

## LETTER FROM THE CHAIRMAN

The last few years have not been easy on Egypt. Recent developments have seen a slowing down of the economy, with many businesses shutting down. The tourism sector has suffered a great deal, seeing lower levels than usual, and has not yet recovered. The socio-political climate has resulted in limited foreign direct investment, and along with the recent floating and subsequent devaluation of the Egyptian pound have caused a general feeling of financial instability within the country, causing many to hold on to whatever assets they have. In many cases, people have avoided liquidity altogether and opted to protect themselves by investing in real estate, gold, or foreign currency. This situation has also been accompanied by an unprecedented rise in public debt.

As a family-owned business, Mansour remains committed to the social, ethical, and moral standards established by Mr. Lotfy Mansour more than 60 years ago. Our core values remain the same. We focus on profitability with integrity, innovation with efficiency, on creating shared value, and on the continuing development of our greatest asset – the employees that have made Mansour Holdings what it is today, a highly-respected business leader in the Egyptian market.

Our approach towards our employees is simple; they are our extended family, and they are essential stakeholders within the Mansour Group. Employee development is not just a social responsibility, but an investment that yields invaluable gains within the larger scope of our businesses. We help provide our employees with essential business and social skills that they can leverage on their career journeys, this yields great returns to us when they choose to remain in Mansour, and to the larger economic sector if their path leads them elsewhere. We have instituted various mechanisms to ensure an ethical management process that respects staff at all levels and, following international best practices, have standardized policies and procedures that ensure fair compensation, equitable treatment, transparency, good communication, recognition of achievement, and that guarantee the health and safety of every single person who works at our offices and facilities.

We are also keenly aware that we are part of a larger community, one to which we owe our very existence, and towards which we feel a great deal of responsibility. Mansour is actively involved in numerous social initiatives, some implemented by our own Mansour Foundation, and others enacted through nationwide programs that we are proud to support through direct investments, event sponsorships, and social awareness campaigns. We focus on poverty alleviation, education, healthcare, and capacity building. We also promote environmental sustainability and champion the values of efficient and ethical resource utilization, responsible waste management, and energy conservation.

We have maintained our core values through thick and thin, because, through them, we retain our soul, we preserve our legacy, and we lay firm our historical foundations. It is this dedication to our values that allows us to remain a conspicuous example of what responsible business practices can achieve.

We at Mansour Group remain committed to the implementation of the ten principles of the Global Compact.

Youssef Mansour

## **ABOUT AL MANSOUR COMPANY FOR FINANCIAL INVESTMENTS**

The Mansour legacy began in the early 1950's when Lotfy Mansour established the Mansour & Sons Cotton Trading Company. His eldest son, Ismail Mansour eventually took on the reigns and helped make Mansour one of the leading companies in the Middle East. Ismail was then succeeded by his three brothers, who have each continued the family tradition of business innovation, diversification, and concern for the welfare of the community to which the business belongs. Thus, the legacy that Lotfy Mansour began more than 60 years ago continues to this day.

### **DIVISIONS OF MANSOUR GROUP**

The Mansour Group is a key regional player in several industries including manufacturing, marketing, and distribution. The group employs over 60,000 people and achieves an annual turnover of over 6 billion USD. This scale is a direct result of our ability to identify new business opportunities, as well as our ability to forge successful joint ventures with truly global brands – something we have been doing since the 1970's.

It is this continued interest in growing our market share, locally and regionally, that has given us a presence in 120 countries. Additionally, we operate ventures in 13 countries; Egypt, Iraq, Saudi Arabia, The United Arab Emirates, Libya, Chad, Nigeria, Ghana, Sierra Leone, Tanzania, Uganda, Kenya, Angola, and Russia. We manage all these via our headquarters in Cairo and our main office in London.

Mansour Group is comprised of six holding companies, each of which is responsible for a number of quasi-independent companies. These holding companies are Mantrac Group; Manfoods; Al Mansour Automotive; Al Mansour Holding Company for Financial Investments (MHCFI); Man Capital LLP (the Mansour Family Global Investment Arm); and El Mansour and El Maghraby Investment and Development (MMID). Together, these companies cover the following diverse array of economic sectors: automotive; banking; real estate; consumer goods; education; IT and Telecom; equipment and machinery; media and advertising; oil and gas; and transportation and logistics.

Al Mansour Holding Company for Financial Investments (MHCFI) is the focus of this report.

### **AL MANSOUR HOLDING COMPANY FOR FINANCIAL INVESTMENTS (MHCFI)**

Al Mansour Holding Company for Financial Investments (MHCFI) – one of Mansour Group's six main holding companies - comprises eight large, semi-independent companies, most of which have been created to manufacture and distribute local and international brands in Egypt.

### **OUR START**

The Mansour Group (MG) initially created MHCFI (Mansour Holding Company for Financial Investments) in 1992 to manage license agreements with Philip Morris International (PMI) that allowed for the production and distribution of PMI's brands in Egypt. This partnership endured for 23 years, ending in 2014, after which MHCFI partnered with Imperial Tobacco, launching brands such as Davidoff, Gauloises, and P&S in Egypt. Building on our expertise and reach, MHCFI launched its brand of cigarettes, 'Time' – produced at our tobacco factory in the Alexandria Free Zone area. MHCFI also launched two new brands of Shisha (Hookah) tobacco called Mazaya & Assal. Shishas are wildly popular in Egypt and are found in coffee shops and restaurants throughout the Middle East.

MHCFI was established as an autonomous company, semi-independent from Mansour Group. This autonomy allows MHCFI the freedom and authority to rapidly respond to new business opportunities, including the ability to establish new companies, without having to refer to the group. Nevertheless, despite its quasi-independent status, MHCFI is bound by Mansour Group's corporate policies and strategies and is committed to the fulfillment of the group's strategic goals and Key Performance Indicators (KPIs).

## **DIVERSIFICATION**

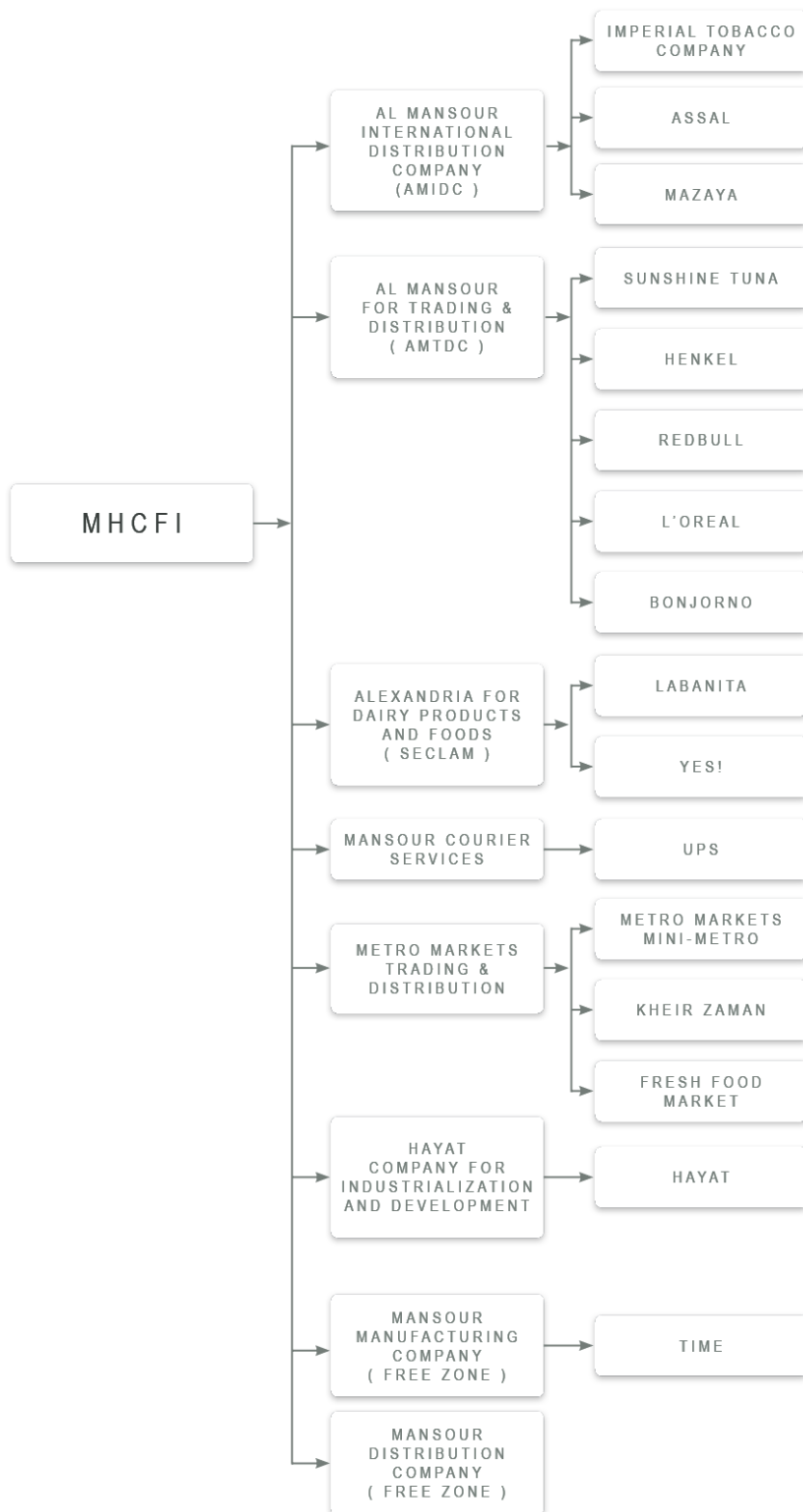
Although MHCFI was initially created to manage the PMI account, it began to diversify, extending its activities to food production with the purchase of the Seclam Factory in Alexandria and with the establishment of the Hayat water bottling plant at Siwa.

MHCFI entered the food retail business with the establishment of Metro Market for Trading and Distribution, successfully introducing the high-end supermarket chain Metro Market (MM) in the 1990s. Leveraging the overwhelming success and continuing growth of the Metro supermarket chain, MHCFI opened the Kheir Zaman (KZ) supermarket chain, catering to the lower income consumer market. Together, the Metro chain (catering to the A consumer segment) and the Kheir Zaman chain (catering to B and C consumer segments) constitute the largest food retail chain in Egypt; covering 12 governorates and serving more than 75,000 customers daily. As experts in the food retail business, we saw a gap in the market for an upscale gourmet supermarket, which sources premium ingredients and products from all over the world, and also has gourmet eateries on its site, along came the idea of Fresh Food Market 'a gourmet retailer.' For the first time in Egypt, we are offering our customers a premium shopping experience through our aisles, and a unique culinary in our eateries, the launch of Fresh Food Market came in 2016 with four outlets.

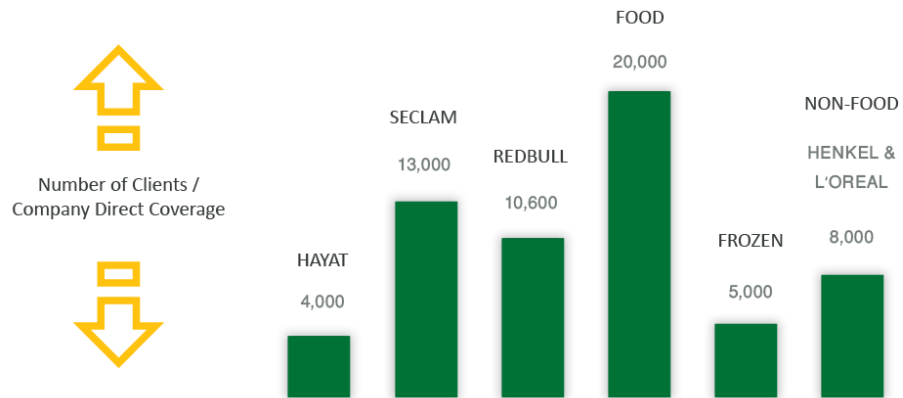
Mansour for Trading and Distribution Company (AMTDC) is the company behind Sunshine Tuna, Fish and Shrimps, Mario Tuna, Labanita dairy products, Redbull Energy Drinks, L'Oréal cosmetics and Henkel and Hayat drinking water.

## **MHCFI COMPANIES AND BRANDS**

MHCFI consists of eight companies that distribute a diverse range of consumer goods across a network of over 150,000 outlets nationwide, making it the single largest distributor in Egypt. The accompanying diagram illustrates the eight companies that make up MHCFI as well as the brands they manufacture, distribute, or for which they provide services.

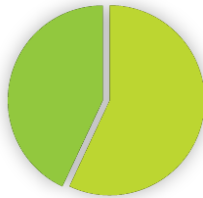


MHCFI employs over 8,243 people, equaling 13.7% of the Mansour Group's total workforce, and making it one of Egypt's largest private sector employers. The following diagram provides estimates for the number of traders and key clients served by our companies and activities.



## AMTDC

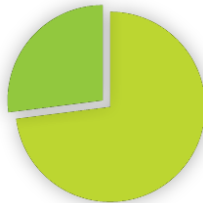
Number of Clients /  
Company Direct Coverage  
**60,600**



Total AMTDC  
Indirect Coverage  
**80,000**

## AMIDC

Number of Clients /  
Company Direct Coverage  
**26,000**



Total AMIDC  
Indirect Coverage  
**70,000**

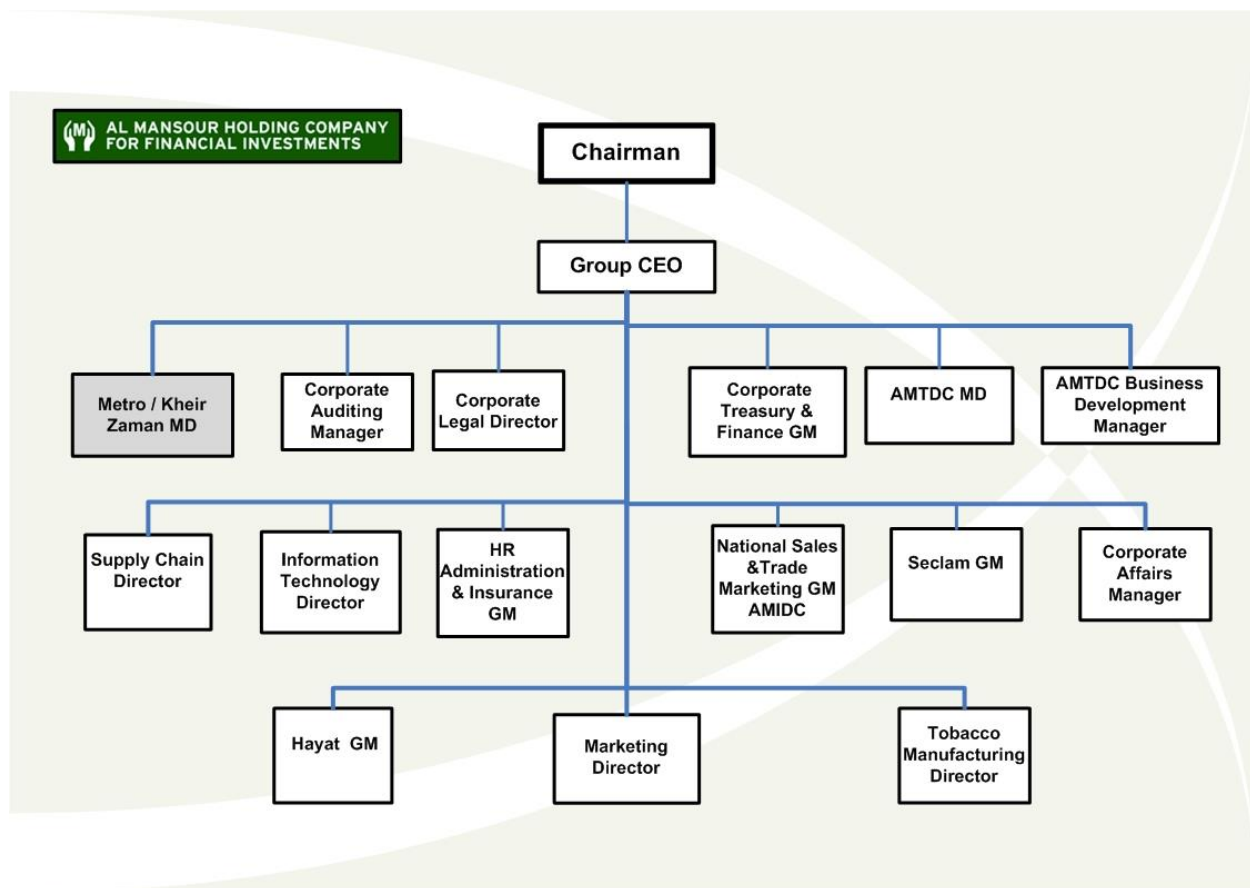
## UPS

Number of Clients /  
Company Direct Coverage  
**1200**

## **MHCFI ORGANIZATIONAL STRUCTURE**

MHCFI conducts operations across Egypt. Cairo is home to most of our companies' headquarters, with the exceptions of Hayat and Seclam, which are in Siwa and Alexandria respectively.

MHCFI manages its operations on two levels: activities such as legal affairs, corporate affairs, external relations, human resources, and security and administration are dealt with at the main headquarters; while others are dealt with on company levels. This configuration allows for a semi-independent organizational structure for each company but also provides flexible support functions to meet each company's specific needs. The figure below illustrates MHCFI's organizational structure.



## SUSTAINABILITY CHALLENGES AND APPROACH

As previously mentioned, Egypt has faced turbulent times. The slowing of the economy has dealt a harsh blow to many sectors and have led some Egyptian businesses to shut down entirely. Many business owners have sold out their businesses and decided to move or re-invest abroad. Tourism levels have been lower than usual, making it clear that tourism, with its ebbs and flows, cannot be relied on as a consistent source of income or foreign currency. Additionally, foreign direct investment is also quite limited, and we, as a country, have been forced to deal with an unprecedented rise in the public debt. This financial turmoil was reflected in the currency, with the Egyptian pound sinking dramatically after its floatation in late 2016. At the time of writing, it trades at around 19 EGP to the dollar, compared with 6.5 EGP to the dollar only four years ago. Although disastrous for import businesses, this can, perhaps, be a great opportunity for Egyptian exports.

## MAIN CHALLENGES

Over the past few years, security has grown to become an issue nationwide. In 2013, MHCFI was still struggling to deal with security issues that resulted in greater than expected losses. Having improved security, MHCFI saw fewer losses in 2014 onwards. However, despite these improved anti-theft measures, the greatest challenge now is the troubled state of the economy which is driving consumers away from all but the most necessary goods.

## THE ECONOMIC CHALLENGE

Egypt's economy is facing a tremendous challenge. What started as a steady rate of inflation in 2015 has now become far less gradual, with a weakened currency, increased taxation, and increased customs on most products. Although the government promised to only increase customs on luxury items, the increases have touched all classes of products, making choices far more difficult for a consumer already under a great deal of financial



pressure. Despite the problems that climbing inflation has caused, Egypt still seems to lack effective policies to counter this threat.

The scarcity of foreign currency, especially the U.S. Dollar, is also an ongoing concern, and has pressured our import businesses, forcing us to shrink our scale of imports and, in some cases, forcing us to resort to purchase foreign currency from the informal market since, despite the floatation of the pound, many banks are still reluctant to give up foreign currency, even to businesses. It has become easier to get foreign currency since the floatation, but, as previously mentioned, this has resulted in a much higher rate of inflation.

## **THE ENERGY CHALLENGE**

Thankfully, the electricity blackouts and fuel shortages that caused energy shortages in the previous two years have mostly been resolved, however, the price of energy has increased a great deal. Fortunately, the Mansour Group had already started putting energy-saving mechanisms in place, and we have capitalized on our success in that area and have continued to push our offices and factories to become even more energy efficient. We have worked with the UNDP and the Ministry of Electricity to study the benefits of replacing all our lighting with far more efficient LED lights. The study was conducted in two of our Metro Supermarket stores and resulted in an overall reduction of 30% in electricity usage during our tests. As a result, we have procured replacement LED lighting for all our facilities and have installed them across our operations as of December 2016. Hopefully, this will reflect in great savings on electricity in 2017.

## **SWITCHING PARTNERSHIPS**

On July 1st, 2014, AMIDC ended a long-term partnership with Philip Morris International (PMI) and cemented a new partnership with Imperial Tobacco Group (ITG). The new partnership brought in a tobacco manufacturing market share of 0.02% which rose to 0.9% market share by the end of 2016 with a 9% share of the premium segment.

Although this is still significantly less than the market share of 24% that came along with the PMI partnership, MHCFI has worked towards closing that gap by adding new tobacco-related businesses and retaining our tobacco-related workforce. Wasting no time, we launched our new brand of cigarettes under the brand name 'TIME,' as well as two brands of Shisha tobacco; Mazaya and Assal.

## **MANAGEMENT APPROACH**

Currently, as indicated above, our greatest issues are the scarcity of foreign currency and the rising exchange rates. The Central Bank of Egypt attempted to control the parallel currency market by limiting the size of deposits one could make into bank accounts. After the banks had failed to supply even those limited amounts, the Central Bank unlocked the limit but still didn't supply enough currency. These issues had a cumulative effect of slowing down the economy even further, and, alarmingly, caused payment backlogs to our suppliers.

Costs have been spiraling beyond previous expectations. The prices of subsidized petroleum products have increased by 40% on average, and inflation on consumer goods has gone up to 28% (According to the Central Bank of Egypt) because of currency depreciation, tax increases, and subsidy cuts, and the imposition of a new Value Added Tax of 13%. Thus, consumption has gone down as most people buy almost nothing but necessities.

Unfortunately, we expect high inflation and low growth to continue in 2017.

As costs explode due to the economic situation we are focused on retaining and capitalizing MHCFI's workforce. Our employees remain our most prized asset, and we have no desire to downscale any more than we have already had to. Our main approach now is to maintain a solution-oriented style to our management strategies, focusing on sustainable management techniques designed to protect our employees. One example of this was our switch to L.E.D. lighting.

We are committed to reducing costs so that we can keep our employees employed.

Performance Area	Approach
<b>Economic Sustainability</b>	We are focused on maximizing efficiency, reducing production costs, and securing affordable and sustainable energy resources.
<b>Social Sustainability</b>	We continue to support an array of civil society organizations and social enterprises across the country. Our Mansour Foundation for Development has pioneered a locally-driven and bold approach to social investments as it focuses on key social needs including research and programmatic interventions in the areas of education, poverty alleviation, civic engagement, social entrepreneurship, among others, in neighboring communities and beyond. We plan on maintaining and expanding our social investment portfolio, in an effort to contribute to Egypt's sustainable development.
<b>Human Capital</b>	Our employees are one of our primary stakeholders; we continue to invest in their growth and development; to further their growth and the growth of the company. We plan on achieving a more gender-balanced managerial team by investing in the leadership potential of female middle management.
<b>Human Rights</b>	We continue to be committed to a zero-tolerance policy towards child labor and are committed to stand by our minimum wage policy.
<b>Environmental Sustainability</b>	The program focus this year revolved around mitigating the environmental impact of our operations. The energy reduction has been the center focus of this year's program.
<b>Product &amp; Client Responsibility</b>	Together with our employees, our clients are other key stakeholders. We continue to focus on client satisfaction and safety through stringent safety and quality management systems. We also maintain an open communication system with our clients through multiple feedback mechanisms including Facebook, Customer Care Unit.

## **ABOUT THIS REPORT**

This document is MHCFl's fifth sustainability report, and it covers our activities over the period from 2015 to 2016. The purpose of the report is to keep our stakeholders updated as to our achievements and developments and thus allow them to remain engaged with our ongoing corporate narrative. This report gives us an opportunity to highlight the challenges we've faced in recent years and the measures we have taken to overcome those challenges as we remain mindful of our stakeholders and our business partners. The report measures our performance against the indicators of the Global Reporting Initiative (GRI-G3.1), Level B.

Although the report is designed to update the public on our performance, it is also vital to our own business, as it allows us to use the assessments and conclusions to improve our performance in the future. We first committed ourselves to this reporting exercise in 2008, and have successfully published five reports to date.

As always, we have made every effort to improve on our previous analyses and to expand the scope of the information covered by this report.

## **SCOPE & DATA**

The scope of this report is limited to Al Mansour Holding Company for Financial Investments (MHCFl), including the aggregate activities of the eight companies comprising MHCFl. Accordingly, the analysis presented here focuses on the direct community and stakeholders of MHCFl. The report thus addresses neither the practices of the rest of Mansour Group to which MHCFl belongs nor the universes of MHCFl's suppliers and outsourced operations, on which we have little influence for now. We had hoped to be able to extend our monitoring and disclosure capacity to parts of these universes by this reporting cycle, but the economic turbulence we have been facing has forced us to direct our energies to more vital concerns.

In compiling the data and the calculations disclosed below, we followed basic international measurement standards. The information that we provide here is extracted from our databases, bills, internal reports, and externally audited statements. When useful, the information has been augmented through interviewing relevant personnel from MHCFl. This methodology allows us to cover most of the information that reflects on MHCFl's indicators, as per the requirements of GRI level B disclosure standards and the general GRI reporting tradition.

In reporting on the joint performance of the eight companies comprising MHCFl, we relied mostly on our consolidated statements and reports. The compilation of these statements and reports progressed smoothly, as MHCFl's companies utilize the same top management reporting system.

Despite the difficulties that Egypt has experienced through for the last few years, MHCFl has managed to expand sustainability reporting. Like most, however, our reporting is incomplete on some of the GRI indicators. Incomplete data is highlighted in our summary disclosure table at the end of this report, and we are planning more exhaustive coverage by our next report in 2019. We do believe, however, that this is not problematic at the moment since the report is explicit about estimates and the basis on which they are made, and because of the fact that much of our information is similar to that provided in earlier reports with the exception of some fields such as Energy Consumption, Gender Representation, for which we have expanded reporting.

Furthermore, although our sustainability case requires rather straightforward measurements, several environmental indicators require capacities we have not yet acquired. Nevertheless, in comparison to previous reports, environmental data has been expanded. This data includes the steps taken to counter any negative effects of MHCFl operations on the environment.

Information disclosed on intra-company employee movement has also been greatly expanded compared to earlier reports. The hiring and resignation disclosure is more detailed, as is information on employee training conducted in 2015/2016.

## **MATERIALITY & LEVEL REQUIREMENTS**

We designed this report to satisfy GRI level B disclosure requirements. This disclosure level requires a company to report on all GRI profile indicators in addition to reporting fully on a minimum of any 20 performance indicators. These performance indicators include at least one from each of economic, environment, human rights, labor, society, and product responsibility indicators.

In addressing these requirements, we undertook a materiality exercise, as per the GRI's methodology. The nature of the sustainability challenges that we are currently facing and the volatile business environment that we live in led us to believe that some performance areas are of paramount relevance to us, overshadowing others.

The GRI summary disclosure table summarizes the results of our materiality exercise at the end of this report.

## **OUR TEAM**

Our Corporate Affairs Department compiled this report in-house and was verified by a third party. To develop this year's report, we developed several reporting mechanisms to monitor some of the basic indicators on a regular basis. We hope that by doing so, we will be able to institutionalize our sustainability monitoring and improvement efforts at a deeper level. Our Corporate Affairs Manager, Seif El Batanouni, is happy to provide any additional information and elaborations on request.

## GOVERNANCE & APPROACH

Even though the Mansour Group is a private family business and under no obligation to minority shareholders, we engage in many joint ventures and therefore need to address the interests of our partners.

Each division or company within the MHCPI is governed by a Board of Directors which always contains independent members. Our philosophy is that these members bring with them alternative perspectives and diverse viewpoints that affect their companies directly and, by extension, reflect on the approach of MHCPI as a whole. This process is organic and streamlined since the Mansour Group has standardized a single management approach across all its companies.

Mansour Group's Board Members and Managers are listed below.

### COMPANY BOARD MEMBERS & MANAGERS

Metro Market for Trading and Distribution	
Name	Position
Atef Abo Shady	Chairman and Managing Director
Youssef Mansour	Managing Director for Financial Affairs
Yasseen Mansour	Board Member
Mostafa Abboud	Managing Director for Financial Affairs
Dalia Elias	Board Member Emeritus

Al Mansour International Distribution	
Name	Position
Atef Abo Shady	Chairman and Managing Director
Youssef Mansour	Managing Director for Financial Affairs
Mohamed Mansour	Board Member
Mostafa Abboud	Managing Director for Financial Affairs
Dalia Elias	Board Member Emeritus

Al Mansour for Trading and Distribution	
Name	Position
Atef Abo Shady	Chairman
Youssef Mansour	Managing Director of Financial Affairs
Mohamed Mansour	Board Member
Yasseen Mansour	Board Member
Mostafa Abboud	Managing Director of Financial Affairs
Nabil Barghash	Managing Director
Ashraf Abou El Kheir	Board Member Emeritus
Dalia Elias	Board Member Emeritus

Al Mansour Dairy & Food “ Seclam”	
Name	Position
Atef Abo Shady	Chairman
Youssef Mansour	Managing Director of Financial Affairs
Mohamed Mansour	Board Member
Yasseen Mansour	Board Member
Mostafa Abboud	Managing Director of Financial Affairs
Nabil Barghash	Managing Director of Sales
Alaa El-Wakil	Managing Director of Operations
Ashraf Abou El Kheir	Board Member Emeritus
Dalia Elias	Board Member Emeritus

Hayat for Industrialization & Development	
Name	Position
Atef Abo Shady	Chairman
Youssef Mansour	Managing Director of Financial Affairs
Mohamed Mansour	Board Member
Yasseen Mansour	Board Member
Mostafa Abboud	Managing Director of Financial Affairs
Nabil Barghash	Managing Director of Sales
Ahmed Hany El Maghraby	Managing Director of Operations
Ashraf Abou El Kheir	Board Member Emeritus
Dalia Elias	Board Member Emeritus

Mansour Courier Services	
Name	Position
Youssef Mansour	General Manager of Financial Affairs
Mostafa Abboud	General Manager of Financial Affairs
Tony Costa	General Manager

Mansour Manufacturing Free Zone	
Name	Position
Atef Abo Shady	Chairman and Managing Director
Youssef Mansour	Board Member

Mohamed Mansour	Board Member
Yasseen Mansour	Board Member
Mostafa Abboud	Board Member
Dalia Elias	Board Member Emeritus

Mansour Distribution - Free Zone	
Name	Position
Atef Abo Shady	Chairman and Managing Director
Youssef Mansour	Board Member
Mohamed Mansour	Board Member
Yasseen Mansour	Board Member
Mostafa Abboud	Board Member
Dalia Elias	Board Member Emeritus

## COMPLIANCE COMMITTEE

To ensure compliance with local and international regulations, and international best practices, a Compliance Committee is in place and consists of senior management from the Auditing, Financial, Human Resources, Personnel, Corporate Affairs, and Legal Affairs Departments. The committee convenes on a bi-annual basis to review performance, policies, and procedures, as well as to identify and address any gaps. The committee directly reports to the Group's Chairman and engages relevant companies' Managing Directors as needed. By the end of 2016 we also established a Sustainability Committee that reports directly to the Compliance Committee the members of the Sustainability Committee are from middle management, their main purpose is to reduce the gap between Top Management and Workforce through updating all policies and procedures to better reflect on operations and to also undertake performance improvement initiatives throughout the organization.



## **OUR MISSION & VALUES**

MHCFI's governance approach rests on seven main pillars: customer satisfaction; employee development; integrity; quality in achievement; profitability and efficiency; innovation and creativity; and mutual benefit. MHCFI strives to abide by these standards and uses them as benchmarks whenever it evaluates the performance of any of its divisions.

### **Our Mission**

MHCFI is committed to the manufacturing, marketing and distribution of high quality branded consumer products that meet the needs of a wide variety of consumers and complements their lifestyles.

We accomplish this by ensuring that our talented and effective teams base their decisions on sound information and can execute them using updated and effective processes. We will fairly reward our people for their achievements and will continue to pursue an active role in advancing the welfare of our community.

Our future is inspired by the legacy of our founder, his compassion for his employees, and his drive for continued excellence and achievement.

### **Our Values**

#### **Customer Satisfaction**

Our first and foremost responsibility is to satisfy our customers. We will focus our efforts on offering them high-quality brands and services, which give them good value for their money, and this will be the driving force influencing our decisions.

#### **Our People**

As a company, we recognize that our people are the building blocks of our success. We will work to develop a highly skilled and motivated team through rigorous selection, continuous development, and by offering a fair opportunity for advancement, improved quality of life, and the chance to seize opportunities leading to personal and organizational triumph.

#### **Integrity**

We will maintain the highest standards of ethics and integrity in all our dealings. We will work hard to maintain honest and open relationships built on mutual trust. We will honor all commitments, internal and external whether verbal or written.

#### **Quality in Achievement**

We will focus not only on achievement but also on the process which leads to that achievement, with the highest possible standard of quality. Through continuous improvement and collective effort, we will become the first or second in every market in which we compete.

#### **Profitability & Efficiency**

Our profitability will determine our ability to grow. In our efforts to excel we will optimize the use of our resources and keep waste to the minimum.

### **Innovation & Creativity**

We encourage initiatives based on creativity, and the innovations that will make us better at what we do. We will be flexible in our approach to work and will allow for the brilliant exceptions that flourish in an environment of calculated risk.

### **Mutual Benefit**

We will conduct business in a fashion that benefits our company, and all its stakeholders. Where collective business benefits exist, we will work to promote them in a way that ensures that the benefits are maintained for the long-term.

## **ORGANIZATION OF MHCPI**

Each company under MHCPI has a Managing Director (MD) or a General Manager (GM) who is fully empowered to lead his or her company as he sees fit.

This MD or GM is a direct representative of Youssef Mansour, Chairman of MHCPI, within that company. As the father company, MHCPI sets annual targets for each company and uses those for evaluations at the end of the financial year.

MHCPI organization occurs on two levels -

The holding company centralizes basic support functions that are shared across all other companies such as Human Resources Management, Policy Formulation and Control, Supply Chain Management, Auditing, Administration, Security, Legal, and Corporate Affairs.

Each company, however, retains its own operational structure and, when more effective, its own support departments. One example of this is the Quality Control and the Auditing functions which are organized on a company level for Metro Market. Hayat (our bottled water factory) and SECLAM (our dairy factory) also have their own quality control divisions.

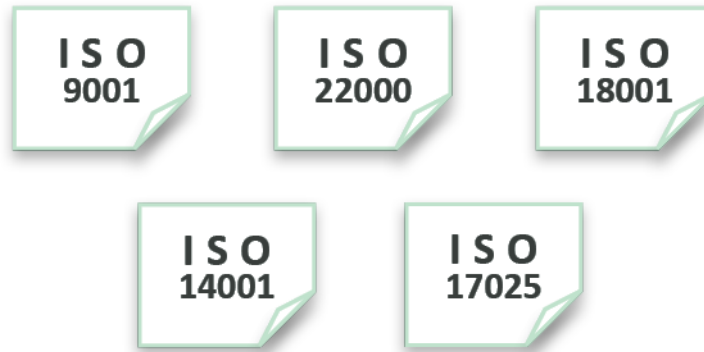
## **CONTROL**

All MHCPI's companies share the same core mission and basic values listed above. These values provide a unifying value system which guides them all, without imposing specific strategies on any of them. This combination of core values and diverse strategies allows all our companies to operate with a great deal of autonomy and yet remain in unison. The fact that many of them also share the same support functions also helps assure a certain level of corporate control.

MHCPI is also governed by many external standards which safeguard our performance and help us operate in a corruption-free environment. These standards are deployed and assured by rigorous internal and external financial and performance auditing systems.

MHCPI has, in fact, an independent Audit department dedicated to undertaking such audits.

Many of our companies have certified parts of their management systems, as per their individual needs. SECLAM and Hayat, for example, have been awarded the following certificates:

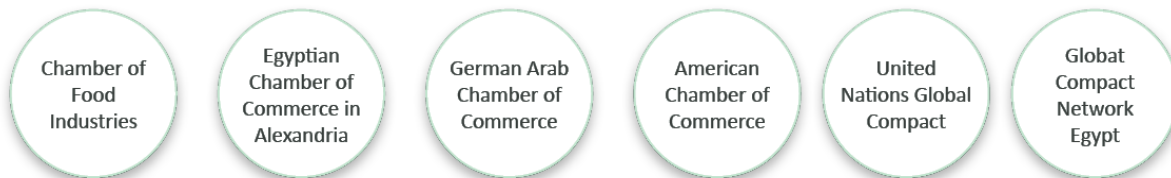


Despite the fact that our business activities are carried out with a level of transparency that leaves little or no room for corruption, the strong anti-corruption sentiments that emerged in the country since the January 25<sup>th</sup> revolution began in 2011 has persuaded us to reexamine ways to battle corruption at all scales. To this end, we have already enacted a grievance reporting policy that makes it much easier and safer for employees at all levels to report any instances of discrimination, embezzlement, corruption, or abuse, whether it be sexual, physical, or verbal.

#### **ASSOCIATIONS & LOBBIES**

In the years before the revolution, the Egyptian governmental bodies used to hold regular meetings with businesses and their representatives to resolve business difficulties. Whereas the premise was laudable, in reality, we suffered from the bureaucracy this entailed and found ourselves constantly chasing permits and licenses. This mechanism collapsed during the revolution and has since been slowly rebuilding. With a new president elected in 2014, and a new parliament in place, dialogue between the private sector and public representatives has resumed but has yet to take solid shape.

As of today, we stand as active members in several business associations, including the following:



#### **EXTERNAL RELATIONS**

On Fiscal and regulatory matters, and through its Corporate Affairs department, MHCPI is constantly engaged with most of its governmental stakeholders, including the Ministry of Finance, the Ministry of Supply, the Ministry of Trade and Industry, the Ministry of Health, the Tax Authority, the Customs Authority, and the Consumer Protection Agency. This work is all about ensuring that the long-term playing field for ethically competitive businesses, an environment which we believe to be in our favor.

MHCPI also pursues common initiatives, with many of these authorities, that serve both the nation and our core businesses.

## ANNOUNCING OUR PERFORMANCE RESULTS AND POLICIES

Although our companies are not publicly traded, we make available our financial statements available to any stakeholder interested in such access and is regularly emailed to major stakeholders such as governmental organizations, private sector clients and partners, and our civil society partners.

It is also made available on our website at <http://mmd.mansourgroup.com/>

Employees are also kept updated through an internal email system, and updates are highlighted in our internal newsletters, announcements are also communicated directly to the different department managers who, in turn, communicate them to their staff.

In addition, the latest versions of all our policies and procedures are available on an electronic database to which all staff members have full access.

## GAP ANALYSIS AND COMMITMENT TABLE

Mansour Group is continuously improving its economic, environmental, and social performance in accordance with established standards, both regional and international.

Company managers and directors are constantly driven to identify any relevant gaps and schedule their planned modifications to the date. This urgency helps create an environment that mitigates risks and exploit opportunities and ensures that all MHCFI companies maintain our adopted standards both professionally and ethically.

We have listed the main commitments we make to our stakeholders below –

Commitment	Target date
Develop an Internal Training Program for Managers on Sustainability Issues	2017-2018
Develop a comprehensive Anti-Corruption Policy and outline anti-corruption goals	Partially Achieved
Create an Internal Sustainability Committee	Achieved
Create an Internal Sustainability monitoring and reporting system for all involved departments	Achieved
Develop a comprehensive Stakeholder Engagement Plan	Achieved
Developing a uniform Waste and Energy Monitoring System for: - Monitoring the amounts of waste by type, weight, and volume generated; - Monitoring direct and indirect energy consumption; - Tracking how contractors handle collected waste; - Tracking the impact of energy saving initiatives; and	1, 2, 3, and 4 Achieved; 5 to be achieved in 2017.

Monitoring the portion of materials that are recycled.	
Develop a comprehensive Policy on Product Responsibility across the group	Achieved
Implement stakeholder engagement plan	Achieved
Continue research and business development for new <i>base of the pyramid</i> investment opportunities	On-going

## **OUR PEOPLE**

At MHCFl, we believe in our employees and staff and regard them as the company's most important assets. We are proud to have developed, over time, a robust mechanism for attracting the high-caliber workforce that we need, and to have developed a system that safeguards their interests and builds their capacities. We invest in our people.

These investments have paid off handsomely from a generational standpoint, manifesting as, in now senior employees, an urgent loyalty to the group, a great dedication to the company, and a deep commitment to the values MHCFl upholds.

We recruit whenever a vacancy emerges in our companies, and we have adopted a salary scheme that pegs our pay to the average pay on the market while honoring a minimum wage policy in cases where the average is even lower.

Along with our human resources policy, our formal contracts safeguard the interests of our employees. Our employees are intensively trained to build their careers with a view to keeping them indefinitely. If they do not remain with us, however, then we are proud to say that we have helped them become highly qualified for any other potential employer and for a variety of excellent positions. We provide our workforce with fair, transparent, and periodic performance evaluations. The establishment of the Mansour Training Academy in 2015 marks a clear and continuing focus on capacity building for our employees.

### **RECRUITMENT**

Mansour Group advertises for vacancies through national and local media, and through appropriate communities. Relevant staff members, in cooperation with the HR department, then screen all job applications. Jobs are awarded to those applicants most qualified. All our recruitment activities are governed by publicized policies and procedures.

With respect to pay, we determine salaries per market surveys of the fast-moving consumer goods sector (FMCGs), our main field, conducted by third parties and specialized firms. We target a salary scale in the middle of the market spectrum for the same position, as per these external studies. Those salaries are then modified per the skills and experiences of the candidate.

Previously the minimum wage, as referenced by state employment, was quite low, and we had set our minimum wage higher. In the aftermath of the revolution the state minimum wage, at 1,200 EGP/Month effectively caught up with our own. In consideration of our employees, however, and fully aware of the rising costs of living, we plan to raise wages in 2017.

### **BENEFITS**

Egyptian laws regulate the minimum medical insurance for workers as well as their pension schemes. MHCFl honors these laws and provides its staff with further benefits including:

- Mansour Medical Care Unit (An internal Health Insurance system for Mansour Employees)
- Meals or allowance for meals for manufacturing workers
- Transportation allowance when traveling, and a company car, according to grade;
- Company transportation for our factories
- Mobile phone allowance, according to grade; and
- Special rewards for outstanding performance.

Details on the number of employees, their salaries, and their benefits are broken down by each company and can be found in the following table:

Company	Salaries Without Incentives	Incentives	Total Paid	Number of Employees		
				Car Allowance	Transport Allowance	Those With Special Needs
MID	57,669,456	290,400	57,959,856	38	93	2
MTD	65,994,036	14,802,468	80,796,504	188	3	5
SECLAM	37,654,284	0	37,654,284	4	10	16
SECLAM Sales	9,256,584	154,980	9,411,564	3	0	0
Hayat	9,622,260	637,944	10,260,204	2	1	0
MMC	2,184,264	0	2,184,264	8	0	0
MET	135,120	0	135,120	0	1	0
MDC	935,004	0	935,004	0	0	0
Metro Market	166,100,844	33,060	168,318,168	97	125	56
U P S	7,520,520	234,660	7,755,180	0	19	1
<b>Total</b>	<b>357,072,372</b>	<b>16,153,512</b>	<b>373,225,884</b>	<b>340</b>	<b>252</b>	<b>80</b>

In accordance with our policy, MHCFl provides all its employees with formal contracts. These contracts provide our workers with a level of job security that many others lack in Egypt, where working informally without a contract has been endemic in recent years.

MHCFl also follows all relevant labor laws: providing its female staff with three months' maternity leave; awarding all employees with a one-month notice period and following Egyptian law with respect to penalties. In cases of termination, we provide them with two months' pay for each year worked.

#### EMPLOYMENT LEVEL AND TURNOVER

MHCFl employs 8,243 people, a little less than the 8,723 employees mentioned in our last report, with a turnover of 480 employees or around 5.5%. Metro Markets and Kheir Zaman are both labor intensive operations, and much of their labor is transient. Accordingly, these operations account for around 59.9% of our employment. Most of our turnover occurs within those operations.

In Egypt, as in other countries, the turnover for supermarket employees is quite high. Most employees view these positions as a temporary position on their way to more fulfilling careers. Outside of our supermarket chains, we have had a very high rate of employee retention.

#### Turnover Tables

##### Mansour International Distribution

Year / Exits & Entries	Exits	Entries
2015	404	3
2016	83	19

Mansour Trading and Distribution

Year / Exits & Entries	Exits	Entries
2015	180	202
2016	235	579

SECLAM

Year / Exits & Entries	Exits	Entries
2015	83	63
2016	76	119

HAYAT

Year / Exits & Entries	Exits	Entries
2015	66	71
2016	72	22

Manufacturing Free Zone

Year / Exits & Entries	Exits	Entries
2015	4	3
2016	6	18

Distribution Free Zone

Year / Exits & Entries	Exits	Entries
2015	0	1
2016	1	0

Metro

Year / Exits & Entries	Exits	Entries
2015	1,409	557
2016	1,261	1,468

UPS

Year / Exits & Entries	Exits	Entries
2015	1	23
2016	18	15



## TRAINING AND CAREER ADVANCEMENT

The training and career development of our employees is a deeply ingrained part of MHCFI's core values. We conduct career planning and training sessions for employees daily. We are committed to developing our employees and building their capacity, not only assisting them to reach their full potential, but also equipping them with the skills and knowledge that they need to advance up the management ladder.

We divide our training programs by type and by managerial level. During the year 2015, we trained a total of 3,468 employees, 20,808 training hours in total. This number increased to 4,927 employees, totaling 29,562 training hours in 2016, the details of which are as follows:-

The following table details Mansour Training Academy's Performance for the year 2015: -

Type of Training	Managers	Mid-Level	Subordinate	Total
Technical Skills	38	274	572	884
Business Needs	117	726	728	1,571
General (Orientation & Induction)		35	508	543
On Job Training		115	246	361
Executive Training (Session)				
Soft Skills	5	27	7	39
Certificates & Diplomas		1		1
Overseas Training	9			9
English	12	23	25	60
Total 2015	181	1,201	2,086	3,468

The following table details Mansour Training Academy's Performance for the year 2016:-

Type of Training	Managers	Mid-Level	Subordinate	Total
Technical Skills	57	317	696	1,070
Business Needs	131	930	1059	2,120
General (Orientation & Induction)		15	251	266
On Job Training		145	1027	1,172
Executive Training (Session)		20		20
Soft Skills	10	150	66	226
Certificates & Diplomas	2	4	10	16
Overseas Training	13	3		16
English		7	14	21
Total 2016	213	1,591	3,123	4,927

## **Training Details:**

### **Technical Skills**

*Grocery (Merchandising) - Fresh Food - Home Delivery - Assessment Center Analyst – Security Skills – Security System - Train The Trainer – SAP System – Customer Loyalty Program – Safety & Hygiene – Electronic Vouchers System – Taxes Awareness Session.*

### **Business Needs**

*Customer Service – Selling Skills – Negotiation Skills – Communication Skills- Balanced Feedback – Planning & organizing primer - Decision Making & Problem-Solving – Empowerment – Advanced Communication – Strategic Planning – Re-Ordering – Effective Sales Management – Finance For Non Finance – Delegation – Managerial Functions – Leadership For Managers – Time Management – Stress Management – Motivation – Strategic Management – Business Etiquette – Governmental Relations – TOT Workshop -*

### **General**

*Orientation & Induction – Introduction to the Retail Industry (Basics of Customer Service – Basics of Selling Skills – Basics of Safety & Hygiene- Grocery - Fresh Food).*

*In-house Programs for Sales & Marketing*

*On Job Training - Awareness Session*

### **Executive Training**

*Leadership Development Programs*

### **Soft Skills**

*Communication Skills Workshop - Negotiation Skills Workshop - English Business Communication - Team in Action - Leadership in Action*

### **Certificates & Diplomas**

*Supply Chain Diploma - PMP - Mansour Retail Diploma - Human Resources Diploma - Certified Assessor – MBA & DBA*

## **CAREER ADVANCEMENT**

MHCFI's commitment to employee development is perfectly illustrated by our investment in our Metro supermarket employees in particular. In a sector with generally high turnover rates, we designed training programs that make it clear to our employees that we care about their long-term careers. Furthermore, we are proud to say that all our current store managers started out as store workers and rose to managerial level because of their high performance, extra training, years of experience, and general excellence in all the tasks they undertook. This developmental path has been so effective that we have not needed to recruit store managers from outside our operations.

Employee development and training are guided by periodic performance appraisals and objective KPI's; these serve a dual purpose. On the one hand, they inform our staff of their strengths and weaknesses so they can train themselves accordingly, and on the other hand, they provide us with the means to determine annual bonuses and decide on promotions.

## SAFETY

All our employees are trained in basic evacuation procedures and can handle crisis situations. Most of our employees have also been trained in basic firefighting. Whereas our activities do not put our employees at much risk, we have nevertheless given workers special training, safety goggles, gloves, helmets, and safety shoes to those working in 36 jobs that we've identified as needing higher safety precautions.

Currently, MHCFI only monitors medium and serious work injuries, of which we've had none in the last two years, with this level of safety assured, we are expanding into a system that also extends to minor injuries.

## GENDER

Even though our policy has always been to base our salaries on employee qualifications with no regard for gender, we've created a grievance mechanism policy that addresses discrimination, and are ready to have it running from the start of 2017. Despite our efforts, Egypt remains set in some traditions, and women are rarely found in what are deemed by the culture to be 'heavy' industries. We have achieved great strides at equalizing the gender ration at management levels, but achieving a more balanced gender balance at the blue-collar level requires longer-term shifts in the socio-cultural values of the whole country.

The following graphs show gender distribution figures at our companies:

[CHARTS Based on These Numbers]

Company	Males	Females	Total Employees
UPS	77	10	87
METRO	4,645	285	4,930
DFZ Distribution	9	0	9
DFZ Manufacturing	64	2	66
Hayat	166	4	170
SECLAM	871	69	940
FOODS	1,492	64	1,556
International	428	48	476
<b>TOTAL</b>	<b>7,752</b>	<b>482</b>	<b>8,234</b>

By Company

Al Mansour International Distribution Co.

Job Level	Male	Female	Total
Upper Management	24	5	29
Middle Management	86	11	97
Workforce	318	32	350
Total	428	48	476

Al Mansour For Trading & Distribution Co.

Job Level	Male	Female	Total
Upper Management	7	1	8
Middle Management	226	11	237
Workforce	1259	52	1311
Total	1492	64	1556

Hayat Company For Industrialization & Development

Job Level	Male	Female	Total
Upper Management	5	0	5
Middle Management	12	2	14
Workforce	149	2	151
Total	166	4	170

Al Mansour FreeZone – Manufacturing

Job Level	Male	Female	Total
Upper Management	0	0	0
Middle Management	5	0	5
Workforce	59	2	61
Total	64	2	66

Al Mansour Dairy & Food Company (Seclam)

Job Level	Male	Female	Total
Upper Management	7	2	9
Middle Management	10	6	16
Workforce	854	61	915
Total	871	69	940

Metro Market For Trading & Distribution Company

Job Level	Male	Female	Total
Upper Management	4	0	4
Middle Management	715	18	733
Workforce	3926	267	4193
Total	4645	285	4930

## **OUR COMMUNITY**

Not limiting ourselves to responsible business practices, we channel our substantial resources towards promoting the welfare of Egyptian society by helping with education, socio-economic development programs, and any other initiatives that we determine to be credible and beneficial to the community at large. Our greatest mechanism for the achievement of these goals is the Mansour Foundation for Development (MFD) which is dedicated to the battle against illiteracy, poverty, and disease. The Foundation pursues these goals with passion & strategic insights through valuable partnerships established with our local developmental communities. It is these partnerships that have allowed us to determine areas of great need, and focus our contributions accordingly.

### **ABOUT THE FOUNDATION**

The Mansour Foundation for Development was launched in January 2001 as the first non-profit grant-making organization to be fully and solely funded by an Egyptian family. Driven by the Mansour family's tradition of integrity and values, MFD is dedicated to mobilizing, strengthening, and empowering key actors engaged in advancing Egypt's developmental process.

The Mansour Foundation board of directors believes that the corporate success of the Mansour conglomerate and the social welfare of Egypt are intertwined and interdependent. Thus its vision of sustainability is based on shared value creation; investing in the creation of a healthy, educated, workforce, and in sustainable resources. It is a value-based foundation with a mission to advance development in its broadest and most holistic sense by fostering a culture that facilitates cross-pollination between business, government, and civic sectors to create more equitable and inclusive social economies.

Taking into consideration our mutually re-enforcing imperatives of Purpose, People, and Passion, the foundation transforms the ground realities for vulnerable groups through more than sixty programs aimed at enhancing education, health, capacity building, and youth and women's empowerment.

For the last few years, Egypt has been going through an economic and political transition that continues to affect the entire society deeply. Although the Foundation is non-partisan, we stay current with change and have learned to embrace it by creating new opportunities, thus enabling our community to blossom, remain healthy and sustainable, and continue to be fueled by a diverse, inspired, and innovative younger generation. In pursuit of this, the foundation has focused its time, attention, and resources on five main issues:

#### **1. Youth Empowerment**

Egypt needs all the energy, brains, imagination, and talent that young people can bring to bear down on its difficulties. For the society to solve its disparate problems and catalyze transformational results, we supported youth in various ways: A) Entrepreneurial Fellowships, B) training, C) Seed Funding, D) Coaching, E) Mentoring, and F) Incubating social entrepreneurs.

#### **2. Women's Empowerment**

There is no developmental tool more effective than the empowerment of women who instigate and lead positive change within their families, communities, and the world. MFD's women's empowerment program works to build women's capacities, enhance their awareness regarding key social issues, and give them the opportunity to forge partnerships amongst themselves and various contacts. An integral part of this program is focused on strengthening the capacity of local and regional artists and artisans and promoting their work. In this respect, MFD

works with local female artists to engage the wider public in the promotion and preservation of Egypt's rich cultural heritage.

### **3. Philanthropic Outreach to Underserved Communities**

MFD is committed to taking philanthropic action based on integrity, innovation, and inclusion using a long-term strategic approach to supporting programs that help solve crucial issues of a social, educational, capacity building, or advocacy-related nature. MFD works with over twenty academic and nonprofit partners and is routinely acknowledged among the leaders of Egyptian philanthropy and development. We hold annual programs for humanitarian aid, poverty alleviation, and other kinds of social support – helping orphans, lower-income families, and kids with disabilities.

### **4. Partnerships for Awareness, Advocacy, and Academic Research**

In social and economic development MFD is an active supporter of knowledge sharing, raising awareness, and role modeling - all of which are expressed through various methods designed to influence public-private partnerships, government officials, journalists and the media, development agencies, and large NGOs.

### **5. MFD's Strategic Insights to the Regional and Global Philanthropic Map**

The foundation is a member of several regional platforms and networks with the aim of unlocking the knowledge needed to understand the field, make better strategic choices, and strengthen our local impact while keeping in mind a global mindset.

In 2015 - 2016, MFD implemented, amongst others, 10 Philanthropic projects, ten youth empowerment projects, two women leadership empowerments, three entrepreneurship incubations, three corporate voluntarism events, 10 Advocacy events, 20 youth training workshops, three health initiatives, five educational scholarships and fellowships. In total, we have extended our support to over 250 thousand beneficiaries.

MFD works with over 20 academic and nonprofit partners, and is voluntarily serving on the boards of directors of 2 developmental NGO's, 3 CSR committees, two ministerial committees for sustainability, and is also a member of 4 global philanthropic and grant provider platforms.

*"MFD is committed to helping Egyptian communities and does so by investing in youth and women wherever our ideas and resources can make a difference." – January 2001*

Since our original mandate was announced at the start of 2001, the Mansour Foundation has committed more than EGP 100 Million to philanthropic, developmental, and entrepreneurial initiatives.

## **GUIDING PRINCIPLES**

In these philanthropic and sustainable development investments, we adhere to these guiding principles:

- Align with our core code of conduct by focusing on Integrity, inclusion, community engagement and creating shared values.

- Institute good governance and grant-giving effectiveness.
- Measure overall foundation performance to ensure maximum social benefit created in relation to resources invested.
- Engage the time and talent of youth at all levels of our work.

## **Mansour Foundation for Development & the Global Goals**

As part of our commitment to the pledge we made to the UN Global Compact, the Mansour Foundation is dedicated to the achievement of the GC's Sustainable Development Goals.

The Sustainable Development Goals, also known as the "Global Goals," were adopted by the UN Member States in September 2015 as part of a new sustainable development agenda aimed at helping all countries reduce poverty, tackle climate change, and build resilient and inclusive communities worldwide.

The Mansour Foundation for Development is committed to helping achieve all 17 Global Goals. This section of our report gives examples of how we are helping to achieve some of them.

### ***SDG # 1 No Poverty –***

*End poverty in all its forms everywhere.*

MFD focuses on vulnerable populations throughout Egypt, most of which live in low-income situations. With those populations, we focus on providing access to financing, the formation of asset building groups, livelihoods development, and, among others, nutritional support. We collaborated with the "*Lebaladna*" (Our Country) association, the "*El Allam Beyti*" (The World is My House) community foundation, the "*Bani Shebl*" (Sons of Shebl) community foundation, and the "*Bedaiya*" (Beginning) association on annual programs with an integrated approach to poverty reduction that focuses on reducing extreme poverty in communities through improving livelihoods and nutrition and the strengthening of local, especially governmental, networks.

The activities under this initiative serve more than 135 thousand citizens each year. These include women and orphans in 10 underserved areas in 5 governorates: Cairo, Giza, Alexandria, ElSharkiya & ElFayoum.

### ***SDG # 2 Good Health and Well-being –***

*Ensure healthy lives and promote well-being for all at all ages.*

Our aim is to strengthen local institutions to enable them to provide better health care and to ensure community access to that care. The Mansour Foundation partnered with the National Heart Institution, the Alexandria Endoscopy Association, and the Children Cancer Hospital (known by its hot number as '57357') to increase their capacity with training, equipment, and awareness – all of which help promote healthy decisions and reduce the rates of cancer and heart diseases as well as leverage the skills of young doctors in endoscopic surgeries.

The activities under this initiative served more than 23 thousand patients and doctors in the governorates of Cairo, Giza, and Alexandria.

### ***SDG # 4 Quality Education –***

*Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all.*

The Mansour Foundation's workforce development approach is strategic-driven and focuses on youth development opportunities and innovations. We work with the young to customize technical training programs, providing soft skills and enriching the spirit of citizenship by supporting university students in both national and international innovation competitions and by providing scholarships.

Our partnerships leveraged well-ranking faculties such as the Faculty of Engineering at Cairo University, the Faculty of Engineering at Alexandria University, Nile University, and the Arab Science & Technology Foundation, thereby empowering 17 innovation teams comprised of 500 university students and faculty team advisors. Moreover, those youths participated in 5 international competitions for students and represented Egypt in the United States of America, Canada, Italy, and Malaysia.

We are also finalizing a training manual on Young Responsibility, Rights, and Identity, and will be organizing several capacity building workshops for university students.

Alongside these activities, the Mansour Foundation provided three scholarships: a 4-year scholarship in Applied Medicine at 6th of October University, one MBA degree at the Arab Academy for Banking and Financial services, and one partial scholarship in Medicine overseas.

#### ***SDG # 5 Gender Equality –***

*Achieve gender equality and empower all women and girls.*

We work to provide women with access to the resources, employment, and education that they need to reduce inequality and to promote their full participation in their communities. In this regard, we partnered with the Educate Me Foundation to offer a better education for children in one of the slum areas in Giza and to help provide affordable education to around 2,000 beneficiaries. MFD has also developed a women's empowerment program which focuses on supporting small businesses and projects run by women.

We incubate and fund the activities of a network of women artists called Egyptian Artists. Through this initiative, more than ten Egyptian craftspeople have been given the opportunity to celebrate Egypt's rich cultural heritage through the design and promotion of diverse artworks and products at MFD's networking and outreach events.

In partnership with Ahead of the Curve, we also cofounded a 'Community of Leaders' for women executives through which they empower other executives, promote female leadership in the economy, and influence public policy.

#### ***SDG # 7 Affordable and Clean Energy –***

*Ensure access to affordable, reliable, sustainable, and modern energy for all.*

MFD enables communities to use clean energy. Through the Mansour Special Competition for Sustainable Development, conducted by Enactus, and in partnership with 49 teams, 5500 active students from Egyptian universities, and several academic institutions, we awarded young projects that demonstrated the viability of clean



energy businesses, and we helped expand their businesses skills and ideas. This competition ran across all 27 Egyptian governorates.

The Mansour Foundation cosponsored Egypt's participation in Toronto World Cup, at which Ambassador Moushira Khattab was the head of the Egyptian delegation.

***SDG # 8 Decent Work and Economic Growth –***

*Promote sustained, inclusive, and sustainable economic growth, full and productive employment, and decent work for all.*

To achieve growth and aid the development of livelihoods in Egypt, the Mansour Foundation encourages the development of micro, small, and medium-sized enterprises through entrepreneurship training, access to finance, market linkages, and technical capacity development.

We provide incubation, mentorship, and coaching to youth and women through our activities whenever possible, and in internships and apprenticeships for on-the-job learning and skills development. MFD also provides vocational training and education about entrepreneurship promotion for low-income and at-risk youth, with a curriculum that has been designed by experienced trainers from the Ministry of Youth.

Mansour Foundation is currently incubating and mentoring 4 Young initiatives including:

- |                      |                            |                                  |
|----------------------|----------------------------|----------------------------------|
| • “Kheir Man”        | (A Man of Goodwill)        | Youth awareness raising program. |
| • “Giran”            | (Sustainable Neighborhood) | Community Mobile Application     |
| • “Egyptian Artists” |                            | Women Initiative                 |
| • “El Massar”        | (The Pathway)              | Entrepreneurial Initiative.      |

***SDG # 10 Reduced Inequalities –***

*Reduce inequality within and among countries.*

In collaboration with the Egyptian Union for People with Special Needs and the Wave Academy, MFD sponsors sports activities for children with special needs in Alexandria.

***SDG # 17 Partnerships for the Global Goals –***

*Strengthen the means of implementation and revitalize the global partnership for sustainable development.*

At MFD we work to create collaborative learning environments for diverse stakeholders. In every community where we work, the partnership is at the heart of what we do and how we do it. All MFD programs have a partnership at their core, whether with the government, civil society, or the private sector and always with the communities themselves.

Our partnerships include the International Labour Organization (ILO), the Arab Foundations Forum (AFF), the American University in Cairo (AUC), the Egyptian Ministry of Social Solidarity, and the Terous Foundation, amongst many others, in an effort to bring diverse entities together in a multi-stakeholder approach to maximize collaboration and the impact of public-private partnerships.

On the regional level, MFD fosters philanthropic dialogue and networking through its role as Vice President of the Arab Foundations Forum and by contributing to global philanthropy through the Wings Forum and the African Grant Makers Forum.

Driven by the dynamic organizational culture of Mansour Group, MFD's strategic insights have gained recognition in the region and MFD is now one of the main pillars of Egyptian social economy.

## **GOOD PARTNERS**

We make a difference by engaging with communities and governments, the private sector and NGOs. As partners for good, we bring together complementary strengths and share responsibilities towards achieving common goals. Slowly but surely, MFD's philanthropic efforts and initiatives since 2001 continue to drive economic growth and make a substantial difference to the lives of thousands of Egyptians every year.

## **OTHER PROJECTS**

### *The Global Compact*

Mansour Holdings is one of the first participants and the official representative of the Global Compact Network in Egypt since 2004 and, for the past 11 years, we have been working with the UNDP in supporting and empowering the local network in Egypt financially, morally, and in all its practices. The network was incubated under the Egyptian Corporate Responsibility Center (ECRC).

Per the U.N. Global Compact mandate, there have been increased requests from the UNGC to encourage all local networks across the world to turn into independent entities to work on achieving and mainstreaming 'Business Globalization' and becoming an effective partner with local businesses, non-profit organizations, developmental agencies, social enterprises, and the government, for a better sustainable future for the local communities.

The Global Compact Network in Egypt officially exited the ECRC as of the 30<sup>th</sup> of November, 2015, and has been hosted at the Sixth of October University pending its legal registration as a foundation. During this period, we have renovated our newly dedicated office (GC Office) in Dokki, Cairo, in addition to securing eight dedicated founders that have a proven record of accomplishment and that have been long-standing members of the Global Compact.

### *Flood Victims in Alexandria*

Youssef Mansour was born and raised in the city of Alexandria and has a strong affinity for the city. Consequently, he did not hesitate to donate 10 million pounds to relieve the people of Alexandria in the aftermath of the devastating floods that recently took place.

Mr. Mansour's donation not only reflects his social contributions and humanitarian nature but also reveals his rapport with the city in which he spent his formative years. He has both a psychological and emotional association with Alexandria and is deeply affected by any events that impact it.

Mr. Mansour asserted the importance of observing transparency and setting significant and clear standards for the disbursement of the donation and decided that it should be arranged through the Ministry of Social Solidarity. Accordingly, the Minister of Social Solidarity formed a committee presided over by the Governor of Alexandria and several leaders from the relevant authorities. This committee was responsible for articulating a set of standards to allow for the selection of families that have lost their homes and belongings, and which were most in need of assistance. Finally, 84 families were identified, and the funds were directed towards building a new residential

tower in Gheit El Enab, this also included furniture and appliances, this building housed 48 families and another building was bought and restored in Amreya and housed the remaining 36 families.

## **OUR ENVIRONMENT AND PRODUCT RESPONSIBILITY**

This section presents our environmental and product responsibility performance. We divided the section into two parts, dedicating one part to each of the two topics.

### **ENVIRONMENT**

Our environmental footprint is not among our high impact areas; much of the GRI indicators that cover this area are therefore of moderate to low materiality for us. Most of our operations do not pose any threat to biodiversity or endanger listed species, are not located within or near protected or restored habitats, and produce little non-recyclable waste. Moreover, our operations are not energy intensive, nor do they emit large quantities of CFCs or greenhouse gasses. The aspects of our environmental performance that might be of high materiality to our operations are, essentially, our waste and transportation activities.

### **WASTE**

All our companies deploy waste management systems that collect their waste and separate it by type. An external contractor (usually the supplier of the original material) then buys much of this waste from us, since most of the waste generated acts as inputs in other industries.

The type of waste that we produce includes plastic bottles (which are sold to plastic factories), paper, wood, dust tobacco, rolling paper, and unsold supermarket commodities. We also produce other production-related waste but in very small quantities. Our indirect waste includes the packaging material that we use in our production or distribution, mainly paper and aluminum cans, and plastic bottles.

To date we monitor the aggregate waste in our supermarket chains only; and we calculate the numbers in terms of a percentage of sales, rather than by weight and volume. We are still reviewing the advantages of finding one organization with the capacity to collect all our waste. The drawbacks of this are that we eliminate a source of income for our current small waste collectors. In both cases, most of the waste is recycled or used as inputs for biofuel.

At our dairy factory in SECLAM, we also treat our waste water and then use it to water all the gardens inside our property, this process saves over 4 cubic tons of water annually.

### ***Future Plans***

We are currently putting in place a new waste monitoring system that monitors waste by type, weight, and volume. This system should supply us with crucial information that we still lack. We are also moving to expand this waste management system to the whole company. Furthermore, we have been offering products that we remove from our inventories well before their expiry dates to our employees at heavily discounted rates.

### **ENERGY**

Electricity remains our primary source of energy, with all our companies operating on electricity, and connected to the national electricity grid. Our Hayat Company is the only exception, as it generates all its electricity in-house because it operates in an area that lacks access to the national grid. Furthermore, to overcome blackouts, we have secured several generators for companies to operate on when the power is out. While all our companies operate on electricity, and many of them own and operate emergency generators to cover electricity blackouts, we don't have generators in our supermarket stores.

We have expanded our reporting on all our direct and indirect energy consumption. We still need to expand the relevant data from our various databases further. We have also finalized our transformation to LED lights in all our Administration and Factory buildings in addition to our 23 warehouses across the nation and our 90 Supermarket stores in Metro, Mini Metro, Kheir Zaman and Fresh Food Markets reducing our overall energy consumption by approximately 30%. In addition, we aggregate most of the fuel consumed by the fleets of our different companies, which represents our largest environmental impact. The following table summarizes our fuel consumption in EGP.

#### FLEET CONSUMPTION

	Solar				Benzene			
	2015		2016		2015		2016	
	Unit	Value	Unit	Value	Unit	Value	Unit	Value
<b>AMIDC</b>	752,338	1,264,867	459,165	854,367	443,245	1,146,685	362,063	984,635
<b>Hayat</b>	194,121	346,601	79,812	145,576	19,582	50,877	11,472	30,569
<b>AMTDC</b>	5,854,378	8,631,481	6,656,735	9,821,053	219,430	581,493	295,166	790,062
<b>UPS</b>	52,299	94,138	85,538	157,752	78,522	204,158	44,216	118,576
<b>Metro</b>	2,053,000	3,699,918	1,877,811	3,845,764	401,117	849,004	337,293	705,669

#### D I E S E L

Company	Diesel			
Year	2015	2015	2016	2016
Units / Value EGP	UNIT	VALUE	UNIT	VALUE
MID	0	0	12,234	22,015
HAYAT	572,358	1,030,246	734,920	1,322,857
SECLAM	2,148,100	3,953,290	1,858,200	3,612,804
Mansour Trading & Distribution	12,222	22,000	0	0
Total	2,732,680	5,005,536	2,605,354	4,957,677

#### W A T E R

Company	Water			
Year	2015	2015	2016	2016

Units / Value EGP	UNIT	VALUE	UNIT	VALUE
MID	41,255	134,093	23,524	100,648
HAYAT	3,479	6,959	2,549	8,924
SECLAM	324,479	1,619,300	280,323	1,584,566
Mansour Trading & Distribution	13,899	80,008	14,077	106,817
UPS	1,795	8,077	3,790	22,385
Metro Markets	388,588	1,068,619	307,127	976,324
Total	773,495	2,917,057	631,390	2,799,666

## E L E C T R I C I T Y

Company	Electricity			
Year	2015	2015	2016	2016
Units / Value EGP	UNIT	VALUE	UNIT	VALUE
MID	1,994,739	1,132,686	2,438,427	1,376,494
HAYAT	113,587	67,292	130,858	78,397
SECLAM	12,256,659	5,915,785	12,196,388	6,873,723
Mansour Trading & Distribution	1,405,378	832,596	1,693,728	1,061,744
UPS	383,047	304,515	388,892	351,784
Metro Markets	69,767,823	52,953,222	57,475,193	48,174,900
Total	85,921,233	61,206,097	74,323,486	57,917,042

## **Product responsibility**

The Mansour Group enforces all the necessary precautions that ensure the safety and quality of all our products.

We have produced a comprehensive quality policy document that defines the international hygiene standards to which we are committed. These standards focus on minimizing any risks of product contamination, and ensure that our products meet the high standards that customers have come to expect from any of the Mansour Group companies. Our quality control process eliminates any manufacturing deficiencies that might damage the products or that could endanger the health of our customers. The associates of Seclam, Hayat, and Metro Markets share the objective of manufacturing and distributing safe, wholesome, and high quality products. Below are some of these product quality policies:

### **Food safety policy**

Seclam, Hayat and Metro Markets are fully committed to food safety and seek to comply with laws and legislations with the aim of constantly improving their performance on quality and food safety and reducing customer complaints.

This is achieved through the following: -

- Providing an appropriately healthy work environment for employees and contractors on sites.
- Identifying new processes of food safety and developing mechanisms to implement them whenever possible.
- Investigating any manufacturing steps which lead to irregularities in quality and determining the necessary measures to correct them.
- Providing a training program on food safety for all employees and contractors to ensure their full awareness of their roles and responsibilities.
- Achieving the highest standards of quality management through the creation, implementation, and maintenance of an integrated system for food safety and quality.

### **Premises & Maintenance**

Our factory entrances are equipped with hygiene rooms to protect staff, visitors, and products from any form of contamination.

- To prevent product contamination, premises are located away from environmentally polluted areas and areas that are subject to flooding or prone to pest infestations. They are also kept away from areas where waste cannot be effectively managed.
- The premises are all designed in such a way that they can be easily cleaned and adequately ventilated. They are well lit and have sufficient pest control procedures. Staff facilities are also designed and operated in a way that minimizes the risks of product contamination.

- We have an adequate system for the collection and disposal of waste products, which are not be allowed to accumulate in food handling, storage, or other working areas inside or outside the factories. Waste areas are well defined and segregated from production activities, and our waste disposal measures meet all legislative requirements ensuring that all our waste is disposed of by licensed contractors.

### **Control of Operation**

- Raw, unprocessed materials are segregated from processed products to avoid contamination, and products have appropriate shelf-life controls with expired materials being segregated and scrapped. Furthermore, all raw materials are purchased from approved suppliers in accordance to a Vendor Assurance Program, and are stored in conditions that maintain their quality and freshness.
- For food safety, a risk assessment procedure (HACCP) is used to define all critical control points (CCP's). Furthermore, all operating procedures for food recipes are available for reference throughout the entire process.
- Environmental monitoring programs are in place to trace any microbiological contamination, and all facilities for heating, cooling, freezing, and all other production related processes also meet the necessary conditions for ensuring food safety during all phases.

Food safety checks are performed in accordance to biological, chemical, and physical specifications, with transport and storage quality specifications in place for all finished products. Finished products are then stored separately from raw materials, and rejected products or returned goods are labeled accordingly and stored independently. In addition, all transportation vehicles are appropriately temperature-controlled and hygienic.

### **Pest Control**

A comprehensive pest management program is in place to greatly reduce any risks to products from pests. Our pest program utilizes only nontoxic materials. These include mechanical traps for rodents, adhesive sheets for crawling insects, and biological and electrical traps for flying insects. Monitoring for pest activity is frequent and pest control audits and treatments are regular and recorded. All incoming raw materials are also thoroughly checked for pests and controlled with the strictest care.

### **Personnel**

Each site has qualified personnel with the necessary education, training, background, experience, and protective clothing to ensure that all activities are correctly performed. Procedures are established to identify training competency requirements for all associates to be able to carry out their responsibilities efficiently. Managers and supervisors have excellent knowledge of food hygiene and can judge potential risks and take appropriate preventative measures and corrective actions whenever necessary. Furthermore, all personnel are made aware of their contribution to the quality and food safety of the finished products; and of the possible consequences of errors or the kind of dangers that any lack of attention to details can cause.

### **Customer Satisfaction**



Our Customer Care Unit has a call number dedicated to receiving customer feedback and complaints and received complaints are addressed within 24 hours of their receipt.

We also implement other procedures to ensure customer satisfaction, these include the use of customer feedback forms and regular use of mystery shoppers at our supermarket chains to gather data about staff performance, product quality, display quality, as well as various other factors that impact the overall retail experience.

We compile monthly reports detailing received complaints and communicate these reports to senior management and our governing body on a quarterly and yearly basis.