



Letter of Commitment

A. FAKHRY & Co.

CRAFTERS OF AROMATIC RAW MATERIALS FROM EGYPT, SINCE 1955

A. Fakhry & Co. confirms supporting the Ten Principles of the United Nations Global Compact in the areas of Human Rights, Labor, Environment and Anti-Corruption.

This being our first annual Communication on Progress we would like to guide you through our daily activities and the work we have done with our community and in respect to our environment to ensure our commitment and transparency towards our stakeholders.

Sincerely,

شركة أ. فakhry و شركاه
صم الزهور والنباتات الطرية

Hussein Fakhry
Owner-President
A. Fakhry & Co.



A. FAKHRY & Co
EXTRACTION DES HUILES
ESSENTIELLES DES PLANTES
AROMATISANTES

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FARM & FACTORY: SHOUBRA BELOULA EL-SAKHAWEYA - KUTUB - (GHARBIYA) - EGYPT





Global Compact

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A. Fakhry & Co. is a second generation family-owned company, founded in 1955 with farm and industrial activities situated in the heart of the Nile delta and offices in Cairo. It is today the oldest Egyptian company still in business in the fields of aromatic raw material production. We produce the likes of essential oils, concretes, absolutes, extracts, hydrolates (floral waters), waxes, etc. and export them worldwide to the F&F (flavor and fragrance), pharmaceutical, phytotherapy/aromatherapy industries.

Its activities stem from the productions of approximately 5000 hectares of agricultural land and provide livelihoods to an extended community of some 50'000 people.

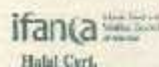
We aspire to give back to our community all the support that we can offer to take us forward in our business and our community activities.

AF&Co. converted part of its own farms to organic agriculture in 1992, and all the remainder in 1998, being among the first to do so in Egypt in the aromatics raw material field.

Our location in the heart of the Nile delta, amidst our diverse fields of varied aromatic botanicals puts us in constant contact with pickers, neighboring farmers, collectors, as well as the workers at the factory. This interdependence has developed for us a very keen sense of the importance of perennity through sustainability.

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We are undergoing renovation in our factory our production capacity should reach by 2018 for the distillation units 136'000 liters and 130'000 for the extraction units 130'000 liters.

I Human Rights:

AF&Co. established the "Fakhry Aid Foundation" in 2012 to provide the following activities to the surrounding community:

- The Foundation supports financing a healthcare network of hospitals and specialized doctors providing consultations and surgical operations, if needed, to ensure that the patient is getting the best medical care available. This activity is not only limited to our workers but to the wider community depending on them.
- Education is a major concern in Egypt. We strongly believe that education is a right to every individual. Regretfully, after school supporting classes are a near obligation in Egypt for children to succeed in their exams. This presents a major hurdle for children who can't afford to pay for private after-school lessons. In 2013 we started offering, on our premises, free-of-charge supporting classes for elementary school children. In 2014 we hosted over 70 children from our community. Today, in 2017 we are hosting 100 children.

New classrooms were built to accommodate new students increase in September 2015. Reading sessions, drawing, and a playground are also part of the children daily activities. In 2016 we started offering performing arts

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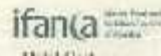
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classes (theater, singing) taught by teachers coming especially for this mission from Cairo on a weekly basis.

- Near optimal gender diversification (50%/50%) is provided by dedicating lighter, delicate work (e.g. blossom picking) to women; and heavier, power requiring labor (e.g. at the factory) to men.
- Men and women wages are based on their performance and job description, irrespective of gender.
- AF&Co. provides loans/financial assistance (interest free) to those in need as part of a social solidarity program.
- Minimum wage is ensured to all our employees.
- Overtime is paid to workers who exceed 48 hours of work/week.
- We are currently renovating and expanding our factory facilities, warehousing, and service areas including the workers' canteen and changing room/bathrooms to increase our production capacity, insure efficiency, comfort and safety to all workers and employees.
- The company also provides uniforms and protective boots for permanent/seasonal workers at the factory.
- First-aid kits and fire extinguishers are available in all areas, including service areas at the factory.
- Periodic maintenance is made to all factory equipment to ensure efficiency and safety.
- Training is provided to all workers at the factory to make sure safety procedures are followed.
- We are OHSAS18001 certified.

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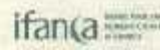
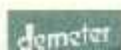
- At the end of each year we produce an evaluation for all employees which allows us to provide bonuses based on the annual performance of each employee.
- The company provides 21 days paid annual leave to all employees.
- Harassment cases (e.g. sexual, etc.) trigger an immediate investigation procedure and adapted action is followed. This includes possible immediate termination of contract when/if necessary.

II Labour

- AF&Co.'s relationship to its community goes back 200 years since the establishment of the Fakhry family in this area. This relationship has been reinforced over the past 60 years with AF&Co.'s new endeavors in the aromatic field encompassing a wider partnership with neighboring farmers who are often workers at our factory. As such AF&Co. has successfully developed over the last 3 generations an integrated agricultural-industrial model which was previously inexistent in this area.
- Contracting – whether with local or far distant farmers – is the result of free-market and open bargaining discussions.
- The minimum working age at our company is 18 years old. We insure this by opening employment cases based on the national ID of the pretender.
- We closely link salary evolution with the economic vagaries Egypt is undergoing, especially so considering the post 11/3 floating of the EGP and subsequent uninterrupted inflation hikes. As such all salaries have increased taking into account these events.

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- We have had a few cases of employees leaving our company to work at another factory, but eventually came back with us as they felt the difference in the wages/working spirit and conditions were more advantageous with AF&Co.

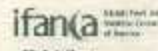
III Environment

Environmental issues are a central concern of our activity:

- We are ISO14001 certified.
- AF&Co. has developed a unique proprietary extraction technique (world first) reducing its dependency on fossil petroleum solvents.
- Our own farms are certified 100% organic, while 20% of our turnover is provided by our contracted 100% organic farm network.
- We are currently renewing/expanding our factory and – while doing so – implementing a solar preheating system to reduce by 20% our steam production fuel consumption.
- All factory lighting is being shifted to LED lighting to reduce energy consumption.
- An *agrilodge* to house visiting clients/guests (12 rooms), the factory's administration, and a managing staff canteen was built at the farm in the traditional Islamic style (built of desert loam bricks, no concrete, no steel rebars) based on the principles of green architecture. This project was recorded under the *Aga Khan Award for Architecture* under the 2010 cycle of the award.

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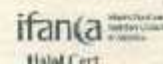
- Distillation/extraction wastes are as much as possible dedicated to the production of compost, while unsuitable woody material goes to the production of MDF plywood for construction: 100% of our crop wastes are recycled/reused, none is burned, helping us fix CO₂ into our land while replenishing its fertility.
- We are beekeepers (under EU organic standards) which we consider essential for the sustainability of our crops and play a vital part in our natural ecosystems.
- We encourage in our emails signature not to print unnecessary documents to save paper consumption:
 Please consider the environment before printing this email.
- We switched 7 years ago our production energy source from mazut (heavy fuel) to diesel.
- All different substances used in our productions are clearly labeled and stored separately.
- We have no animal testing since our founding in 1955.

IV Anti-corruption

- Zero tolerance for bribery.
- We constantly promote ethical behavior through close contact of the higher management with the employees and workers and strengthening their sense of belonging and ownership towards the company.

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- We are implementing a clear financial and project reports to keep business transparent with clients and suppliers and to reduce the chance of any bribery or unethical action taking place.
- We are working as a family rather than as a corporation where leading by example and inspiration is preferred to pointing at wrong-doings.

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