

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

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 (Attached is the employee handbook for details).

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.

Attached is the employee handbook for reference.

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 are currently applying for the ISO 14001 System.

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 15% of the total 900 vehicles at Mansour group and the project will be finished by year end.

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.

Corporate Social Responsibility Programs

Strategy:

- Focus the contributions on responding to human need and alleviating suffering.
- Ensure that contributions are sustainable and have measurable impact.
- Work with well recognized charities and associations to ensure support is reaching the intended beneficiaries.

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.

Advance plans to create an adult program centre where workshops introduce vocational training to develop work skills and prepare students to be productive community members. Supported employment opportunities within the community may even be arranged for adults who have reached a compatible developmental level for carrying out special jobs.

People with special needs require proper staff training, which Advance also provides. The staff is professionally stimulated and challenged, offered the highest quality of service possible and guaranteed a sense of security in their jobs. They are also compensated for their efforts and dedication.

To date, there are seven classes, 20 well-trained teachers and staff members and a maximum of six children per class. The school has 40 students ranging from 2-20 years of age.

The group's objective is to increase the number of students to 100 within three years. It is currently located in a four-storey building in Maadi, but has also purchased land in the Kattameya area to build a new school. This building would include workshops and homes for autistic adults who have no one to live with. While the contractor has agreed to build the village at cost, the design will be chosen via a competition in the Cairo University; a graduation project for the senior year students in the Faculty Of Engineering under the supervision of a prominent architect. The creation and maintenance of such services would not be possible without public support and funding. In the case of Advance, the Mansour Group is the main contributor and sole corporate sponsor of the project. It has underwritten a portion of the value of the development plans and continues to support the Advance village as it grows over the years.

A strategy such as Advance can only give strength to the community and the society as a whole and the Mansour Group intends to continue its contribution over the years. Advance builds on an unexplored field of education in Egypt and helps children become independent, productive adults; enriching themselves and the community at the same time.

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. Orphanage Houses

MMD works with several orphanage houses whether to supply them with essential food-stuff, milk for the children, or help in any way is needed. MMD is consistently working with those entities over the long-run.

MMD also holds annual Ramadan Iftars for orphans in coordination with the Sheraton chain in Egypt, serving more than 100 children daily.

4. Disaster funds of Al-Ahram and Al-Akhbar

An annual donation / contribution is given to the Disaster Fund of Al-Ahram and Al-Akhbar newspapers. Those funds are allocated to help people in need and also used in disastrous situations.

5. The Red Crescent

Similar to the above funds, and annual donation is given to the Egyptian Red Crescent to use them wherever they see fit depending on the general situation of the region.

On that field too, MMD contributes also to the Rotary Club whenever projects arise in the field of Health Protection.

6. The UNHCR Fund Raising Program

MMD also works with the UNHCR to raise funds for specific projects that are seen essential by the UNHCR. For example a fund raising campaign was conducted with them to raise funds for the Iraqi refugees after the war.

7. IDSC Training programs:

The Information & Decision Support Centre is a policy think tank affiliated to the Prime Minister's office. 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, IT...

8. Awareness campaigns

In view that the government can not do everything on its own to improve the levels of living in Egypt, and in view that the private sector has to play a role on that front; MMD decided to adopt two media campaigns related to the problems in Egypt and at the same time promoting the parts of the principles of the Global Compact as a first step.

MMD has created two awareness campaigns related to the fields of education (Human rights and child labour) and the protection of the environment. Each campaign consists of 3 spots. All these spots will be placed mainly in local TV channels and some free to air satellite channels, duration for each spot 20-30 seconds, and will also be supported by a press campaign too increase the level of citizens' awareness.

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).

GRI INDICATOR

Human Rights Principles	Indicator #	Social indicators	Location	Rating
1. Business should support and respect the protection of international human rights within their sphere of influence.	HR1	Description of policies, Guidelines, corporate structure, and procedures to deal with all aspects of human rights relevant to operations, Including monitoring mechanisms and results.	Employee Handbook	
2. Business should make sure they are not complicit in human rights abuses.	HR4	Description of global policy and procedures/ programmes preventing all forms of discrimination in operations, including monitoring systems and results of monitoring.	E.H Page 23	
Labour Rights Principles				
3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.	HR5	Description of freedom of association policy and extent to which this policy is universally applied independent of local laws, as well as description of procedures/programmes to address this issue.	Page 23 E.H	
	LA4	Policy and procedures involving information, consultation, and negotiation with employees over changes in the reporting organization's operations.	Internal Suggestion system E.H Suggestion system "Quarterly newsletter"	
4. Businesses should eliminate all forms of forced and compulsory labour.	HR7	Description of policy to prevent forced and compulsory labour and extent to which this policy is visibly stated and applied, as well as description of procedures / programmes to address this issue, including monitoring systems and results of monitoring.	Page 13-18 E.H	
5. Businesses should uphold the effective abolition of child labour.	HR6	Description of policy excluding child labour as defined by the ILO Convention 138 and extent to which this policy is visibly stated and applied, as well as description of procedures / programmes to address this issue, including monitoring systems and results of monitoring.	Over 18 years of age	
6. Businesses should eliminate discrimination in respect of employment and occupation.	HR4	Description of global policy and procedures/ programmes preventing all forms of discrimination in operations, including monitoring systems and results of monitoring.	Page 23-25 E.H	
	LA10	Description of equal opportunity policies or programmes, as well as monitoring systems to ensure compliance and results of monitoring.	Page 13-14 E.H	
	LA11	Composition of senior management and corporate governance bodies including the board of directors, including female/ male ratio and other indicators of diversity as culturally appropriate.	COP " Labour standards" Senior management male/female ratio 50/50	

Environment Rights Principles				
8. Businesses should undertake initiatives to promote greater environmental responsibility.	EN1	Total Materials use other than water, by type. Description: Raw milk 2.1million tons monthly Cheddar cheese 60 tons monthly Natural Butter 80 tons monthly Skimmed milk powder 100 tons monthly Emulsifying salts 10 tons monthly Juice concentrates 25 tons monthly Whey powder 10 tons monthly Sugar 30 tons monthly		
	EN3	Direct energy use segmented by primary source.	500,000 kilo watt/monthly	
	EN4	Indirect energy use.	25,000 kilowatt electricity generator/monthly	
	EN5	Total water use.	25,000 cubic meter/monthly	
	EN10	NOx, Sox, and other significant air emissions by type.	NOx= 147 ml gram/cubic meter – standard (300) Sox 15 ml gram/ cubic meter standard 2500	
	EN11	Total amount of waste by type and destination.	Garbage 7 tons monthly Solid waste 3.6 tons monthly	
	EN12	Significant discharges to water by type.	Liquid whey 100 cubic meter per day Cleaning water 200 cubic meter per day	
9. Businesses should encourage the development and diffusion of environmentally friendly technologies.	EN17	Initiatives to use renewable energy sources and to increase energy efficiency.	Switching our fleet of distribution cars from diesel to natural gas	
Anti-Corruption Principle				
10. Businesses should work against corruption in all its forms including extortion and bribery.	SO2	Description of the policy, procedures/ management systems, and compliance mechanism for organizations and employees addressing bribery and corruption.	E.H Value statement Page 9	