



To Our Stakeholders,

SMS is unique in the Egyptian security sector to adhere to international codes of conduct in view to promote the responsible provision of security services. This means ensuring that we cater to the needs of our clients all the while maintaining a rigorous standard of corporate social responsibility and sustainability and showing the utmost respect for the safety of our communities as well as Egypt's security environment, human rights and rule of law. In this regard, SMS steadfastly continues to reaffirm its commitment to the Ten Principles of the United Nations Global Compact in the areas of human rights, labour, environment and anti-corruption. SMS' core values are to act in a professional and collaborative manner which is ethical, inclusive, respectful, transparent and fair. We are committed to working in harmony with the world around us, acting as a role model for fellow businesses to follow.

In this annual Communication on Progress (COP), we outline the actions taken by SMS to continually enhance the incorporation of the Global Compact and its standards into our business strategy, culture, and daily services. We likewise focus on imparting our knowledge to our partners through our primary channels of correspondence.

Please find below the descriptions of 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 promote dialogue on possibilities for future improvement and innovation.



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Actions Taken to Implement the Ten Principles of the UN Global Compact in the four areas

Human Rights

SMS embraces human rights values by providing all staff with competitive and advantageous working conditions and standards which reflect our objective to treat all employees with fairness and dignity. SMS' corporate social responsibility towards our people is one of our guiding principles. This is attested by our staff receiving the highest salaries and best fringe benefits in the Egyptian security industry and receiving annual raises of at least ten percent. SMS staff wages have moreover seen exponential growth over the years as we believe the work our employees undertake needed to be compensated even further. 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 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 last resort when working with staff to improve performance and behavior.

SMS has also implemented transparent policies and procedures aimed at preventing and tackling all forms of workplace abuse and harassment, including disciplinary or legal action against perpetrators and support mechanisms for victims. We are happy to report in this regard that we have yet to have the need to use these measures.

Given the nature of SMS' work in the field of security, our employees are extensively trained to avoid using force unless absolutely necessary, and even then, to use the absolute minimum amount of force needed to safely de-escalate hostile situations. These conditions are also mentioned in our policies and rules of engagement aimed at guiding employees.

Our commitment to human rights and adherence to international law saw SMS become the first and only Egyptian security company signatory 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. All SMS operations are thus conducted in strict accordance with Egyptian law and compliant with international policies on human rights also including the Universal Declaration on Human Rights and the Montreux Document. SMS' endeavor to stringently abide to the highest human rights standards not only proves to our clients our commitment to developing stellar quality security services but further showcases our drive to be exemplar leaders in Egypt within the security industry. We in turn encourage fellow businesses to follow suit and increase the overall standards of security services in the region.

We are proud to note that SMS is entirely Egyptian owned with a fully-fledged and dynamic Egyptian workforce. This ensures that we are committed to building local knowledge, skills and expertise so that the next generation of Egyptians can continue to contribute to building a strong and prosperous society.



Labour

SMS steadfastly subscribes to international principles of labour rights, in compliance with the International Labour Organization conventions and local regulations. These conventions include but are not limited to the International Labour Organization conventions on abolishing forced labour and slavery, abolishing child labour, and protection from discrimination in respect to employment and occupation. As such, SMS firmly upholds the Global Compact Principles against forced labour and child labour by unequivocally supporting the elimination of all forms of forced, bonded or compulsory labour. In this regard, SMS solely employs 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 as well as its support for the Modern Slavery Act 2015. The very same standard is expected of our providers and subcontractors and wherever practicable, SMS will seek to include in our contracts with business partners specific prohibitions against the use of forced labour and expects that all partners will hold their own suppliers to the same high standards.

Moreover, SMS supports and upholds the eradication of discriminatory practices with respect to employment and occupation, and promotes and embraces diversity in all aspects of its business operations. SMS is devoted to its status as an equal opportunity employer, which provides employment irrespective of race, colour, religion, age, gender, national origin, marital status, sexual preference and orientation or disability in accordance with Egyptian law. 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 as a grave offence.

SMS is dedicated to fostering a diverse workplace. In this regard, we are committed to hiring more women, and have begun initiating a formal gender equality hiring policy, with the objective of having a more gender-balanced workforce.

Environment

SMS is committed to protecting the environment and the earth. We believe that protecting the environment is analogous to protecting our future and thus have worked to increase our commitment by increasing our use of recyclable materials in all every day work activities, and by recycling all necessary materials when possible. Moreover, SMS has promoted a culture within its offices of using digital, cloud-based formats for documents when at all possible to decrease paper consumption. Employees are encouraged to use their phones, tablets, and laptops during meetings instead of paper materials.

SMS also uses transportation and mobile-based vehicles that are newer and more recent models 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.



Additionally, SMS strives to be environmentally conscious in all aspects of its business, and thus it undertakes an environmentally friendly attitude to energy consumption by having offices with access to plenty of natural sunlight and using electricity when necessary. In addition to this, we enforce a policy of turning off all lights and electronics when they are not in use or when office space is not occupied. Internal memos about the subject are circulated often and through email. What's more, SMS encourages environmental protection among its suppliers and subcontractors.

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

Anti-Corruption

Anti-Corruption is at the forefront of our business practices, with a zero tolerance for corrupt activities. SMS strives to maintain the highest standard of integrity, client confidence and corporate governance, achieved and maintained by ensuring that employees and sub-contractors are not influenced by, nor seek influence through, benefits, gifts and bribery.

Furthermore, SMS adheres to strict financial and accounting principles and practices that ensure consistent oversight over all capital 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 practices.

Similar policy and practices are 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

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

SMS - Security & Monitoring Services Co.

13 Brazil St.

11211 Zamalek

Cairo – EGYPT

Tel/Fax: +20(0)227359465

www.sms-egypt.net



SMS
Security & Monitoring Services

إس إم إس لخدمات الأمن والحراسة
شركة مساهمة مصرية
مأمورية ضرائب الشركات المساهمة بالقاهرة
ملف ضريبي رقم: 5-01050-420-00-00
رقم التسجيل الضريبي: 463-727-835

Firstly, it is a significant accomplishment worth mentioning that SMS has not recorded any violent altercations faced by its staff members over the last 5 years of operation. It is true to say that, this is due to the intense training received by our staff to avoid and prevent any type of violent behavior or action.

Secondly, SMS has not experienced any significant worksite accidents in its business history, due to our strong commitment to safety and security of staff. The only recorded incident we've had was a single road traffic accident that involved one of SMS' company vehicles several years ago, however this is not an uncommon incident considering Egypt's road situation.

Thirdly, 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 offered competitive wages, frequent pay raises, flexible working conditions, and considerable company benefits. Additionally, we work hard to accommodate any difficulties faced by our employees, offering them solutions to any problems they may be facing inside or outside of the workplace.

Lastly, we are proud to announce that all our clients and subcontractors would happily comply with the fact that SMS fully applies all relevant regulations, and that we haven't had any formal legal actions taken against us.

Yours sincerely,

Mohamed Shaltout

Managing Director, SMS – Security & Monitoring Services Co.