



Communication on Progress **Naouri Group**

Annual Report
Year: 2017

Statement of support from the Chairman

To our Stakeholders,

With great pride I am pleased to continuously follow-up, develop and support the ten principles of the United Nations Global Compact, in the areas of Human Rights, Labor, Environment and Anti-Corruption.

We announce our commitment to enhance our social responsibility, and nonstop dedication to support nonprofit organizations and individuals that aspire economic and social development, and concerned about improving issues of hunger and health as well as promoting credible solutions. Our efforts include contribution of food, monetary support, and the time and experience of our personnel to help those in need.

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

Sincerely Yours,
Ibrahim Naouri



About Naouri Group

Naouri Group was established in 1994 by its chairman Mr. Ibrahim Naouri, as a shipping lines agent in a small office in Amman, Jordan. Today, it has expanded to become a group of 20 companies operating in Jordan, Iraq, and the West Bank, and employing over 800 staff members.

The Group's main lines of business include shipping and logistics, and travel and tourism, and it is considered a market leader in both industries, and in the Levant Region. In recent years, we have also expanded our scope of services to cover cargo inspection and testing, security services, packing and packaging, warehousing & container yard services, Freight forwarding online solutions, online booking solutions as well as agricultural production. Naouri Group always strives to offer excellent and unmatched services tailored specially to suit its distinguished clients' needs.

Naouri Group's hard working yet resilient culture, as well as its commitment to offering smart and effective solutions to its clients, and its great team are key drivers of our success in fulfilling our vision to become a leader in what we do across the entire Middle East and North Africa region.

Naouri Group has devoted its effort to achieve superiority; for example, "Petra Transport" Which is one of the companies of Naouri Group, is the only company in Jordan to qualify for Jordan Customs Golden List program which complies with the international C-TPAT regulations. Naouri Group is a member of Jordan Shipping Agents Association, Jordan Logistics Association (Naouri Group Chairman was the Champion of the idea of the Association, and the first Chairman), FIATA, WCA, PPL, and other networks. Our superior Packing & Removal service was acknowledged by being a member of IAM (International Association for Movers). Our Travel Agent is one of the top agents in Jordan which was recognized by getting The Golden Helmsman of Tourism Award in addition of receiving numerous appreciation letters from airlines and hotels for outstanding performance.

Finally, our group is devoted to offering high quality services that meet our clients' expectations, and ensuring they receive services with utmost excellence. As ISO certified services, we always look to meet and even exceed our clients' expectations and needs.

Human Rights

Principle 1:

Business should support and respect the protection of internationally proclaimed human rights.

At Naouri Group, we believe in constantly improving our services to enhance the efficiency of our work, and as a result we gain success. Naouri Group employs an approach that advocates human rights best practices to ensure contentment and satisfaction for all.

We believe that our human resources are one of the most valuable assets, as we consider the health of our employees as one of our top priorities. Therefore, all of our employees are fully medically covered as part of the group's Medical Insurance Plan. Our Medical Insurance program covers: Health Insurance, Life Time Insurance and Cancer Insurance.

Furthermore, NG business premises are equipped with state-of the art ventilation and lighting system, ensuring compliance with all health and safety measures and in accordance with international standards. Not to mention adequate furnishings and equipment that suit our staff, to ensure physical comfort at all times and working postures; these include but not limited to sufficient desk space, comfortable chairs, reduced glare and LCD screens, offices with sunlight, etc. We also send frequent circulars to introduce different soft exercises, to be done frequently throughout the working day.

NG does not excuse any type of discrimination among its staff members, as all employees have equal rights and work in accordance with the group's policies. We evaluate our employees based only on their performance. There are clear key performance indicators that ensure the absence of any act

of bias or unfair judgment of performance. Likewise, we provide clear, written recruitment procedures and policies that ensure fairness to all our employees, and believe all applicants deserve equal opportunities, bearing in mind that NG's recruitment policy is not based on religion, sex, age, or color, etc. We also have written procedures and requirements for promotions that ensure fairness to all our employees.

The Group invests in its employees as it provides different types of training (Behavioral as well as Technical Trainings) on continuous basis which include: soft skills training, time management training, negotiation skills training, excellent customer service training, report writing skills, six sigma training, and training about ethics at work place. We also support and encourage new ideas by initiating the "Initiative Award" and "Extra Mile Award" to encourage our employees to be innovative and express their ideas with no restrictions. This right is guaranteed to them throughout our internal system and is clearly stated in the company policy. NG has defined respecting human rights in written policies such as the Code of Conduct. Our staff members work according to a specific job description that suits their qualifications. We also strive to protect our employees' rights by providing them with all the means to secure good living conditions, as well as proper accommodation for numerous staff members including international employees, and those who cannot afford to live in proper housing conditions, nor food or clothing. Needless to say, NG provides attractive salaries and an attractive salary raising system to its employees to secure a decent life.

NG always seeks opportunities for its staff to interact with one another through a committee know by the name of "Social Family Committee", who are responsible for several projects such as monthly gifts for the employees and arranging annual gatherings, outdoor trips, and monthly social events, where the spouse and families of employees are always welcome as well. Events might include group activities in the beautiful nature of Jordan (hiking, picnics, carting, horseback riding, and many more), attending comedy shows, theatrical plays and concerts, booking a restaurant for our employees to conduct quiz nights, fun games, open discussions and friendly competitions. Those events are sponsored 50% by NG at all events; as well as fully sponsored meditation & business courses.

Naouri Group Christmas Tree Competition, is a great chance to share creative ideas and stories, and raised the competitive spirit between our employees, with an atmosphere full of Christmas joy and happiness.

Every year, a Christmas fundraising bazar was held for Kamal Gardens, which helped them sell their products and other employees were free to sell their products as well, the participation fees were held for Kamal Gardens fundraising project.



Christmas Bazar

Naouri Group is always keen to show appreciation to its employees for their valuable efforts and years of services in the group, especially those who have spent twenty years in developing the Jordanian economy.

Naouri Group of Companies celebrated the holy month of Ramadan in 2017 by a huge Ramadan iftar, which was attended by about 400 employees of the group, as well as kamal's garden individuals for special needs, in the Kempenski Hotel in Amman. During the event Naouri family members and the Chairman of the Board of Directors gave speeches on this happy occasion, thanked all the workers in the group, and the ceremony also included honoring staff as an appreciation and their sustained years of contributing to Naouri Group. At the end of the ceremony the Chairman of the Board of Directors thanked all audience and assured them that they are part of Naouri Group's big family.



Ramadan Iftar

We believe that every human has the right to live a decent, healthy life where all essential needs such as food, shelter, medicine; and education, should be provided. Therefore we have taken an active role in giving back to the society, and a number of local NGO's and charities with various areas of focus such as "Habbet al Kameh Society" and "Kamal Gardens". We have also participate in several campaigns which result in helping families by providing food, clothes, and daily utilities as well has refrigeration utilities and heating utilities; gifts for their children at Christmas. As well as providing food for families during the holy month of Ramadan.

Naouri Group takes pride in being the Golden Sponsor of "Kamal Gardens", a Jordan-based NGO that is working on improving the living standards of mentally-challenged individuals in Jordan. Kamal Gardens employs adults with special needs and helps them reach their full potential through engaging them in agricultural and handicraft projects, and other projects such as packing Naouri Group's give away items, as well as provide vocational training for them. They also expanded their operations to conduct training courses for teachers and parents of children with special needs, with the goal of creating a culture of gentle caring, love, and support to this group of special people.

Naouri Group supports less fortunate student's fees in their university studies.

Naouri Group seeks to be part of charitable activities and encourage young generation to improve their talents, and as per our annual CSR Plan we sponsored a football team league twice for the year 2014 at "Baptist School" and continued to do so in 2015 , 2016 and lately 2017

NG Chairman, Mr. Ibrahim Naouri, and board member in several associations aim at spreading our group's views on human rights and on matters that affect their associations' policies whether internally or externally

Principle 2:

Make sure that they are not complicit in Human rights abuses.

Naouri Group of Companies is committed to boost awareness of human rights throughout the group, and extend our capacity to handle human rights issues. Naturally we never accommodate human rights violations in any form within our culture nor policies.

Naouri Group seeks to avoid complicity in human rights abuses by its suppliers and business partners, by taking human rights standards into account and conducting an assessment of its supply chain to identify which suppliers encompass the greatest risk of human right abuses. Hence before signing an agreement of collaboration with any company, Naouri Group conducts analysis of the company's background, financial situations and worldwide reputation. We also ask for references to make sure the supplier is not involved in any kind of human right complicity. Moreover, any contract or agreement shall be approved by our group's Legal Department to confirm that all clauses are accepted and safe.

Our group's commitment to human rights application is governed by conducting thorough training and awareness sessions for relevant

management and procurement staff, these sessions are held on regular basis with employees to emphasize acknowledgment on methods of unfair employment practices. Additionally, all employees are required to sign a Code of Ethics document, commencing the first day of employment. This code of ethics is part of our internal system and any noncompliance is dealt with in a strict manner as per our Regulation of disciplinary penalties provided by Naouri Group's internal system.

Naouri Group is offering its employees and Clients regular exposure to up-to-date information about the social and environment impact of our company by using social media networks, our monthly newsletter, and publishes in Jordanian Newspapers and Magazines

Labor Standards

Principle3:

Business should uphold the freedom of association and the effective recognition of the right to collective bargaining.

Increasing the effectiveness of collective bargaining among our employees and partners is always our focal point of concern; we're always keen to increase the specified budget for training and awareness sessions for our employees inside the group. This in turn, ensured that all employees are given equal opportunities to improve themselves through a set of internal and external as well as behavioral and technical training courses, which are chosen upon their needs. In addition to our self-learning business courses, which give our employees the chance to improve their skills, and bridge the gap between their current knowledge and job requirements giving them the chance to evaluate their learning outcomes by conducting an exam for each course.

Naouri Group encourages its employees to improve themselves by all means, in other words we financially support our employees by offering our new “Loan for Employees” with no interest, to support them to improve their educational level. In addition to occasional financial support in Eid Fiter, Eid Adha, and Christmas.

We make sure that there’s effective communication between all our employees and their supervisors by providing communication channels, such as: daily and weekly meetings, open discussions, brainstorming sessions, and most importantly but not limited to an annual meeting for each company in the group with our group Chairman, to discuss their accomplishments and assist in making the annual plan and target, this is done through the “NG Excellence Award”. This is considered to be an annual competition to encourage the managers and supervisors of each company to enhance their performance and involve the staff in the day to day activities in order to come up with the best outcome from all other companies within the group.

Moreover Naouri group provides employees with appropriate facilities to develop effective collective bargaining; such as a meeting room in each floor, an online HR system that facilitates the communications between employees and their managers, the HR and most importantly with the top management. Through this system our employees can do self-appraisal, can suggest ideas, express themselves, and perform any other inquiry.

As part of our HR procedures, we ensure that managers do not interfere with the activities of their employees while they are carrying out any of their functions; as our employees are never asked to perform any task or project, if it was not part of the employee job description, unless he/she is willing to so by his/her choice and without any intimidation.

Our HR department is implementing a semiannual and an annual evaluating system, not only for employees but also for managers. The system uses specific KPI’s to ensure transparency, equality and professionalism in the evaluating process.

Our group employee guide states:

“NG employees and workers have the right to join any unions of their choice for the benefit of their economic and social interests”

We respect our employees’ labor and human rights while improving their working conditions as they move forward in their respective careers. Our employees are free to join any union of their choice in accordance with national law, and without any intimidation as it’s clearly stated in our internal system, adding that there is no statement in our internal system that forbids or limits our employees to join any union of their preference.

Our employment procedures only depends on clear job requirements and never on the employee background, adding fair procedure for appraisals and promotions, in which all employees are only judged based on their achievements, improvement and clear key performance indicators. This is done for the purposes of ensuring high motivation, as well as achieve high employee retention.

In our Group we communicate clear job descriptions and employee performance expectations, making sure that all employees understand their job duties and the measures used to evaluate their performance.

We raise awareness of the importance of labor rights in any organization through informing the local community, media and public authorities of our company’s endorsement of the UN Global Compact including the fundamental workers’ rights, through our newsletters, e-mails and training courses.

As part of our recruitment procedures, our HR department hold a three to four months orientation training course for new employees, raising awareness about Naouri Group’s policies, code of ethics, how to deal with difficult colleagues at work, improve their stress and anger management and time management skills, how to be an effective team worker and how to build positive attitude in workplace.

Principle 4:
The Elimination of all forms of forced and compulsory labor.

Naouri Group believes that every employee has the free will to sustain or quit his/her Job, regardless of their position or reason for quitting. The Group is also committed to clarify job requirements and duties to every employee, through orientation and knowledge awareness of internal system policies.

At Naouri Group we conduct nonstop Awareness sessions to make sure that all our employees have a full understanding of the definition of forced labor and to clarify the voluntary nature of our employment, and that any employee is free to quit his job at any time and without any conditions. As part of our internal system, the procedure for quitting the job is clearly mentioned, and we ensure that our employees fully understand the procedure prior to employment, by conducting HR orientation program to all employees. Those include discussing our internal system's statements, explaining the nature of our service, in addition to providing the employee with clear job description at the date of employment.

For employees who are employed using contracts, it's worth mentioning that all contracts are written in our native language using simple terms that could be easily understood by every employee. Moreover, our HR team always ensures that the employee completely understands each term of the contract, through offering help in explaining any point, at any time. Moreover, our employees are given sufficient time to read the contract before signing it. It's worth mentioning that our contracts also include full description of overtime working hours, the method of payment and the amount employees get for each extra working hour. Also, any employee who has to work overtime to finish a certain task should send a written email or letter to the HR department to make sure that he/she is working based on his/her free will and is not forced in any way by his/her supervisor or Manager.

We make sure that we have fully satisfied employees with their working environment and fully satisfied with our services.

We're keen to increase our employees' awareness and knowledge throughout our daily "Smile" dialog which addresses notorious, educational and cultural topics, International days (i.e. Vitamin D World Day) in addition to public holidays.

Our employees are never asked to work extra hours that extend their assigned working hours, however in the case of an emergency or temporary work load, the employees are requested to work overtime for which we have an overtime payment method.

Environment

Principle 7:

Business should support a precautionary approach to environmental challenge.

Naouri group supports any activity that is held for the development of the environment, as well as supporting any approach to take precautionary actions to environmental challenges. In 2016 and the past two years, we focused on communicating three messages; Reduce, Reuse, and Recycle, by direct internal emails to enhance environment awareness among our employees. By switch off lights, save water, stick to smoking area, and reuse paper.

In 2016 started to install solar panels in our offices at Aqaba, and in 2017 the solar panels went operational, covering approximately 75% of the electrical needs on our Aqaba building.



Solar Panels – NG Aqaba Building

We continuously make sure and encourage our employees to be part of our commitment to the environment by developing guide lines for energy

saving and limiting the consumption of paper to the minimum. Full understanding and proper implementation of those guidelines is ensured by conducting random checks on paper and energy consumption; those checks are done by assigned people who are part of the Global compact committee. Moreover Our HR Division uses a strategy, where each Group in the company has a particular quantity of (papers, pen, and ink) kept at minimum and the department will have to regulate their needs to meet the supplied quantities, in order for employees to monitor their paper usage, hence reducing waste to the minimum. Adding that our HR Department depends on an electronically HR requests system in which the employee can apply his/her vacation request , overtime report, etc. to reduce our paper consumption as well as save time and effort. In 2006 we perceived a 30% decline in usage of paper.

We are concerned to raise awareness about creating an environmentally friendly and commitment by sending environmental emails and tips internally to all employees and externally to all agents and clients worldwide. And as part of our internal awareness we use power saving light bulbs also we have placed energy saving awareness stickers on electrical plugs and sinks, adding up our “Go Green Award” to encourage our employee’s commitment to environmental practices. Externally we have design an environmental slogan to be added to our email signature banners that is used in all our companies’ external emails.

We at Naouri Group attempt to develop projects to reduce (limit) water usage, energy and paper consumption, in order to reduce costs and preserve the environment and natural resources.

Principle 8:
Undertake initiative to promote greater environmental responsibility.

Naouri Group believes that every contribution to saving the environment whether great or small is considered a step forward to make the world a better place.

Naouri Group has participated in many environmental activities as per its annual CSR Plan, we joined Kamal Gardens (a nonprofit organization to support adults with special needs) again this year, 2016, in planting flowers and small plant pots, which was generously given to each employee to enhance our “Go Green” annual campaign.

Naouri group continues “I quit Smoking” campaign by dedicating a full dialog from “Smile” about Smoking Damages and also by sending emails to all employees that raise awareness about the bad effects of smoking by sharing true stories; success stories and true stories about people whose life was destroyed by the smoking. And we also gave the chance to our employees’ children to share their ideas about smoking by conducting a painting competition, where they had the chance to describe their perception of smoking by paintings.

Naouri Group has a clear No-Smoking smoking policy in all our buildings facilities, we already have a special area for smoking outside the buildings, and communicating the danger of smoking and also negative smoking to nonsmoking people.

As a result of “I quit smoke” campaign and complying with the Free Smoke Zone principles, in 2014 three of our employees quit smoking and ten employees did quit smoking in 2015, and **20** employees did quit smoking in 2016, implying a significant increase in people quitting smoking. In 2017 Princess Ghida Talal, Chairman of the Board of Trustees of the King Hussein Cancer Foundation, honored Naouri Group for its anti-smoking efforts. During a special ceremony, the group was honored with the “Smoke free zone certificate” for Naouri Group has fulfilled all requirements and conditions in obtaining that certificate. Naouri Group is keen to provide a healthy environment for all its employees and customers

within its premises; granting them the right to exist in a healthy environment free of smoking and health damage.



Principle 9:

Encourage the development and diffusion of environmentally friendly technologies

Naouri Group realizes the significance of environmental impact on all our operations, staff and companies, therefore we are moving in the direction of achieving our objective, goals and target through using and promoting innovative technologies to increase awareness of every person's responsibility towards the environment.

We aim at reducing fuel consumption to the minimum, through full implementation of new designed programs to monitor fuel consumption by using efficient fuel consumption cars and also by conducting a well-designed geographical plan to use it in our collection department in order to reduce fuel consumption.

Tamara farms, one of the group companies is still using environment-friendly materials and technologies; such as: organic fertilizers instead of non-organic fertilizers, and the dripping irrigation technologies in watering crops to reduce water consumption.

Our shipping lines vessels are equipped with the class-approved computer-based cargo loading system to adjust the trim, draft and hull strength, ensuring the ship's energy efficiency and safety at all times. Shipboard data, such as oil consumption rate, voyage condition, tank condition and loading condition and other data can be transferred through satellite communications to the office for analysis on a daily basis.

Anti-Corruption

Principle 10:

Business should work against corruption in all its forms including extortion and bribery.

As Part of our anticorruption policy

“It is the policy of Naouri Group of companies to conduct its operations ethically and in compliance with the Jordanian and Iraqi law, including prohibitions against bribery. “

Naouri group has stated a clear anticorruption policy for all our companies in Jordan and Iraq and this policy clearly states that any job to be handled by the group should be in compliance with the Jordanian and Iraqi law. Adding that Naouri Group requires that all Intermediaries doing business with us comply with this policy by conducting business for us or on our behalf in full compliance with all applicable anti-corruption laws.”

We are proud to be the only company granted to be part of in The Golden List of the customs; a program which works hand in hand with various governmental institutions to discover and prevent any corruption or fraudulence. The Golden List includes a secure list in the supply chain, and all the needed precautions to fight corruption and bribery and all employees' execution to protect them and their costumers' peacemaker.

Our HR department follows certain hiring procedures to ensure hiring candidates with positive attitudes that compliance with our anti – corruption standards.

Our Quality Assurance department continuously performs Audits on all group departments to guarantee the full implementation of our quality standards and procedures, ensuring in depth investigates of any suspicious activities in cooperation with our legal department. Moreover our financial internal auditing department, throughout a regular checks on all group financial records are fully committed to ensure the reliability of all records, and the reporting of all suspicious activities to the top management.

We plan to increase the awareness on corruption in all its types by adding more to our anti-corruption policy in our new employee guidance.