CAIRO FOR INVESTMENT AND REAL ESTATE DEVELOPMENT

COMMUNICATION ON PROGRESS 2016/2017

On November 2003, Cairo for Investment and Real Estate Development (CIRA) became a signatory to the United Nations' Global Compact, assuring its full compliance with the Ten Principles in every aspect of its operations. Furthermore, the company has taken serious steps in supporting non-governmental organizations, especially those working in the field of education and development.

The CIRA Group focused its investments in various licensed sectors, thus achieving a stable, diversified investment portfolio. CIRA Group is well positioned to drive future growth with the managerial and technical resources allocated during the past 26 years of operations. The CIRA Group's affiliated companies achieve excellence in each sector they operate in, through solid experience, technical capability, and continuous investment in new products' growth.

Due to its firm belief in specialization, the company has founded several sister companies, thus sharpening its focus and honing its services. This approach has guaranteed better utilization of our efforts and has further enhanced the professional experience in the required fields. Education, being our prime field of operation, we focus on educational institutions management and setup. We also focus on educational technology and information technology solutions, keeping a stronghold on the fast-paced and broad-spectrum of technological development. We strive to deploy new and emerging technologies to further enhance the performance and service to our established business-base.

CIRA is adopting responsible business activities that are consistent with its reputation. Integrity, transparency, equality and quality are our main pillars of managing our businesses. Accordingly, we are committed to protecting the health and safety of our workforce (on the corporate, onsite and schools levels), students, contractors, suppliers, and the communities where we operate. We are committed to minimizing our environmental footprints in all of our business and projects. Finally, we are profoundly committed to our community engagement set program believing it is part of our existence, success and sustainability. With our diversified business streams our focus remains unified and this is continuously maintained through our business development approach.

It is with pleasure that we reaffirm our commitment to the UN Global Compact in 2018. In order to meet our commitment to report on progress to our stakeholders, we have prepared this Communications on Progress.

Dr. Hassan El-Kalla

Chairman,

Cairo for Investment and Real Estate Development

Cairo for Investment and Real Estate Development (CIRA) was founded in 1992. The company's primary purpose and core competency is to invest in and manage educational systems. This includes building, owning, and operating schools throughout Egypt. However, the company is also involved with other related (and unrelated) activities such as real estate investment, engineering & construction, information technology, automatic data capturing, professional training, and healthcare development.

CIRA holds more than 15 affiliate companies, with Futures Edcational Systems (FES) being its flagship business. FES is now the largest chain of schools in Egypt, with schools and five diverse education systems. FES has developed schools around various educational systems including the National Egyptian Curriculum, American System, IGSCE, French System, and German System. The schools serve more than 18,000 students around Greater Cairo and five other governorates, and aims for wider national coverage. The first school was established in Nasr City in 1993. The chain has now expanded into 23 schools throughout the country.
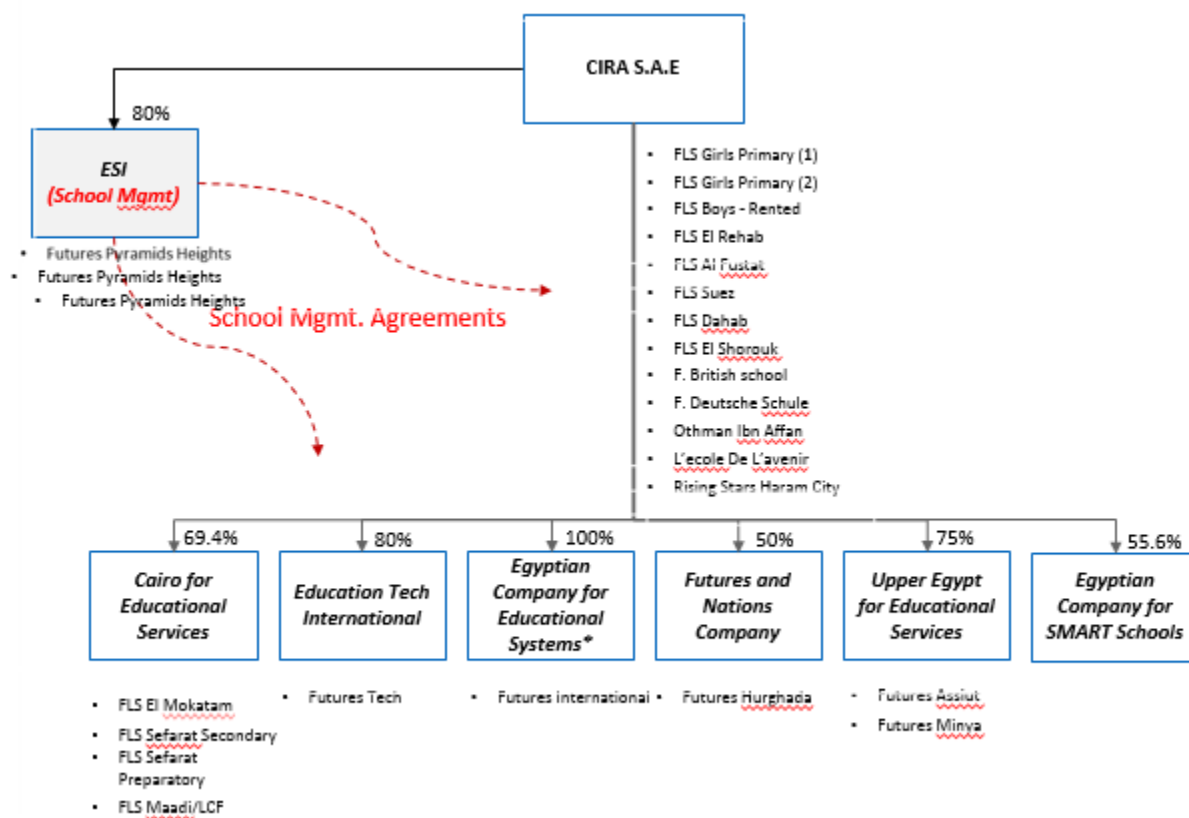
BUC opened its gates in 2014, with the number of enrolled students in reaching approximately 2,000 students. This number has now grown to over 3,500 students. The labor market needs qualified professionals in the areas of healthcare, technology, architecture, economics, management, fine arts, and linguistics. Aside from the general university programs, BUC is home to faculties of Pharmacy and Pharmaceutical Industries, Dental and Oral Medicine, Physical Therapy, Nursing, Business and Economics, Engineering and Technology, Applied Arts, and Linguistics and Translation. Upon its completion in 2018, BUC will house 15 departments with a capacity for 20,000 students. 50 government scholarships are currently offered for students seeking to attend Badr, validating both the need for Badr and its already high quality and standards. Additional internally-offered scholarships and an efficient management approach allow Badr University to offer an affordable and high-quality education.

BUC will assist in closing the gap through technology, continuing education of teachers and professors, building character and strong minds, cooperation between local and foreign universities, contributing to the development of scientific research, and offering it in an atmosphere that inspires value, patriotism, honesty, and pride.

Company Portfolio

- **Ownerships of Schools:** This includes buildings, land, and other fixed assists in 23 (majority owned) schools operating under the "**Futures Schools**" brand.
- **Ownership of Universities:** This includes buildings, land, and other fixed assists. CIRA owns 100% of Badr University in Cairo and has a 30 % ownership in Deraya University.
- **School and Facility Management:** CIRA owns a company in each business area.
- **Non-educational Businesses:** This business stage is synergistic to CIRA's school business and comprises, I.T., construction and furnishing, academic and technical support program for licensing and accreditation.

The following chart depicts the **Company's Legal Structure:**

CIRA S.A.E

80%

ESI
(School Mgmt)

- Futures Pyramids Heights
- Futures Pyramids Heights
- Futures Pyramids Heights

School Mgmt. Agreements

- FLS Girls Primary (1)
- FLS Girls Primary (2)
- FLS Boys – Rented
- FLS El Rehab
- FLS Al Fustat
- FLS Suez
- FLS Dahab
- FLS El Shorouk
- F. British school
- F. Deutsche Schule
- Othman Ibn Affan
- L'ecole De L'avenir
- Rising Stars Haram City

69.4%	80%	100%	50%	75%	55.6%
Cairo for Educational Services	Education Tech International	Egyptian Company for Educational Systems*	Futures and Nations Company	Upper Egypt for Educational Services	Egyptian Company for SMART Schools

- FLS El Mokatam
- FLS Sefarat Secondary
- FLS Sefarat Preparatory
- FLS Maadi/LCF

- Futures Tech

- Futures International

- Futures Hurghada

- Futures Assiut
- Futures Minya

The company imbues a strong vision and was founded with the intent of improving the educational standards in Egypt. These strong corporate principles are still evident in the company today and firmly espoused by the Chairman/CEO and other Board members. These principles have made a significant contribution to CIRA's success and provide a promising foundation for future sustainability.

Futures Educational Systems

Futures Educational Systems was initiated with a mission to help enhance quality and equity in education as a whole, by establishing an educational model, which would be replicable, affordable, and economically viable. The Futures Foundation is a network of educational institutions with a mandate to develop instructional practices that help students excel in all educational systems including the National Egyptian Curriculum, American System, IGCSE, French, and German System.
http://www.futuresnet.net

Egyptian Academy for Human Development

The Egyptian Academy for Human Development (EAHD) was founded to help professionals and students seek their highest potential in their different fields and become partners in the nation's development. EAHD is the outcome of an American-Egyptian project between the Futures Foundation and Edu systems organization, which is a U.S.-based company with more than 25 years of experience in the Arab World. The labs in the Egyptian Academy for Human Development offer students of all ages an introduction to a new technological era. It embodies a number of educational technology opportunities for example:

Growing-Up Ready Lab, Action Lab & Ellis Lab. EAHD also offers a variety of trainings including computer, professional development, and teacher trainings.

Edu Systems International

Edu Systems International (ESI) is a leading provider of professional services and products that assist in the enhancement of quality education across the globe. ESI assists organizations in achieving effectiveness and agility in a changing and collaborative world. The company primarily focuses on both the Egyptian national and international educational institutions and aims to improve student achievement and overall organizational development by implementing a number of strategies. ESI is a leader in the development of high standards and supporting products that result in high levels of quality and productivity.
http://www.esi.edu.eg

Health Care International

Health Care International (HCI) was founded in 1992 with a mission to assist public, private, and community organizations achieve their strategic objectives and improve their performance and outcomes. HCI has years of development expertise in Egypt and other countries (Jordan, Lebanon, Yemen, Saudi Arabia, Sultanate of Oman, Sudan, Iraq, Syria, UAE, Morocco, Cyprus, and Turkey). HCI plays both a facilitating as well as an implementing role in bridging the cultural gap between various partners, donors and recipients in order to make development cost-effective.

Moreover, HCI manages unique health maintenance programs (HMP) with a clear focus on health promotion and raising awareness and practices towards healthy lifestyles. HCI is leading unique and well-built WHO-funded programs in Egypt and in other Eastern Mediterranean Region (EMR/WHO) countries. HCI is leading various national initiatives and assuming the role of Local Partner in many consortia responsible for undertaking bi-lateral and international improvement programs funded by US-AID, WB, EC, UNDCCP, UNESCO, UNFPA, and Governments of the Netherlands and Finland.
http://www.hci.com.eg

Badr University in Cairo

Badr University in Cairo (BUC) is a modern, private, nonprofit university located in Badr City, a new, pristine urban community in Greater Cairo. Providing diverse, unique and rigorous academic and experiential programs and specializations across 8 faculties. Offering high quality academic programs that foster competence and skills desperately needed in the local, regional and international job markets. Striving to have a positive influence on society through exploring, discovering, disseminating and applying knowledge, and to provide education, academic scholarship and research at the highest international levels of excellence ranging from undergraduate to advanced graduate and professional education, and from basic scientific research to applied scientific research and applied arts. BUC aspires to become one of the top universities in Egypt and the Middle East.
http://buc.edu.eg

El Kalla Foundation for Educational Excellence

To expand and vary educational opportunities to communities in Egypt, the El Kalla Foundation for Educational Excellence was established in 2016 as a non-profit, non-governmental organization. The El Kalla Foundation seeks to identify unique and strategic educational opportunities to make a difference and evaluate their effectiveness in fostering change as necessary. This will be accomplished by sponsoring those individuals, organizations, services, and activities that align with the goals and objectives of the El Kalla Foundation.

The El Kalla Foundation's Vision is "To become a leader in expanding and promoting excellence in education for all". Its Mission is "To support civic and community initiatives aimed toward the improvement of education throughout Egypt".

PRINCIPLE 1: *Businesses should support and respect the protection of internationally proclaimed human rights.*

- CIRA's policies and strategies assure supporting and preserving the human rights of its employees. We are keen on carrying-out regular impact assessments, assuring full compliance with human rights principals.

- Although we do not have an employee association, necessary measures are in place to allow for adequate communication. *Further discussed in Principle 3.*

- CIRA Applies NFPA (National Fire Protection Association) 101 "The Life Safety Code" to ensure that the design, construction and operation of new school buildings comply with life and fire safety standard. The company strictly applies and informs all its employees of the company set fire procedures and evacuation plan. In addition, the company conducts a health and safety training once a year to ensure that all employees are aware of important health and safety issues.

- All new facilities are equipped for ease of mobility for disabled persons including ramps and rails.

- Furthermore, CIRA ensures that its business partners uphold the same values, regarding human rights, before conducting any dealings.

- All employees are given training sessions on emergency procedures, including fire drills and evacuation procedures.

- Internal Auditors conduct safety audit on a regular basis and make regular unannounced visits to sites and schools.

- CIRA has an informal policy of engagement with the local community. Those wishing to complain are reported to have access to school management and community grievances are raised through a Quality Assurance Unit housed at Edu Systems International, the company which is responsible for the overall management and supervision of the schools, and go straight to the director to voice their community concerns.

- CIRA provides a safe and healthy working environment to prevent work related accidents and injuries. A safe and hygienic working environment is provided. Best occupational health and safety practice is promoted, bearing in mind the prevailing knowledge of the industry and of

any specific hazards through a well-defined checklist covering international codes and standards. This checklist is monitored and evaluated by the Quality Assurance Unit.

- As part of its social outreach and engagement with the broader community, CIRA created a special program for Syrian refugees as part of its stakeholder engagement initiatives. Since the pilot program commenced, over 700 Syrian refugee children have been enrolled and school fees have been significantly subsidized in order to alleviate the financial burden on families. The program also employs qualified Syrian teachers to ensure further economic impact for this community in Egypt, 80% of whom are women.

- CIRA's Syrian refugee school is a great success and has a long wait-list of applicants; CIRA has applied for further licenses to increase the capacity of that offering.

- CIRA has established the Scholarship Foundation to award bright students with tuition scholarships at Badr University.

- CIRA's schools in governorates outside of Cairo are growing exponentially and creating access to quality education, which was extremely limited outside of Cairo. CIRA now has schools serving Bedouin families in Dahab (Sinai) and in Minya and Assiout (Upper Egypt).

- CIRA has adopted a minimum wage about that which was decreed by the government for all full-time employees.

PRINCIPLE 2: *Businesses should make sure that they are not complicit in human rights abuses.*

- CIRA conducts its business under well-established regulations in which fundamental human rights are well protected.

- CIRA has an HR policy, which addresses employment, salary structure, working hours, vacation and sick days, and an employee grievance mechanism. The HR policy also requires employment and promotion decisions to be made irrespective of race, gender, religion, political orientation, etc.

- Health care insurance is provided to all CIRA staff. We also have several primary health care centers in our different premises that provide medical services for our staff.

- We have contracted with QNB Alahli Bank for Life Insurance for all employees. Upon death, the beneficiary will receive a lump sum of 20x the salary of the employee paid by the company.

- We have a well-established Child Care Centre that caters to the needs of our employees and their families. Breast feeding rooms are also available for our postnatal female staff in 80 % of our premises.

- $35,000 USD per year is designated towards philanthropic activities within the schools.

- We secure a discount of up to 50% on educational fees for our staff, thus assuring the development and wellbeing of not only our staff, but their families as well.

- In order to comply with a fair work schedule, we operate on a 9–5 schedule, which amounts to 40 hours per week. We ensure that extra hours are properly compensated, and that no one is forced to work on either a scheduled vacation or a national holiday.

- To assure optimal personnel development, 2% of our current budget is designated to providing training opportunities to our staff in different fields of interest.

- The company has thorough grievance policies for both its employees and the community at large.

- Disciplinary codes: Non-compliance with any of the above mentioned actions would automatically go under the following penalty cycle depending on the case reported.
  o First: Complaints to be directed to head of departments (response in max. 3 days for proper investigation).
  o Escalated to internal investigation committee (response in max. 3 days for proper investigation).
  o Internal Investigation Committee pushing it to legal department if needed (response in max. 3 days for proper investigation). Penalties and action taken depends on case severity: verbal warning, written warning, immediate dismissal and /or legal action.
  o All accidents are reported and filed.

- Physical abuse, threats of physical abuse, unusual punishments or discipline, sexual and other harassment, and intimidation are strictly prohibited and corrective actions will be taken immediately through a set mechanism.

- CCTV cameras have been installed in all of CIRA's schools to ensure the safety of staff and students.

- A CRM unit was established to handle all the grievances and concerns of our stakeholders in the schools. The CRM unit includes review cycles by independent teams that are not part of the current staff, and has a direct phone number to handle complaints and concerns.

- There is a positive disciple program and psychological support unit across all school facilities to improve the welfare of the student body.

PRINCIPLE 3: *Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.*

- Currently there is no employee association inside CIRA.

- CIRA implemented an open door policy to ensure open channels of communication between management and the employees.

- A secure and confidential complaint box is available in all CIRA companies, assuring honest employee feedback.

- CIRA conducts monthly meetings with heads of departments to review each department's employee-needs and feedback. To further guarantee that the employees' voices are heard, regular comprehensive staff meetings are convened.

PRINCIPLE 4: *Businesses should uphold the elimination of all forms of forced and compulsory labour.*

- There are no incidents of compulsory or forced labor inside the system.

- CIRA's employees are hired with contracts that are governed by the labor rules and regulations of the Egyptian Government.

- Our contracts clearly state each employee's duties and responsibilities, and the appropriate measures to be taken in case the wish to leave.

- Employees are allowed to leave employment any time with reasonable notice.

- Any changes occurring in the company it is announced to all employees at least a month prior to the change taking place.

- CIRA appoint candidates based on a publicly announced recruitment adds insuring a fair chance for real qualified candidates. In addition, different parties to conduct interviews insure there are no by any chances of preferential treatment or nepotism.

- All employees are evaluated twice a year to ensure competency and development of employees and upon the evaluation appraisal and bonus take place.

- CIRA creates a yearly plan for employees' skills development depending on specialization and their needed skills fulfillment whether technical or soft skills based on internal conducted evaluation.

- **To improve our teachers' skills and competencies, CIRA is introducing the Child Development Associate (CDA) Credential in Egypt for the first time through a pilot program starting June, 2018. The CDA Credential is the most widely recognized credential in early childhood education (ECE) in the World and is a key stepping stone on the path of career advancement in ECE. The CDA Credential is based on a core set of competency standards, which guide early care professionals as they work toward becoming qualified teachers of young children. The Council works to ensure that the internationally-transferable CDA is a credible and valid credential, recognized by the profession as a vital part of professional development. Our pilot program will include only teachers from CIRA's schools, but we plan to expand the program next year so that teachers across the country are eligible to apply for and join the program towards improving early childhood education in Egypt.**

PRINCIPLE 5: *Businesses should uphold the effective abolition of child labour.*

- We take extensive measures to assure the abolition of child labor. The minimum age of employment at CIRA is above 18 years old, and there have been no incidents of violations of such rule.

- Furthermore, CIRA ensures that its business partners uphold the same values, regarding child labor, before conducting any dealings.

PRINCIPLE 6: *Businesses should uphold the elimination of discrimination in respect of employment and occupation.*

- CIRA assures the abolition of glass ceilings, and that no employee is discriminated against based on gender, age, or race. An employee is selected on the basis of their ability to do the job and there is no distinction, exclusion or preference made on other grounds.

- CIRA is aware of the gender wage gap, and assures that employees of either gender are treated equally, and not discriminated against based on gender. Current gender balance on the board is 20%, in upper management at the company level is 15%, and upper management at the school level is 85%.

- Due to the nature of our prime sector of operation, education, and because of the prevalence of female teachers, the ratio of females hired by CIRA is higher than that of males. Our employment ratio is 70% female to 30% male.

- CIRA supports disabled engagement employability. Applicant who is disabled and meets the essential criteria for an advertised job and capable to carrying out day-to-day activities, the company policy is to interview all and candidates who best qualify will be appointed proving all the needed support.

ENVIRONMENT

PRINCIPLE 7: *Businesses should support a precautionary approach to environmental challenges.*

- Before approaching any construction endeavors, CIRA conducts an environmental impact study of the area of construction to assure the feasibility of construction with minimal damage to the environment.

- CIRA's main activity mediating the environmental effects of its operations is moving the schools to paperless workplaces though further integration of its digital education program at all class rooms. Moreover, we employ strict recycling policies to ensure maximum utilization of our supplies, and to adhere to an eco-friendly approach.

- CIRA has transformed the majority of its projects into LED energy. More recent projects, including Badr University in Cairo (BUC), are already built on 100% LED utilization system.

PRINCIPLE 8: *Businesses should undertake initiatives to promote greater environmental responsibility.*

- Currently, CIRA has a policy of allocating 35 % green space in all of its school premises.

- Through our schools and the Skoool Learning Portal (http://www.skoool.com.eg), we encourage students to delve further into sciences and spread awareness about eco-friendly practices for the environment.

- The company strictly prohibits and restricts smoking in the work place and releases continuous awareness handouts about employees' health and safety issues in which smoking restriction and impacts are clearly highlighted to ensure a better and healthier environment for all its employees.

- In order to formalize and institutionalize governance and safety at CIRA schools, each CIRA campus has an operational manager responsible for E&S issues including reporting

arrangements for E&S issues and employee trainings on fire and life safety and health care. The Quality Assurance (QA) Unit at CIRA undertakes a bi-annual E&S assessment of the schools' facilities.

- CIRA has established an emergency and evacuation plan at each one of its schools, and conducts annual drill with the civil defense institution in each as well. As part of its CAP for the coming year, CIRA has decided to hire new security personnel.

- At each CIRA campus there is an operational manager responsible for E&S issues including reporting arrangements for E&S issue and employee training on Fire and Life safety and Health care. An E&S assessment of the schools' facilities is undertaken bi-annually by the Quality Assurance (QA) Unit at CIRA.

- All of CIRA's new facilities have utilized LED technology to reduce electricity consumption, including Badr University, the new campus set up by the group. The United Nations Development Program has provided an in kind contribution to cover the costs of a study on existing CIRA schools to understand how they can transfer their electricity consumption to LED technology. Moving forward, CIRA is focused on implementing LED technology across the majority of its school premises.

- ESI, a management company for schools and CIRA subsidiary, is responsible for the E&S issues at the schools as part of the school's license to operate. National schools are reviewed by the Ministry of Education and the national civil defense unit. In addition, international schools are accredited by Northwest Commission, a US-based accreditation that includes environment and safety.

PRINCIPLE 9: *Businesses should encourage the development and diffusion of environmentally friendly technologies.*

- CIRA is dedicated to design and implement global IT standards and solutions to improve efficiency and gain a competitive edge through implanting unique, up to date business solutions which are also featured in all designed and built schools and universities. Such integrated system has created to business solutions that are less time consuming, environmentally friendly, and gives a unique identification.

- As previously mentioned, we have a policy of allocating 35% green space in all of our school premises.

- As mentioned under Principle 7, we employ firm recycling policies in all our schools.

- **In June 2016, CIRA was awarded a $80,000 CAD Sustainability Innovation Grant (SIG) from Global Affairs Canada through a project managed by Mennonite Economic Development Associates (MEDA). The company planned to invest heavily from its own funds to implement the SIG activities. The purpose of the SIG initiative was 'to make use of technological solutions so that the CIRA can better manage and service the rapidly growing student population in its schools and university'. The main SIG activities that have been implemented include:**
    - o Integrating Power Campus systems at Badr University in Cairo.
    - o Integrating Microsoft GP Systems in CIRA's schools
    - o Linking the current school Enterprise Management System (SEMS) with the GP and Power Campus.

- **The technological improvements resulting from the SIG initiative has enabled CIRA to provide a more efficient educational service whereby parent and students can pay their fee online. The SIG activities will also help the company meet its growth target of increasing school enrollment numbers significantly over the next 5 years.**

- **Increased Use of Online Systems:** Parents or students have started using the online payment system in all the 23 ERP implementing schools (from 65% to 100%). With increased technical skills, more number of CIRA staff are using the online management systems, especially the administration and finance department staff. Before the project, only 30% of the staff were using the electronic management system, which increased to 45% after the SIG contract duration.

- **Improved Service Quality:** SIG contributed to improving CIRA's quality of service. As part of the SIG, CIRA's financial and administrative functions have been automated reducing the number of reconciliation errors from 10% to 3%. The process of paying tuition fees had been automated and students and parents reported fewer grievances than before. According to CIRA, after the SIG, the company received fewer complaints than last year from parents regarding payment issues.

- **Increased Technical Skills of Staff:** CIRA conducted ERP trainings for its staff. Before the project, there were only four staff members (two female and two male) who had knowledge of ERP, however, as part of the SIG, there are now 18 staff (five female and 13 male) with increased ERP knowledge and skills.

- **More Efficient Processes and Decision Making:** The ERP system improved the workflow of CIRA's processes enabling the staff to inform its management on financial health of the company regularly and accurately which has helped the management to make quick and informed decisions. With automation of financial reporting, the annual auditing has become much more efficient and accurate. The company's auditor, PwC has issued a 100% unqualified report for CIRA because ERP enabled the company to effectively manage its financial reporting systems.

- **Improved Monitoring and Reporting:** As part of the SIG contract with MEDA, CIRA identified a set of key performance indicators (KPIs) specific to the project. In addition, the company also reported on Sustainability KPIs related to job creation, quality of jobs, gender diversity, contribution to local economy and environmental sustainability. CIRA noted that SIG quarterly reporting helped to keep track of the project activities. The company also reported increased awareness and capacity in ESG measurement and reporting. CIRA intends to continue using Standard Sustainability KPIs beyond the life of the SIG project.

PRINCIPLE 10: *Businesses should work against corruption in all its forms, including extortion and bribery.*

- CIRA is developing a new framework to deal with stakeholder issues and grievances, including issue logs, quarterly progress reports (QPRs), and incident reports to be enforced in all schools. CIRA is also developing customer relationship management (CRM) system to manage, analyze and address stakeholder grievances. The company is also very active on engaging stakeholders on all their concerns through social media.

- CIRA has an established Internal Audit function that is producing routine reports for senior management and the board. Furthermore, there is an independent external auditor

- CIRA has an internal whistle blowing protection system and any abuse of this protection will warrant disciplinary action. Any compliant should preferably be reported in writing not verbal to ensure a clear understanding of the issues raise. The letter should be directly forwarded to the internal investigation committee or to the CEO. The case reported should be based on facts and not based on assumptions to allow proper assessment and evaluation. Employee is free to put his name or leave the letter anonymous.

- Failure to comply with the requirements of employee's disciplinary code of the company could result in taking a clear-cut action to terminate such actions. This takes place through a clear formal system that employees and the company to settle the matter in a formal processes

- With automation of financial reporting, the annual auditing has become much more efficient and accurate. The company's auditor, PwC has issued a 100% unqualified report for CIRA because ERP enabled the company to effectively manage its financial reporting systems and to improve standards of auditing and transparency.