

AL SHERAA GROUP FOR DEVELOPMENT AND TRADING

COMMUNICATION ON PROGRESS

DECEMBER 2015 – DECEMBER 2016



CONTENTS

Introduction	4
Statement of Continued Support	4
Overview of Al Sheraa Group for Development and Trading	5
Description of Companies	5
Social Responsibility	6
 Human Rights	 7
Quality Management System	7
ISO/TS 16949:2009 Certification.....	7
ISO 9001:2008 Certification	9
Health and Safety	11
Prohibition of Alcohol and Illegal Drugs	11
Smoke-Free Environment.....	11
Workplace Conditions	11
Hours and Leave.....	12
Working Hours	12
Leave	12
Employment Status.....	13
Fair Treatment	13
Anti-Harassment Policy.....	13
Anti-Violence Policy	13
Complaints and Grievances Procedure.....	14
Community Engagement.....	14
Awliaa El Galeel Organization.....	14
Dar Al Orman Organization	15
Egypt Business and Disability Network.....	15
 Labour	 17
Forced and Compulsory Labour.....	17
Terms of Employment.....	17
Free Movement.....	17

Notice and Leave	17
Personal and Employment Documents.....	18
Child Labour	18
Company Policies.....	19
Policy Manual.....	19
Training	19
Non-Discrimination.....	19
Equal Employment Opportunity Statement.....	19
Job Descriptions	20
Performance Appraisals.....	20
Professional Development.....	21
Training	21
Employee Benefits	21
Social Insurance.....	21
Healthcare.....	22
Employee Engagement.....	23
Environment.....	24
Emergency Response	24
Natural Resources and Energy Consumption.....	25
Employee Shuttle Buses	25
Intranet Portal	25
IT Policies.....	26
Green Printing Initiatives	26
Air Emissions	27
Anti-Corruption	28
Signalling a Non-Corrupt Environment	28
Code of Ethics	28
Anti-Corruption Training	29
Anti-Corruption Procedures	30
Compliance and Internal Audit	30
External Audit	30

INTRODUCTION

Statement of Continued Support



Dear stakeholders,

We are pleased to share with you our 2016 Communication on Progress, and I would like to take this opportunity to reiterate the continued commitment of Al Sheraa Group for Development and Trading to participating in the United Nations Global Compact and upholding its principles.

Since December 2012, we have dedicated time, effort, and resources towards including these principles in our strategy and daily operations. This year, we have expanded our commitment in all four issue areas: human rights, labour, environment, and anti-corruption. As always, we strive to make continuous improvements in terms of our performance and our reporting practices.

Sincerely,

Farid El Tobgui

Chairman

Overview of Al Sheraa Group for Development and Trading

Description of Companies

Al Sheraa Group for Development and Trading (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. It has strategic agreements with leading companies in these industries. Al Sheraa Group was formed in 2011, and it has since grown to include five subsidiaries with a total of 156 employees as of December 1, 2016. The following are the Al Sheraa Group subsidiaries (in alphabetical order):

- Al Sheraa for Insurance Brokerage acts as an intermediary in insurance provision. It offers insurance brokerage services for assets, such as buildings, factories, homes, and vehicles. Al Sheraa for Insurance Brokerage also provides insurance brokerage services for individuals in the form of life and medical insurance.
- Al Sheraa for Project Management provides support and consultancy services to Al Sheraa for Insurance Brokerage, including follow up on insurance claims.
- Boysen Egypt produces automotive parts. In particular, it manufactures innovative exhaust systems for the local market. This is the site of the first Boysen plant to operate on the African continent.
- Deutsche for Automotive Services offers after sales services, such as maintenance and repair.
- Phonix Call Center provides customer support services to Al Sheraa Group's own activities and to other external companies as well.

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 by cooperating with non-profit organizations and UN agencies in their efforts to address social problems.

Al Sheraa Group has made contributions towards the following causes within its own companies or in the larger community: diminishing poverty, battling hunger and malnutrition, allowing access to medical care and coverage, creating decent employment opportunities for persons with disabilities, safeguarding labour rights, providing opportunities for training and career advancement for both men and women, protecting consumers, optimizing the use of natural resources, reducing emissions and pollution, introducing innovative and environmentally-friendly technology and industrial capability in Egypt, and combatting corruption. Al Sheraa Group has taken these steps on the scale permissible in its current capacity and aims to increase its commitments over time when possible.

HUMAN RIGHTS

Quality Management System

Al Sheraa Group is committed to complying with relevant Egyptian laws, international guidelines, and industry standards. Several Al Sheraa Group subsidiaries have shown this commitment by acquiring certifications for quality management system standards. The standards offer guidance and tools to ensure that Al Sheraa Group's products and services consistently meet customer requirements and that their quality is continuously improved.

ISO/TS 16949:2009 Certification

Boysen Egypt is certified with ISO/TS 16949:2009, which is an international automotive technical specification and quality management system standard. ISO/TS 16949:2009 increases process efficiency and effectiveness, thereby reducing waste and preventing defects that could harm or threaten human life and health. This is achieved through an enhanced risk management approach that uses policies, objectives, training, audit results, data analysis, corrective and preventative actions, and management review. The certified entity must continually improve the effectiveness of the management system and work to achieve customer satisfaction and protection.

During the reporting period, both internal and external audits were conducted at Boysen Egypt for the ISO/TS 16949:2009 certification. The results from both types of audits were used to create follow up actions and plans as needed in order to continue improving performance.

ISO 9001:2008 Certification

Al Sheraa for Insurance Brokerage is certified with ISO 9001:2008. This is a quality management system standard applicable to all businesses, regardless of type, size, and kind of product or service offered. ISO 9001:2008 creates a system that increases efficiency and productivity, saves time, reduces costs, and improves customer retention and acquisition. These benefits are realized through continuous assessment of existing policies and procedures, followed by improvement of processes as necessary.

During the reporting period, both internal and external audits were conducted at Al Sheraa for Insurance Brokerage for the ISO 9001:2008 certification. Supporting functions at Al Sheraa Group also formed a part of the audits. The results from both types of audits were used to create follow up actions and plans as needed in order to continue improving performance.



CERTIFICATE OF APPROVAL

This is to certify that the Management System of:

Al Sheraa for Insurance Brokerage
195 El-Oroba road- Heliopolis District
Cairo
Egypt

has been approved by Lloyd's Register Quality Assurance
to the following Management System Standards:

ISO 9001:2008

The Management System is applicable to:

Provision of Insurance Brokerage

Approval
Certificate No: MEA6020907

Original Approval: 4th August 2014

Current Certificate: 4th August 2014

Certificate Expiry: 3rd August 2017

Issued by: Lloyd's Register Egypt LLC - Cairo for and
on behalf of Lloyd's Register Quality Assurance Limited



71 Fenchurch Street, London EC3M 4BS United Kingdom. Registration number 1879370.
This approval is granted in accordance with the LRQA assessment and certification procedures and monitored by LRQA.
The use of the LRQA Accreditation Mark indicates Accreditation in respect of those activities covered by the Accreditation Certificate Number 001.
See Annex 1.

Lloyd's Register Group Limited, its affiliates and subsidiaries, including Lloyd's Register Quality Assurance Limited (LRQA), and their respective officers, employees or agents are, jointly and severally, referred to in this clause as 'Lloyd's Register'. Lloyd's Register assumes no responsibility and shall not be liable to any person for any loss, damage or expense caused by reliance on the information or advice in this document or for any other loss, damage or expense caused by reliance on the information or advice in this document or for any other loss, damage or expense caused by reliance on the information or advice in this document or for any other loss, damage or expense caused by reliance on the information or advice in this document.

Figure 2. ISO 9001:2008 Certificate

Health and Safety

Prohibition of Alcohol and Illegal Drugs

All Al Sherah 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 Sherah Group become aware of any employee's violation of this policy through the relevant testing procedures, the employee in question will be subject to disciplinary action.

Smoke-Free Environment

Smoking on any Al Sherah Group premises is not permitted. Those employees who wish to smoke during working hours must do so outside Al Sherah 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 Sherah Group enacted this policy to protect the health and wellbeing of employees, customers, and anyone else who may be on company premises. If any employee is found in violation of this policy, the employee will face disciplinary action.

Workplace Conditions

All Al Sherah 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 Sherah 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 every time they enter and exit the premises to create a record of their working hours, including when they leave during break times. 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 Al Sheraa Group's employee health insurance provider 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 clearly outlined for employees. 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 in order to ensure the security and protection of its 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 employee or employees involved must sign relevant documents to acknowledge 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. The fact that cases are received through this system signifies employee confidence in the procedure and Al Sheraa Group's commitment to addressing employee concerns. Further, for the third year in a row, all cases were successfully resolved through the existing complaints and grievances resolution system. The 100% success rate in resolving cases through this process is the best indicator that it is an effective system.

Community Engagement

Awliaa El Galeel Organization

For the second consecutive year, Al Sheraa Group has supported the Awliaa El Galeel non-profit organization in its effort to conduct charitable and development initiatives in the larger community. Al Sheraa Group made donations to the organization, which were used to support multiple Ramadan activities. These included distributing bags of basic foodstuff to families in need and organizing *maidat Rahman*, which is a charitable tradition where food is offered for free at the time of breaking fast.

Dar Al Orman Organization

During the reporting period, Al Sherana Group provided donations to Dar Al Orman to be used in support of the organization's activities. Dar Al Orman is a charitable organization that conducts diverse projects and programs throughout Egypt in order to support those in need. The organization's activities include: orphanages and support for orphans, medical programs and services, and clothing and food drives. It also conducts development projects, such as building infrastructure for homes and schools, as well as helping individuals start small businesses.

Egypt Business and Disability Network

Al Sherana Group is a member of the Egypt Business and Disability Network (Network). The Network is supported by the International Labour Organisation and is concerned with the participation of persons with disabilities in the workforce. It is committed to creating a culture of equality, diversity, and inclusion. Participants know that persons with disabilities provide great contributions to companies and the economy as a whole and work towards increasing awareness about this important issue. The Network also attempts to build the capacities of institutions to better accommodate persons with disabilities and collaborates with other organizations to evaluate and develop services and tools that can help accomplish this goal. Finally, members of the Network and relevant stakeholders exchange best practices and assist one another in finding solutions to the obstacles they face as inclusive employers.

Throughout the reporting period, Al Sherana Group participated in several of the Egypt Business and Disability Network's meetings and workshops. Al Sherana Group also attended other events open to all stakeholders that focused on the topic of employment of persons with disabilities.

"Cairo 2016: A City for All" Conference

Two representatives from Al Sherana Group attended Egypt's first two-day biennial conference on accessibility for persons with disabilities. The conference was organized by Helm, a non-profit organization dedicated to promoting the inclusion of persons with disabilities in all parts of

society and life, with a specific focus on employment and creating infrastructure that would allow accessibility to all in private and public spaces. The conference brought together stakeholders, such as employers, persons with disabilities' organizations, and policy makers, to share national and global best practices. The focus of this event was to discuss inclusive employment, the important role of technology, and the value of persons with disabilities in the workforce.

Awareness Raising Event

The International Labour Organisation, in collaboration with Helm, organized an awareness raising event to promote the rights of persons with disabilities, especially as they relate to inclusive employment. This one-day event was attended by three Al Sheraa Group representatives who were able to share their experiences and increase their knowledge about this topic.

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 renewing said contracts annually.

Employees are only required to perform the agreed upon tasks and duties according to the signed contract and 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 the 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.

Further, in the case of voluntary resignation, Al Sheraa Group policy stipulates that it may be possible to work with an employee to speed up the process for them to leave their job. Whether this can be done 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 documents, 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's Hiring Policy also specifies that job applicants under the age of 18 will not be considered for employment. In very rare cases, and if there are extenuating circumstances, an exception could be made to this rule as long as it does not violate Egyptian law. In addition, Al Sheraa Group 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.

Company Policies

Policy Manual

During the reporting period, the Al Sherana Group Policy Manual was reviewed and restructured. This periodic review is done in order to update policies as needed and ensure that all policies, procedures, and templates are in a language and form that is clear and easily accessible to all employees. The new format of the Policy Manual will also be more easily transferrable to Al Sherana Group's new intranet portal, which is discussed in more detail below.

Training

Following the restructuring of Al Sherana Group's Policy Manual, an initiative was started to reintroduce employees to policies and procedures in their new format through emails sent to all employees and training sessions held for specific groups. During this reporting period, for instance, Al Sherana Group conducted a training session about working hours and break times. This was to ensure that all employees understood their rights and responsibilities as they pertain to this topic. Employee rights to breaks and time off were detailed, as well as the need for employees to use the punch clock system in order to document the time they spend at their workplace. Those in attendance were all employees in leadership positions who then discussed the same information with their teams in later meetings. Other training sessions were also conducted to explain and discuss various policies, and training sessions will also be held in the future should there be substantial changes to Al Sherana Group's main policies.

Non-Discrimination

Equal Employment Opportunity Statement

Al Sherana 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.

At Al Sheraa Group, all employees have written job descriptions, within a uniform template, that specify 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 appraisals to evaluate employees and provide them with professional development opportunities and/or adjust their compensation as necessary. There are four performance appraisal forms available at Al Sheraa Group, each one corresponding to a type of job. The forms include criteria that must be assessed for every employee within a specific job type, with some of the criteria being rated on a numerical scale and some evaluated through qualitative observations. Specific guidelines are provided for supervisors and managers to be used when conducting performance appraisals using these forms.

This process 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, 100% of employees received a performance appraisal and benefitted from the results of the process accordingly.

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. As a result of the growth in opportunities for professional development at Al Sheraa Group, there was a 7.4% increase in the number of employees who were trained throughout this reporting period in comparison to the previous one.

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's Egyptian employees are entitled to social insurance. As part of the hiring process, a human resources representative provides new employees with a list of the required documents that must be submitted to Al Sheraa Group within a specific time frame in order for the new employee to be properly registered for social insurance.

Healthcare

Health Insurance

The health and wellbeing of employees is of vital importance, so Al Sherah Group makes every effort to provide employees with access to healthcare. 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 Sherah 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.

During the reporting period, there have been no major complaints from employees about the service they receive. Al Sherah Group has renewed its partnership with its employee health insurance provider for the second consecutive year based on the positive feedback of employees about their experiences with said health insurance provider.

Medical Centre Agreement

In previous years, Al Sherah Group employees had been offered health insurance for themselves and a limited number of dependents. In order to provide even greater support for individuals with medical conditions that may not be covered by health insurance and those with larger families, during this reporting period, Al Sherah Group created an agreement with a medical centre to provide a 30% price reduction to all Al Sherah Group employees who receive medical treatment at its premises. This discount would also apply to all Al Sherah Group employees' family members, such as a third child or parent. The medical centre provides a large number of medical services, offering a wide variety of specialities from which Al Sherah Group employees and their families can benefit.

Al Sherah Group employees have already started to use this service and have given positive feedback about their experiences thus far. In the following reporting period, once one year has passed since the agreement was made, a more formal survey will be conducted to assess employee satisfaction regarding this new employee benefit.

Employee Engagement

Al Sheraa Group believes that social activities outside the workplace are important opportunities for creating a sense of team unity, boosting morale and motivation, and increasing work-life balance for individuals. For these reasons, during the reporting period, Al Sheraa Group held two social events for its employees. The first was a Ramadan *iftar* and the second was a sports day, both of which were open to all employees of Al Sheraa Group. These events allowed individuals working at different Al Sheraa Group companies and performing different types of jobs to interact with one another and share their perspectives in a less formal setting.

ENVIRONMENT

Protecting and preserving the environment is essential for individuals, companies, and society as a whole. Al Sherah Group is committed to protecting the environment and minimising any negative impacts its operations may create. This is accomplished through policies, procedures, and initiatives aimed at assessing, preventing, and managing environmental risks, as well as reducing resource consumption and treating emissions and waste.

Emergency Response

Al Sherah Group has a number of procedures in place to prevent and address accidents and emergencies that could have potentially devastating impacts on the environment and human health. Each building where Al Sherah Group employees work has its own specific plans, appropriately tailored to its location and context. These plans include the actions, equipment, and training required to respond to accidents and emergencies should they occur.

One such procedure at Al Sherah Group's head office is the emergency response in case of fire. A team of employees have been assigned with accomplishing the following tasks in this circumstance: notifying all individuals on the premises of the fire, directing everyone to evacuate the premises through the appropriate exits, turning off electrical sources, calling the relevant Egyptian authorities to notify them about the emergency, and attempting to control the fire using fire extinguishers and other specialized equipment chosen based on the source of the fire. Members of this team are responsible for different tasks, so many of the tasks may be accomplished simultaneously.

Emergency response procedures are essential at Al Sherah Group because they can prevent injuries, save lives, and reduce damage to facilities and the environment. By properly managing an accident or emergency situation, it is possible to control fires, leaks, and fumes, among other hazardous materials, from spreading throughout the premises or into the surrounding community.

Natural Resources and Energy Consumption

Al Sheraa Group attempts 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 especially pertinent for one of Al Sheraa Group's subsidiaries, Boysen Egypt, 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 will create considerable harm to the environment through their daily commute.

The employee shuttle bus initiative has a large number of benefits. It reduces the harmful impact on the environment by minimizing emissions from employees' cars. The initiative also improves the health and wellbeing of employees and the surrounding community by reducing pollution and its consequences, as well as eliminating 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 easy access to the premises for employees.

Intranet Portal

During this reporting period, Al Sheraa Group launched a new intranet portal. A main feature of this portal is to improve communication within Al Sheraa Group by creating a mechanism for sharing data and information. This mechanism reduces costs; saves time; and increases

productivity, effectiveness, and unity within companies. It also decreases resource use, especially for documentation that must be widely distributed. Further, intranet portals are useful for data storage and backups, which reduces the need for maintaining hard copies of all paperwork.

Al Sheraa Group operations have been streamlined and employees can now share knowledge and resources, store and disseminate data, and eliminate redundancy, through improved communication channels. As a result, there is an expectation of increased efficiency and resource savings during the following reporting period.

IT Policies

During the reporting period, a number of new IT policies have been adopted at Al Sheraa Group. These policies aim to increase efficiency, as well as decrease energy and resource consumption. They provide clear guidelines for the acceptable use of computers, phones, and other electronic devices. The policies also address appropriate and inappropriate use of the internet in the workplace and on electronic devices that belong to Al Sheraa Group. All employees are aware that there is a renewed commitment by Al Sheraa Group to eliminate the misuse of technology and the waste of time and resources associated with it.

Green Printing Initiatives

Emails

Emails are the primary mode of written communication used within Al Sheraa 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 initiative is in place in order to reuse an item that otherwise would have been considered waste.

Ink Cartridges

At Al Sheraa 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.

Air Emissions

At Al Sheraa Group, it is particularly important for one of its subsidiaries, Boysen Egypt, to continuously monitor, assess, and manage its impact on the environment since it is a manufacturing plant. One example of this commitment comes in the form of a fume extraction and treatment system. Boysen Egypt conducts welding operations, which produce fumes as a by-product of the industrial process. In order to reduce the negative environmental impact of these fumes, Boysen Germany is providing Boysen Egypt with a fume extraction and treatment system. This will purify air emissions and recycle the purified air back into the plant. Boysen Egypt is currently implementing relevant actions in preparation for the arrival of the system and plans to fully install it in the following reporting period.

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, which builds an environment of trust with stakeholders. 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. There is also a clear method by which anyone can safely report suspicion of corruption to the relevant party who can, in turn, put in motion an investigation of the reported case and take appropriate disciplinary action if necessary.

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 Al Sheraa Group 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.

In order to highlight the importance of the Al Sheraa Group Code of Ethics, as well as to ensure that all employees have read and understood this essential document, every newly hired individual must sign the Code of Ethics before starting their job at Al Sheraa Group. Should

newly hired individuals have any questions or concerns regarding the Code of Ethics, a human resources representative will be in contact with them as they review relevant documents and procedures required for them to formally join Al Sherah Group. By signing the Code of Ethics, employees express their intent to comply with Al Sherah Group's strict rules regarding this topic from their very first day at work.

Anti-Corruption Training

In addition to internal efforts at Al Sherah Group to combat corruption in all its forms, there are also opportunities for employees to increase their knowledge and awareness through other avenues. Any information gained or skills learned outside Al Sherah Group could then be shared with other employees, with the overall goal being improved anti-corruption outcomes at Al Sherah Group.

One instance of Al Sherah Group employees increasing their knowledge and skillset regarding combatting corruption through an external source was the two-day Anti-Corruption Risk Assessment Training offered through the United Nations Global Compact's Local Network in Egypt. This session was organized in cooperation with Deloitte USA and the United Nations Global Compact Headquarters. It focused on providing the tools needed to conduct anti-corruption risk assessments, manage risks, and develop anti-corruption policies. These tools would ultimately lead participants to avoid the negative impacts of corruption on individuals, companies, and society.

Two members of Al Sherah Group's management team attended this training. These are individuals who routinely take on a larger part in assessing and managing corruption risks, as well as having a meaningful role in discussions about Al Sherah Group's policies and procedures regarding this issue. Due to their leadership positions, they are also able to share the knowledge and skills gained through this training session with a large number of employees. In this way, they can use their insight to adjust the direction of strategy, training sessions, and action plans in order to create even greater precautions when it comes to corruption risks.

Anti-Corruption Procedures

Compliance and Internal Audit

Compliance is a vital function at Al Sheraa Group 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.

Following the review of existing procedures and their applications in the previous reporting period, recommended follow up actions were taken during this reporting period in order to continue to improve Al Sheraa Group's performance. These actions aim to better align company operations with its strategy and goals using the most systematic, efficient, and effective methods possible.

External Audit

External audits of Al Sheraa Group occur on a regular basis in accordance with Egyptian law and regulations. The external audits are conducted by an independent party and provide a valuable check on company activities. 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.

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