



Sherah For Development & Trading

AL SHERAH GROUP FOR DEVELOPMENT AND TRADING
COMMUNICATION ON PROGRESS
DECEMBER 2014 – DECEMBER 2015

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INTRODUCTION

Statement of Continued Support



Dear stakeholders,

I am pleased to confirm the continued commitment of Al Sheraa Group for Development and Trading to participating in the United Nations Global Compact and upholding its principles. We continue to dedicate time, effort, and resources towards including these principles in our strategy and daily operations.

In 2015, we focused on issues relating to our employees. I believe that any company's success depends on its manpower. If we want to implement any company's strategic vision and its objectives, we must choose employees based on their qualifications and match their skills to the jobs where they can be most successful. Those employees should then be given the opportunity to learn and develop within a positive work environment, ultimately leading to the success and growth of the company. If we are able to implement this approach in all of our companies, we would see the same positive results in the industry and the entire country.

Social responsibility remains a priority for Al Sheraa Group for Development and Trading. We are committed to making continuous improvements to our performance and sharing these results with our stakeholders.

Sincerely,

Farid El Tobgui
Chairman

Overview of Al Sheraa Group for Development and Trading

Description of Companies

Al Sheraa Group for Development and Trading (hereafter referred to as Al Sheraa Group) is the holding company for a uniquely diversified group of subsidiaries that operate in several industries, including automotive, insurance, and support services. Al Sheraa Group has strategic agreements with leading companies in these industries. Deutsche for Automotive Services engages in car sales and offers after sales services. Boysen Egypt manufactures automotive parts, including exhaust and metal sheets. Al Sheraa for Insurance Brokerage acts as an intermediary in insurance provision. Al Sheraa for Project Management provides support and consultancy services to Al Sheraa for Insurance Brokerage, including follow up on insurance claims. Finally, Phonix Call Center provides customer support services to Al Sheraa Group's own activities and to other external companies as well.

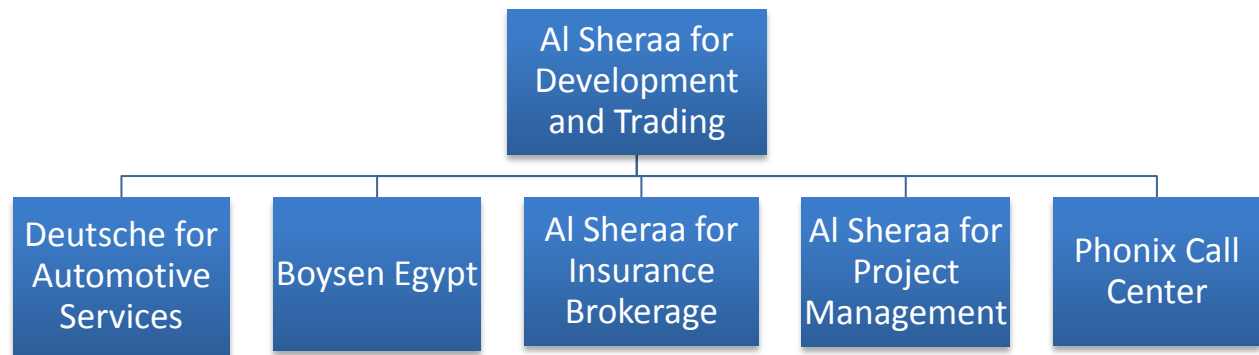


Figure 1. All entities part of Al Sheraa Group for Development and Trading

Social Responsibility

Al Sheraa Group has adopted a number of policies related to social responsibility and sustainable business practices because it is committed to having a positive impact on the environment, consumers, employees, shareholders, and all members of the public sphere. Al Sheraa Group's first responsibility is towards those directly affected by company operations, so it has focused its efforts on ensuring that it is doing everything it can to be socially responsible within its companies. Al Sheraa Group also supports charitable and development initiatives in the larger community through cooperation with non-profit organizations in their efforts to address social problems.

HUMAN RIGHTS

Health and Safety

Prohibition of Alcohol and Illegal Drugs

All Al Sheraa Group companies are free of both alcohol and illegal drugs to ensure the safety of employees, customers, and anyone else they may encounter. Alcohol and drugs can impair judgment and reaction time, leading to errors, accidents, or even injuries. During working hours and while on any of the companies' premises, alcohol and illegal drug use or possession are strictly prohibited. Should Al Sheraa Group become aware of any employee's violation of this policy, through the relevant testing procedures, the employee will be subject to disciplinary action.

Smoke-Free Environment

Smoking on the premises of any Al Sheraa Group premises is not permitted. Those employees who wish to smoke during working hours must do so outside Al Sheraa Group premises during designated break times. Individuals entering the premises will be made aware of the smoke-free environment through the displayed no smoking signs. Being cognizant of the medical evidence on the hazards associated with smoking and passive smoking, Al Sheraa Group enacted this policy to protect the health and wellbeing of employees, customers, and anyone else who may be on company premises.

Workplace Conditions

All Al Sheraa Group premises provide a clean, sanitary, and comfortable environment for employees. The companies maintain these conditions by hiring cleaning staff for some premises and contracting with cleaning companies as necessary for other locations. All premises provide facilities for clean and sanitary food storage and eating, which is always separated from any area designated for manufacturing or maintenance and repair. Al Sheraa Group workplaces are also maintained to ensure comfortable working conditions, such as a suitable temperature through air conditioning during the summer months.

Hours and Leave

Working Hours

Al Sheraa Group complies with all Egyptian labour law requirements relating to working hours, break times, and weekend days. Each company within Al Sheraa Group begins and ends the work day according to its individual business needs, while remaining in accordance with the relevant laws. Al Sheraa Group policy also allows for flexibility within each department for when breaks can be taken. This is determined based on work output needs and employee preferences.

In order to ensure that these laws and policies are being followed, Al Sheraa Group has a system to record and monitor the number of hours worked by each employee. Employees must use a punch clock when they enter and exit the premises to create a record of their working hours. This information is then automatically transferred to the Human Resources Department for further analysis. All Al Sheraa Group premises use the same system.

Leave

All Al Sheraa Group employees are entitled to leave in accordance with Egyptian labour law. This includes, but is not limited to, the following types of leave: annual leave, sick leave, emergency leave, compassionate leave, maternity leave, and pilgrimage leave. Employees are also awarded official holidays as they are designated by the relevant authorities.

Employees are made of aware of the fact that, although they are entitled to these types of leave, they must follow the necessary Al Sheraa Group procedures in order to be able to use them. For example, in order for a period of absence to be accepted as sick leave, the employee must provide a note certifying the period of illness from a medical practitioner within the Al Sheraa Group employee health insurance provider's network.

Employment Status

Al Sheraa Group ensures that all employees receive written employment contracts prior to starting work for any of its companies and that the terms of said contracts are clear to them. Every individual is allowed as much time as necessary to read and understand the employment contract. Should there be any questions or concerns, a human resources representative will

always be in contact with the individual reviewing the contract and can assist with any relevant hiring documents and procedures.

Fair Treatment

Anti-Harassment Policy

Al Sheraa Group is committed to providing a harassment-free environment for its employees. The definition of the term harassment and all the actions it refers to are detailed in the Employee Handbook. Al Sheraa Group will neither tolerate nor condone behaviour that is likely to undermine the dignity or self-esteem of any individual or create an intimidating, hostile, or offensive environment. In the case where a complaint of harassment is reported, Al Sheraa Group will conduct a prompt and thorough investigation and reserves the right to take disciplinary action based on the results of the investigation.

Anti-Violence Policy

Al Sheraa Group has a zero tolerance policy towards all types of violence and abuse to ensure the security and protection of our employees, customers, and anyone else who may be on company premises. The main aims of the policy are to prevent instances of violence from occurring in the workplace and to detail how Al Sheraa Group chooses to address situations where violence has occurred. Employees engaging in any such activity will be subject to disciplinary action.

Complaints and Grievances Procedure

The purpose of the Al Sheraa Group complaints and grievances procedure is to empower employees and create a culture of openness and fairness where anyone can raise a complaint about any issue without fear of repercussion. For every case received through this procedure, an official investigation is launched, some action or outcome is reached, and the employees involved must sign relevant documents as acknowledgment of the resolution of the case. It is a process that is applied fairly and thoroughly, creating equality, reducing conflict in the workplace, and resulting in a pleasant and productive work environment.

In the reporting period, few cases were received through the formal complaints and grievances procedure. For the second year in a row, all cases were successfully resolved through the complaints and grievances resolution system in place. The 100% success rate in resolving cases through this process is the best indicator that this is an effective system.

Outreach Efforts

Awliaa El Galeel Organization

Al Sherana Group works closely with Awliaa El Galeel non-profit organization in its effort to conduct charitable and development initiatives in the larger community. Al Sherana Group's contribution during this reporting period has included monetary donations and employee volunteer hours. This has been used to support existing Awliaa El Galeel programs, as well as helping the organization form new plans and goals.

In 2015, two Al Sherana Group employees volunteered their time to coordinate with Awliaa El Galeel in the planning stages of the organization's Ramadan activities. Al Sherana Group then made a monetary contribution to the organization, which was used to support multiple activities, including distributing bags of basic foodstuff to families in need and organizing *maidaat rahman*. The donation was made in an amount to cover the cost of 250 Ramadan food bags. One employee was also able to coordinate an in-kind donation of pasta products from a company outside the Al Sherana Group. This donation fulfilled the requirement for the 250 bags. The Al Sherana Group donation also contributed to *maidaat rahman* prepared by Awliaa El Galeel. This is a charitable tradition where food is offered for free at the time of breaking fast.

LABOUR

Forced and Compulsory Labour

Terms of Employment

All Al Sheraa Group employees show their desire and willingness to work under the existing conditions by signing contracts upon employment and periodically renewing said contracts. Employees are only required to perform the agreed upon tasks and duties according to the signed contract and signed job description. No employee is forced to do any task against their will under threat of penalty.

Free Movement

Al Sheraa Group employees can freely exit company premises during breaks and at the end of the work day. In case of emergency, they may also leave company premises during working hours provided they have informed their supervisor or manager and received confirmation that they may do so.

Notice and Leave

Prior to employment, individuals are informed that they are free to leave their job under the condition of giving one month notice and following Al Sheraa Group resignation policy and procedure. Al Sheraa Group maintains this policy in accordance with Egyptian labour law. This requirement is clearly communicated to all employees and agreed upon through the official employment contract.

According to company policy, in the case of voluntary resignation, Al Sheraa Group may be able to work with the employee to speed up the process from them to leave their job. Whether this will be possible depends on a large number of factors and the decision to expedite the process lies with Al Sheraa Group. Employees should plan for the one month notice period unless they are told explicitly that an exception will be made for a shorter period of time.

Personal and Employment Documents

Al Sheraa Group only requests the documents required to provide employees with social and health insurance benefits. No company retains any employee's original identity card, passport, or any other document without which the employee could not leave. Further, any additional documents required for an employee to leave their job are issued without delay as long as the relevant Al Sheraa Group procedure is followed.

Al Sheraa Group has standardized procedures that must be followed when employees leave one of the companies and they differ based on the reason for leaving. For example, should an employee choose to resign, there is a protocol for the employee to settle all financial and legal matters between Al Sheraa Group and the employee seeking to leave. This process ends with the employee receiving all of his or her documentation, a certificate of experience, a discharge certificate, and any other relevant documents in accordance with Egyptian labour law.

Child Labour

No employee may be hired at Al Sheraa Group without reviewing his or her national identification card to confirm that the individual is not a minor according to the Egyptian legal definition of the term. Al Sheraa Group also requires new employees to provide their graduation certificates in order to ensure that work does not interfere with any employee's compulsory education. Graduation certificates from different types of institutions are required depending on the individual's future role at Al Sheraa Group.

Employee Benefits

Social Insurance

Social insurance is a public program that protects employees and their families, such as in the case of retirement. In accordance with Egyptian labour law, Al Sheraa Group Egyptian employees are entitled to social insurance.

Health Insurance

The health and wellbeing of employees is of vital importance, so Al Sheraa Group makes every effort to provide employees with access to health care. Employees are covered by private health insurance, and they receive a full explanation of its benefits, as well a health insurance card as confirmation of their coverage. Al Sheraa Group monitors the quality of the service employees receive from its chosen health insurance provider in order to ensure that employees receive the best coverage possible.

Since switching to the current health insurance provider during the previous reporting period, there have been no major complaints from employees about the service they receive. As a result, Al Sheraa Group will continue to work with the same employee health insurance provider.

Non-Discrimination

Equal Employment Opportunity Statement

Al Sheraa Group is an equal opportunity employer and hires individuals without regard to their race, nationality, religion, gender, age, marital status, physical or mental disability, or financial ability. All applicants are encouraged to apply to positions for which they are qualified based solely on the criteria set out in job descriptions.

Job Descriptions

Job descriptions play a critical role in any institution by reducing the possibility of discriminatory hiring practices and ensuring that both employees and employers have similar expectations from the beginning of the application process. Anyone considered for a job must meet minimum qualifications, reducing the role of personal preferences or prejudices and ensuring that new employees are capable of performing the functions of their job.

In 2015, an initiative was launched to conduct a review of all existing job functions at all Al Sheraa Group companies. Following the review, the data collected was used to standardize job descriptions across all Al Sheraa Group companies. All employees have written job descriptions within a uniform template, including the required qualifications for the job. These qualifications include: educational background, years of experience, field of experience, and competencies.

Performance Appraisals

Supervisors and managers use performance appraisal forms to evaluate employees and provide them with professional development opportunities and/or adjust their compensation as necessary. Specific guidelines are provided for supervisors and managers to be used when conducting performance appraisals. This creates a more standardized approach to employee performance evaluation and decreases the possibility of discrimination, especially when it comes to opportunities for advancement in the workplace. It also provides insight into training needs for all employees.

During this reporting period, all employees received two performance appraisals and benefitted from the results of the process accordingly. Al Sheraa Group has doubled the number of appraisals employees received in the previous reporting period.

Employment of Persons with Disabilities

Al Sheraa Group has taken action to enable qualified persons with disabilities or health conditions to become employed at one of its companies or elsewhere. Within Al Sheraa Group, the companies meet the Egyptian legal requirement for employment of persons with disabilities as a total percentage of people employed. After ensuring internal compliance with the applicable law, Al Sheraa Group has also made relevant outreach efforts.

A human resources representative from Al Sheraa Group attended Federation of Egyptian Industries (FEI) Human Resources Development Committee meetings on a regular basis throughout the year. The committee often discusses the integration of persons with disabilities in the workforce, including any skill development needs and methods of creating employment opportunities. The same representative also attended events hosted by the International Labour Organization (ILO), including the Employers' Event on Inclusive Employment.

Professional Development

Al Sheraa Group is committed to the ongoing training and professional development of its employees. This process begins by identifying key development areas during employee performance appraisals. Accordingly, employees are encouraged to attend relevant conferences, courses, seminars, and workshops. Al Sheraa Group also creates specific training opportunities for its employees. These opportunities ensure that employees are able to do their current job as

efficiently and effectively as possible and have greater prospects for career advancement in the future.

Training

During this reporting period, Al Sheraa Group gave employees the opportunity to participate in training programs within the companies and through accredited institutions based on their individual needs. Employees from all Al Sheraa Group companies participated in training programs. A total of 12 programs were offered to employees throughout the year. This resulted in a 12.5% increase in the number of employees who were trained throughout this reporting period in comparison to the previous one.

Social Responsibility Events and Workshops

Al Sheraa Group employees attended a number of events and workshops related to social responsibility throughout this year. This included the FEI/ILO Annual Conference on the Role of Corporate Social Responsibility in Enhancing Competitiveness and the two-day First Annual CSR Forum in Egypt. Employees also participated in United Nations Global Compact Local Network events, including the Communication on Progress/Communication on Engagement Report Making session and the Anti-Corruption from Business Perspectives session.

ENVIRONMENT

Natural Resources and Energy Consumption

Al Sheraa Group is committed to protecting the environment and minimising any negative impacts its operations may create. The companies attempt to reduce the use of resources as much as possible. This approach decreases the consumption of valuable raw materials and the production of waste, leading to the need for fewer decisions about reuse and recycling of waste products. Al Sheraa Group is also committed to continuously improving its energy performance. This includes making environmentally conscious decisions when it comes to new purchases and using energy as efficiently as possible in the workplace.

Employee Shuttle Buses

Al Sheraa Group offers some of its employees group transportation opportunities whereby they have access to shuttle buses to take them to and from work as a viable alternative to employees using their own cars or other forms of public transportation. This is particularly important for one of Al Sheraa Group's subsidiaries, Boysen, which is located on the outskirts of the city. Employees may have difficulty reaching the premises and those who are able to drive their cars there will create considerable harm to the environment by making this daily commute.

The employee shuttle bus initiative has a large number of benefits. It reduces the harmful impact on the environment by minimizing emissions and air pollution. The initiative also improves the health and wellbeing of employees and the surrounding community by reducing pollution and its consequences, as well as stress from driving during peak traffic times. Further, the initiative decreases fuel consumption, which is particularly important since this is a non-renewable energy source. Thus, the employee shuttle bus is a more sustainable method of transportation that guarantees access to transportation for all employees.

New Al Sheraa Group Head Office

The Al Sheraa Group head office moved to a new location in the previous reporting period. This move has allowed the head office to bring together all supporting functions for all companies in the same physical space. It also allowed more of the Al Sheraa Group subsidiaries to have their offices in the same building.

During this reporting period, there has been a marked reduction in the need for employees to travel from one Al Sherah Group location to another for meetings, conferences, and other such gatherings. Communication in person has also replaced other forms of communication reliant of energy consumption. Al Sherah Group operations have been streamlined and employees can now share knowledge and resources, as well as eliminate redundancy, through improved communication channels. As a result, there has been an increase in efficiency and resource savings.

Green Printing Initiatives

Emails

Emails are the primary mode of written communication used within Al Sherah Group, as opposed to paper-based alternatives. Further, emails are not printed unless absolutely necessary in order to save printing resources. If emails or other documents must be printed, they are then used as scrap paper for telephone messages or notes once they are no longer needed. This action is an effort to reuse a product that otherwise would have been considered waste.

Ink Cartridges

At Al Sherah Group, printer ink cartridges are reused by refilling empty cartridges, instead of purchasing new ones, as many times as possible. This decreases the use of natural resources and energy, as well as reducing waste. Reuse is the most environmentally sound choice because it eliminates the environmental cost of production, packaging, distribution, and disposal of new cartridges that would have been purchased otherwise. These costs include water pollution, greenhouse gas emissions, plastic production, and the use of natural resources, such as water, oil, and minerals. Disposed cartridges may end up in incinerators or landfills, taking hundreds of years to decompose. Ink cartridges may also leak printer ink, polluting the surrounding area.

ANTI-CORRUPTION

Signalling a Non-Corrupt Environment

Al Sheraa Group has a zero tolerance policy on corruption, and it is firmly committed to doing business in accordance with the highest ethical standards. As a result, Al Sheraa Group has developed clear policies and procedures rejecting corruption in all its forms and detailing the consequences of violations of these policies. Deterring potential offenders is a priority, so Al Sheraa Group has set out strong disciplinary mechanisms for dealing with individuals involved in this type of activity. Apart from disciplinary measures specific to its companies, Al Sheraa Group will not hesitate to use the relevant legal tools under Egyptian law should violations occur. All Al Sheraa Group employees must abide by Egyptian law and ensure that no type of corruption occurs at any of its companies.

Code of Ethics

The Al Sheraa Group Code of Ethics sets the rules for how employees must behave towards one another, as well as how they should act when performing their own jobs. All employees are expected to uphold the values of Al Sheraa Group and act accordingly in order to properly represent it and its reputation. The Code of Ethics covers issues of conflicts of interest, giving and receiving gifts, confidentiality, and integrity in the workplace. The document also highlights the requirement for legal, ethical, and culturally-appropriate behaviour. Any violations of the Al Sheraa Group Code of Ethics will result in disciplinary action.

Anti-Corruption Procedures

Compliance and Internal Audit

Al Sheraa Group has undergone some restructuring of its holding company in order to place greater emphasis on compliance and internal audit responsibilities. Compliance is a vital function since it ensures that all relevant laws and regulations are being followed. Internal auditing is also critical in helping fulfil regulatory requirements and improve company operations. Its goal is to assist management in mitigating risks, maintaining controls, and strengthening corporate governance processes.

During this reporting period, a review of existing procedures and their applications has been completed. The results of this process, along with recommended follow up actions, were presented to relevant members of the management team. These actions aim to better align company operations with its strategy and goals using the most systematic, efficient, and effective methods possible.

External Audit

An external audit is conducted by a party that is independent from the company being audited, and it provides a valuable check on company activities. External audits of Al Sheraa Group occur on a regular basis in accordance with Egyptian law and regulations. Several visits are made by the auditing party throughout the year, and an annual report is produced. The results of these external audits are submitted to the relevant authorities. They are also used within Al Sheraa Group to monitor, analyse, and improve performance.

Al Sheraa Group for Development and Trading

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