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To Our Stakeholders,

SMS has long since maintained a corporate philosophy that business is best conducted at the intersection of outstanding service and a rigorous standard of corporate social responsibility and sustainability. It is thus with great pleasure that SMS reaffirms its continued commitment to the Ten Principles of the United Nations Global Compact in the areas of Human Rights, Labour, Environment, and Anti-Corruption.

In this annual Communication on Progress (COP), we describe our actions to continually improve the integration of the Global Compact and its principles into our business strategy, culture, and daily operations. We also commit to sharing this information with our stakeholders using our primary channels of communication.

We begin this Communication by outlining the policies and actions we have taken to implement the Ten Principles in the four areas of Human Rights, Labour, Environment, and Anti-Corruption. We then conclude by measuring the outcomes of these actions and policies, in order to demonstrate their effectiveness and stimulate dialogue on possibilities for future improvement and innovation.



Actions Taken to Implement the Ten Principles in four areas

Human Rights

SMS has taken significant strides in the field of human rights by treating its employees with standards that go above and beyond established norms and practices. In particular, SMS prides itself on providing all staff with competitive and highly advantageous work conditions and standards which reflect our desire to treat all employees with fairness and dignity. Our employees earn salaries which are notably higher than local average wages, and receive annual raises of at least 10%. All guards are paid for any overtime they work, and receive twice their normal wage for work conducted on public holidays. SMS also provides guards with social insurance contributions, government sponsored healthcare at the beginning of their employment, and private and health and life insurance after one year of work. SMS also adheres to fair and impartial policies of staff evaluation, and institutes reasonable corrective measures only as a measure of last resort when working with staff to improve performance and behaviour.

SMS has also put in place clear policies and procedures aimed at preventing and tackling all forms of workplace abuse and harassment, which include disciplinary or legal action against perpetrators and support mechanisms for victims.

Given the nature of SMS' work in the field of security, our employees are equipped with firearms in order to ensure the safety of themselves and the clients they have been employed to protect. Accordingly, SMS provides all employees with extensive training as well as policies and rules of engagement aimed at guiding employees to avoid using force unless absolutely necessary, and even then to use the absolute minimum amount of force needed to securely deescalate any hostile situation. In this sense, SMS endeavors to safeguard the most fundamental human right, the right to life.

SMS' commitment to human rights and compliance with international law are also represented by our ongoing membership to the International Code of Conduct Association (ICoCA), an international regulatory body which ensures that security service providers conduct business in a manner which is fully compliant with international human rights. In its own words, "the ICoCA endeavors to prevent excessive use of force; to prevent torture and other degrading treatments or punishments; to prevent sexual exploitation and abuse, and gender-based violence; to prevent human trafficking, slavery and forced labour; to protect the rights of children; and to prevent discrimination."



Labour

SMS endeavours to uphold Global Compact Principles against forced labour and child labour by strictly employing adults in exchange for fair and competitive wages and benefits and by providing its employees with safe, secure, and fair working conditions. SMS' commitment not to engage in any form of slavery, forced labour, or child labour is also demonstrated by its ongoing membership to the International Code of Conduct Association, which explicitly forbids such abuses from its members.

Moreover, SMS is steadfast in its status as an equal opportunity employer, which provides employment without regard to race, citizenship, religion, age, gender, sexual orientation or disability. Employment decisions at SMS, subject to the legitimate business requirements of the company, are based solely on the individual's qualifications, merit, behavior, and performance. Within the functioning of SMS, it is clearly maintained in the company's written policies and standards of work that "that nobody may be harmed, discriminated or provoked in their personal dignity." Discrimination of any form is therefore strictly forbidden within SMS and is regarded in a deeply grave manner.

Environment

SMS has worked to increase its commitment to protecting the environment by expanding our use of recyclable materials in all business activities, and by ensuring that materials are recycled at all available opportunities. Moreover, SMS has promoted a culture within its offices of using digital, cloud-based formats for documents when at all possible in order to reduce paper consumption.

SMS also conducts all of its transportation and mobile-based activities using new and recent models of vehicles in an effort to reduce emissions. Due to the nature of our business, SMS does not produce any air, water, or ground based-pollutants or toxins.

Finally, the company maintains an environmentally friendly attitude to energy consumption by using electricity sparingly and by maintaining a policy of turning off all lights and electronics when they are not in use or when office space is not occupied.

SMS is also taking strides to improve its environmental practices by beginning the process of adopting ISO 14001, the world's landmark international standard of corporate environmental management. SMS has begun creating and Environmental Management System, or EMS, in order to closely monitor and reduce the environmental impact of every aspect of its business activities. In this way, SMS aims to commit itself to international standards of environmental practice in order to continuously improve its environmental footprint.



Anti-Corruption

SMS adheres to strict financial and accounting principles and practices that ensure consistent oversight of all money which comes into or goes out of the company, or changes hands or possession within it. Salaries are paid to employees by an accountant within an accounting office, in full view of several other employees; all information regarding salaries is tracked and recorded to ensure fair and compliant financial practice.

Similar policy and practice is used for other financial transactions within the company; all bill payments, invoices, reimbursements, and refunds to employees, contractors, and other individuals or entities are made at a cashier window in full public view and all records of such transactions are kept and stored for future review and accounting purposes.

Externally speaking, SMS engages in free, fair, and competitive business practices by bidding for contracts and business opportunities as per international standards and local law.

Measurement of Outcomes

By taking actions and adopting business practices which are guided by the Ten Principles of the United Nations Global Compact, SMS has been able to make measurable improvements to the outcomes of its social responsibility commitments as well as continue an already strong tradition of respect for human rights, labour, the environment, and anti-corruption.

First, it bears mentioning that SMS has not recorded any violent incident related to its staff members over the last 4 years of operation, a fact which is largely reflective of the rigorous training we provide to our staff to avoid and prevent any kind of violent behavior or action.

Second, SMS has not recorded any significant worksite accidents in its business history, owing to a strong commitment to safety and security of staff. The only exception to this rule was a single road traffic accident that involved one of SMS' company vehicles several years ago, although unfortunately such accidents are a common element of everyday life in Egypt.

Third, SMS has a high rate of employee retention and a low rate of turnaround, a reflection of the excellent treatment and favorable work conditions with which the company provides its staff. Our employees tend to stay for several years because they are provided with competitive wages, frequent pay raises, flexible working conditions, and considerable company benefits.

Sincerely yours,

General Mohamed El Tarabishi

CEO, SMS – Security & Monitoring Services Co.

