

UN Global Compact “Towards Corporate Social Responsibility”



Communication on Progress
Mansour Manufacturing and Distribution Group
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Making a commitment to corporate social responsibility

The most important element in a human being is his principles and his ability to distinguish between right and wrong. That is the first step towards securing a bright future for our coming generations. In order to succeed we must communicate certain principles to multi stakeholders and grasp their engagement, ultimately changing the mind frame of industries and countries worldwide.

Before entering the UN Global Compact, MMD was, and still is a true believer that our company will only prosper with certain values and principles that have to be met in our everyday business.

One of the major objectives of MMD is to make the 10 principles of the Global Compact an integral part of the group's culture and the general business development, we are also devoted to promoting the compact to all MMD sister companies and other corporations in Egypt. We embrace this initiative, and thank the United Nations for its effort in making this world a better place for us and for the future generations.

Youssef Loutfy Mansour
Chairman and CEO
Mansour Manufacturing and Distribution Group

Background

The Mansour Group's success story began in 1975 when the late Mr. Loutfy Mansour successfully negotiated for his company to become the national distributor for General Motors. Rapidly expanding, the company now has affiliations with many of the world's global giants, such as Caterpillar, Compaq, IBM, McDonalds, Michelin and Philip Morris. In addition, the Mansour Group maintains an investment portfolio that covers tourism, agri-business, entertainment, and industrial and real estate development.

The Mansour Group now shows an annual turnover approaching two billion US Dollars and employs a work force of more than 11,800 people, making it one of the largest private sector companies in the region.

Mansour Manufacturing and Distribution Group of Companies (MMD)

One of the group's core businesses today is Mansour Manufacturing & Distribution which entered into its licensing agreement with Philip Morris in 1992 in response to a growing demand by Egyptian consumers for high quality packaged consumer goods. The companies that comprise MMD distribute an extensive range of consumer goods to over 130,000 outlets nationwide, making it the largest distribution group in Egypt.

MMD's product portfolio includes the manufacture, marketing and distribution of Philip Morris world-renowned tobacco brands, Kraft Foods products as well as a wide variety of own label consumer goods such as; Sunshine Tuna, Labanita dairy products, Keda Tea, Yes Juices and Hayat mineral water.

In 1998, MMD ventured into the food retail business by introducing a new supermarket chain by the name of Metro. In a relatively short period of time, the name became synonymous with high levels of service and customer satisfaction. Today, Metro has become the biggest food retail chain in the market with a network of 25 outlets stretching to service five different governorates nationwide.

In 2006 MMD opened a new chain of supermarket stores in the name of Kheir Zaman that caters to lower income consumers.

This document explains how MMD supports and respects the 10 principles of the United Nations Global Compact initiative.

Human Rights

Principle 1	Business should support and respect the protection of international human rights within their sphere of influence.
Principle 2	Business should make sure they are not complicit in human rights abuses.

Most of the human rights issues are fully considered and fully respected at MMD. All the employees of the group are well treated, fairly appraised on an annual basis, and compensated financially and morally based on their achievements and work. Therefore they are motivated and are more productive.

All safety measures are applied at the work places- offices and factories – and health issues are also taken into consideration. 2 ambulance cars are available at MMD in case of emergencies and all employees are insured health wise.

Internally at MMD, abuses in human rights are not conducted, and no form of any complicity is done. No form of force is conducted with employees at all.

Relocations of employees between the different branches of the group geographically are sometimes done whenever the employees are needed there due to their experience. In those cases, the employees are fairly rewarded by having a convenient home to live in and are also financially rewarded.

Moreover, the company does not undertake any employment discrimination when it comes to hiring employees and only employs the ones who are most qualified for a job. An internal process is even taken first before looking outside the company when there is a job opening that always keeps the employees motivated

Relating human right to CSR projects, MMD works with several orphanages to provide basic food stuff to the children, MMD also works with schools and universities in the fields of education, and supports several reputable funds in case of disasters (Details of projects are at the end under the CSR section).

Labour Standards

Principle 3	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.
Principle 4	Businesses should eliminate all forms of forced and compulsory labour.
Principle 5	Businesses should uphold the effective abolition of child labour.
Principle 6	Businesses should eliminate discrimination in respect of employment and occupation.

There is no formal association of employees in the group but there is an informal system of the employees talking to their managers who in turn raise the issues to Senior Management in order to make decisions. There is also in the Group a second form of association / fund that works for the benefit of the employees and provide services and financial help to them when needed. This association has a number of elected employees who change every year.

We also have a direct communication channel between Senior Management and employees through a quarterly news magazine which includes a section that receives employee's suggestions and complaints and directs them to the senior management to take necessary actions. All complaints and suggestions are not printed on the news magazine.

MMD does not hire anyone by force or keep any employee by force. Child labour is not used at all. The minimum age of young employees who are used on part time basis is 18 years, and those are usually trainees still at university who can perform small jobs to learn and earn some money.

All employees, even part-timers, have contracts and are insured – medically and socially.

The hiring and firing policy of the group is based on the Egyptian labour laws. Even when hiring employees for certain reasons, they are well compensated as per the law has indicated.

Child labour is not utilised at all within the Mansour Group. As mentioned earlier, the minimum age is 18 years old. Also to avoid child labour, good compensation packages are offered to employees that do not force their children to work.

Equal opportunities are given to everyone when hiring for a new position or a vacant one. The only thing that counts is the qualifications and the competencies that are required by and for the job itself.

In MMD, there is a tendency to hire more males than females just because of the nature of the job as the group's main focus is on the sales and direct distribution to the Point of Sales, which is a job more suitable for males in this part of the world.

Even internally when a job becomes vacant, an internal announcement is made first trying to recruit from within, which motivates people.

Equal opportunities are also given for training.

There is a system for hiring people, evaluating them, training them, and rewarding them on their achievements. The system applies to everyone ensuring that there are no discriminations at all. Promotions and good work are announced to show the employees how others advance and also to motivate them.

Environment Standards

Principle 7	Businesses should support a precautionary approach to environmental challenges.
Principle 8	Businesses should undertake initiatives to promote greater environmental responsibility.
Principle 9	Businesses should encourage the development and diffusion of environmentally friendly technologies.

In Seclam Food Processing, one of Mansour's Group Distribution companies, we strive to implement environmental friendly policies. In concordance with the necessity and importance of such policies, Seclam works to adhere to international environmental standards. Our production policies preserve the environment and at the same time present to the market the best possible quality.

Seclam Food Processing has been granted several international quality awards such as the Platinum award for Quality and Best Trade Name in October 2003 in Lebanon for Labanita dairy products, this is a unique award for the renowned international quality and best trade name. Also Seclam Factory has been accredited the HACCP and ISO 9001 System in respect to food safety management and their quality management, we also received the ISO 14001:2004 System in April 2006.

As pertaining to the three environmental principles in the U.N Global Compact, principal seven, eight, and nine, here is where we stand today:

In our commitment to a high level of social responsibility and in spite of the high costs of waste storage and disposal both in financial as well as in environmental and social terms, Seclam Factory has nevertheless taken what we deem as some necessary precautionary approaches to protect the environment.

Seclam Food Processing has signed a contract with Onyx Alexandria for Complementary Services in Waste Treatment.

The contract defines modes and conditions by which Onyx implements a system to collect, transport, and eliminate industrial banal waste produced by Seclam Factory.

Steps by which the system is operated:

- A. Bin Replacement: 16 Waste bins are distributed along the perimeter of the factory
- B. Waste Removal: Onyx is responsible for the removal of waste using a specific truck.
- C. Waste Transport: After removal, waste is transported to a treatment location using transportation means that are adapted to the waste conditions.
- D. Waste Treatment: Dividing waste into recyclable and non-recyclable, this treatment and operation is started immediately on what is recyclable.
- E- Sweeping and Washing: Onyx Company sweeps and washes the main streets inside the factory three days a week.

I. Water Waste treatment

Our water waste treatment container is designed to process 300 cubic meters of water waste daily due to our processing operations

1. Water waste sent to the waste container
2. Oil and grease separation
3. Biological treatment
4. Collection of oil and grease and the residuals as a result of the biological treatment (Sludge) this sludge is compressed in a specific filter to decrease its volume and to be easily transported and used for other purposes.
5. Modifying pH in accordance to the standards and then releasing it in the public sewage

COD and POD are determines to make sure that they are within the Egyptian and world standards

II. Preserving Sound Levels:

Another one of Seclam's achievements in applying environmental friendly policies is our Sound levels that was measured by a Sound Level Meter (Quest Model 2700) and found compared to Governmental standards as follows:

Table showing actual figures of measurements:

Kind of engine	Opened door case	Closed door case	Governmental standards according to the environmental Law no 1944
Caterpillar Diesel engine No 1, with a distance of 5 meters away from room	76.5 Decibels	74.1 Decibels	90 Decibels
Caterpillar Diesel Engine No 2, with a distance of 5 meters away from room	85.3 Decibels	83.7 Decibels	90 Decibels
Mitsubishi Diesel Engine, with a distance of 5 meters away from room	85.9 Decibels	74.5 Decibels	90 Decibels

III. Energy Saving Techniques:

Also Seclam Food Processing applies Energy saving Techniques such as:

- **Water Consumption Saving**

1. Installing regular valves at water hoses
2. Controlling the water consumption by installing flow meters.
3. Preventive maintenance program to prevent water leakage
4. Using a closed circuit to save water consumption.

- **Steam Consumption Saving**
 1. Steam pipe isolation.
 2. Installing steam traps with return lines.
 3. Preventive maintenance programs for steam lines that includes regulators, safety valves and steam traps, implemented to prevent steam leakage
 4. Returned steam is used for heating water boiler.
- **Power Consumption Saving**
 1. Installing power factor units.
 2. Using a capacity control system, particularly in the refrigeration system to decrease the power consumption.
 3. Decreasing the power cost by controlling the performance of diesel generator in accordance with the power transformers.
 4. Using a frequency inverter system for motors to decrease the power consumption.

In recent years, it has become increasingly imperative for businesses and factories to conduct their activities and operations in an environmentally responsible manner. Regulations and charters have been drawn to that end and international human and environmental organizations erected to presume a role of supervision.

At Seclam Food Processing we feel it is our responsibility to maintain an environmentally safe production process. It is part of the code of ethics by which we operate.

According to the IFC "It should also be noted that Seclam's dairy operation is run by a highly-skilled and knowledgeable management team who are committed to the company's modernization and expansion plans. The company provides an excellent working environment for their workers with an onsite medical clinic, detailed health and safety procedures, cafeteria, and extensive training programs geared to maintaining the workers focus on quality".

Fleet Natural Gas Project

Due to the nature of our distribution business and our strategy of directly distributing all our products to make them widely available in the market, we have a big fleet of vehicles. Of course, all the vehicles normally transmit materials that could pollute the environment. Therefore, we have undertaken the initiative of transforming all our distribution fleet from gasoline and diesel into natural gas.

We have started the project in April 2005 and have started to convert all our distribution vehicles into natural gas. At the moment we have converted approximately 25% of the total 900 vehicles at Mansour group and the project will continue in the near future.

Anti- Corruption Principles

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

“MMD will maintain the highest standards of ethics and integrity in all our dealings. We will work hard to maintain honest and open relationships based on mutual trust. We will honour all our commitments, internal and external whether verbal or written.” – MMD’s values and mission statement.

Internally, MMD has set up an auditing system where all departments and expenditures are audited on an ad-hoc basis to ensure that all the budgets are spent properly according to company’s policies.

Externally, MMD does not allow any sort of briberies and believe that transparency is the only way forward for a better economy.

Additionally, MMD has put the 10th principle on its website for advocacy.

MMD along with P&G, Siemens, Henkel, BAT and Kodak formulated the Brand Protection Group (BPG) in order to fight the war against counterfeit and smuggled products and raise awareness to the consumer of the threats of fake products. An Economic impact study was made to calculate the government's loss due to counterfeit products and a consumer and trade awareness campaign has been designed and will be aired in 2007 after the formulation of a Call Center which was promised by the Government.

CSR Development programs

MMD believes that the only way for the society to move forward, to empower people and to eradicate poverty over the long run is by completely eradicating illiteracy.

Educated people will have better jobs, will earn more money, and hence the whole economy will improve.

MMD also believes that the private sector and the civil society have to cooperate with the government in order to solve all the country's social issues and hence solve the economical problems. It is not only the government's responsibility to do that, rather it is a shared responsibility.

As we are members of the United Nations Global Compact initiative, which invites private businesses to adhere to four main principles related to: human rights, labor rights, environment standards and anti corruption, internally and externally, we are also committed to help in achieving the UN millennium goals. Some of those which we are working on are the elimination of illiteracy and eradicating poverty. We believe that we can do that by working on the education and helping in improving the quality of the lives of the less fortunate.

Some projects which we implemented and are still implementing in that sense are:

A. Illiteracy

Internal: All members of the Global Compact have agreed to start implementing illiteracy courses for all their employees.

External: 1. Awareness Campaign 2005 – 2006

MMD and the General Authority for Adults Education signed a protocol agreement in 2005, whereby MMD produced and aired 3 TV spots with the objective of creating awareness about the importance of education. Spots were aired on local and free to air satellite channels and continued in the underground Metro train station TV Network, MMD also sponsored the production of a song encouraging illiterate Egyptians to join literacy classes.

2. Eradicating illiteracy in Beheira and Mansoura Governorates 2006-2009

- i. MMD is supporting the illiteracy classes
- ii. MMD provides scholarships for the students who continue their education after the illiteracy classes.

B. Education

1. ADVANCE School for Autistic Children

Established in 1999, the Egyptian Society for Developing Skills of Children with Special Needs, or Advance as it is known, is a non-profit organization founded by a group of families of children with autism and other related development disorders. The society aims to offer life span services to help children and adults develop their abilities and reach their full potential. Of course such a great endeavor requires proper funding, which the Mansour Group has helped provide, as Advance's sole corporate sponsor, at the moment building a village complex in Katameya area.

2. AUC Scholarship Annual Program

An annual Mansour Group scholarship is given in coordination with the AUC. The funds were allocated to the Centre for Adult and continuing Education (CACE) in the fields of computer studies, English studies, etc on an annual base.

3. IDSC Training programs:

IDSC provides programs to develop and identify employment opportunities for Egyptian graduates. IDSC was identified as appropriate institute to undertake a joint training program for new graduates in the different fields of Marketing, Sales, But we have stopped our support since there was no evaluation.

C. Orphanage Support

Mansour Manufacturing & Distribution Group was happy to sponsor and support in 2005 two Ramadan iftars for the orphans of Cairo, The aim of the event was to invite almost 8,000 orphans & Disabled orphans throughout the month for Ramadan iftars along with students and teachers from private schools in order to integrate the orphans with the schools students and make them an integral part of the society. The iftars were done in coordination with 60 different orphanage houses. The events were also attended everyday by famous singers and celebrities; the aim is to encourage other enterprises to do the same thing and also to gather donations in order to help the most needed orphanage houses in Egypt. These iftars are part of a bigger program whereby donations are collected with the objectives of re-building and fixing orphanage houses to improve the quality of living of the children.

This initiative was created by Cairo Sheraton, and Mansour group have adopted the cause.

D. Environment Campaign

MMD's quest is to increase awareness to all Egyptians of the serious threat of pollution and how it affects our environment, health and society, and also to encourage the Egyptian population to stand together and contribute in helping our country be better and cleaner for us and for our future generations to enjoy.

Television Campaign comprised of a total of 3 TV Spots, which was aired on Egyptian channels and some free to air satellite channels, and the underground metro train stations TV network.

This campaign was funded and produced totally by Mansour Manufacturing and Distribution Group, with collaboration of the Ministry of Environment.

E. Corporate Volunteerism

INJAZ started in 2003 as a project under the umbrella of Save the Children (SC) in Egypt. Injaz which means 'Achievement' in Arabic, is licensed to use Junior Achievement International curricula designed to enhance youths' skills to enter the job market as employees or entrepreneurs. The schooling system has not integrated economic and occupational education into the school curricula and this is where INJAZ attempts to fill the gap.

- Injaz program is taught to more than 60 schools to an average of 10,600 Students in Egypt in 2005/6
- Mansour Group has already eight volunteers teaching 320 students in a schools in Cairo and Alexandria, project started in 2005

F. The International Business Leaders Forum

MMD and other private sectors attended a roundtable discussion with the UNDP and IBLF; the roundtable discussion provided three key areas for cooperation.

- Developing skills for the workplace and implementing projects where opportunities or gaps are identified.
- Capacity-building, enhancing the effectiveness of existing civil society organizations working in areas such as vocational training, entrepreneurship, education, civic engagement and volunteering.
- A business advisory group: Influencing government policy and feeding into the National Action Plan on Youth Education and Employment.

G. CSR Advocacy

1. CSR Research:

MMD Signed an agreement with UN on Corporate Social Responsibility Research Report for Egypt, Research is supported by the Minister of Investments.

2. Main partners with GC Egypt:

MMD will be the main supporter of the UNGC in Egypt when inaugurating the Cairo office and we will announce the results of the 1st CSR Research in Egypt.

3. Journalists Training:

Debate has gone over the media's responsibility in encouraging corporations to write about CSR programs and to bridge the gap between governments and private sectors in stimulating economic growth, therefore in collaboration with the GC Egypt. Training courses will be implemented for young journalists on how to communicate CSR programs adopted by private sectors in order to encourage more private sectors to join the development process taking place in Egypt.

I. GSB Retailing

In collaboration with the GSB, MMD will provide good and safe products to the lower bracket consumers at affordable prices, and sourcing our supplies from small businesses, two major projects which were identified were:

1. Kheir Zaman: Providing same quality products in cheaper packages, since packaging in most cases increases the price of a product, sourcing other small suppliers to get better prices and helping them to grow i.e. Small farmers
2. MMD to acquire Basic Mobile phones from China and coordinating with Vodafone to sell the sets at cheap/affordable prices with the lines.

MMD and GSB will share the cost of research that will be implemented in order to provide solid grounds for the projects.

GC Advocacy

The actions taken so far to achieve the above:

- The announcement that MMD has joined the GC on the MMD website.
- A series of press releases about the Global Compact and about its launch in Egypt.
- The announcement of the Global Compact Principles in the MMD internal publication on a quarterly basis.
- Conducted an internal corporate management meeting to brief all managers on the compact, and gained their commitment for its implementation.
- Gained full support of the CEO, VP's, and all Department Heads.
- Worked closely with the HR, Personnel, and Factory Managers to explain the Compact to them and get their feedback on the status and the planned actions.
- Focused more on the sustainable Societal Contribution Programs and report progress to the Board of Directors on an on-going basis.
- Working with two other Egyptian companies to measure the level of interest for joining the compact amongst non-member GC companies, and also working on finding solutions on how to continue the process of the Compact in Egypt.
- The creation of two awareness campaigns in the Egyptian media related to the Global Compact (Education and Protecting the Environment).
- MMD represented Egypt in several international forum/conferences. (China Summit - Global Compact MENA Region - Barcelona Networks Forum)