



**AL SHERAA GROUP FOR DEVELOPMENT
AND TRADING**

COMMUNICATION ON PROGRESS

DECEMBER 2018 – DECEMBER 2019

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INTRODUCTION

Statement of Continued Support



Dear stakeholders,

We are pleased to share with you our 2019 Communication on progress. We have a vision to become the region's leading entrepreneur, we strive for continuous improvements driven by the persistence, teamwork, and innovation of our employees. It is this combination of elements that helps us present our customers with the highest quality service, while also ensuring that our employees have a positive work environment and our business operates as effectively, efficiently, and ethically as possible. Also, I would like to take this opportunity to reiterate the continued commitment of Al Sheraa Group for Development and Trading to participate in the United Nations Global Compact and upholding its principles.

Since December 2012, we have dedicated time, effort, and resources towards including these principles in our strategy and daily operations. This year, we continue our commitment in all four issue areas: **human rights, labor, environment, and anti-corruption**. As always, we strive to make continuous improvements in terms of our performance and our reporting practices.

Sincerely,

Farid El-Tobgui

Chairman

Al Sheraa Group for Development and Trading ... in a Glance

Description of Companies

Al Sheraa Group for Development and Trading is the holding company for a uniquely diversified group of subsidiaries that operate in several industries, including automotive, insurance, and support services. It has strategic agreements with leading companies in these industries. Al Sheraa Group was formed in 2011, and it has since grown to include three subsidiaries with a total of 65 employees as of December 1st, 2019.

Al Sheraa Group subsidiaries:

- **Al Sheraa for Insurance Brokerage:**

Acts as an intermediary in insurance provision. It offers insurance brokerage services for assets, such as buildings, factories, homes, and vehicles. Al Sheraa for Insurance Brokerage also provides insurance brokerage services for individuals in the form of life and medical insurance.

- **Al Sheraa for Project Management:**

Provides support and consultancy services to Al Sheraa for Insurance Brokerage, including follow up on insurance claims.

- **Boysen Egypt:**

Boysen is a German company specialist in exhaust technology, its major customers worldwide include Audi, BMW, Daimler, Porsche, VW, Bentley and Rolls Royce as well as the commercial vehicle manufacturer MAN.

In Egypt, Boysen manufactures exhaust systems for high end vehicles in local market, and its manufacturing site is the first operating in Africa.

Social Responsibility

At Al Sheraa, we are socially responsible in conducting our business, some of our practices are demonstrated as below:

- Create internal policies that reflect social responsibility and our commitment to have a positive impact on the environment and community.
- Supports charitable and development initiatives in society by working closely with local non-profit organizations (NGO's), as well as the UN agencies in their efforts to address social problems.
- Also, we make contribution to diminish poverty, battle hunger and malnutrition in society, in addition to, support the access to medical care in rural and poor areas.
- Create equal employment opportunity for personnel with disabilities, safeguard labor rights by providing equal opportunities for training and career advancement equally for male and female, encourage the use of natural resources, reduce emissions and pollution, introduce innovative and environmentally- friendly technology and industrial capability in Egypt, as

well as fighting corruption.

Al Sheraa Group has taken these steps on the scale permissible in its current capacity and aims to increase its commitments over time as possible.

1. HUMAN RIGHTS

Quality Management System

Al Sheraa Group is committed to comply with Egyptian laws, international guidelines, and industry standards. Al Sheraa Group subsidiaries have shown this commitment by acquiring certifications for Quality Management System standards. The standards offer guidance and tools to ensure that Al Sheraa Group's products and services consistently meet customer requirements and that their quality is continuously improved.

ISO/TS 16949:2009 Certification

Boysen Egypt is certified with ISO/TS 16949:2009, which is an international automotive technical specification and quality management system standard. ISO/TS 16949:2009 increases process efficiency and effectiveness, thereby reducing waste and preventing defects that could harm or threaten human life and health. This is achieved through an enhanced risk management approach that uses policies, objectives, training, audit results, data analysis, corrective and preventative actions, and management review. As a certified entity, we must continually improve the effectiveness of the management system and work to achieve customer satisfaction and protection.

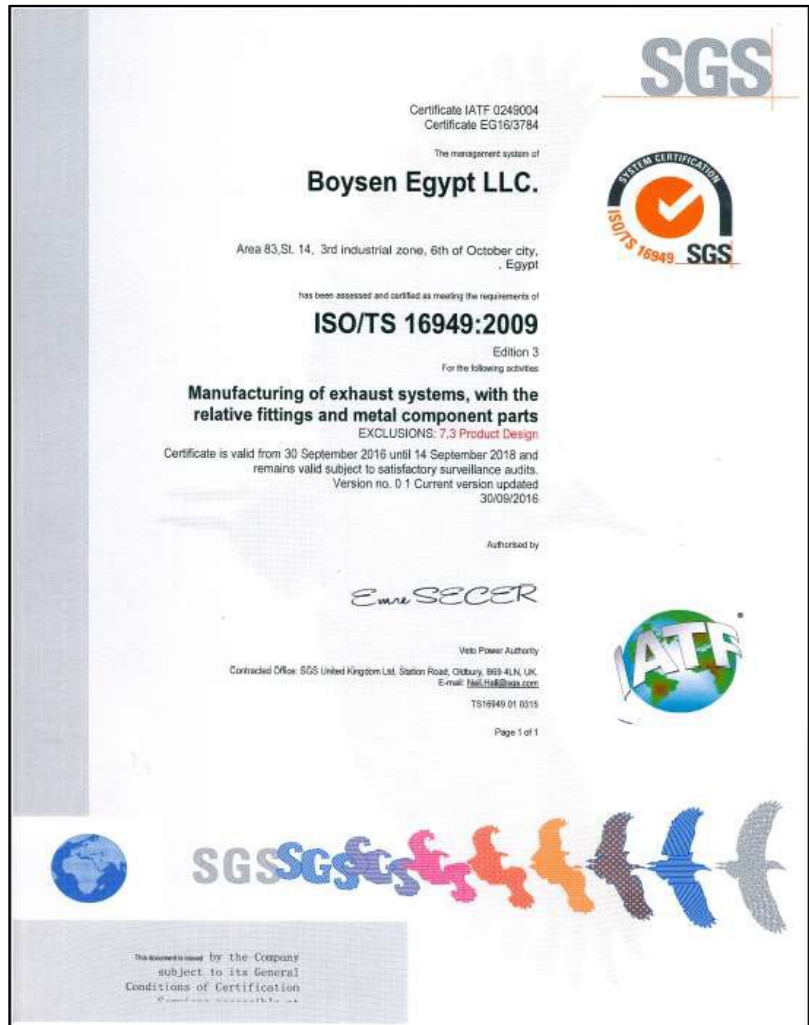


Figure 1. ISO/TS 16949:2009 Certificate

ISO 9001:2008 Certification

Al Sheraa for Insurance Brokerage is certified with ISO 9001:2008. This is a quality management system standard applicable to all businesses, regardless of type, size, and kind of product or service offered. ISO 9001:2008 creates a system that increases efficiency and productivity, saves time, reduces costs, and improves customer retention and attainment. These benefits are realized through continuous assessment of existing policies and procedures, followed by improvement of processes as necessary.



Figure 2. ISO 9001:2008 Certificate

Health and Safety

AL Sheraa along with its employees, take all the necessary measures to identify and control health and safety risks, create the best possible working conditions and improve operational performance. A number of policies and procedures implemented at AL Sheraa that aim to safeguard the health and wellbeing of employees, customers, and anyone else who may be on its premises.

The policies strictly prohibit alcohol consumption and illegal drug use or possession during working hours and on any AL Sheraa premises. AL Sheraa has the right to conduct random drug testing of all of its employees. A positive result or refusal to take this test will lead to disciplinary action up to and including termination.

AL Sheraa has also established a smoke-free work environment, where smoking is not permitted on any AL Sheraa premises in order to protect employees, customers, and anyone else present from the hazardous effects of smoking and passive smoking.

Workplace Conditions

AL Sheraa Group premises provide a clean, hygienic, and comfortable work environment for employees.

Employment Status

AL Sheraa Group ensures that all its companies' employees receive written employment contracts which guarantee their employment rights according to local laws.

Fair Treatment

Anti-Harassment Policy

AL Sheraa Group is committed to providing a harassment-free environment for its employees. The definition of the term harassment and all the actions it refers to are clearly outlined for employees. AL Sheraa Group will neither tolerate nor condone behavior that is likely to undermine the dignity or self-esteem of any individual or create an intimidating, hostile, or offensive environment.

Anti-Violence Policy

AL Sheraa Group has a zero tolerance policy towards all types of violence and abuse in order to ensure the security and protection of its employees, customers, and anyone who could be on any company premises.

Health and Safety Indicators

Incident reports are available to document near misses, incidents, and accidents. The event that took place is described in detail, so is its cause and its impact on the individual or individuals concerned and the surrounding area. All such events are investigated and actions are taken to prevent recurrences. Data from these reports is aggregated and culminates in the production of a monthly incident report. Weekly violation reports are also created to record any violations related to personal protective equipment requirements, exposure to potential accidents, fire safety precautions, or any other such infraction. This data is also presented in the aggregate in order to better evaluate

performance over time and in specific areas of the manufacturing plant. All aggregate data is displayed and is easily accessible to all

Community Engagement

In addition to Al Sheraa taking steps to protect its customers and employees, it also engages with the larger community. A significant part of Al Sheraa's social responsibility commitment is cooperating with NGO's to plan and implement social development and charitable activities. Al Sheraa had contributed with many worthwhile causes throughout the year, and it continually strives to find new and innovative programs and projects to contribute with, such as:

Awliaa El Galeel Organization

For the third consecutive year, Al Sheraa Group has supported Awliaa El Galeel NGO in its effort to conduct charitable and development initiatives in community. Al Sheraa Group made donations to the NGO, which were used to support multiple Ramadan activities. This includes, distributing bags of basic foodstuff to families in need and organizing *Maidat Al Rahman*, which is a charitable tradition where food is offered for free at the time of breaking fast.

Dar Al Orman Organization

During the reporting period, Al Sheraa Group provided donations to Dar Al Orman to be used to support the organization's activities. Dar Al Orman is a charitable organization that conducts diverse projects and programs throughout Egypt in order to support those in need. The Organization's activities include: orphanages and support for orphans, medical programs and services, as well as clothing and food drives. It also conducts development projects, such as building infrastructure for homes and schools, as well as helping individuals start small businesses.

Egypt Business and Disability Network

Al Sheraa Group is a member of the Egypt Business and Disability Network, The Network is supported by the International Labor Organization and is concerned with the participation of persons with disabilities in the workforce. It is committed to creating a culture of equality, diversity, and inclusion. Participants know that persons with disabilities provide great contributions to companies and the economy as a whole and work towards increasing awareness about this important issue. The Network also attempts to build the capacities of institutions to better accommodate persons with disabilities and collaborates with other organizations to evaluate and develop services and tools that can help accomplish this goal. Finally, members of the Network and relevant stakeholders exchange best practices and assist one another in finding solutions to the obstacles they face as inclusive employers.

Throughout the reporting period, Al Sheraa Group participated in several of the Egypt Business and Disability Network's meetings and workshops. Al Sheraa Group also attended other events open to all stakeholders that focused on the topic of employment of persons with disabilities.

2. LABOUR

Forced and Compulsory Labor

Terms of Employment

All recruitment and selection decisions will, however always be made in a fair and transparent manner, in accordance with job and organizational requirements and in line with all legislative requirements as a minimum. The company supports equal opportunities when hiring regardless of race, color, belief, sex, etc., while maintaining fair and equitable treatment for all.

Also, Al Sheraa Group recognises the importance of the reward and benefits that it gives to employees to engage and motivate them to do their job to achieve the company strategies and objectives. Also it recognises the importance of high performance and highlights the outstanding achievements of employees in a manner consistent with the company's values and behaviors.

All Al Sheraa Group employees show their desire and willingness to work under the existing conditions by signing contracts upon employment and renewing said contracts annually. Employees are only required to perform the agreed upon tasks and duties according to job description.

Notice and Leave

Employees at Al Sheraa can freely give notice and leave the company in accordance with Egyptian labor law. Employees are fully aware of the requirements for leaving employment before they even start working at the company.

Child Labor

Al Sheraa Group's hiring Policy is strict to labor law in hiring under age candidates. In very rare cases, and if there are extenuating circumstances, an exception could be made to this rule as long as it does not violate Egyptian laws. In addition, Al Sheraa Group requires new employees to provide their graduation certificates in order to ensure that work does not interfere with any employee's compulsory education.

Non-Discrimination

Job Descriptions and Grading System

Job descriptions, as well as defined grading system and salary structure minimise the possibility of discriminatory practices when it comes to hiring, establishing salaries, and opportunities for promotion. Jobs are assigned to particular grades and salary structures based on determined criteria. This is used to manage all employee compensation in a fair and equitable manner by relying on objective criteria.

Training

Al Sheraa Group believes that its employees form the cornerstone of its competitiveness in the marketplace. It therefore adopts a policy of giving priority to the training and development of its employees. It sets out to identify and assess the potential of staff, to match it with the requirements of the company and to afford all employees the opportunity to develop their potential, improve their

performance and advance their career prospects within the organisation.

Equal Employment Opportunity Statement

Al Sheraa Group is an equal opportunity employer and hires individuals without regard to their race, nationality, religion, gender, age, marital status, physical or mental disability.

All applicants are encouraged to apply to positions for which they are qualified based solely on competencies to perform the job.

Performance Appraisals

Al Sheraa Group believes in creating and sustaining a performance culture, by agreeing on clear objectives and providing development and support our people to enable them to perform to their best. It links reward and performance, and enables individuals to develop effectively. It also provides employees with a clear understanding of what they can do to help company succeed, which is critical for individual empowerment.

Employee Benefits

Employee Healthcare Program

Al Sheraa Group recognises the importance of employees' health and ensuring a balance between employee work and personal life, accordingly, health insurance systems are designed to support the health of employees and their families, and to help care for employees and their families. Al Sheraa Group provides medical insurance to all employees as part of their functional benefits package.

Employee Engagement

Al Sheraa Group believes that social activities outside the workplace are important opportunities for creating and enhancing the team spirit, boosting morale and motivation, and increasing work-life balance for individuals. For these reasons, during the reporting period, Al Sheraa Group held Ramadan Sohour for all employees.

3. ENVIRONMENT

Protecting and preserving the environment is essential for individuals, companies, and the whole society. Al Sheraa Group is committed to protect the environment and minimise negative impacts that its operations may create. This is accomplished through setting policies, procedures, and initiatives which aim to assessing, preventing, and managing environmental risks, as well as reducing resource consumption and treating emissions and wastes.

Emergency Response

Al Sheraa Group has a number of procedures in place to prevent and address accidents and emergencies that could have potentially devastating impacts on the environment and human health. Each building where Al Sheraa Group employees work has its own specific plans, appropriately tailored to its location and context. These plans include the actions, equipment, and training required to respond to accidents and emergencies should they occur.

Emergency response procedures are essential at Al Sheraa Group because they can prevent injuries, save lives, and reduce damage to facilities and the environment. By properly managing an accident or emergency situation, it is possible to control fires, leaks, and fumes, among other hazardous materials, from spreading throughout the premises or into the surrounding community.

Natural Resources and Energy Consumption

Al Sheraa Group attempts to reduce the use of resources as much as possible. This approach decreases the consumption of valuable raw materials and the production of waste, leading to the need for fewer decisions about reuse and recycling of waste products. Al Sheraa Group is also committed to continuously improving its energy performance. This includes making environmentally conscious decisions when it comes to new purchases and using energy as efficiently as possible in the workplace.

Employee Shuttle Buses

Al Sheraa Group offers shuttle buses to employees in Boysen Egypt, which is located on the outside the city, where it offers to take them to and from work as a viable alternative to employees using their own cars or other forms of public transportation.

The employee shuttle bus reduces the harmful impact on the environment by minimising emissions from employees' cars, it also improves the health and wellbeing of employees and the surrounding community by reducing pollution and its consequences, as well as eliminating stress from driving during peak traffic times. Further, it decreases fuel consumption, which is particularly important since this is a non-renewable energy source.

Intranet Portal

During this reporting period, Al Sheraa Group launched a new intranet portal. A main feature of this portal is to improve communication within Al Sheraa Group by creating a mechanism for sharing data and information. This mechanism reduces costs; saves time; and increases productivity, effectiveness, and unity within companies. It also decreases resource use, especially for

documentation that must be widely distributed. Further, intranet portals are useful for data storage and backups, which reduces the need for maintaining hard copies of all paperwork.

Al Sheraa Group operations have been streamlined and employees can now share knowledge and resources, store and disseminate data, and eliminate redundancy, through improved communication channels. As a result, there is an expectation of increased efficiency and resource savings during the following reporting period.

IT Policies

During the reporting period, a number of new IT policies have been developed and implemented at Al Sheraa Group. These policies aim to increase efficiency, as well as decrease energy and resource consumption. They provide clear guidelines for the acceptable use of computers, phones, and other electronic devices. The policies, also, address appropriate and inappropriate use of the internet in the workplace and on electronic devices that belong to Al Sheraa Group. All employees are aware that there is a renewed commitment by Al Sheraa Group to eliminate the misuse of technology and the waste of time and resources associated with it.

Emails

Emails are the primary mode of written communication used within Al Sheraa Group, as alternative to paper-based communications. Further, emails are not printed unless absolutely necessary in order to save printing resources. If emails or other documents must be printed, they are then used as scrap paper for telephone messages or notes once they are no longer needed. This initiative is in place in order to reuse an item that otherwise would have been considered waste.

Air Emissions

At Al Sheraa Group, and in particularly for Boysen Egypt, as a manufacturing site, it continuously monitor, assess, and manage air emissions and their impact on environment. Boysen Egypt conducts welding operations, which produce fumes as a by-product of the industrial process. In order to reduce the negative environmental impact of these fumes, Boysen Egypt uses a fume extraction and treatment system. This will purify air emissions and recycle the purified air back into the plant.

4. ANTI-CORRUPTION

Signaling a Non-Corrupt Environment

Al Sheraa Group has a zero tolerance policy on corruption, and it is firmly committed to doing business in accordance with the highest ethical standards, which builds an environment of trust with stakeholders. As a result, Al Sheraa Group has developed clear policies and procedures to avoid corruption in all its forms and detailing the consequences of violations of these policies. There is also a clear method by which anyone can safely report suspicion of corruption to the relevant party who can, in turn, put in motion an investigation of the reported case and take appropriate disciplinary action if necessary.

Preventing potential offenders is a priority, so Al Sheraa Group has set out strong disciplinary tools for dealing with individuals involved in this type of activity. Apart from disciplinary measures specific to its companies, Al Sheraa Group will not hesitate to use the relevant legal tools under Egyptian law should violations occur. All Al Sheraa Group employees must abide by Egyptian law and ensure that no type of corruption occurs at any of its companies.

Code of Ethics

Al Sheraa takes steps to ensure that employees are aware of the existence of the policies and that they fully understand them. During the reporting period, all newly hired employees at Al Sheraa participated in orientation training sessions about the need to comply with Egyptian law and internal governance. Any communication on the matter is presented in a language and form easily understood by all employees. Further, Al Sheraa Code of Ethics and Conduct Policy is easily accessible to newly hired and existing employees at all times.

Anti-Corruption Procedures

Compliance and Internal Audit

Compliance is a vital function at Al Sheraa Group since it ensures that all relevant laws and regulations are being followed. Internal auditing is also critical in helping fulfil regulatory requirements and improve company operations. Its goal is to assist management in mitigating risks, maintaining controls, and strengthening corporate governance processes.

Following the review of existing procedures and their applications in the previous reporting period, recommended follow up actions were taken during this reporting period in order to continue to improve Al Sheraa Group's performance. These actions aim to better align company operations with its strategy and goals using the most systematic, efficient, and effective methods possible.

External Audit

External auditing of Al Sheraa Group occur on a regular basis in accordance with Egyptian law and regulations. The external audits are conducted by an independent party and provide a valuable check on company activities. Several visits are made by the auditing party throughout the year, and an annual report is produced. The results of these external audits are submitted to the relevant authorities. They are also used within Al Sheraa Group to monitor, analyse, and improve performance.

Al Sheraa Group for Development and Trading

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