



since 1966

FERNAND HOSRI
GROUP

Hosri Group Employee Handbook



hETS F.A. HOSRI

F.A. HOSRI s.a.l.

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Welcome Note

Welcome to the Hosri Group.

As a member of our group we believe that you are able to perform in a manner typical of Hosri group employees: High quality, high performance and high moral. To better service and compete on the market in this increasingly demanding world, we are all called upon to make our contribution to development and progress.

This employee handbook outlines some of the policies and procedures in effect in our group. The policies and procedures have been developed as a result of years of experience and in line with official labor and social legislations and are implemented to insure uniform understanding and equitable treatment.

We hope that you will find this information of benefit and value and that you will keep this handbook as a ready reference for questions which come to your mind. However, we need to emphasize the fact that this handbook should not in anyway be considered as a manual of company rules and regulations. It is only a guideline for you on some of these rules and regulations. Should you at any time in the future need additional information or some clarification on any subject, please do not hesitate to call on your supervisor or myself, we will be most willing to assist you.

We sincerely hope that you will be happy and successful in your job.

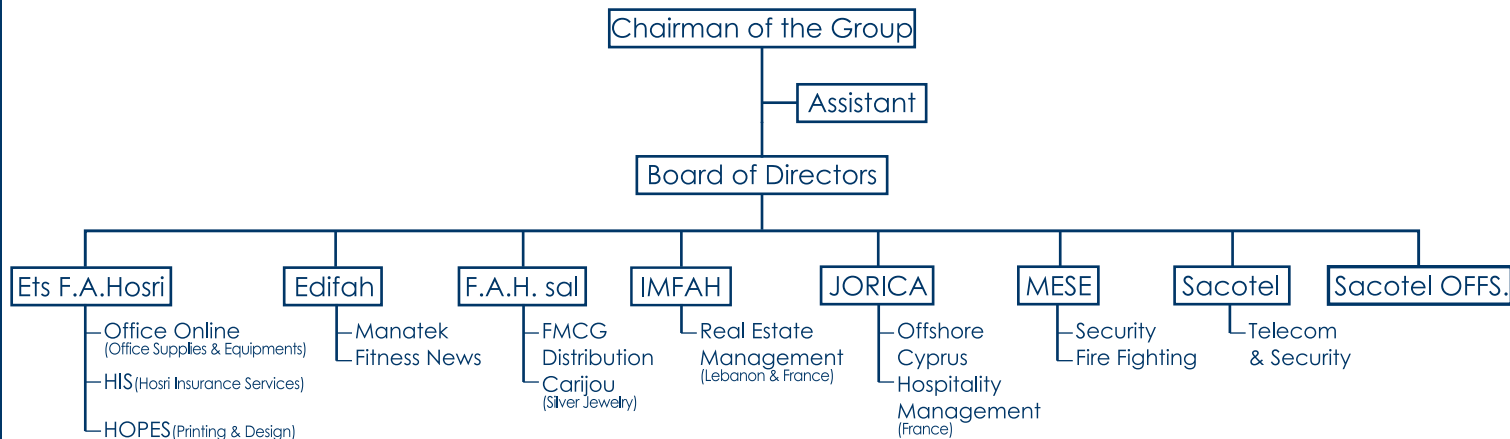
Carine Hosri Boustani

A word about us

Established in Beirut since 1966, at F. A. Hosri we have grown our business with a diversification philosophy which led us to cover different sectors of the local and international markets. Although our companies operate in different fields and countries we all do the same: WE SELL QUALITY.

To keep up with what we have started and preserve our service quality standards, we urge you to member with us for union makes stronger. You should keep in mind that quality is an attitude!

GROUP ORGANIZATION CHART



Chairman: Mr. Fernand HOSRI

Board of Directors: Mrs. Eugénie HOSRI, Mrs. Joumana HAJI, Mr. Riccardo HOSRI,
Mrs. Carine BOUSTANI

Mission Statement

The recognition of the quality of our products is universal, but our pride is in the quality of our service.

We are committed to improve our customers', employees' & shareholders' lives by always providing the best products or services backed by the latest technologies.

Today we are 11, technology, services & consulting businesses; what unites us is the way we do business, our values and actions.

Our Values

- Learning org.
- Respect
- Integer
- Accountable
- Transparent
- Passionate
- Teamwork

Chairman Creed

I believe in diversification when well managed to create synergy.
I trust intuitive feeling when well oriented to expand to new horizontal business fields.

I profess long term oriented investments to avoid volatility and thus start the long way to perennality.

I expect from the future generation to stick to old family traditions and old business ethics while bringing along new modern theories and applying state of the art technologies.

I am confident that these values will give the ability to our family group to combine tradition and experience with innovation, thus ensuring that differences will be resolved by way of consensual solutions rather than through confrontation between old and new generations.

I wish that the new managing generation will extend the horizon and build up vertically on previous horizontal business fields thus providing regular and steady growth, stability and continuity as well as financial soundness.

The above values are our family business CREDO which I have worked out along with my wife and partner; together we have since their early childhood, deeply inculcated in the mind of our children and now partners, to become the normal way of life style and business culture.

This is why I believe in solid and deeply rooted achievements, based on the principles of wealth building, rather than in rapid financial success.

I have the firm belief that after having put the final touch to our family business credo, someone from the next generation, backed by all his peer family partners, will rethink and rewrite our family business credo, in order to meet all the demands and challenges of the next century while keeping our old basic principles alive.

Fernand A. Hesri
Chairman of the Group

SECTION I: *Employment*

1 basic policy:

Hosri group adopts the policy of employment based on merit, i.e. the right individual in the right job. Individuals are recruited, selected, trained and developed, appraised and promoted without regards to religion, family or discrimination of any sort. Equal opportunity is provided to every individual employee to realize his or her potential, without ignoring the objectives of effective performance and profit.

We strive to maintain Hosri group as an organization of choice.

2 employment status

An employee may be engaged to work for Hosri group under a written contract, a letter of appointment or under no written document whatsoever. Every newly hired employee shall be on probation for a period of 3 months during which the employee or the company can terminate their relationship without notice in accordance with the provision of the Lebanese labor law. Upon the satisfactory completion of the probationary period, the appointment will be confirmed in writing.

3 promotion policy

It is the policy of Hosri group to provide maximum and equal opportunity for all employees to upgrade themselves through the job classification structure. Promotions are based primarily on ability, experience, present and potential performance, seniority along with some other aspects.

It is the policy to promote employees from within the company to higher vacant job categories whenever such employees are available among the existing workforce, and are considered by the company to meet the requirements of the job to perform it effectively. This policy implies the broad consideration of the best qualified individuals from all segments of the company, rather than a narrow concept of promotion from within individual departments or divisions.

Upon promotion the employee will normally receive a salary increase in accordance with the company's payroll policy.

4 transfer policy or lateral moves.

In keeping pace with the dynamic business conditions and maintaining Hosri group's competitive position, we may require to move personnel whenever such action is felt to be beneficial to either the company or the employee:

- Interoffice transfer or relocation abroad to one of our offices.
- Job transfer from one position to another.



SECTION II: *Work Schedule*

1- hours of work

The company reserves the right to distribute the working hours however it sees it convenient and at its own discretion, in accordance with the Lebanese labor law.

(The latter states that weekly working hours are not to exceed 48 hours of work and impose a 36 consecutive hours of rest. Lunch breaks are not accounted for as worked hours.)

2- Tardiness and absence from work.

Employees are expected to be punctual and to strictly observe the hours of work. When an employee knows in advance that he will be late to work or absent from work, he should inform his supervisor ahead of time and secure permission. When tardiness or absence has been foreseen then the supervisor should be notified immediately thereafter. The supervisor is to instruct the administration so as to take the appropriate measures.

3- Holidays

Hosri group grants 10 holidays per year; these days are observed as official holidays. A list of these holidays is announced annually. If a holiday falls on a Saturday or Sunday, it is not rescheduled on other days.

4- Over time work

Employees may be required to work beyond the normal working hours whenever the exigencies of service requires. When an employee is requested to work beyond the normal working hours (48), the extra work performed shall be considered as overtime and shall be compensated accordingly. Employees occupying senior positions are not entitled to overtime pay.

a) Overtime authorization

Employees are required to work overtime when needed and requested in writing by their supervisor. Any work performed by the employee over the normal work schedule, without the specific written request of his supervisor, will be regarded as a voluntary work.

b) Overtime compensation

Overtime compensation will either be monetary or time off; whichever is determined by the company, and in accordance with the Lebanese labor law.

c) Overtime computation

d) Monetary computation: the overtime rate is computed on the basis of 150% of the regular hourly rate of the individual.

f) Time off computation: for each hour worked the employee will be entitled to one hour and a half of time off.

5) Work on a weekly rest period or a holiday.

If an employee is requested to work on weekly rest period; i.e.) Sunday Or on a holiday he will be compensated for such work at the overtime compensation rate, be it monetary or time off whichever is determined by the company.

NB. If an employee refuses to perform overtime work when requested by his supervisor and has no valid reason for that; company interest being above all other business or personal consideration, this fact should be reported to the administration in a written note.

Work Schedule

SECTION III: *Leaves*

1) Annual vacation

a) Basic policy

Annual paid vacations are granted to allow employees who serve Hosri group to secure their mental and physical rest.

b) Eligibility:

Employees who complete one or more years of service shall become eligible to an annual paid vacation of 15 working days.

c) Scheduling:

The vacation year is from January 1st to December 31st of each year. An employee who works this period will thus be entitled to an annual paid vacation in accordance with the Lebanese labor law and as stated above.

- The vacation dates are determined by the company based on work requirements, taking into consideration the wishes and preferences of the concerned employee when such preferences do not conflict with the company's interest.

- Vacation benefits accrue only on January 1st of each year. Each employee is expected to take his vacation annually within the next calendar year.

Ex: vacation benefits for the period, Jan 1 2006 to Dec 1 2006 should be taken prior to December 31 2007. Accumulation from one year to another is not allowed.

- In order to maintain maximum effectiveness of the company's workforce, employees are encouraged to take their vacations allowance on successive days or weeks to obtain maximum relaxation.

- To schedule a vacation, the employee should complete the "annual vacation request form" that he can pick up from the administration; he should also secure his supervisor's approval and the administration at least 15 days prior to the vacation period.

d) Accumulation of vacations

According to Hosri Group's policy accumulation of vacation is not an accepted practice. However the company reserves the right of allowing such accumulation only in exceptional cases.

e) Sickness during vacation

Sickness during vacation is not considered as sick leave. However if sickness is extensive; Hosri Group may then consider compensating the employee by granting him a few extra days of vacation.

f) Holidays falling during the annual vacations

Company official holidays which fall during an employee's annual vacation will not be counted as vacation days.

g) Payment in lieu of annual vacation

The company does not adopt the practice of payment in lieu of annual vacations.

2. Sick leaves

a) Basic policy

An employee who is unable to work because of illness, injury or public health requirement is entitled to sick leave with pay.

b) Entitlement

The duration of sick leave entitlement is in accordance with the Lebanese labor law and the company's internal regulation.



c) Notification and certification of illness.

Employees should notify their supervisors on any absence due to sickness or injury immediately after its occurrence. Upon resuming work the employees should substantiate their absence for any period of more than 1 day with a certificate from the company physician.

The company also reserves the right to deduct from the employee's pay if it does not find the reason of his absence valid enough.

d) Advance sick leave

Granting advance sick leave to those who have already used their sick leave and vacation is not of company practice but we reserve the right to grant at our discretion.

3) Special leave.

Special leave with full, partial or without pay for specified periods of time may be granted to employees at the discretion of the company. The entitlement of those special leaves is in accordance with the Lebanese labor law and the company's internal regulations.

4) Maternity leave.

Female employees are entitled to 49 days maternity leave with full pay, to include prenatal and postnatal periods. In no case will such an employee be allowed to resume her work before 30 days from the date of delivery. The maternity leave is authorized upon presentation of a certificate from the company physician indicating the approximate date of delivery.

5) Advance salary payments

An employee who has been granted a leave may receive his paycheck before proceeding on leave, if his leave period is more than a week and payday occurs during that week. However the employee should advise his supervisor of his intended leave at least 2 weeks in advance.

SECTION IV: *Wages & Salaries*

1) The basic policy

The Hosri Group compensation policy has been established and implemented to ensure fair salaries and benefits to its employees, and to attract and retain competent ones by providing them with an incentive for development and more effective performance.

2) Payroll policy.

Monthly salaries are paid between the 1st and the 5th working day of each month. However, in exceptional and compelling circumstances, as determined by the company, an employee may be advanced all or part of his monthly salary at an earlier date of the month.

3) Salary deduction.

Deductions from salaries of employees are effected in accordance with the Lebanese law. Such deduction includes income tax, contribution to the NSSF Work penalties, absence etc....

4) Allowance

a) family allowance.

Paid by the NSSF to eligible employees in accordance with the provision of the social security law; a schedule of family allowance entitlement is listed in the social security law reference book. Eligible employees are obliged to report, to their supervisor and to the administrative person in charge, any change in their marital status within a period of 10 days of its occurrence and present the required official evidence to that effect.

b) Transportation allowance.

Employees engaged in company business benefit from a transportation allowance of 6000 Lebanese pounds for every working day, in accordance with Lebanese law. Other transportation allowances are company decision & subject to change as company sees fit without prior notification.

Salaries

SECTION V: *Termination of Service*

1) Basic policy.

It is the intent of Hosri Group to retain and help develop its employees for more challenging and responsible positions. However termination of service may occur for a variety of reasons that relate to resignations, separation or dismissal initiated by the company against the employee.

2) Acts of termination of service.

a) Termination during probation: as stated previously the employee or the employer can terminate their relationship without prior notice during the first 3 months of employment.

b) Resignation: when an employee submits his resignation, then he is electing willingly to terminate his service. In the case of resignation, a notice of termination should be presented and in accordance with the Lebanese labor law, a schedule of notice periods is available on the following pages for reference.

c) Separation: is termination caused by mandatory retirement, death, physical incapacity or reduction in the work force.

d) Dismissal: dismissals are terminations of service initiated by the company against an employee. Following are grounds of dismissal

- Breach of employment contract.
- Unsatisfactory performance or effort.
- Falsification of employment particulars or theft and embezzlement.
- If employee, in spite of three written warnings served to him in one year continues to commit serious breach of the company rules and regulations.
- Misconduct detrimental to the interest of the company and colleagues.
- Commitment of an act or willful negligence intended to cause damage to the company's material or moral interest.
- If the employee without lawful excuse absents himself for more than 7 consecutive days or more than 15 days in one year.
- Breach of the Hosri holding code of ethics presented in section VI.
- Marriage of two within the company - one has to leave.

3) Notice of termination

The notice period for termination of service is in accordance with the Lebanese labor law. With the exception of termination due to any cause listed under article 74 of the Lebanese labor law. The following notice periods are mandatory on the party initiating the termination.

Years of service	Notice period
more than 3 month less than 3 years	1 month
more than 3 years less than 6 years	2 months
more than 6 years less than 12 years	3 months
more than 12 years	4 months

The notice of termination should be formal and in writing.

4) Benefits upon termination

a) If the employee is covered by the social security end of service indemnity, he will, upon termination receive the benefits provided by the social security law.

b) An employee whose contract is subject to the Lebanese law, and who is not covered by the social security end of service indemnity, will be subject to the provisions of the Lebanese labor law in determining his entitlement to termination benefits.

5) Certificate of service.

Upon request the company provides a certificate of service to employees whose service has been terminated.

Deservaiter

SECTION VI:

Code of Ethics

1) Basic Polices

a) It is the responsibility of each employee to avoid situations that may result in conflict of interest involving moral and ethical principles as well as legal considerations.

b) Each individual employee, through his personal behavior, and following the character of the company, should behave in a manner worthy of the trust vested in him by the company.

c) Employees are urged to restrict personal visits and personal telephone calls during work.

d) Employees should be dressed according to the approved dress code and respect personal hygienic standards during working hours. It is also important to maintain the neatness and tidiness of their own environment as it is a clear evidence to their customers of their caliber as an individual. It is every employee's responsibility to keep his desk and perimeter clean.

2) Interest in outside companies.

a) Hosri Group expects that employees will not acquire outside interest of such kind , were a reasonable person could infer that the employee's judgment and loyalty to Hosri Group matters might be affected by the employee having such outside interests. Even though the employee is acting in good faith.

b) Employees should not directly or indirectly compete with Hosri Group, nor directly or indirectly have interest in competitors of Hosri Group.

c) Dual employment.

An employee employed on a full time basis, should devote all his time and effort to his assigned functions with Hosri Group. He is not allowed to engage in any outside employment, so as not to conflict or interfere with the employee's duties and responsibilities at Hosri Group.

4) Gifts and gratuities.

Employees are not allowed under any circumstances to accept from suppliers' competitors or customers any gifts or gratuities except those which are customarily accepted as common courtesy, associated with usual business practice and good judgment. Any form or kind of payment, expensive entertainment, vacation or pleasure trips, gifts of more than a nominal value of 10\$ or any other favors are strictly forbidden. Any proposal of such kind should be immediately reported to administration.

Note: If it becomes known to the company that an employee had asked for a gratuity from any supplier or customer, that employee will be automatically subject to termination.

5) Abuse of position

a) Conflict of interest: employees are in no way allowed to use inside information accessible to them by reason of employment for personal gain or advantage: this includes the disclosure or improper use of confidential information to purchase of property or security in an enterprise in which the company is interested in acquiring or establishing business relations; or the acquisition of assets from Hosri Group which could be sold at more favorable terms to others.

b) Hierarchal abuse: in no way is any employee in Hosri Group regardless of the position allowed to abuse his status within the company for personal favors and likings or to pursue unethical behaviors or mistreat employees.

6) Clubs associations or parties

Hosri Group encourages its employees to participate in bonafide, charitable, educational and similar organizations. However such activities should be carefully analyzed to ensure their consistency with the forgoing policy.



We at Hosri Group care for our employees & constantly thrive to provide them with extra benefits that will allow them more comfort & security.

1) Medical

a) Company Doctor

Hosri Group has contracted with Dr. Joseph Kheirallah specialized in cardiology & emergency medicine, head of "Hotel Dieu" ER, to consult all Hosri Group employees free of charge at any time. Dr. Kheirallah will also consult direct family, spouse & kids, free of charge on the account of Hosri Group. As for the direct relation – parents sisters & brothers etc... Dr. Kheirallah will only charge a discounted consultation rates special for Hosri Group.

b) Medical Insurance.

i. Working compensation insurance

All employees who are injured during the course of their work, benefit of full coverage of medical expenses, incurred as a result of injury on the job.

ii. Optional Insurance Package

An optional insurance program is made available to all employees of Hosri Group.

i.e: Personal Insurance: if the employee decides to opt for an insurance plan with Ets. F. A. Hosri, he will be part of Hosri Group plans, and automatically benefits from all the extra services provided to the group in terms of coverage & special treatment and discounted rates.

- The employee will benefit from a discount on insurance premium applicable to the group.

- The employee will benefit from a 6 month credit facility on insurance premium.

2. Discounts

- All Hosri group members benefit from a 15% to 25% discount (depending on product) on all Hosri Group products.
 - Hosri Group will continuously try to acquire special discounts for its members from all its contacts, suppliers, clients etc...
 - Hosri Group employees will benefit from a 20% discount on all Barter card services or 6 month no interest credit facility.
 - Hosri Group employees benefit from a 10% to 15% social security difference on all medications & pharmaceutical products (following should be payed in cash).
 - In addition to the above permanent discounts, Hosri Group employees will benefit from any discount or facility Hosri Group can acquire!
- Always keep informed about latest offers. Those will be posted on the bulleting board.

Current Offer:

- Tannourine water supply at whole sale price 4250 /12bttl.
- Discount on technological products & home appliances.
- Stay updated -

Please note that those benefits are extra benefits, offered by Hosri Group & not required by Lebanese labor Law, and Hosri Group reverses the right to change those policies upon discretion.

Benefits

This handbook is private and official and should be regarded with strict confidence, it is company property, and must be given back upon its request.

Best Regards.