



## Global Compact Annual Communication on Progress (COP) 2011

### **Sadko Group Profile**

The Sadko Group started as a wholesale and distribution business in 1986 (for Kiriazi products – Saratoga Blankets) by the late Eng. Sadek Hanna Ghabbour, the founder of Ghabbour Brothers in 1961, which pioneered the consumer credit business in various arrays of products including Tires (Bridgestone), Trucks (Volvo & Scania), small Home Appliances (Sharp & Blaupunkt), Agricultural equipment (Volvo & Honda), Automotive spare parts (Bosch) & Sewing machines (Brother). Ever since its establishment the Group has grown to operate in various sectors, including the Wholesale branch, the Retail branch which sells the products through its eight showrooms across Egypt, the Consumer Home Appliances. The Group Plastic Factories, manufacture plastic bottles for car oil (Co-op & Misr for Petroleum), plastic bottles for Johnson & Johnson, plastic boxes for cheese factories of Domty & El Masreen & plastic boxes for the factory of Halawani.

After working with these diverse entities, we took a strategic decision to focus on being the sole distributor of one of the best local manufacturers of White Goods in Egypt, Kiriazi.

Sadko has experienced strong growth over recent years. This enabled us to position ourselves as one of the leading distribution companies in Egypt. Our workforce is over 400 mainly in distribution and sales.

### **Sadko Group Vision**

Our vision is to become a leading integrated distributor, with a unique focus on environmentally friendly products & with high social impact on Egypt & the region.

### **Sadko Statement of Support**

Dear Sadko Stakeholders,

I am pleased to confirm that Sadko Company reaffirms its support of the Ten Principles of the United Nations Global Compact in the areas of Human Rights, Labour, Environment and Anti-Corruption.

In the annual Communications on Progress, we describe our actions to continually improve the integration of the Global Compact and its principles into our business culture and daily operations. We also commit to share this information with our stakeholders using our primary channels of communication. Moreover, we believe that the private sector and the civil society have to cooperate with the government (& vice versa) in order to solve all the country's social issues and hence solve its economical problems.

Sincerely,  
Hadia Sadek Ghabbour  
President  
Sadko Egypt

## **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.

### **Assessment, Policy & Goals**

- ✚ Sadko conducts its business in a responsible and ethical manner, respecting internationally recognised principles of human rights & the ten principles of UN Global Compact.
- ✚ Respect for human rights- no employee shall suffer harassment, physical or mental punishment, or other forms of abuse
- ✚ All the employees of Sadko are well treated & compensated financially and morally based on their achievements and work. This is monitored by our company Human Resources Manager on a bi - annual basis.

#### Achievements of 2011 goals:

- ✚ Illiteracy eradication, 7 illiteracy classes only 3 were successful but we are persevering with the other 4 & we approached the Rotary Club to help professionally supervise these classes due to their wide experience in this field.
- ✚ Poverty eradication, Sadko has helped some persons of the less fortunate communities with micro financing to start them on their own projects.
- ✚ Education, Sadko partnered with other stakeholders to help in increasing the creativity, the reading skills & values/principles at the Public Schools of Boulac district in Cairo.

### **New goals of 2012:**

Our goals are to:

- Staff trips with themes i.e. team work, cooperation, communication, etc..
- Extra Medicines Campaign – to be distributed through official channels to help poor communities
- Traffic rules & ethics awareness Campaign, for a safer road
- Wellbeing of the staff has shown that areas which require further improvement and development in 2012 are:-
  - ✿ Internal Communication on all levels
  - ✿ Better structured Career planning
  - ✿ Leadership Development Track Program for all levels (ongoing)
  - ✿ Constant Feedback
  - ✿ Problem solving techniques

### **Implementation**

- ✚ Sadko has integrated into the Human Resources system a Grievances/Suggestions committee. This committee is comprised of selected staff members from different levels & departments of the company to discuss & solve staff complaints. The recommendations are then reviewed by Management to take action.
- ✚ The Company adheres to the working hours and other terms of employment as laid down under relevant statutes of the country. No sanction was received from any statutory authorities.
- ✚ In all aspects of employment, recruitment, compensation and benefits, training, promotion, transfer and termination, the company treats individuals justly, according to their abilities to meet the requirements and standards of their role as per the company Policies & Procedures Manual.

- ✚ Annual performance reviews are conducted which give guidelines for further personal and professional development. This process not only promotes work achievements but encourages every employee to develop his/her career within Sadko.
- ✚ Our open-door policy is one of the ongoing solutions to understanding/responding to staff grievances and to take remedial measures.

### **Measurement of outcome**

- ✚ Sadko Performance evaluation has enabled us to monitor various pointers of performance & give training courses to increase skills of staff.
- ✚ All Team, *Together, for a better life*, Projects are well monitored & recorded on Team Boards & through the Company Monthly Magazine which brings value to project completion & affects.

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

### **Assessment, Policy & Goals**

- ✚ Our outside Consultant advised that we should set a child labour policy, forced labour policy & a remediation policy.
- ✚ Employee wellbeing is one of our main concerns with more enhancements this year i.e. summer vacations, one day trip.
- ✚ We also have a direct communication channel between Senior Management and employees through our monthly Sadko Magazine promoting active participation from all staff.
- ✚ Our annual company celebration on January 3<sup>rd</sup> is another form of communication with great feedback from staff. This celebration honours its outstanding staff members & recognizes great achievers.

### **Implementation**

- ✚ Working with HR director to implement
- ✚ We do not have any labour violations nor risks thanks to national rigid labour regulations.

### **Measurement of outcome**

- ✚ Quarterly Performance Evaluation of all employees is in place which in turn drives continuous performance improvement.
- ✚ Periodic review of results by Senior Management.

## ENVIRONMENT

**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.

### Assessment, Policy & Goals

- Sadko is in the process of building new corporate and brand reputation; helping to create sustainable societies and markets.
- As to the environment issues at hand, our quest is to increase awareness of the public to the serious threat of water scarcity & water/air pollution, climate change, recycling & reusing and how it affects our environment, health and society, in addition, this will encourage people to contribute in helping our country be better and cleaner for us and for our future generations to enjoy.
- Sadko is in the process of obtaining environmentally friendly appliances which will resonate across the retail business.

### Achievements of 2011 goals:

- ✚ Sadko has contracted SOY to implement recycling in about 25 schools with presentations on how to recycle & the benefits through the company CSR arm, already started in 4 schools. This initiative will enhance the lives of our staff in their own homes, some have already started to recycle, this means that behavioural changes happened – an achievement that was beyond our expectations.
- ✚ School children Summer Activities. Sadko in collaboration with NGO Alwan Wa Awtar, started the music & arts/crafts lessons given to students from various schools including children of Sadko employees. At the end of the activities schedule, a party is held to show off the musical talents and the artwork done with parents attending & educational governmental bodies. Some photos of the children's work is found below for your perusal.



### New Goals of 2012:

- Sadko, as one of the sponsors of Habitat Egypt, have renovated a few homes in Upper Egypt. Please find before & after photos example of those communities. You can visit Habitat Egypt on [http://www.habitat.org/ame/stories\\_multimedia/video\\_gallery.aspx](http://www.habitat.org/ame/stories_multimedia/video_gallery.aspx)



- Sadko is in the process of starting a new project, for every purchase at Sadko, one Egyptian Pound will be donated to Habitat Egypt to build & renew houses for poor communities.
- For Waste Treatment, a contract with NGO Spirit of Youth (SOY) defines modes and conditions by which they will implement a system to collect, transport, and eliminate office trash.
- Encourage and equip employees to identify and act upon opportunities to improve environmental performance and waste management in the areas where they work.

**Implementation**

- Sadko has formed a new Team for Sustainability & CSR projects. The Team is comprised of different department staff, and it includes the CEO as member in the CSR Team & the HR Manager in the Staff Wellbeing Team, staff will be champions in their own departments which will greatly enhance awareness. This Team is divided into 3 mini teams each one dedicated to specific projects, they are, the Staff Wellbeing Team, the Community Services Team & the Environmental Team. Coordinators in each team will enable focusing on project timeline through meetings & constant follow ups.
- Environmental awareness campaigns on Sustainability/CSR Team Boards have started internally regarding, water scarcity, electricity use, air & water pollution, greener living, climate change, core values & recycling methods.
- Sadko together with the Association for the Protection of the Environment A.P.E. made towels & oven gloves from recycled materials to give as free gifts to our clients when purchasing our white goods products, to set the tone of environmental awareness to the public plus encouraging low income workers at the Association by show casing their handiwork.
- Sadko clients will have a friendly environmental awareness campaign dedicated to them through bookmarks, inserted in showroom gift canvas bags, that carry messages in a fun way to promote awareness & ways to protect environment.

**Measurement of outcomes**

- ✚ Sadko communicates through emails, the Sadko monthly Magazine & regular meetings with the Team to evaluate performance of projects and activities.
- ✚ Reaction of staff to Environmental campaigns on Team boards has already sustained a positive response.
- ✚ Paperless offices project has been activated & follow up is ongoing to decrease paper usage.

<b>ANTI-CORRUPTION</b>
<b>Principle 10</b> Businesses should work against corruption in all its forms including extortion and bribery.

- ✚ Sadko has in place a company policy for zero tolerance.

**Implementation**

- ✚ Sadko maintains the highest standards of ethics and integrity in all dealings. We work hard to maintain honest and open relationships based on mutual trust, and believe that transparency is the only way forward for a better economy.
- ✚ It is very important that the company and its employees, executive officers and directors always deal honestly and with integrity with persons and organisations with which they transact business.

**Measurement of Outcomes**

- ✚ Periodic review by Senior Management on all (if any) violations.