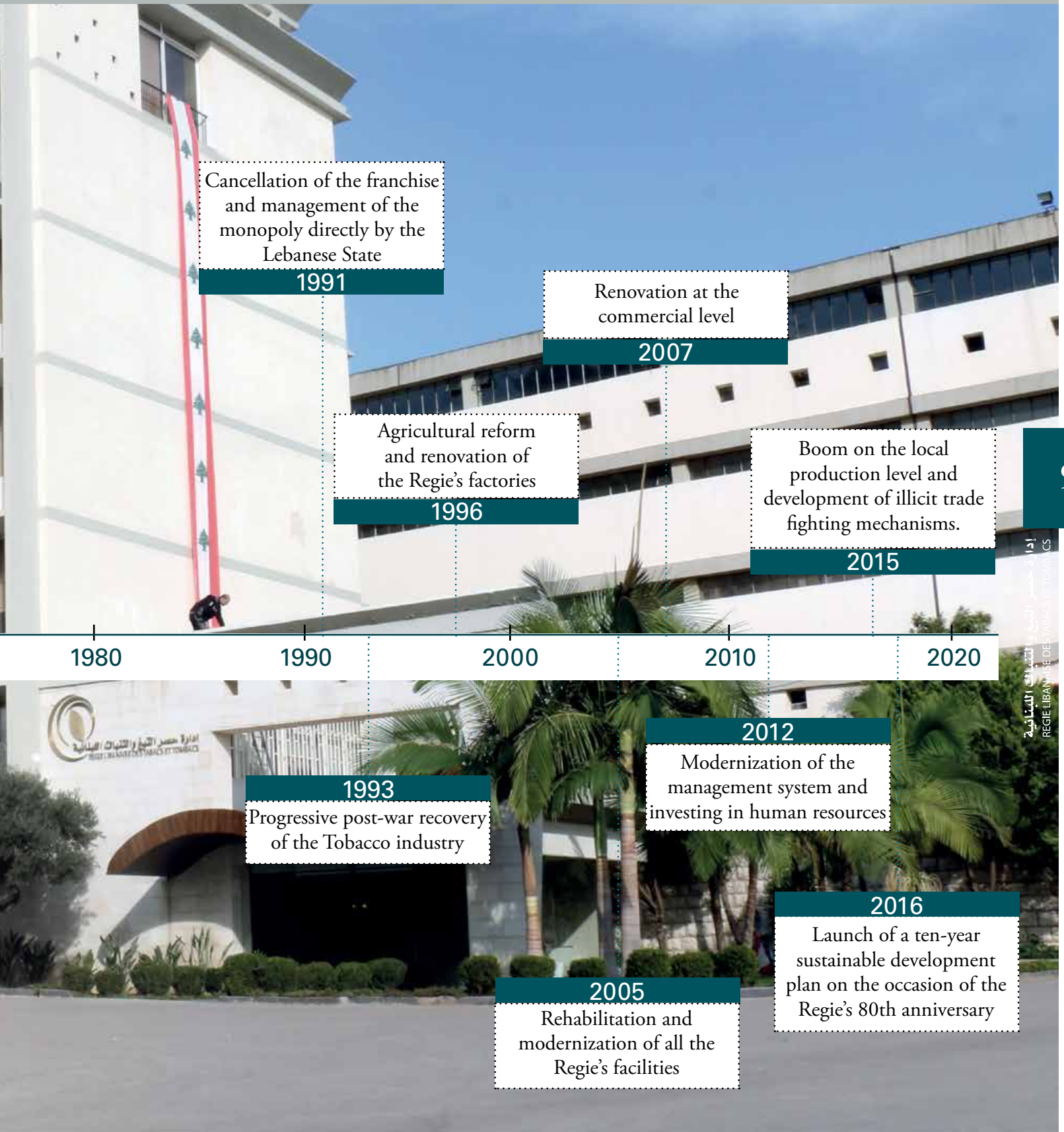
1940

1950

1960

1970

80 YEARS.... AND STILL MOVING FORWARD



A PLAN FOR SUSTAINABLE DEVELOPMENT

The **Sustainable Development Plan** that we are launching on the occasion of our 80th anniversary targets the Lebanese community as whole, namely our stakeholders, farmers, wholesalers, employees, municipalities, tobacco companies and ministries.

Our sustainability plan is the fruit of deep research and in-depth study of the needs and aspirations of each of those categories, along with a field survey targeting 5% of our stakeholders. These studies were customized to identify the priorities and factors contributing to the sustainable development of the tobacco sector in Lebanon. We wanted our plan to be a collective work that goes beyond the mere professional tasks of each category; it is a vision for the future and a shared responsibility towards the society.



OUR STAKEHOLDERS

SUSTAINABLE STRATEGY

Consultants 15	Farmers 25,000	Tobacco companies 70	Smokers and non-smokers -	Municipalities 450
Ministries and Governmental bodies 18	Wholesalers 700	Employees 1,000	Suppliers 900	
Total: 28,153				

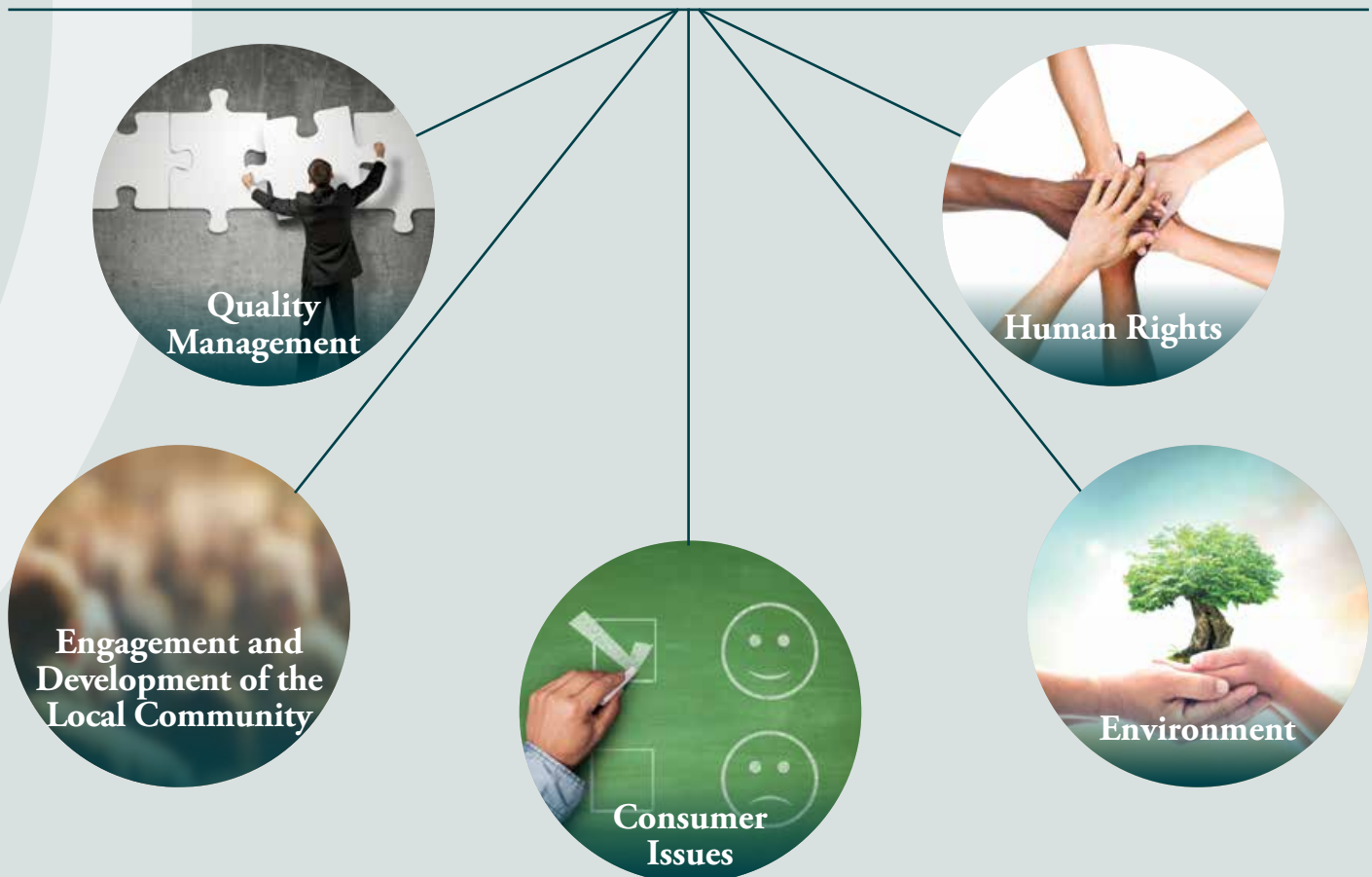
PILLARS OF THE SUSTAINABLE DEVELOPMENT PLAN

After we have started our sustainable development activities early through a bouquet of projects targeting employees, farmers, NGOs, and local associations, here we are today, dedicating our efforts to pursuing what we have started and to tracing together a unique strategy aiming at adopting an economic behaviour that respects the local community in its three dimensions: Environmental, social and economic.

Together we walk towards sustainable development, dedicating our efforts to create a beneficial cooperation for the present and future generations and to ensure a better standard of living for our community. Fully aware that to turn into a tangible reality, sustainable development requires sustainable work and a clear strategy, we look forward to working hand in hand to make this comprehensive plan come true and see its results over the next ten years.



OUR STRATEGY IS BASED ON FIVE MAIN PILLARS





إدارة حصر التبغ والتبناك اللبنانية
REGIE LIBANAISE DES TABACS ET TOMBACS

REDUCING HARM

الحدّ من الضرر

ENHANCING QUALITY

تحسين الجودة

GOOD AGRICULTURE PRACTICE

الممارسات الزراعية الجيدة

IL LICIT TRADE COMBAT

مكافحة التجارة غير الشرعية

ECONOMIC GROWTH

تعزيز النمو الاقتصادي

PYRAMID OF SUSTAINABLE DEVELOPMENT PRIORITIES

The Pyramid illustrates the priorities of the Sustainable Plan that will be implemented by the Regie during the next ten years. These priorities will target the environment, the economy and the community; respond to the needs of the Regie's stakeholders and serve the development of the local community.



Fighting illicit trade
(Development of anti-smuggling policy)

Implementation of Sustainable Agriculture
(Application of Good Agricultural Practices, Raising farmers' awareness)

Fighting Child labor
(Drafting a human rights policy, supporting the education of farmers' children)

Creating a productive work environment
(Applying the Professional health and security system)

Improving product quality
(ISO implementation, evaluation of suppliers and equipment efficiency, implementation of quality industry practices)

Developing employees' skills
(training)

Reducing energy consumption
(water management, environment management system)

Contribution in economic development
(Engaging tobacco suppliers in investment programs)

Contribution in health support
(increase the investment in medical research and hospitals support)

Waste management

Municipality Support
(Development projects)

SUSTAINABLE DEVELOPMENT: FACTS AND FIGURES

SUSTAINABLE AGRICULTURE

160 Guidance Seminars for farmers in **90 villages** across the North, the South and the Bekaa for a cost of LBP **120 million**.

More than **400 annual field visits** to tobacco farmers by **72 correspondents and experts**.

LBP **60 billion** invested annually in tobacco crop purchase; LBP **600 million** in agriculture equipment and LBP **730 million** in pesticides, seeds and fertilizers distributed to farmers.

Tobacco leaf crop purchased from **25000 farmers** across the North, South and Bekaa in more than **457 villages**.

Over **8.5 million Kg.** of tobacco leaf purchased in 2015 from Lebanese farmers for an amount of LBP **93 billion**.

Around LBP **1.5 billion** invested to support **42 development projects** in cooperation with **40 municipalities** of tobacco growing towns in the North, the Bekaa and the South.

LBP **460 million** invested in **300 scholarships** and vital projects for the tobacco farmers children in collaboration with tobacco companies.



PRODUCTION

Production of **7 local brands** and a foreign one (Allure)

5 factories in **4 Lebanese cities** in addition to **7 main facilities** and **2 centres** of Agriculture research and testing.

85% enhancement of purity of water in Regie as a result of the instalment of a water purification station.

Around **223000 boxes** of Cedars cigarettes locally produced in 2015.

LBP **32 billion** spent on the rehabilitation of Bikfaya and Ghazieh factories and the cigarette factory in Hadath.

1159 brands of tobacco products (Tobacco, tunbac, cigars and cigarillos) imported from more than **70 foreign companies** and distributed to more than **700 heads of sales** across Lebanon.

The Regie deals with more than **1340 suppliers**.

SUSTAINABLE DEVELOPMENT: FACTS AND FIGURES



SUSTAINABLE DEVELOPMENT: FACTS AND FIGURES

COMMUNITY AND ECONOMY

Around LBP **350 billion** paid each year to the Lebanese Government in taxes.

Around **1000 fixed-income jobs** offered to the Lebanese citizens across the country.

Over LBP **500 billion** paid each year to employees in wages and social benefits.

Training for **1000 participants** during 2015 in **71 sessions** by virtue of a training agreement concluded with the Institut des Finances.

Over LBP **13 billion** in donations to national institutions (Commandment of the Army, General Directorate of General Security and Bassel Fleihan Financial and Economic Institute).



COMMERCE AND TRADE

More than LBP **855 billion** of local and imported products sold in 2015.

Over LBP **731 billion** of total revenues in 2015.

More than LBP **2 billion invested** in fighting tobacco trafficking in 2015 (reducing it from 40% to 25%) and LBP **15 billion** in fines collection.



OUR CONSUMERS...OUR ASSET

“I want trustworthy and non-trafficked products”

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SUSTAINABLE STRATEGIES

CONSUMER PROTECTION

We are committed to investing in research to provide consumers with best-in-class and low-risk products. We strive to abide by the highest standards of transparency and build rock solid trust with our customers.

Our Priority

Reducing harm and fighting tobacco trafficking

Our Achievements

Over the past years, we have supported our consumers by:

- ▀ Preserving their rights through transparent practices
- ▀ Providing transparent price, fees and components information
- ▀ Adopting appropriate warnings on tobacco-related risks.

Our Future Actions

Our action plan over the coming years is aimed at:

- ▀ Implementing the health and safety management system
- ▀ Investing in health activities to ensure medical services
- ▀ Investing in public health research aimed at reducing smoking diseases
- ▀ Investing in tobacco studies
- ▀ Fighting illicit trade

LOCAL PRODUCTION... INTERNATIONAL QUALITY STANDARDS

«Quality is the
key to success»

Our Priority

Improving product quality

Our Achievements

Over the past years, we have applied corporate governance standards by:

- ▮ Reconciling our requirements with the needs of our stakeholders
- ▮ Respecting accountability laws and procedures

Our Future Actions

Our action plan over the coming years is aimed at:
Implementing the ISO Quality Management System (Evaluation of suppliers and equipment efficiency, implementation of quality industry practices)

QUALITY PERFORMANCE

We are committed to continuously improve our products by operating to the highest international quality standards and relying on state-of-the-art equipment.

TOGETHER, WE SOW THE SEEDS OF A GREEN ENVIRONMENT FOR FUTURE GENERATIONS

ENVIRONMENT PROTECTION

We are committed to preserving the environment and protecting its resources. We strive to minimize work-related pollution, rationalize energy consumption, apply sustainable agriculture standards and manage tobacco wastes.

“My right is to live in a clean and healthy environment”

Our Priority

Sound environmental practice

Our Achievements

Over the past years, we have worked on protecting the environment by:

- ▮ Providing guidance on energy and water consumption
- ▮ Building a power plant and a water treatment station in line with environmental standards.
- ▮ Distributing guidance brochures to raise awareness on environmental practices among farmers
- ▮ Supporting eco-friendly activities

Our Future Actions

Our action plan over the coming years is aimed at:

- ▮ Implementing Sustainable Tobacco Environmental Practices STEP
- ▮ Reducing energy consumption (water management, environment management system)
- ▮ Adopting sustainable agriculture practices (Good Agricultural practices GAP, raising farmers awareness)
- ▮ Developing a waste management system

THEIR RIGHTS... OUR PRIORITY

HUMAN RIGHTS

We are committed to creating a work environment that values and respects human values and employees' rights to skills development, capacity building and care, giving the highest priority to child labor fighting.

“Staying in my land and educating my children is my priority”

Our Priority

Creating a fair work environment

Our Achievements

Over the past years, we have supported human rights by:

- ✎ Providing equal employment opportunities
- ✎ Ensuring decent working environment offering social and professional benefits
- ✎ Respecting the right to join unions and syndicates.
- ✎ Creating skills' developing opportunities
- ✎ Providing health care and covering work-related accidents
- ✎ Establishing libraries and educational tools for farmers' children

Our Future Actions

Our action plan over the coming years is aimed at:

- ✎ Creating a productive working environment (Implementing the OSHAS system)
- ✎ Developing the skills of our employees
- ✎ Fighting Child Labor by setting a Human rights policy
- ✎ Supporting the education of farmers' children by launching the STIL initiative



THE LOCAL COMMUNITY... OUR RESPONSIBILITY



Raising the Highest Flagpole in Lebanon on the occasion of the Independence Day, offered by the Regie to the Municipality of Tyre

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SUSTAINABLE STRATEGY



“Together, we achieve more”

We are committed to working hand in hand with all our stakeholders, driven by the belief that co-shared responsibility will lead us to a better tomorrow for the generations to come and will help us achieve real economic development.

COMMUNITY ENGAGEMENT AND DEVELOPMENT



Inauguration of a water pond in Houla

THE LOCAL COMMUNITY... OUR RESPONSIBILITY



Our Priority

Economic development

Our Achievements

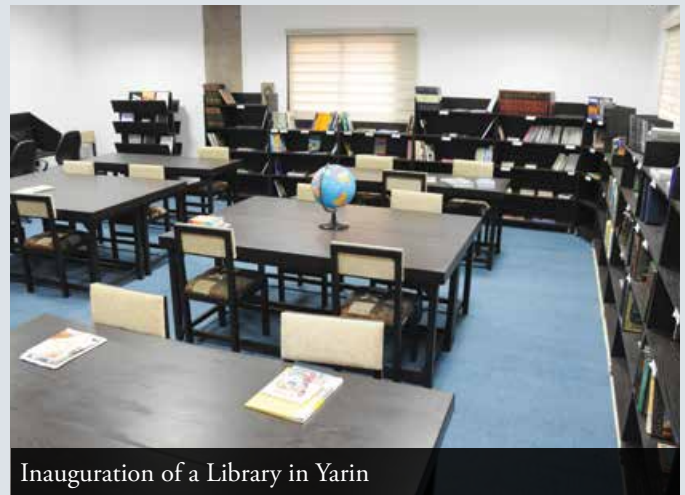
Over the past years, we have been lending a hand to the local community by:

- Supporting municipal and governmental initiatives
- Supporting cultural and charitable activities
- Adopting child labor fighting programs
- Empowering employees through stable job opportunities and retirement salaries
- Supporting economic activities by giving priority to local suppliers
- Maintaining transparent relationships with governmental officials

Our Future Actions

Our action plan over the coming years is aimed at:

- Raising stakeholders' awareness on sustainable development
- Engaging tobacco suppliers in investment programs
- Meeting the needs of the civil community through municipality support



Inauguration of a Library in Yarin



Providing clean drinking water



**THE LOCAL COMMUNITY...
OUR RESPONSIBILITY**

www.rltt.com.lb/sustainability





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— 80 YEARS OF SUSTAINABLE STEPS —

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