ANNUAL REPORT 2018

aramex
delivery unlimited

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Content

01
About Aramex

Since its foundation in 1982, Aramex has grown to become a global leader in the logistics and transportation industry, recognized for its customized and innovative services for businesses and consumers. Listed on the Dubai Financial Market (DFM) and headquartered in the UAE, our location bridges the path between East and West, enabling our reach to more customers with the provision of effective logistics solutions worldwide.

Our breadth of services, including International and Domestic Express Delivery, Freight-forwarding, Logistics and Supply Chain Management, e-Commerce, and Record Management extend our considerable reach. We remain committed to further enhancing our global operations and pursuing more opportunities for future business growth and advancement.

Our unique asset-light business model and commitment to innovation underpin every strategic decision we make. This has proved highly successful, allowing us to adapt swiftly to challenging market conditions, execute last mile delivery solutions, develop new products and services, and respond quickly to the continual changes in customer preferences.

We live in an era where technology transforms and influences our daily lives more than ever before; as a result, technological innovation is critical to our success. We are strategically leveraging technology for better and more efficient last-mile delivery solutions. This approach has significant benefits, and that's why we consider ourselves a technology-driven enterprise, selling transportation and logistics solutions without owning heavy assets. We also believe that investing in technology in the field of e-Commerce is key to the movement of goods and services efficiently whilst maintaining our market-leading position.

In order to grow a truly sustainable business it is crucial that we utilize our core competencies to enhance our positive impact as active citizens in the communities in which we operate.

Our "Delivering Good" sustainability platform is active in over 98% educational, social and environmental projects worldwide, and we have partnered with many international and local organizations dedicated to similar causes. We are proud of the partnerships we have with the communities in which we operate, as well as the contributions to their sustainable economic development.

To that end, we are actively developing a culture where innovation can thrive. With continuous investment in our people, technology, infrastructure, and the implementation of innovative solutions, we satisfy our customers evolving needs and deliver the maximum value to our stakeholders along with maintaining partnerships with local communities.

We currently have business operations in **600+ cities** across more than **65** countries worldwide and employ over **15,623 professionals**. Factoring in the **40 alliances** we have with leading international express and logistics providers, as part of the Global Distribution Alliance (GDA), our network expands to more than **12,000 offices** and **66,000 employees** across **240 countries**.

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02 About Sustainability And This Report

We are pleased to share with you our 9th Integrated Report and 13th Sustainability Report.

Evident since our founding, we have continued to lead our sector and the region in sustainability through constantly strategizing, improving and innovating our approach. Our core values have always been the engine of our sustainability, driving us to invest in, and empower our people, enhance customer experience and encourage innovation and entrepreneurship, and always opt for socially and environmentally responsible practices.

Our sustainability strategy has evolved over the years by adopting emerging best practices in sustainability and by creating new ones. Our holistic approach to sustainability is crucial to our business model, integrated into our operations, and guided by our communities and core competencies while remaining aligned with a global sustainable development agenda. Our investments in, and commitment to sustainability help ensure sustainability for our company, our communities, and the planet in the future.

Now more than ever, we are seeing the world's leading companies adopt sustainable practices and restricting their business to companies in compliance with those practices. Aramex's proactive approach assures that we are always ahead of international norms and leading the way towards better sustainability outcomes.

The report integrates our financial and sustainability information and includes our Green House Gas emissions for 2018, as well as communicating our progress on sustainability goals.

This year is the third year in which we are reporting according to the Global Reporting Initiative (GRI) Standards. We continue to be pioneers in the transition to these Standards, which we hope will enable us to continue enhancing our sustainability efforts in a more effective, stakeholder-focused and comprehensive manner. In addition to continuing our GRI Standards reporting, we conducted a Total Impact Assessment to

measure the total monetary value of all of our impacts, economically, socially and environmentally, and became one of the first multinational corporates in the MENA region to conduct an expansive externally validated Human Rights Audit of our operations and suppliers. In addition to this, Aramex continues to further support the United Nations Sustainable Development Goals with a particular emphasis on UNSDGs 4, 8, 13, and 17 and having impact on most of the other goals.

This is also the first year in which we are reporting to satisfy the requirements set forth by the International Integrated Reporting Committee (IIRC) which will facilitate the availability of the information in the format the investment communities would require. We achieve this in part by reporting our value creation across the Six Capitals: Human Capital, Intellectual Capital, Social and Relationship Capital, Financial Capital, Manufactured Capital, and Natural Capital. Our sustainability strategy sets out to maximize our value creation across the first 5 of these Capitals, while minimizing negative impacts on Natural Capital and making efforts to utilize Natural Capital that is renewable and clean.

Our financial statements are maintained in accordance with the International Financial Reporting Standards (IFRS) of the International Accounting Standards Board (IASB) and are reported in line with the regulatory requirements of the Securities and Commodities Authority (SCA) of the United Arab Emirates.

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How We Create Value

OUR PEOPLE

82 Nationalities

15,623 Employees

Certified Training Center

OUR FINANCES

AED 1,464,100,000 Share Capital

14.1% Return on Equity (ROE)

OUR COMMUNITY

Stakeholder Engagement Sessions

98% Sustainability Coverage

OUR ENVIRONMENT

20,416,518 Liters of Fuel

47,450,551 Kw Electricity

22% Increase in Recycling

Inputs

Business and Operations

Values

OUR PEOPLE

4,390 Shipments per Employee

AED 1,198,702,914 Employee Benefits & Salaries

64% of Total Employees Received Compliance Training

OUR FINANCES

AED 4,704 Million Total Assets

AED 5,086 Million Total Revenues

OUR COMMUNITY

78,000 + Direct Beneficiaries

300 + Stakeholders Attended Engagement Sessions

OUR ENVIRONMENT

Generating Electricity Through Our Solar Farms in Amman & Dubai

24% Reduced Electricity per Shipment “compared to 2012 baseline”

17% Reduced Fuel per Shipment

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Letter from the CEO

Dear Valued Stakeholders,

2018 was a remarkable year for Aramex as we transformed our operations and reported one of our most profitable years to date. Our business is thriving in an increasingly competitive environment and remains resilient against market challenges.

Many of these challenges are shaped by the Fourth Industrial Revolution, a result of major and accelerated advancements in technologies that have changed the way that consumers, producers and service providers think, act and react. Today's consumers hold increased influence because of heightened levels of awareness, sensitization and connectivity. Producers are required to constantly reinvent themselves to meet the more customized demands of their consumers. And the survival of service providers hinges on their ability to become faster, more efficient, and more reliable - all while remaining profitable.

We have adapted to these changes by creating a more efficient, agile, and asset-light business model through our digitization and internal restructuring efforts. We continue to build customer trust in our brand as we endeavor to achieve service excellence - all while finishing the year off with record profitability and creating more value for our shareholders.

Record financial performance
In 2018, Aramex's Net Profit increased by 13% to AED 492 million - the largest yearly profit on record. Excluding the one-off impairment from the divestment of Aramex Global Solutions (AGS), the company's bottom line in 2018 would have increased by 24% to AED 538 million compared to the prior year period. Revenue for the year was also recorded at an all-time high for the company, up 8% to AED 5,086 million.

An ambitious plan
The business strategy behind these results centers around our efforts to fully understand the shifts in our operating environment, identify key areas of improvement to reap rising opportunities, mitigate areas of weakness, and ultimately focus on initiatives that will help us achieve our three key strategic objectives:

1) **Protect the strength and viability of our core business**, by defending and growing global market share, improving operational efficiency, and optimizing costs.

2) **Develop leading digital solutions and service offerings**, through introducing new service offerings to win new clients in new industries, as well as offering value added services to our already existing offerings; and

3) **Expand geographical reach and vertical penetration.** Although the vast majority of our growth is owed to the exponential rise in e-commerce, where we will continue to seek new customers, we will be identifying and targeting new industries and improving our offerings to SMEs, growing our B2B customers, and further developing our freight forward offerings and capabilities.

Delivering on our strategic objectives
There is no secret to our successful year. Our financial results are a direct reflection of management's ability to deliver on the goals set out in the company's strategy and in the wider Aramex teams' ability to implement those strategic objectives and meet targets.

Operationally, we have capped the increase in overheads, improved asset utility and identified ways to use our resources more efficiently. This has enhanced our operating margin and positively

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impacted our bottom line. Let the numbers speak for themselves: overheads as a percentage of gross profits dropped to 75.5% in 2018 from 78.4% in 2017, and our operating margin expanded to 12.6% from 11.7% in the previous year.

Over the last 12 months, we have invested heavily in our last mile capabilities and service levels on the ground, improving the overall operations of our Express business. We are making the journey from warehouse to end recipient more efficient and reliable, leading to shortened delivery times and improved customer satisfaction.

Throughout the year, we strengthened our network alliances with airlines and carriers and improved our agents' networks. This helped Aramex's International Express business to witness double-digit growth, up 13% for the year. We forged strategic partnerships with leading logistics providers, allowing us to improve our delivery time, enhance the level of service we offer our customers, and expand our delivery networks, which will ultimately help us win new business.

We made significant strides in our digital transformation strategy in 2018 through innovations that will dramatically enhance customer experience. As part of our drive to digitize the end-to-end shipment journey and enhance customer experience, we rolled out two innovative services: WhatsApp for Business and Aramex Fleet. With the former, we became one of the first companies in the industry to roll out this service to customers in the Middle East on the back of an AI-based Chatbot.

Aramex Fleet leverages the shared-economy model, enabling us to flex with peak demand with minimal cost burden and at the same time have a positive economic knock-on effect through economic empowerment in the countries in which the service is operational. While both services are in their nascent stages, their potential to scale is immense and in 2019, we plan to expand their reach and invest in other tech-empowered solutions.

Growing our core markets and tapping into new areas

At the heart of our growth story is our ability to leverage on the opportunities that arise from the continued boom and evolution of the e-commerce market. In 2018, we saw e-commerce continue to become the primary shopping destination for consumers, rather than the alternative, with e-commerce volumes for the year growing 35% compared to 2017.

Major e-Tailers saw a healthy growth in volumes, and more and more so-called 'micro-brands' entered the market and grew to scale. Servicing different types of online retailers is vital to staying competitive in this market, which is why we placed such a strong focus on expanding our customer based over the year. From a regional perspective, we secured several new clients from new origins such as Turkey, and our brand grew in prominence across our core markets in the Gulf, Levant, Asia and Africa.

Beyond e-commerce, we pursued a strong push into other industry verticals, offering logistics, fulfillment, freight forward and other supply chain management solutions across our B2B business lines. More specifically, we focused on opportunities from the Oil and Gas industry, and are making inroads into the Pharmaceutical, Fashion and Aerospace industries. To gain a foothold in a broader selection of sectors, we have invested in specialized assets, such as temperature-controlled vehicles, and expanded our infrastructure, such as our warehouse numbers.

Sustaining our communities and our planet

At Aramex, what we do on a daily basis is not only about driving shareholders' value, but about making a positive difference to the planet that we share with billions of people, particularly with the communities and individuals that we interact with every day. As a member of the United Nations Global Compact, we continue to make good on our promise to lead an organization that is committed to making a positive impact in line with the Ten Principles that meet the United Nations' Sustainable Development Goals.

To contribute our part this year, we have invested in more all-electric, emissions-free vehicles in both Jordan and the UAE and have commissioned a solar power plant in Dubai. We have also been involved in numerous environmental projects around the world that will help ensure we minimize our carbon footprint.

In 2019, we plan to continue investing in clean technologies in the communities in which we operate. We are striving to ensure we cut our carbon emissions by 20% by 2020 – a goal we believe we will be able to achieve and that we believe will make an impact on global development.

Empowering our people

As an Aramex veteran, I have never been more impressed with the caliber of talent at the company and the quality of work our people deliver. With over 15,500 employees working in over 600 offices across more than 65 countries, we are still very much a human-run organization – and I believe that despite the rise in automation, the adoption of AI and the employment of other robotic-like technologies, people remain the backbone of our industry. We want to empower our people to be thinkers, innovators and problem solvers, and this is why we have started to adopt a coaching framework and various training programs to help further develop their skillsets. I want to thank Aramex's employees for their commitment and dedication, and for being the true creators of value for this company.

Focusing on the future

There is no denying that the tremendous changes in technology that we are witnessing have changed whom we compete with and how we differentiate ourselves. Traditional logistics providers are no longer the sole threat to our business model, which means it is no longer a game of volumes and pricing – it goes beyond that. It is about speed, reliability and quality.

This is why we are determined to carry on investing in upgrading our technology capabilities, and leveraging new innovations to create more personalized interaction channels with our customers that deliver the transparency, visibility and flexibility they demand.

As well as growing our market share in the e-commerce space, commercially we want to become top of mind for B2B clients across different industries. We have already been incredibly successful in doing so with the Oil and Gas industry, and in 2019, we want to penetrate the Pharmaceutical, Fashion and Aerospace industries. Our commercial ambitions will be supported by scaling our operations and introducing specialized supply chain management and freight forwarding solutions managed by a seasoned salesforce.

All of our ambitions will be supported by leaner and more agile operations, to ensure we continue to manage costs as we invest in upgrading our technology capabilities, ultimately to continue delivering long-term value for our shareholders.

Finally, I want to thank you for your continued trust and support. Together, we will continue to grow Aramex's brand and stature in core markets and beyond.

Sincerely,
Bashar Obeid
Chief Executive Officer

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03 Our Services

International Express Services

As a global leader in the global logistics and transportation industry, Aramex provides international door-to-door shipping solutions for time-sensitive documents and packages to customers across all business sectors. We offer a range of International Express Services to suit clients' needs in terms of cost and speed, automatic delivery notifications, proof-of-delivery, real-time online tracking updates, as well as a variety of import, export, and customs clearance services.

In 2018, we continued to focus on operational efficiencies through process automation.

In regards to improving the Business-to-Business (B2B) service levels, we have partnered with one of the leading service providers and started injecting the priority shipments with it from our Dubai Express Hub to almost all major cities in Europe, United States, Canada and South America. This has improved the average transit time per shipment. Also, a new direct injection point with this partner has been activated from certain origins (India, South Africa, and Morocco) for all the B2B business destined to Europe and the America's.

In addition, to further improve our B2B Service for the Middle East and Africa Region, major revamp has been introduced in the region by adding changing connecting flights; improve destination service levels for each arrival. This information is shared with our Global Support Office Business Intelligence Engineering team to better calculate the Recovery and Delivery KPIs based on this data, which helped in improving our service levels to meet the clients' needs.

E-Commerce business remains a major strategic focus for Aramex; we will continue to enhance our delivery and customer service capacities as well as our network-serviced destinations across the globe. Our network capacities are continuously adjusted to cater for the growth of our e-Commerce business. In line with the growth and potential of e-Commerce business and company's focus on B2C market, a new team has been established at the corporate level to oversee the e-Commerce product in the network. The new team will focus on building relationships with e-Tailers, creating business and technical solutions that follow the market needs and trends and expanding the product into new lanes and markets.

In 2018, we have started e-Commerce traffic into Egypt on cash-on-delivery basis, and more African countries will be introduced to the service throughout the year offering more diverse destinations on top of the existing GCC market.

In terms of solutions, we have introduced the returns portal to our customers in the region making the returns logistics for their shoppers easy and efficient. The return portal will play a major role in streamlining the return process between the consumer, e-Tailer and Aramex.

Domestic Express Services

Our Domestic Express service provides nationwide door-to-door delivery of urgent packages, with options of same-day or next-business-day deliveries, cash-on-delivery as well as package collection and return services.

Throughout 2018, we continued to enhance the technology and navigation tools used by our couriers, shifting from handheld scanners to smartphones powered by new software compatible with Android and iOS. There has been a major focus on improving the couriers' productivity in large stations by creating control towers who interact with the courier on daily basis and make sure we optimize the courier performance. This objective is also supported by introducing incentive schemes to our couriers that are generous and effective.

As part of our strategy to manage capacity through a variable business model, we launched 'Aramex Fleet' in KSA and Jordan, a crowd-based delivery platform that connects Saudi nationals and Jordanians to flexible last mile delivery work to leverage on the sharing economy concept and support strong demand for Aramex services. This on-demand supply enables us to seamlessly scale-up during peak seasons to absorb more business and maintain our service levels.

The introduction of Aramex Fleet follows Aramex's launch of WhatsApp for Business, as part of the Company's efforts to enhance customer experience and digitize the end-to-end shipment journey. The initial version of WhatsApp for Business includes a track-and-trace functionality as well as a 'find Aramex nearest location' feature.

We also entered a partnership with the Al Dawaa Medical Services to expand our presence in the Saudi market, provide a new and unique service to the e-commerce sector, and extend additional services to Al-Dawaa Pharmacies' clientele.

We have also continued to leverage our investment in the global addressing system, "what3words" to reach more customers in off-the-grid locations.

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Integrated Logistics, Warehousing, And Supply Chain Management

Our end-to-end logistics solutions ensure the efficient transfer, storage, and distribution of products, and information throughout the supply chain - from the moment our customer's inventory leaves their suppliers or factories to the point at which it reaches retailers or end-users. Our logistics centers are strategically located in key areas across the GCC, Middle East, North Africa, South & West Africa, Western Europe and Asia. Our logistics centers are powered by cutting-edge technology ensuring excellent security and constant real-time visibility.

In 2018, we continued to expand our network of warehouses with expansions in Jordan, Morocco, Libya and Oman to accommodate the growing demand of our customers in those countries, ensuring efficiencies and quality facilities and services. Fulfillment pick pack operations requirement is on the rise with the growth of the e-commerce product and more B2B customers moving online, and so we have acquired our first logistics center equipped to handle back-end piece fulfillment operation in Dubai and we expect it to start operation in January 2019.

Technology has always been a key enabler in delivering service excellence; we have continued enriching our warehouse management system with new features to support our operation and the changing needs of our customers including a new zone picking functionality that enabled the ground team to process orders more efficiently and meet peak season demand.

Freight Forwarding

Aramex offers all kinds of shipping modes, be it Air, Land, Ocean, Rail, or any combination of the four. Our services range from port-to-port to full door-to-door solutions for all types of cargo. This is backed by an in-house brokerage service in almost all our locations worldwide, and a live tracking system.

In addition to our traditional commodities handled, Aramex has further developed the below verticals and solutions:

- Critical Cargo: Healthcare and Pharma, Aircraft on Ground (AOG) and On-Board Courier (OBC) services.
- Project Cargo: Break Bulk movement, Project Logistics, and Heavy Lift shipment.
- Chartering: Aircrafts and vessels

On the digital front, Aramex is in the process of releasing many tools that aim to help our clients have faster access to quotations and rates, assess our internal operation and network performances, as well as work on changing our legacy "Transport Management system" to one of the best systems in the market.

Healthcare Solutions

Aramex Healthcare Solutions are tailored to the needs of pharmaceuticals, laboratories, hospitals, research centers, and other health institutions. The solutions offer a wide range of logistics and transportation services that are compliant with industry and global standards, including preserved temperature control, storage and handling, as well as the training of the employees managing the service.
Through Healthcare Solutions, Aramex maintains the quality of the content during transit from the moment our customer's inventory leaves the origin site, to the point at which it reaches the end destination site or end-user.

The healthcare solution now has a strategic focus on pharmaceuticals and the life sciences sector. Throughout 2018, the healthcare solution has expanded its service offering mainly through the below points:

Packaging solutions expanded:

1. Wider packaging selection and temperature data loggers are now available (including live temperature and GPS tracking + special project packaging)
2. Ability to provide custom packaging solutions for specific projects/customers
3. Solution now covers cryogenic shipments

Network:

1. Freight Agent list developed
2. Participation in several health events (Medlab in Saudi Arabia, The 6th MENA Pharmaceutical Cold Supply Chain Conference & Exhibition in Jordan, Arab health and Medlab in UAE, Egypt, South Africa..etc)
3. First healthcare branded TCV in Aramex Pretoria station

Customer related:

1. Aramex Envoy offered to healthcare customers, an on-board courier (OBC) would take time sensitive samples or commodities that would be delivered by shortened transit times.
2. A national project in Egypt – Aramex dedicated temperature-controlled fleet with capacity to collect an estimated 3 million samples per year.
3. South Africa team engaging with Universities through seminars on logistics in the life sciences industry.
4. Aramex is the leading provider of clinical trials logistics services in the Middle East and Africa, managing biological shipments every day at all temperature ranges in more than 50 countries. Our services include lane mapping and validation, GDP compliant network, sourcing of compliant packaging and on-time same-day collection and export.

5. Aramex helps patients around the world take part in clinical trial studies as part of Direct-to-Patient (DTP) services through its global network. Our customized DTP services include delivery of clinical trial material to patient's home, pickup and delivery of biological samples, data collection, meeting patients wherever they are, providing safe temperature controlled transport of investigational medicinal products (IMP) for treatment accessibility and administration.
6. Aramex increased its market share within the Middle East and North Africa in the export of generic medication and import of active pharmaceutical ingredients (API) assisting pharmaceutical manufacturers and distributors in consultancy services to meet the industry's best practices, cutting through transit times while maintaining an unbroken cold chain during transport and storage, eliminating product loss while optimizing the cost of logistics spend.

The various services offered under Aramex Healthcare meet the requirements for the following business segments: Diagnostics, Pharmaceuticals, Clinical Trials and Temperature Controlled Warehousing.

Information Management Solutions (Infofort)

InfoFort, a wholly owned Aramex subsidiary, is the leading Digital Transformation Solutions provider in the Middle East and Africa. InfoFort helps its clients, from SMEs to Fortune 500 companies, to secure, manage, digitize, automate, and extract value out of their data. Gartner recognizes InfoFort as a "Cool Vendor" in its "Cool Vendors in Emerging Markets, 2016" report.

InfoFort provides a complete transformative solution that allows customers to move from paper to digital content management; structure their information; capture, process and validate data; automate customized workflows; and deploy electronic and digital signatures using smart and secure mobile technologies for easier accessibility, compliance, and business continuity.2018 was a truly extraordinary year, one that allowed us to enhance and contribute to sustainability not only as a business but also as a driving force of digitization in our society.

We made remarkable progress over the past 12 months. With every new client that we served and every organization that we helped propel into the digital realm, our sustainability impact grew stronger. While we are engaged in countless initiatives, we believe that our biggest impact has been in our way of contributing to a more digital and thus more sustainable future by enabling and actively encouraging organizations to digitize and use less paper.

With our evolving sustainability and corporate responsibility priorities in mind, we have continued to develop InfoCare, our data-driven sustainability initiatives that include three critical mission platforms, namely, InfoGreen, InfoSave and InfoGrow. Through InfoGreen, for example, we have launched initiatives and solutions that aim to raise awareness and have environmental impacts.

We have kept a close eye on our carbon footprint and continue to observe our office energy releases, water consumption and transport emissions. We have also made significant progress in developing digital skills amongst the communities we work in. Through our recently formed partnerships with organizations such as AIIM, the Emirates College of Technology, The German University of Technology in Oman, and Al-Rud'ha, we strive to enhance the skills of youth in our communities.

We also continued to invest in R&D and in experimenting with new platforms and technologies that can further enhance, complement, and improve our solutions and differentiate us from competition.

Shop & Ship

Shop & Ship (S&S) is a leading international online shipping solution that was created by Aramex in 2000 designed to make global online shopping more convenient and accessible to consumers from all over the world. Once registered to the service, members receive 24 physical addresses in Australia, Canada, China, Egypt, France, Georgia, Germany, Hong Kong, India, Indonesia, Italy, Japan, Jordan, Lebanon, Malaysia, Singapore, South Africa, South Korea, Spain, Thailand, Turkey, United Arab Emirates, the UK, and the USA. Shop & Ship then delivers global online shopping efficiently and hassle-free. The service is currently available in over 80 cities.

Shop & Ship continued its global expansion by launching multiple shipping origins and destinations to further cement the brand's position as a 'global shopping' enabler. It expanded its presence into major points of origin and destination in Europe.

In 2018, the Shop & Ship mobile App was fully revamped to provide customers with a more efficient and convenient delivery experience. The in-app payment feature was activated where customers can pay all shipment-related fees through one platform. We also started working on a new customized Shop & Ship website, with the aim to make it more localized to enhance the customers' experience. This new website will be launched in 2019.

In addition, Shop & Ship introduced its "Affiliate Program", which is available to all audiences, including businesses, individuals, publishers, bloggers and influencers, and across all markets in which Shop & Ship operates. It offers users the opportunity to earn commission by hosting Shop & Ship banner advertisements on their online platforms.

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04
Key Non-Financial Goals

Our Community

Beneficiaries

- Partner with international and national initiatives to increase number of beneficiaries by 5%

Entrepreneurship

- Increase the number of startups and SMEs supported by 15%

Our Environment

- Internal Awareness
  - Expand the delivery of the social and environment awareness training program to100% of our operations by 2020
- Materials
  - Expand waste management and recycling systems across stations

Performance

- Conduct Fuel per shipment analsys for 6 pilot stations to reduce consmption

Corporate Activism Engagement

- Conduct 3 sessions of stakeholder dialogue (Ghana, Oman)

Reach

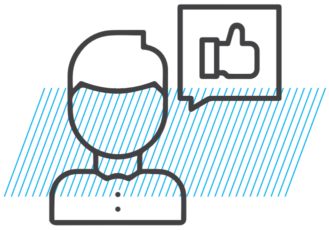
- Continue supporting our initiatives in our core markets while expanding into new markets mainly in Kenya and Ghana.

Education and Empowerment

- Increase the number of beneficiaries by 10%

Active Citizenship program

- Increase our volunteering activities across the network by 50%



Our Customers

Deliveries

- Optimize services to ensure timely deliveries

Technology

- Continue investment in service delivery technology

Service Excellence

- Expand customer service resources
- Upgrade our current customer service policies and procedures
- Upgrade our contact center auditing system
- Conduct customer service training for all frontline employers

Customer Engagement

- Upgrade our social media engagement and reporting

Program to support customers in sustainability

- Design and implement a program to support our customers in their sustainability practices/reporting

Provide Carbon footprint reports for customers based on their needs

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05 Governance

Our Governance ensures that we have a transparent and effective operational and business structure. This structure ensures that responsibilities and rights of those within Aramex are communicated, maintained and controlled. This allows for smooth and transparent corporate operations, ensuring accountability and keeping stakeholder's rights intact.

Mr. Abdullah M. Mazrui

Australia Post Transaction Services Pty Ltd represented by Ms. Christine Holgate
Vice Chairman and Director

Mr. Mohamed Alabbar
Director

Mr. Fadi Ghandour
Founder and Director

Mr. Wolfgang Baier
Director

Mr. Ahmed Al Badi Director

Mr. Ayed Al Jeaid
Director

Mr. Mohamed Al Suwaidi
Director

Mr. Ramez Shehadi
Director

Aramex's nine-member board of directors strives to cement the company's position as a leader in corporate governance by implementing and upholding its Charter and Corporate Governance Guidelines. SIx of the Board members (67%), including its Chairman, are independent non-executive directors, three members are non-independent non-executive directors.

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Composition of the highest governance body

Member	Position	Independence	non-execs	Gender	Age	Tenure	Nationalities	Other Commitments
Abdullah M. Mazrui	Chairman	Independent	Non-Executive	Male	66	Since Inception	Emirati	Chairman (2 Company boards) Director (2 Company boards) Director (1 Council board) Director (1 Initiative board)
Australia Post Transaction Services, represented by Ms. Christine Holgate	Vice Chairman and Director	Non-Independent	Non-Executive	Female	54	2017	British	Chairman (1 Council board) Director (1 Company board) CEO (1 Company)
Mohamed Alabbar	Director	Non-Independent	Non-Executive	Male	62	2017	Emirati	Chairman (3 Company boards) Director (2 Company boards)
Fadi Ghandour	Founder and Director	Non-Independent	Non-Executive	Male	59	2005	Jordanian	Director (2 Company boards) Director and CEO (1 Company)
Wolfgang Baier	Director	Independent	Non-Executive	Male	44	2018	Austrian	CEO (1 Company)
Ahmed Al-Badi	Director	Independent	Non-Executive	Male	62	Since Inception	Emirati	Chairman (1 Company board) Director (2 Company boards)
Ayed Al Jeaid	Director	Non-Independent	Non-Executive	Male	62	Since Inception	Saudi	Chairman (1 Company)
Mohamed Al Suwaidi	Director	Independent	Non-Executive	Male	36	2016	Emirati	Director (1 Company)
Ramez Shehadi	Director	Independent	Non-Executive	Male	46	2017	Canadian	Managing Director (1 Company)

Our Board selection process involves nominations by shareholders and other Board members, and strictly adheres to the Board's Charter and Corporate Governance Guidelines. The process also ensures that all candidates are highly-qualified individuals who possess the necessary knowledge and expertise of material matters pertinent to the company and its operations. In the event that potential conflicts of interest arise, they are self-declared by the members of the Board, who are then excused from related discussions. The Chairman and members are also entitled to identify potential conflicts of interest involving other members.

Aramex governance guidelines were structured in accordance with The Chairman of Authority's Board of Directors' Resolution No. (7 R.M) of 2016 concerning the Standards of Institutional Discipline and Governance of Public Shareholding Companies to assist the Board and its committees in the exercise of their responsibilities. Our structure includes the Nomination and Remuneration Committee, the Audit Committee and Strategy Committee.

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Board of Directors Selection Process

Board of Directors

- The General Assembly should elect members of the Board of Directors by secret ballot. The majority of the members of the Board of Directors must be UAE nationals or, if approved by the Securities and Commodities Authority, holders of a Gulf Corporation Council nationality, and must not be convicted of a crime of honor unless the competent authorities have pardoned him/her.

- The Board of Directors elects from amongst its members a Chairman and a Vice Chairman who will act on behalf of the Chairman in his absence. The Chairman must be a UAE national.

- At least one third of the Directors shall be Independent Directors, while the majority of Directors shall be Non-Executive Directors who shall have experience and technical skills to the best interest of the company.

- In all cases, elected Non-Executive Directors shall be able to dedicate enough time and attention to the Board - their directorship of the Board of Directors must not conflict with any of their other interests.

- The position of Chairman of the Board of Directors and the Company's Chief Executive Officer may not be held by the same person.

- The Board is responsible for reviewing the requisite skills and characteristics of new Board members, as well as the composition of the Board as a whole. This assessment will include members' qualification, as well as consideration of diversity, age, skills, and experience in the context of the needs of the Board.

Below is a description of the desirable characteristics that the Board should evaluate when considering candidates for nomination as Directors. The Board will review such characteristics at least annually and perform any appropriate changes thereto.

Personal Characteristics

Integrity and Accountability: High ethical standards, integrity and strength of character in his or her personal and professional dealings, and a willingness to act on and be accountable for his or her decisions.

Informed Judgment: Demonstrate intelligence, wisdom and thoughtfulness in decision-making. Demonstrate a willingness to thoroughly discuss issues, ask questions, express reservations and voice dissent.

Financial Literacy: Ability to read and understand balance sheets, income and cash flow statements. Ability to understand financial ratios and other indices for evaluating Company performance.

Mature Confidence: Assertive, responsible and supportive in dealing with others. Respect for others, openness to others' opinions and the willingness to listen.

High Standards: History of achievements that reflect high standards for himself or herself and others.

Core Competencies:

Accounting and Finance: Experience in financial accounting and corporate finance, especially with respect to trends in debt and equity markets. Familiarity with internal financial controls.

Business Judgment: Record of making good business decisions and evidence that duties as a Director will be discharged in good faith and in a manner that is in the best interests of the company.

Management: Experience in corporate management. Understanding of management trends in general and in the areas in which the company conducts its business.

Crisis Response: Ability and time to perform during periods of both short-term and prolonged crises.

Industry/Technology: Unique experience and skills in an area in which the company conducts its business - including science, manufacturing and technology relevant to the company.

International Markets: Experience of global markets, international issues and foreign business practices.

Leadership: Understand and possess the skills to motivate high- performing, talented managers - and demonstrate a history of so doing.

Strategy and Vision: Skills and capacity to provide strategic insight and direction by encouraging innovation, conceptualizing key trends, evaluating strategic decisions and challenging the company to sharpen its vision.

Commitment to the Company:

- Time and Effort: Willing to commit the time and energy necessary to satisfy the requirements of Board and Board Committee membership. Expected to attend and participate in all Board meetings and Board Committee meetings of which they are a member. Encouraged to attend all annual meetings of shareholders. A willingness to rigorously prepare prior to each meeting and actively participate in the meeting. Willingness to make himself or herself available to management upon request to provide advice and counsel.

- Awareness and Ongoing Education: Possess, or be willing to develop, a broad knowledge of both critical issues affecting the company (including industry-, technology- and market-specific information), and the Director's role and responsibilities (including the general legal principles that guide Board members).

- Other Commitments: In light of other existing commitments, ability to perform adequately as a Director, including preparation for and attendance at Board meetings and annual meetings of the shareholders, and a willingness to do so.

Team and Company Considerations:

- Balancing the Board: Contribute talent, skills and experience that the Board needs as a team to supplement existing resources and provide talent for future needs.

- Diversity: Contribute to the Board in a way that can enhance perspective and experience through diversity in gender, ethnic background, geographic origin, and professional experience (public, private, and non-profit sectors). Nomination of a candidate should not be based solely on these factors.

Board Committees:

- The Board has established the following standing committees: the Strategy Committee, the Audit Committee and the Nomination and Remuneration Committee. The Board may, from time to time, establish additional committees as necessary or appropriate.

- Committee members are appointed by the Board. Consideration should be given to rotating committee members periodically, although this is not mandatory.

- Each committee has its own charter; these charter sets forth the purposes, goals and responsibilities of the committees as well as committee structure, operations and reporting to the Board.

- Committees are formed of not less than three Non-Executive Directors, at least two of which are Independent Directors, including one as Committee Chairman. The Chairman of the Board of Directors may not be a member of these committees.

In order to avoid conflict of interest within the Board

- Director tasks shall include ensuring that priority is given to the company's and shareholders' interests in cases of conflict of interest.

- Any Board member having an interest in conflict with that of the company, in respect of certain transactions presented to the Board for consideration and approval, shall have to report it to the Board. Such report must be documented in the meeting minutes, whereby the Director concerned is excluded from participating in voting on the decision in question and their exclusion is to be explicitly documented in the meeting minutes.

- In all cases, elected Non-Executive Directors shall be able to dedicate enough time and attention to the Board - their directorship of the Board of Directors must not conflict with any of their other interests.

- Directors must notify the Chairman or the Board Secretary in a timely fashion before accepting an invitation to serve on the Board of another company. This prior notice is to allow discussion with the Chairman and / or the Board Secretary to review whether such other service will interfere with the Director's service on the company's Board, or create an actual or apparent conflict of interest for the Director.

- Any matters related to conflict of interest and / or related party are documented and reported in the Annual Corporate Governance Report which is published on the company's website. This report is also reviewed by SCA (Securities and Commodities Authority of Dubai Financial Market) and published on their website.

The Board meets at least four times a year in accordance with the Corporate Governance Code of the Securities and Commodities Authority (SCA) and the Commercial Companies Law, and shareholders are entitled to raise issues with the Board during the Annual General Meeting. Three standing committees - the Audit Committee, the Nomination and Remuneration Committee and the Strategy Committee - have their own charters that stipulate their responsibilities and tasks.

The Nomination and Remuneration Committee meets at least once a year. This is in compliance with the corporate governance code of the Securities and

102-10, 102-18, 102-19, 102-22, 102-23, 102-26, 102-27, 102-28, 102-31, 102-32, 102-33, 405-1

Commodities Authority (SCA).The Committee assists the Board in fulfilling their supervisory responsibilities for the independence of Board Members and in monitoring the integrity of human resources processes at Aramex. The Committee also monitors policies relating to remunerations, benefits, incentives and bonus salaries to the board members and employees - and ensures that remunerations and privileges granted to the executive management are rational and proportionate with the performance of the Company. Additionally, the Committee determines the required core competencies at executive management level and the corresponding selection criteria.

The Board of Directors will:

- Review, evaluate and approve, on a regular basis, long-term plans for the company.

- Review, evaluate and approve the company's budget and forecasts.

- Review, evaluate and approve major resource allocations and capital investments in accordance with the company's Delegation of Authority Matrix.

- Review the financial and operating results of the company.

- Director tasks shall include: to participate in the meetings of the board of directors and to provide independent opinion on strategic matters, policy, performance, accountability, resources, basic appointments and activity criteria.

- The company shall work on implementing an environmental and social policy to benefit the local community.

As part of Aramex's sustainability strategy, and in keeping with our commitment to being a responsible corporate citizen, our CEO, Mr. Bashar Obeid, regularly briefs the Board on the company's strategic stakeholder approach, as well as its sustainability initiatives and results, and reports on how these elements relate to overall corporate performance. Aramex strives to continuously pursue sustainability at a corporate level, and implements internal policies related to the environment, responsible procurement, and whistle-blowing. Strategic sustainability-related decisions are discussed at Board meetings, and Board approval is required for all major sustainability initiatives or targets prior to their implementation, in accordance with the Board's code of conduct.

Furthermore, Aramex continues to engage with top management and the Board of Directors on our sustainability strategy and related activities. Senior management members, along with the Chief Sustainability Officer and dedicated sustainability team, continue to plan and manage partnerships with the public and private sectors and the community in order to expand and improve Aramex's sustainability activities, impact and reach. Moreover, active stakeholder engagement through consultations and ongoing meetings ensures that our activities are in line with our stakeholders' needs.

The Board sets the strategy for risk management and due diligence procedures related to economic, environmental and social impacts. These strategies are then delegated to the team for implementation. Through periodic updates from the CSO, internal audit and compliance team, the Board reviews the sustainability strategy and recommends amendments or changes where needed. Moreover, Aramex Executive management reviews and approves the annual sustainability report. Since 2013, we have initiated the structuring of a risk management function with major focus on compliance risk; in addition, the company is able to rely on risk assessments prepared by the internal audit function.

Precautionary principle
Controls are defined and built into a process, product or system from the outset, and are designed to ensure that risk mitigation is carried out effectively.

Most controls are designed to prevent the risk event actually occurring. Alternatively, controls may be designed to identify and highlight that a risk event has occurred, or to help limit the severity of its impact.

During a risk assessment, the effectiveness of individual controls and groups of existing controls is evaluated. This helps form the assessment of the likelihood of a risk event occurring as well as its impact(s), should it occur.

Where action is deemed necessary (i.e. to avoid, reduce or transfer/share the risk), an appropriate action plan is established.

This action plan documents the assignment of specific actions to individuals, with agreed target dates for completion.

Action plan progress is monitored centrally and the status of pending and completed actions is reported regularly to senior management.

Completion of an action should lead to a re-assessment of a risk (although, in the case of the introduction of new controls, it may be necessary to allow a period of time for sufficient evidence to be compiled on the effectiveness of those new controls).

102-10, 102-18, 102-19, 102-22, 102-23, 102-26, 102-27, 102-28, 102-31, 102-32, 102-33, 405-1

In line with the Account Ability AA1000 principle of inclusivity, shareholders and employees are encouraged to provide input via the whistle-blowing mechanism offered through the company's intranet. Our whistle-blowing policy, implemented to emphasize Aramex's commitment to transparency, ensures discrepancies are reported and dealt with promptly to ensure ethical business practices and to protect employees. While the Board does not generally have direct contact with employees, it remains fully appraised of their opinions and concerns through the feedback processes offered by the Aramex system.

Each year the company's shareholders receive the Board's recommendation regarding the remuneration to be paid to the company's directors. For the year ended on December 31, 2018, the Board will recommend to the company's shareholders that directors receive AED 3,640,000 in total. In order to automatically succeed in placing an item on the Board's agenda, a shareholder must possess a holding of at least 10% of the company's shares.

Aramex is listed on the Dubai Financial Market (DFM), and complies with the Securities and Commodities Authority's (SCA) Corporate Governance Regulations. Furthermore, building on our commitment to transparency, we have produced a governance report in compliance with the SCA, which is available upon request.

As a member of the transportation and logistics community, Aramex complies with all necessary regulations related to the industry. These include stipulations set out by local and international regulators covering the handling of hazardous material, and the accuracy of labeling and information regarding our services.

We strive to ensure that the impact of our services on all stakeholders is consistently positive, and that any negative impact we may have is reduced to an absolute minimum - for example, we are working tirelessly to reduce our carbon footprint.

We incorporated ethical business training into our induction program for the first time in 2011, and have continued to provide further training to every employee in the company. We view our training regime as an ongoing, continuous process, and intend to increase the frequency of our programs for existing employees.

During 2018, Aramex did not face any anti-competition or anti-trust legal actions.The internal audit function devises a three-year internal audit plan to cover the network as a whole based on a risk assessment that is approved by the Audit Committee. The audits range from financial to operational, information technology, physical security and other areas that prove to have identified inherent risk. Although not responsible for the detection of fraud, the internal audit function is sensitive towards lack of segregation of duties and other fraud indicators through the aforementioned assurance engagements.

Aramex policy dictates that the company shall not accept any funds from governments or political parties, and no such funds were received during 2018; neither did the company lend its support to any political party or movement.

- The internal audit function is responsible for reporting critical concerns to the Audit Committee of the Board through quarterly reporting. In 2018, all critical and major issues were reported to the Audit Committee, and were adequately covered by management action plans for their prompt and effective resolution.
- The Audit Committee of the Board will report the activities and findings of the internal audit function to the Board of Directors.
- The internal audit is an independent, objective assurance and consulting activity designed to add value and improve Aramex's operations. It helps Aramex to accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.
- The scope of internal auditing encompasses, but is not limited to, the examination and evaluation of the adequacy and effectiveness of Aramex's governance, risk management and internal controls process, as well as the quality of performance in carrying out assigned responsibilities to achieve Aramex's stated goals and objectives.
- The internal audit function continuously follows up with management with regards to the implementation of the agreed- upon action plans to resolve the findings, issues and concerns of the internal audit.
- The internal audit function reports on a quarterly basis on the status of management's action plan implementation.

102-3, 102-11, 102-18, 102-19, 102-22, 102-23, 102-24, 102-25, 102-26, 102-28, 102-29, 102-30, 102-31, 102-32, 102-33, 102-35, 102-36, 206-1, 405-1, 413-1, 415-1, 419-1

06
Our People

HR Activities in 2018

The year 2018 built on the enormous HR progress and implementation from the previous year. We continued to expand the SAP SuccessFactors and SAP Payroll systems across our operations and reaped the benefits of our 2018 Workforce planning activity and in-house HR Shared Services Center. Our HR personnel led Aramex's efforts to develop our internal Human Capital, an investment we know will pay dividends for our employees as individuals, as well as for the organization as we continue to enhance our Intellectual Capital, optimize our Manufactured Capital, and grow our Financial Capital.

HR Systems

We have continued to take our HR systems past traditional goals of process automation, cost reduction, workforce management. Our goal is to implement the best industry practices and operating culture and empower every manager and leader at all levels to manage his or her human resources at their highest capacities. Our HR system is the core that unites our people to leverage their strengths, collaborate on their ideas, and successfully achieve our shared goals and objectives.

With Employee Central (part of the SAP Success Factor module) well established across our operations, we continued to empower operations to manage their HR locally, while providing support to achieve global and localized compliance. Success Factors will also expand to the newly acquired business units under Fastway in Australia and New Zealand. Furthermore, 2018 was the first full year we utilized our global recruitment and applicant tracking system across the network, giving access and insight to global talent.

Our **Goal and Performance Management System**, which went live on the eve 2018, provided new capabilities for our managers and employees to develop goals, including receiving instant 500 SMART objectives recommendations from the Goal Library. In 2018 our managers also benefitted from the **Continuous Performance Management** system that provided managers time-saving tools to follow up on their teams; objectives, address changes, and challenges in real time, instead of waiting for the end of year appraisal. In Q4 of 2018, we introduced the **Variable Pay** module, which also automated the commissions and bonuses to the Goal and Performance Management System.

We successfully continued the rollout of the **Unified Payroll**, starting in KSA and Jordan, which has simplified and increased HR operation efficiency, hardware efficiency, and visibility on global employees view.

Top Management

Male 71%

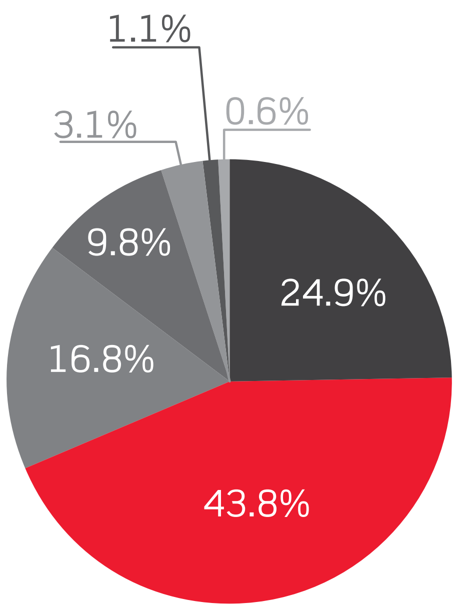
Female 29%

Years of Service

Expats vs Locals

less than 1 year
1 - 5
6 - 10
11 - 15
16 - 20
21 - 25
25+

Grand Total



102-8, 201-3, 103-1, 103-2, 103-3, 401-1, 404-3

Workforce Planning

The Global HR team liaised with all HR personnel across the network to carry out Workforce Plan for 2018, including strategic guidance and organizational operational planning to supporting Aramex's vision of growth through capitalizing on the diversity of a global workforce. This activity also determined what combinations of skill sets and knowledge are required to achieve our objectives.

Human Resources Shared Services (HRSS)

2017 laid the foundation of the HRSS in United Arab Emirates, where it started servicing both Countries, UAE and KSA. In 2018 Q3, we established two HRSS centers, one in India and the other one in Jordan and shifted Major HR process & activities from UAE & KSA to these two new centers. By end of 2018 HRSS covered Aramex and InfoFort Business Units in UAE, KSA, Oman, Iraq, Jordan and Palestine.

HRSS collaborated with the IT/Digital Team in order to develop an in-house "Ticking System", which is active now, where all system users in the targeted Business Units can access this system and choose among a catalog of services and have their requests submitted, traced and acted on by the HRSS team.

The plan to extend the services to all remaining Countries will take place early 2019.

The new content and structure of this onboarding program is scheduled for delivery in January 2019

Gender

Male
82.6%

Female
17.4%

Learning & Development

In 2018, Aramex maintained its future oriented and technology driven approach toward learning. With aims to further developing Human and Intellectual Capital, Aramex has invested heavily in creating up-to date blended learning solutions for all its employees.

Female training accounted for **50.4%** of all training hours in Aramex

Learning Management System

In its mission to move learning from a traditional approach to a more blended just-in-time learning mindset, Aramex implemented "My Learning", which is the an internal comprehensive Learning Management System accommodated to host LYNDA online modules, classroom training, quizzes, webinars, articles, and learning videos.

This new interactive learning platform enables learners to manage their own learning, and develop themselves in a self-driven pursuit. In addition, the LMS facilitates the role of the manager to request and recommend development for their team members, and provides a friendly and paper-free platform for our learning teams to record and manage learning in their stations.

Leadership & Management Training Menu

The Global Learning Team has also designed 20 brand new Management Courses as well as a series of other development programs for non-managers. Our courses are mapped to an international level. Furthermore, we delivered courses to the Leadership teams in the Customer Service and Contact Centers among others courses conducted in the regions.

Aramex Orientation Re-Brand

The new Aramex Orientation Program carried out in 2018 has been designed with an approach of focusing more on role-specific training. This structured onboarding program is designed to help employees understand company's purpose, mission and values through a smooth transition into the Aramex workplace. The program also uses a blended learning methodology, which makes it easier and less time consuming for our training teams to facilitate.

103-1, 103-2, 103-3, 404-1, 404-2

Learning Team Ethos

The Learning Team is committed to encouraging and fostering a collaborative pull approach towards learning, with the primary focus of meeting customer needs.

Our initiatives aim to continue facilitating knowledge sharing, improving employee engagement and creating a culture of learning.

With this new approach for learning and development, Aramex is nurturing the learning culture by empowering managers to deliver training and by giving all stakeholders the tools required to take their businesses forward. Our continuous investment in the latest digital technology platforms demonstrate our commitment to upskilling our employees and building on their capabilities.

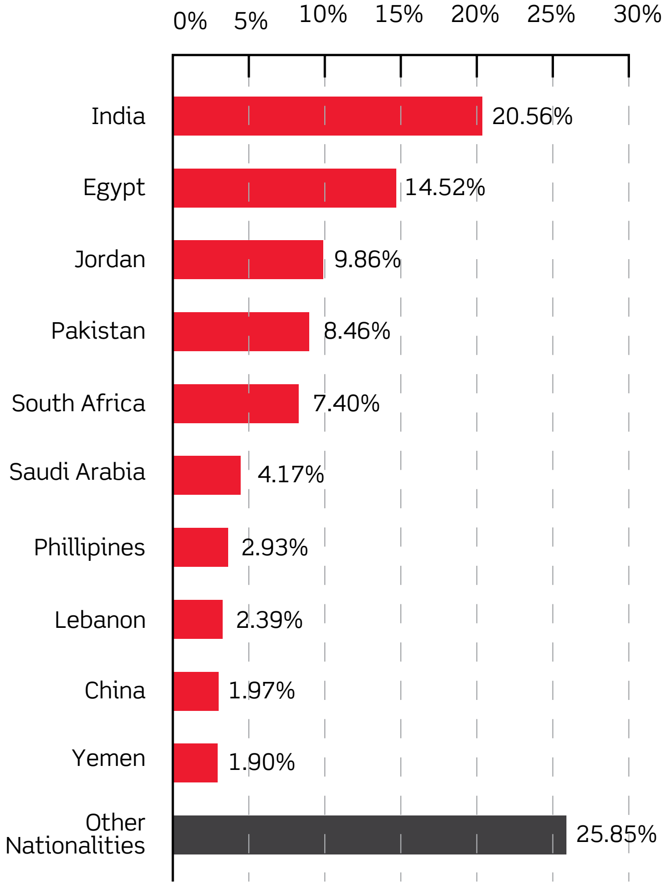
Age Distribution

Age Group	Percentage
below 21	0.9%
21 - 30	40.0%
31 - 40	38.9%
41 - 50	15.3%
51 - 64	4.6%
Above 64	0.3%
Grand Total	100.00%

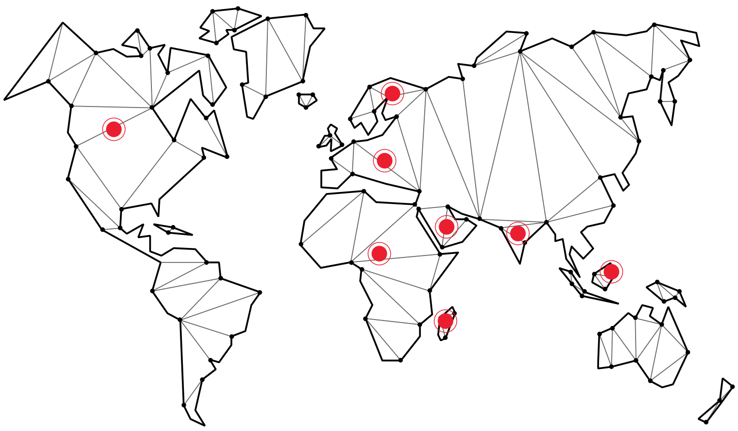
Expats vs Locals

Expats vs Locals	Percentage
Expat	43%
Local	57%
Grand Total	100.00%

Nationality



Regions



Europe & North America
4.6%

Far East
4.4%

GCC
46.2%

Levant
12.1%

North America
17.5%

Sub India
5.2%

Sub Saharan Africa
10.1%

102-28, 202-2, 401-1, 405-1

Health, Safety, and Environment (HSE)

Health, safety and environment (HSE) is an essential element in all business activities at Aramex. Safety is central to the responsible delivery of energy. We develop and operate our facilities with the aim of preventing any incidents that may harm our employees, contract staff or nearby communities, or cause damage to our assets or adversely impact the environment. We manage safety risks across our businesses through clear standards, controls and compliance systems combined with a safety-focused culture.

Employees and contractors, wherever they work, must meet our safety standards and requirements. We strive to reduce risks as far as is technically and financially feasible, and to minimize the potential impact of any incident. These standards also apply to any joint ventures that we operate. We continue to strengthen the safety culture and leadership among our employees and contract staff, with the focus on caring for people. Our safety goal is to achieve no harm to people. We expect everyone working for us to intervene and stop work that may appear to be unsafe.

We regularly prepare and practice our emergency response to potential incidents such as chemical spill or a fire. This involves working closely with local services and regulatory agencies to jointly test our plans and procedures. These tests continually improve our readiness to respond. If an incident does occur, we have procedures in place to reduce the impact on people and the environment

We work relentlessly to strengthen our safety culture, focusing on caring for people and leadership commitment. A strong safety culture is complemented by a skilled workforce. We ensure that people responsible for tasks involving a significant safety hazard have the necessary training and skills. Our safety experts work in networks to share and implement best practices around the network.

Safety Management System

During 2018, the ARAMEX safety management system was subject to detailed revision that can help the organization further improve the overall performance on occupational health and safety across the network, the implementation will start in 2019. The system was analyzed by a team of safety managers from deferent countries in Middle east.

Contractor Safety

All contractors to Aramex shall by contractual agreement commit themselves to comply with the responsibilities as outlined in the Warehouse HSE Management System. They shall undertake to comply with all Aramex Health& Safety policies and associated requirements. We employ a large number of contractors who often perform activities with high safety risks. We work with our contractors to ensure they understand our safety requirements and we help them build skills and expertise to improve their safety performance where needed. Performance can be improved by aligning the health, safety, security and environment (HSSE) frameworks of a contractor and Aramex, by empowering the contractor to deliver using their own HSSE controls and by visiting sites together to listen to the workforce. Teams are encouraged to jointly attend talks, conduct risk assessments and oversee the completion of projects and tasks assigned.

Transport Safety

Safety is a key concern for our road, maritime and aviation transport activities. These can include moving people, delivering products or transporting goods and equipment to and within the areas where we operate. Our Land transport safety approach focuses on driver skills and behavior, as well as the condition of the vehicle, road and local environment. It is supported by our global road safety standards and includes routine audits of the road safety capabilities of our contractors as well as our mandatory defensive driving training course. This course teaches safe driving techniques and behavior, with an overall aim of reducing risks. Our employees and drivers are required to follow Aramex Driving Policy. These include following a prescribed route for road journeys, wearing a seat belt, not using mobile phones or any other devices while driving and adhering to speed limits.

We set high requirements for vehicle safety. In-vehicle monitoring systems (IVMS) are in place in many of our vehicles. They provide information on driver behavior across a range of areas such as speeding, harsh braking and are used to support drivers to drive safely.
A journey management plan details the safest route in order to avoid or mitigate any potential hazards. As an example, it includes rest breaks at safe locations for drivers to help prevent fatigue. IVMS allows the company to analyze driver behavior across a range of criteria such as speeding, harsh braking etc., to help ensure compliance and encourage safe driving. After the journey, the data is analyzed and the performance reporting completed.

This approach has helped drivers, working for logistics contractor companies, to improve their driving behavior. It has also helped minimize the likelihood of accidents and therefore people getting hurt. The analytics also help identify opportunities where journey scheduling can be improved, reducing the number of journeys.

102-28, 102-30, 103-1, 103-2, 103-3, 403-1

Security

is a key function in ARAMEX business, our objective is to provide our customers with state of the art Security Management system in all aspects and levels of service provided, from international and domestic express to supply chain solutions. Threats and risks are changing and increasing therefor its very crucial to maintain an awareness throughout the operational processes.

Security Management System

Similar to revision done for safety management system, 2018 we also analyzed our security management system through a team of experts in industry security, this resulted in a reduction of security incidents in Q4 and the expectation is to enhance the security levels in 2019. An advanced incident reporting tool is planned for 2019 which will help us monitor and investigate incidents more efficiently and supporting the best methodologies for incidents root cause analysis.

Security Risk Assessment and Analysis

This year, a detailed Security risk assessment was carried out covering all business units, the result provided us with a detailed result on gaps that needs to be addressed, from facilities security to transport security and covering all incident reporting procedures and employees training and Security systems infrastructure, all these elements were evaluated and priorities are set for 2019.

TAPA Certificates

In 2018, we successfully renewed our TAPA certification in many locations /countries, in addition new locations will be certified through the period 2019-2020 with priorities agreed with logistics teams.

In 2019 for Safety and Security, please see below objectives

Safety

- Reduction is accidents frequency rate and Lost time injury rates by minimum 5% from 2018 numbers
- Initiate a global safety campaign across the network to increase the level of awareness among employees on safety
- Ensure our HSSE team is trained and able to manage the Safety management system requirements

Security

- Reduce the number of claims for missing shipments
- Conduct the annual security risk assessment for all sites
- TAPA certification for selected locations (to be agreed with Logistics team)

102-30, 103-1, 103-2, 103-3

Overall, we will target in 2019 first 2 Quarters the implementation of the new incident reporting tool in addition to revising the Safety and Security Audit scope.

Total Number of Fatalities including non occupational related	0
Total Number of Lost time injuries	91
Ttoal Number of days lost	818
Total number of incidents resulted in minor or no injuries	933
Total number of incidents resulted in injuries	140
Total number of incidents	1073
Total Number of shipments	68,751,266
Total Number of employees	15,623
Total number of working days	41,713,41
Total number of man hours worked	33,370,728

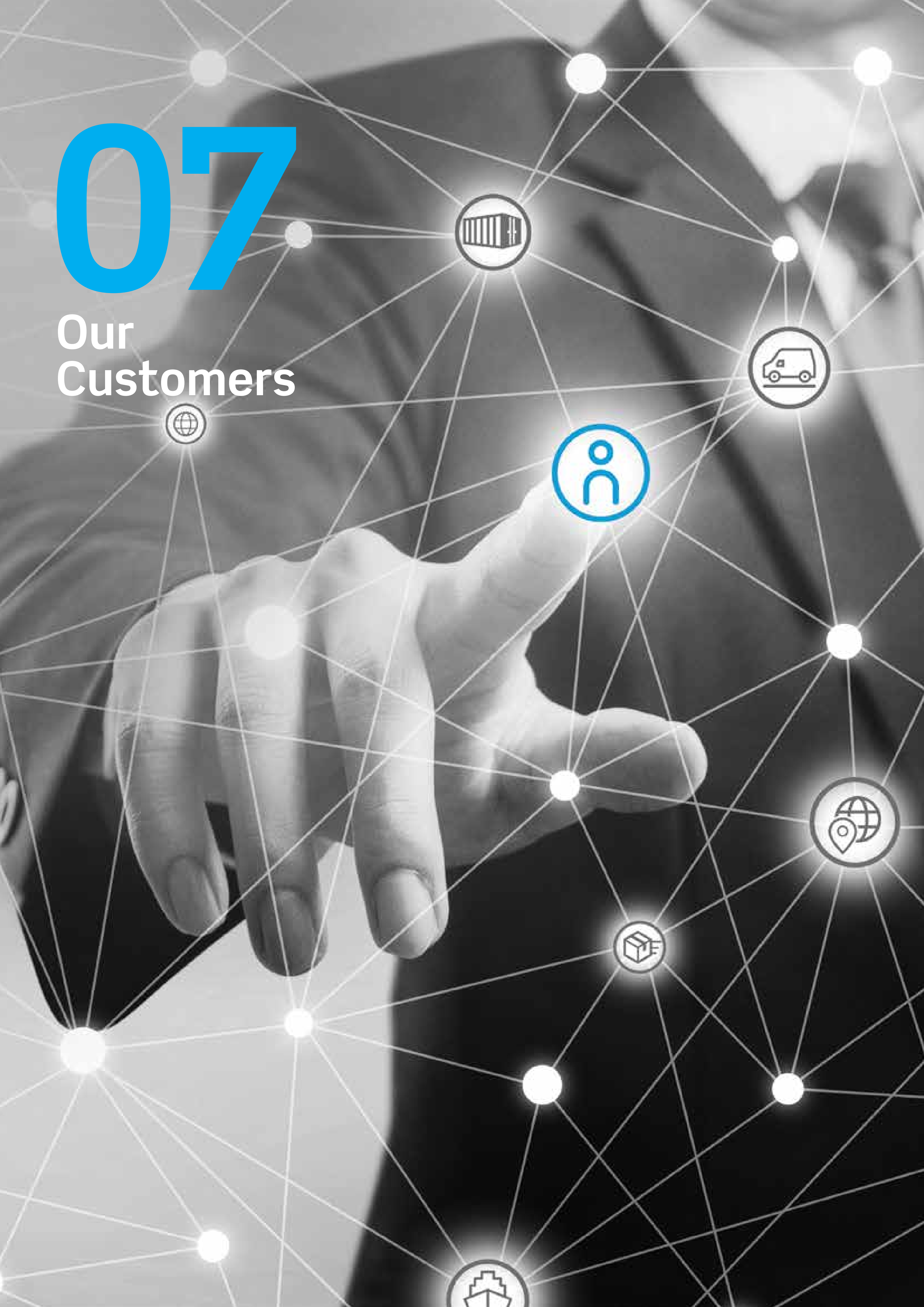
Total number of vehicle related incidents resulted in minor or no injuries	673
Total Number of Vehicle related incidents resulted in injuries	65
Total Number of Vehicle related incidents resulted in Lost time injuries	54
Ttoal number of vehicle related incidents	738
Total number of days lost due to vehicle incidents	525

Total number of WH & Office related incidents resulted in minor or no injuries	260
Total Number of WH & Office related incidents resulted in injuries	75
Total Number of WH & Office related incidents resulted in Lost time injuries	37
Ttoal number of WH & Office related incidents	335
Total number of days lost due to WH & Office related incidents	293

Health and Safety Indicators		
Lost time Injury Frequency rate (LTIFR)	2.73	Aramex experienced 2.73 LTIs for every 1,000,000 hours worked over the past year
Lost time Injury Incident rate (LTIIR)	0.58	Aramex experienced 0.58 LTI's per hundred employees
Severity Rate (SR)	8.99	On an average each LTI resulted in 8.99 days off work
Lost time injury Rate (LTIR)	0.55	For every 100 employees, 0.55 employees has been involved in LTI
Vehicle related Lost days rate (LDR)	7.64	Aramex experienced .... vehicle related Lost days per million shipments
WH & Office related Lost days rate (LDR)	4.26	Aramex experienced .... WH & Office related lost days per million shipments
Lost days rate (LDR)	11.90	Aramex experienced .... lost days per million shipments
Accidents per million shipments	15.61	Aramex experienced .... accidents per million shipments

102-8, 403-2, 403-3

07
Our Customers



We view our customers as partners and actively work to continue delivering high quality services and innovative products.

We are committed to upholding our customer-centric culture in all our operations and transactions. We continually invest in streamlining our processes, feedback channels, and service response to any customer concerns, aiming to go above and beyond expectations of quality of service.

Information Security

Aramex considers Information Security a key pillar in its Digital transformation journey that reflects our Commitment to protecting the privacy, security, and resilience of the organizational data. Maintaining information security is critical to protecting our Intellectual and Human Capital, as well as maintaining our Social and Relationship Capital with our customers and communities. We aim to be a trusted partner within the new business ecosystem, both by our customers who entrust us with their data, and our partners with whom we cooperate to promote the same level of protection and compliance levels to be able to provide a trusted and secure set of products and services.

Aramex has put in place an information security program, certified by both ISO27001 and PCI DSS, with an adaptive security architecture that guarantees a sustainable and continuous protection against existing and new cyber threats. The program's continuous maturity improvement is dependent on the risk management framework developed based on international best practices and Continuous monitoring by our security operations.

Aramex has established an information security governance to make sure that security is in line with business objectives and a balance is maintained between risk mitigation and operational activities. The information security committee, chaired by top management, ensures policies and procedures are put in place to promote a shared security culture within the organization.

We have developed an information security infrastructure to protect customer and confidential data based on latest technologies, covering multiple layers (i.e. Cloud, Physical, Network, Application, Endpoint, User, and data); this includes analytics and machine learning capabilities that allow for anomaly detection based on analytics.

As we perceive people as the "strongest link" in protecting the confidentiality, integrity, availability and privacy of data, we have developed a strong awareness program that automatically enrolls new comers through the learning management system and follow-up on completion. The information security personnel are also encouraged to improve their professional skills to cope with the ever-changing risk landscape.

We believe in a person's right of privacy and commit to protect all personal data in our custody; for that, Aramex has made a strategic decision to develop a data privacy management framework that complies with GDPR (General Data Protection Regulation) and applied not only in our EU operations, but for the whole network. This bolsters our existing security measures and comprehensive Code of Conduct regarding privacy and information. Our strict adherence to these policies ensured that we did not receive any complaints in 2018 related to protection of our customers' private information.

Furthermore, we limit our advertising spending on mass media and instead focus our efforts towards more targeted advertising using digital channels or direct interactions with clients and prospects. In cases where we have advertised, we have made sure to comply with local and international laws relating to any marketing activity, and as a result have not faced any related non-compliance issues this year.

Moreover, in 2018 we did not receive any fines, monetary or otherwise, for non-compliance with laws and regulations concerning the provision and use of products and services.

Aramex is committed to complying with applicable import and export control laws and regulations involving the countries in which we do business. We submit accurate and complete import declarations to government authorities. We also use the utmost care in ensuring our compliance with import regulations regarding designated importer of record, import tariff classification, valuation, origin, duties and import tax payment, payment to the supplier, duty preference programs, temporary imports, bonded warehouse, duty drawback programs, and other factors that impact upon our activities. We also comply with all international and national embargo regulations.

Furthermore, we employ strict policies to ensure that we do not transport banned or disputed products, by training employees and verifying shipment contents.

418-1, 419-1

Engaging With Our Customers:

Customer feedback is the key to achieving higher levels of customer satisfaction through efficient customer interaction channels, this includes:

- Websites (aramex.com/ShopandShip.com)
- Aramex and Shop & Ship mobile Apps
- WhatsApp and other conversational channels
- Contact Center
- REACH customer management system
- Customer Management Teams and Sales Teams
- Retail Outlets
- Social Media Channels
- Aramex Solutions Center
- Surveys

E-Tools

We believe in innovating and constantly improving our technology to not only better integrate our own systems, but also to provide solutions to our customers so that our interactions become seamless. Our E-tools feature smart IT solutions that integrate our customers' systems and our operations for faster, easier, and more accurate processing.

ClickToShip

In 2018 we continued to expand the functionality of ClickToShip. This free desktop application enables customers to manage their shipping needs even offline, including automating shipment preparation, pick-up requests, calculating shipping rates, shipment tracking, and managing shipping addresses. Although ClickToShip is useful for casual Aramex customers, it includes functionality that helps customers with more expansive needs handle and manage bulk shipping. As we continue to expand our use of ClickToShip, we regularly add more languages to suit the needs of our customers worldwide, with recent upgrades of the application featuring Chinese, Russian, Georgian, and Turkish.

aramex.com

We continuously implement enhancements on aramex.com, from improving the overall user experience, adding new features that facilitate customers' businesses to creating content that is both relevant and beneficial for our customer base around the globe.

Here are some of the highlights in 2018:

- The website has been fully translated into 4 new languages: Arabic, French, Turkish and Chinese to provide a better experience for our non-English speaking customers
- New and improved features were introduced including: dashboard, rate calculator, an improved shipping section for all shipping needs, office locator and many more
- An online help tool was developed to provide detailed information about any feature on the website

Plans for 2019 include:

- Introducing additional enhancements on the user experience, design and functionalities of the website
- Translating the website to more key languages in addition to the 5 languages currently available
- Localizing the content of the website to cater for the specific needs of our customers in all geographical areas

Integration Tools

Two important components of Aramex's business integration toolset are Electronic Data Interchange (EDI) and Application Interface (API). These tools allow for speedy and secure exchanges of data between a customer's site and Aramex's InfoAXS, which greatly reduces digital inefficiencies and reduces technological burdens on our customers. Our customers have even more freedom to customize their interactions with InfoAXS by entering preferences electronically through the ADI, which instantly produces a customer tailored software component that they can use to match the needs of their business.

Customs information

Our Customs Information Center is designed to take the complexity out of the customs process simplifying it for our customers. We are continuing to grow our center by actively engaging with concerned internal teams in each country and by maintaining our relationship with customs authorities around the world. This comes as part of our continual efforts to ensure compliance across our operations and supply chain.

We continue to support our customers by providing them with an option, via aramex.com, to contact a local customs expert who can offer support and guidance on customs clearance regulations.

Sales Support

In our continuous pursuit to strengthen the relationship between our sales teams and our customers, we continue to develop solutions that can maximize the time that our sales spend closer to the customer, thus making their daily activities more efficient, effective and customer centric. For that purpose, we have worked this year on developing a new mobile application for our sales force called "REACH Mobile". The main objective of this app is to enhance the existing sales experience by providing our sales teams with a tool that extends their reach to all customers and assists them in having most of their work done while on the go and in a timely effective manner.

WhatsApp, Aramex Chatbot and Notifications

Customer communications are shifting from simply informational to actionable and conversational.

102-2,

Aramex Chatbot is an interactive tool connected to multiple channels offering customers ease of tracking, communication, branch location and delivery scheduling.

2018 is the year Aramex Chatbot got introduced to WhatsApp opening the door for instant conversations. Interactions through this channel have made their mark on customer experience and a great impact on delivery.

WhatsApp and bot developments in 2019 will onboard more features for customers, democratize shipment updates, give consumers more control over their notification preferences and much more. Stay tuned!

Social Media

In line with our year over year substantial growth in the B2C and e-commerce business, 2018 witnessed a spike in our main Social Media channels, doubling the traffic received in 2017 and, crossing 3 Million mentions, the year on year traffic increase is significant. In response, the Social Media team has grown, and arrangements have been undertaken in terms of technology and facilities, to meet the demands of the increased traffic ensuring we kept our target response rate below 2 hours.

Contact Center

Aramex contact centers have risen to the challenge of transforming from mere call centers to houses of excellence with skilled agents able to seamlessly connect with customers from all over the globe. It remains one of the main channels of communication delivering customer updates and resolution to complex interactions and liaising with internal functions to deliver a solid customer experience.

Points of Sale (POS)

Point of sale is one of the most effective tools to handle walk-in customers at retail outlets. POS optimizes the inbound and outbound handling process by speeding up transactions ensuring smooth digital integration with our systems and capturing required customer information. This continues to deliver reduced serving times for our customers and enhanced customer experience.

A new web version of the POS is being developed to ease user access and increase proliferation across business units.

It is currently deployed in major locations in the Middle East and North Africa. Early in 2019, the new version will be rolled out across Aramex.

Customer Flow Management

Our queue system upgrade, piloted in the UAE earlier in 2015, has been extended to KSA, Qatar, Kuwait, Bahrain, Jordan and Egypt over the previous years. With plans in 2019 to cover a plethora of retail outlets, the queue system is proving itself once again to be a powerful contender for our point of sale system in terms of impact on the customer experience. The queue system has advanced reporting mechanisms that ensure serving and waiting times are adhered to, as well as tailored customer service and back office interactions hence reducing overall customer waiting times.

The system uses on-time and specific updates to locate shipments more efficiently and support the delivery process. Real time alerts and remote online monitoring tools enable our retail outlets and operations managers to tune in to the latest updates and keep track of customer serving and waiting times, even while traveling between locations. It also supports a bird's eye view for management and other teams to unravel pain points and focus on resolving problems and provide concurrent actionable insights, rather than historical data.

Furthermore, our team is continuously and innovatively adopting new technologies to enhance the customer experience in retail outlets.

Case Management System

The case management system is implemented across the network to facilitate communications with customers and between teams. It continues to be the major tool for internal and external communications occurring every year. In addition to enhancing communication efficiency, it provides qualitative insights and continues to support different aspects of day-to-day operations.
We remain focused on improving several measures such as first case resolution (FCR), first acknowledgement time, and case closure as well as quality of issue resolution. 2018 marked the introduction of instant customer feedback measurement on interactions with our support staff enriching the communication and highlighting areas of improvement for each business unit.

Moreover, it serves as a customer service index and allows managers to focus on areas which require improvement.

Efforts are continuously underway to evaluate adherence to response times and efficiency and designing optimal tools for communication.

Customer Service Certificates

In 2014, Aramex Jordan became the first logistics company in the Middle East and Africa to be certified in the International Standard for Service Excellence (TISSE), a certification developed by The International Customer Service Institute (TICSI) in the UK.

From 2015 till 2018, major locations across KSA, Abu Dhabi, Dubai, Kuwait, Bahrain, Qatar, Lebanon, Oman, and Jordan offices have been certified across the TISSE standard.

New locations are preparing for the certification in 2019, including Egypt, South Africa and China.

Achieving and maintaining the International Standard for Service Excellence continues to be the result of team dedication and cooperation and is testimony to our commitment to service excellence. It is also a purposeful benchmarking mechanism supporting our quest for customer experience improvement.

Mystery Shopping

Mystery shopping has become an established practice and important tool for Aramex to visualize the experience from the customer's point of view. It allows teams on the ground to relive the interaction, identify areas of improvement, and refocus efforts on the customer experience.

Major locations in GCC and Levant are regularly visited by trained shoppers to capture feedback on the customer journeys in retail outlets, call centers and digital channels to improve processes.

The exercise is conducted in multiple waves throughout the year to ensure that mystery shopping feedback is actioned, and the enhancements are realized.

In 2019, the Mystery Shopping program will be leveraged to provide further insights to Aramex teams on the ground with wider coverage perpetuating the practice of excellence.

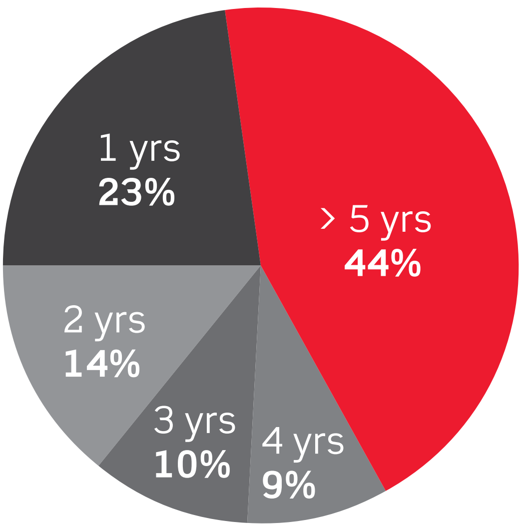
Surveys

Surveys have become a staple in our customer experience ecosystem, representing a good source of successful strategies, new ideas, opportunities for improvements and customer retention.
Feedback and customers insights are captured through a multitude of channels including phone, in-app notifications, web and SMS. The broad spectrum of survey practices allows for insights across different points of the customer journey and in compliance with GDPR practices.

Customer Retention

As we continue to expand and build upon our existing services, we actively seek to grow our customer base. We also utilize a robust CRM approach to ensure that we are meeting the needs of and retaining our existing customers.

Years Working with Aramex	Total Active Accounts	Percentage
> 5 years	34663	44%
4 years	6900	9%
3 years	7826	10%
2 years	10936	14%
1 year	17884	23%



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08
Sustainability

The Aramex approach to sustainability is underpinned by an evidence-based and stakeholder driven strategy that is responsive to the needs of all stakeholders and is proactive in its stewardship of the Six Capitals - 1) Natural, 2) Human, 3) Social and Relationship, 4) Manufactured, 5) Intellectual, 6) Financial. Aramex closely monitors how its operations affect the flow of these capitals and interact with the greater economic, social, and environmental systems. We use this data to improve our positive impacts on our stakeholders and communities, while working to minimize and eliminate negative impacts on communities and the natural environment. We use that focus to identify initiatives that would best satisfy those objectives.

The Sustainability strategy of Aramex balances current performance with a forward-looking orientation that drives every decision we make. When we get involved in the community, we take a partnership and investor model that ensures longevity and commitment rather than a limited philanthropic approach. In taking this strategy, Aramex seizes the opportunity to leverage, not only its Financial Capital, but also its Intellectual, Social and Relationship, Human, and Manufactured Capital to deepen and broaden Aramex's impacts.

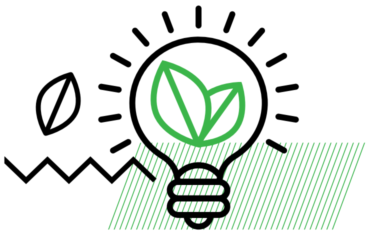
Aramex's longstanding partnership with the United Nations via the UN Global Compact and The UN Sustainable Development Goals reflects our commitment to solving problems that transcend geographical borders and working to achieve a better future for all. From our recruitment and employment model, our investment in promising entrepreneurs and local communities, youth education and empowerment programs, high impact environmental initiatives, and inclusive engagement with all of our stakeholders, we align our strategy from the corporate to the local levels with the United Nations Sustainable Development Goals in policy and practice.

In 2018 we maintained our focus on our four pillars of sustainability:

1. Youth Education and Empowerment
2. Supporting Entrepreneurs
3. Commitment to Environment and Environmental Change
4. Sport

In 2018 we increased our sustainability coverage to 98% of our operations. We increased our total beneficiaries from 60,125 in 2017 to 78,026 in 2018.

In Amman, our 1.2MW solar farm continued to fully power operations and provide emissions free electricity to our growing fleet of electric vehicles. We also completed our 3.2MW facility in Dubai.



Sustainability is an integral part of Aramex and is a key component that drives the decisions we make.

102-12, 102-21, 102-29, 102-43, 103-1, 103-2, 103-3

Community Engagement

Our communities are integral stakeholders for Aramex. We understand that the well-being of our communities is inextricably linked that of Aramex and therefore make identifying their needs and interests the bedrock of our community engagement approach. We deploy our intellectual, human, and financial capital to support youth, entrepreneurs, and environmental initiatives within our global sustainability strategy, thereby increasing shared value in Natural, Human, and Social and Relationship Capitals of the greater community, value which we believe will multiply many times over and accelerate community development.

Highlights

The Aramex Uganda team donated 75 high quality school bags for underprivileged children at the Kitebi Public School. A delegation from Aramex delivered the bags, which should last at least 2-3 years, and dined and danced with the children for a joyous afternoon. The team also partnered in the Feed a Child Initiative to provide meals to 2000 hungry children in Uganda.

Aramex's Johannesburg Station in South Africa was heavily involved in community engagement in 2018. As part of their ongoing partnership with the Celebrate Life SA Bread Oven Project, the Johannesburg Station raised funding for the initiative which provides baking space and supplies for low income residents to use and sell in their communities, while also feeding orphans in the area. The project helps deserving people earn money in the short-term, reduce hunger of orphans in the area, and circulate money throughout the community. The South Africa team also donated in-kind logistics services to the Soule2Sole project, helping them transport over 2000 shoes to young students from rural and impoverished areas lacking shoes and the ability to safely get to and from school.

Our team in KSA brought together 20 employees for a blood donation event, whose impacts reached 34 beneficiaries. The Jeddah team also hosted special needs youth from the Effective Syndrome Association. The aim of the event was to promote awareness Down Syndrome and similar disorders as well as to have employees lend skills and know-how to the Association.

Aramex Hong Kong partnered with Friends of the Earth to provide 300 beneficiaries, including solitary elders and low income families in their communities, donations of clothes, handbags, and shoes.

102-12, 102-21

Sustainable Development Goal 4
Ensure inclusive and equitable education and promote lifelong learning opportunities for all.

Youth Education and Empowerment

At Aramex we believe that an empowered and educated youth has the capacity to transform the world around them. Education and empowerment are critical elements of Human Capital that can mean the difference between generational poverty and generational social mobility. Over the years we have seen our investment in youth, through our Financial and Human Capital, yield multiplied returns in shared value while contributing to sustainable development, prosperity, and innovation in our communities. For this reason we continue to champion Youth Education and Empowerment as one of our four Pillars of Sustainability. Part of leveraging our full capacity in supporting this pillar means not only providing direct support for youth education and empowerment through financial scholarships, training, and mentorship, but also forming coalitions with a variety of local and international organizations on initiatives that support youth education and empowerment, particularly in underserved communities. We recognize the tremendous value that this pillar provides to youth and communities in the short-, medium-, and long-term as we prepare youth to thrive in the ever-increasing complexity of the economy, society, and environment of today and beyond.

Ruwwad

Throughout 2018, 557 youth scholars in Ruwwad's six community centers benefited from scholarships, and contributed more than 76,700 hours of community service through three key program (Youth Organizing, Child Development and Community Support), impacting the lives of children, women, youth, and the community as a whole.

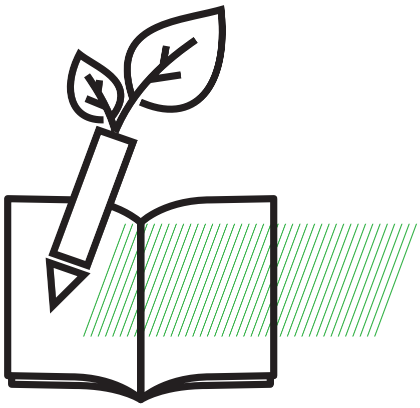
Since the establishment of Ruwwad in 2005, Ruwwad enabled a total of 1165 in Jordan, in East Amman/Jabal Al Natheef, Tafileh and Al Beidha. Ruwwad also enabled 212 youth in Palestine, 121 youth in Tripoli in Lebanon and 328 youth in Ezbet Khairallah in Egypt, reaching a total of 1826 youth who became part of Ruwwad and benefited from the whole journey. Parallel to the volunteerism and community service track, Ruwwad conducts an enrichment program that focuses on dialogue, wellness and business skills, which all enhance critical thinking, open mindedness and respect for diversity and pluralism.

AMM station announced a twice yearly award for the best nominated projects of the Industrial Engineering Department of the University of Jordan. There will be a 1st place and 2nd place winner each receiving $705 and $423 respectively. The main objectives of the award are to lend private sector support to the University of Jordan, support industrial engineers, and provide access for qualified candidates interested in a future career with Aramex.

On a yearly basis, Ruwwad conducts more than 260 Dardashat (cultural enrichment) sessions across the four countries and enhances youth business skills through IT courses, English, business ethics, CV writing and job interviews, as well as professional communication. These are all facilitated by leaders from Aramex and other key partner organizations.

This year a total of 112 youth graduated: 31 youth in Jordan, 9 in Palestine, 16 in Lebanon, and 56 in Egypt after completing their education. All education scholarships offered in Jordan, Palestine and Lebanon are university scholarships, whereas in Egypt they are vocational ones, as education in universities is free of charge.

The impact throughout 2018 not only touched the lives of the 557 youth scholars benefiting from the scholarship fund and contributing their time to community service, but also the lives of more than 15,200 citizens in Jordan, Palestine, Egypt and Lebanon.



Aramex reached 8128 student beneficiaries in 2018

102-12

In Jordan, 210 youth throughout 2018 operated safe spaces in three community centers in East Amman/ Jabal Al Natheef, Al Tafileh and Al Beidha, to enhance the education and development of 1620 children and 570 adolescents. Moreover, and through the 36,504 hours of community service these youth contributed, 250 families benefited from the Community Support Program, and 500 individuals benefited from the community-led campaign to address violence against children. The youth also gave the support needed to reach more than 200 individuals through the eye and teeth examinations campaigns.

The youth also launched 27 initiatives that affected the lives of 1700 person in Jordan, in addition to five empowering projects that benefited 568 of the citizens in marginalized communities.

In the area of projects, the Rawabet Project in partnership with the Canadian organization Equitas was launched. National and Regional trainings took place in preparation for the implementation of the project which aims to reach out to more than 1,500 youth, women, and persons with disabilities in Jordan, Tunisia, Morocco and Egypt. The expected outcome is that the beneficiaries will learn new technologies that will help them engage with their communities and participate more actively in social, economic, and political life. The conclusion of the "Supporting Economic Opportunities and Livelihoods in Jordan" project in partnership with the International Rescue Committee took place this year, celebrating the resulting in establishment or support of 10 new startups. The Economic Enablement Project funded by Citi Foundation incorporated training for 60 youth from the ICT sector on business skills, English language, and life success skills. 15 of the youth were then placed in internships in companies in the ICT sector.

600 children benefited from summer clubs in East Amman/Jabal Al Natheef, Al Tafileh and Al Beidha, focusing on nutrition, entrepreneurship for children, music, culture, heritage and embracing differences.

Through Aramex donations, corporate partners and external volunteers in East Amman, Ruwwad supported schools with 200 computers, and offered maintenance, renovation and equipment to five schools. Ruwwad also launched health initiatives that benefited 200 children.

In Egypt, 162 youth contributed more than 15,600 hours in Ruwwad's different programs and in the community. These youth implemented 7 initiatives that touched the lives of 615 citizens. More than 2500 children benefited from the different activities in Ruwwad Ezbet Khairallah's Child Development Program. Children attended 1440 academic support sessions, 192 art sessions and more than 70 awareness sessions. More than 500 individuals benefited from the services of the Community Support Program, including literacy, sports, and art.
Ruwwad Ezbet Khairallah also worked in six public schools in the neighborhoods, which helped reach out to more than 2400 child in these schools. The winter camp benefited 900 children, focusing on self-exploration and accepting & respecting the other. More than 300 children benefited from the summer camp and enjoyed art, music, sport, theater, and computer skills training.

In Palestine, 65 youth contributed more than 6,300 hours in Ruwwad's different programs and in the communities of Budrus, Shiqba, Neilin, Qibya and Deir Qiddis. Through the work in Ruwwad's Child Support Program, and through the work with 10 public schools in the villages, more than 830 children benefited from the different activities including academic support, art, sports, literature, and summer and winter camps. The winter camp in the five villages focused on heritage, traditional games, traditional dishes, and unleashing the creativity of children. The summer camp across the villages focused on imagination, creativity, goal-setting, and self-expression.

In Lebanon, 120 youth scholars contributed more than 18,000 community service hours, supporting the work of Ruwwad's programs and Ruwwad's kitchen. More than 260 women and youth benefited from psychosocial support, and more than 1000 children participated in the ongoing activities conducted in Ruwwad, and from the outreach activities in six different schools. Ruwwad Lebanon also continued reinforcing its relations with partners. Ruwwad continued the implementation of the Pathways to Progress Project with the Citi Foundation for youth economic enablement and the PISCCA program, benefiting more than 170 youth who received ICT, English, and French language courses throughout the year. Furthermore, Ruwwad continued its collaboration with the CARE Organization. Ruwwad Lebanon also continued the work on the Network for Advancement and Work Acceleration Project "NAWAT", incorporating life skills, psychosocial support, packaging, design and vocational training. In addition, work continued with other significant partners, including Kids Genius, Ana Aqaa, Right to Play, and Kun Ensan.

Atayeb Tarablos Kitchen became a source of income generation. This additional income is now used to support Ruwwad's scholarships fund, and ongoing projects and activities, creating new opportunities for growth and providing supplemental income for women seeking to overcome marginalization and support their dependents.

Ruwwad by the Numbers

Statement	Jordan	Palestine	Lebanon	Egypt	Total	Notes
Number of scholarships receipients until the end of 2018	1165	212	121	328	1826	Since establishment in East Amman/Jabal Al Natheef in 2005 - Regional expansion took place 2012
New scholars accepted in 2018	55	11	23	65	154	
Youth scholars present throughout 2018	210	65	120	162	557	
Total number of community service hours in 2018	36,504	6,340	18,192	15,680	76716	
Dardashat sessions throughout 2018	100	93	18	54	265	
Number of youth graduates in 2018	31	9	16	56	112	
Accumulative number of youth graduates since establishment until the end of 2018	766	90	81	197	1134	
Total number of youth initiatives	27	6	0	7	40	
Health Campaigns in the community	200	0	0	30	230	Eye Examination in Jordan and Nutrition in Egypt
Total number reached through youth initiatives	1700	1110	0	615	3425	
Total number of adolescents who benefited from psychosocial support (Repeats)	70	0	268	0	338	Youth and women
Total number of adolescents who benefited from psychosocial support (Outreach)	500	0	0	0	500	
Number of child beneficiaries (Repeats)	420	66	120	88	694	
Number of child beneficiaries (Outreach)	1200	766	885	2466	5317	
Total number of schools worked with	13	10	6	6	35	
Total number of child beneficiaries	1620	832	1005	2554	6011	
Total number of families reached through the Community Support Program in 2018	250	0	0	0	250	
Total number of individuals reached through the Community Support Program in 2018	1810	0	1000	575	3385	
Total number reached through community-led campaigns	500	0	0	0	500	
Number of income-generating projects	5	0	0	1	6	
Total number of beneficaries from income generating projects	568	0	20	15	603	
Total number of active partnerships throughout 2018	89	35	30	17	171	
Total number of extrernal volunteers throughout 2018	58	10	0	50	118	

102-12

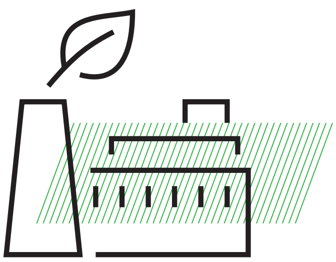
Sustainable Development Goal 8
Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.

Entrepreneurship

Entrepreneurship has been interwoven into the fabric of Aramex since our founding; it is a mindset, a strategy, and a constantly evolving practice. Using our Human Capital at Aramex to cultivate entrepreneurship has led to explosive growth in Intellectual and more efficient Manufactured Capital, while reducing negative impacts on Natural Capital. However, as one of our four Pillars of Sustainability, we have taken our Human, Intellectual, and Financial Capital into our communities to support transformative entrepreneurship, strengthen our communities, and create shared value. We believe that this shared prosperity grows Social and Relationship Capital between Aramex and our communities, but also accelerates the sustainable development capacity generally in those communities.

Startup Support Program

Our principal Entrepreneurship initiative is our Startup Support Program, which developed from our previous SME Program. The Startup Support Program's aim is to help develop dynamic entrepreneurial organizations by providing access to competitive rates, mentorship, and sustainability integration support. For many startups, flow of Financial Capital and scare Human Capital resources slow their development, because they lack the support and economies of scale to maximize their efficiency. Our program helps entrepreneurial organizations accelerate their growth and operate sustainably as they expand and mature by providing them more access to our Capitals, particularly our Financial, Human, and Social and Relationship Capitals. We implement this program directly as well as through strategic partnerships.



We increased the number of Startups and SMEs reached by 14% to 3262 in 2018

102-12, 103-1, 103-2, 103-3, 203-2, 413-1

Our Environmental Commitment

Intro

The natural environment is the source of Natural Capital, on which all of human society and the economy rely. Without a healthy ecosystem and natural environment society, much less business is unable to function. At Aramex, we recognize that taking measures to reduce our negative impact on the environment, decreasing unnecessary consumption, and opting for use of renewable and clean Natural Capital benefits the environment now and for generations to come. Aramex aims to be an industry leader in seeking out renewable Natural Capital in its operations to combat the degradation of the environment, especially in coordination with Sustainable Development Goal 13 to combat the global specter of climate change.

Sustainable Development Goal 13
Take urgent action to combat climate change and its impacts

Highlights

Team Kuwait donated 200 employee volunteer hours to participate in the Earth Day event to raise awareness about environmental issues. The KSA team in Jeddah also gathered 50 employee volunteers to participate in an Earth Day event to promote environmental awareness.

Solar Farms

Aramex is operating two recently completed solar farms in Amman and UAE. The 1.2MW solar farm in Amman powers the entire Amman Station operations and the 3.2MW facility in Dubai has slashed the massive operations' carbon footprint. Both facilities have greatly reduced negative impacts on scope 1 and scope 2 emissions.

Electric Vehicles

Our holistic approach to environmental sustainability sets out to maximize initial investments in sustainability by building further on those foundations laid to reduce negative environmental impacts. In the case of our 1.2 Megawatt solar array in Amman, we have been using the excess power generation to continue upgrading our fleet of courier vehicles to full electric vehicles. In so doing, we have not only made Amman Station self-powered in clean renewable energy, but have reduced emissions to zero when operating and charging the vehicles.

Emissions

Year	2017	2018
Emissions (tCO2e)		
Scope 1	50,005	49,903
Scope 2	33,671	30,911
Scope 3	579,371	606,088
Freight	369,244	387,910
Express	185,167	191,355
Commuting	24,062	26,011
Business Travel	898	633
Total Emissions	663,047	686,902

year	2012	2018	Progress between 2012 and 2018
KgCo2/ Shipment	13.0	10	-24%
Electricity/ Shipment	0.91	0.69	-24%
Fuel/ Shipment	0.36	0.3	-17%
Electricity	35,033,613	47,450,551	-
Fuel	13,750,488	20,416,518	-
Total Emissions	516,291	686,902	-

102-9, 302-1, 302-2, 302-3, 302-4, 302-5, 305-1, 305-2, 305-3, 305-4, 305-5, 305-7

Sustainable Development Goal 17

Strengthen the means of implementation and revitalize the global partnership for sustainable development.

Sustainability Support, Advocacy, and Partnerships

Aramex continues to develop partnerships and seek out new ones in sustainability with organizations of every size and whose purviews cut across civil society, the private sector, and the public sector. We recognize that every organization has different capacities it can leverage and that by building and utilizing our Social and Relationship Capital, we can work collaboratively to effectively deploy our resources, maximize our impacts, and share knowledge to collectively develop best practices in sustainability and increase shared value year after year.

Partnership Diagram

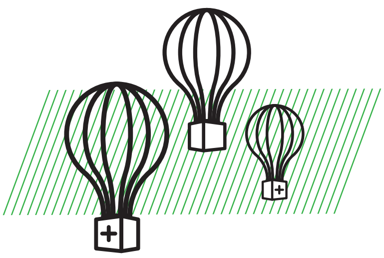
Global Partnership	United Nations Global Compact; Caring for Climate; World Future Energy Summit; GRI; Paris2015 COP21·CMP11; seedstarsworld	Tackling issues that are global in scope such as climate change, international human and labor rights, and supporting reporting and accountability at highest level
Regional Partnerships	DFM; RTC; unicef; Accelerate SME; Arab Forum for Environment and Development (AFED)	Strengthening coordination across borders and connecting local networks on unique regional challenges and opportunities, especially in emerging markets
Local Partnerships	Jordan GBC; Abu Dhabi Sustainability Group; INJAZ Egypt; Dubai Chamber; Ruwwad; Amideast	Partnering on and implementing initiatives that directly impact community beneficiaries and stakeholders and discovering best practices from carefully tracked activities

In 2018 we directly implemented or partnered on over 191 projects and programs in 98% of our countries of operation to reach over 78,026 beneficiaries.

102-12, 413-1

Emergency Relief

When disaster strikes in our communities, Aramex stands ready to leap into action. Our Manufactured, Human, Social and Relationship, Intellectual, and Financial Capital leave us uniquely prepared to respond in many emergency situations. Our logistical infrastructure, including our fleets, warehouses, and information technology, allow us to help alleviate suffering and support resilience in our communities during emergencies quickly and effectively. Aramex uses its global network to ship, store, and distribute critical aid to those facing disasters and emergencies across the world.



Emergency and Disaster Relief activities reached 2500 beneficiaries in 2018.

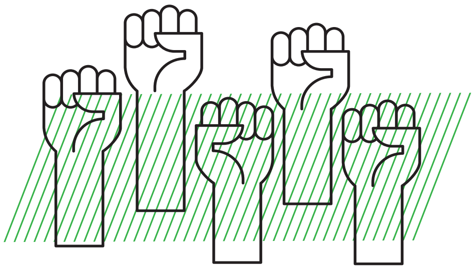
Kochi Operations Highlight

Immediately following the destructive Kerala floods, the Aramex India mobilized their Kochi Ops Team to provide life-essential aid to over 2500 people affected by the disaster during the Relief Operations Kerala Initiative. In addition, they used their logistics networks to send critical medication worth INR 40,000 to the Kerala Medical Services Corporation to administer to over 1000 flooding victims free of charge. With some of the immediate needs of the community addressed, Aramex India is shifting the focus of this initiative to its 2nd phase of long-term recovery for that community as they rebuild.

102-12

Human Rights Impact Assessment

As part of its commitment to Human Rights globally, Aramex International undertook its first Human and Labor Rights Impact Assessment (HRIA), under the leadership of the sustainability team. The assessment was another proactive measure to protect the safety, dignity, and well-being of Aramex's employees and to continue leading in responsible corporate citizenship. This is part of Aramex's integrated approach to protecting Human Capital within the organization.



Aramex's Human and Labor Rights Impact Assessment was the one of the first for a multinational company based in the Middle East and North Africa Region.

This corporate and station level impact assessment involved broad collaboration across several teams including Human Resources; Health, Safety, and Security; Compliance; and several operational managers. In addition to internal Aramex teams, the HRIA worked with external subject matter experts in Human and Labor Rights to carry out the assessment.

The first phase of the assessment involved reaffirming Aramex's international and local Human and Labor Rights benchmarks and mapping stakeholders. These benchmarks included the Universal Declaration of Human Rights, the United Nations Global Compact (UNGC), the International Labor Organization (ILO), Aramex's own Code of Conduct, UAE labor laws, and Jordanian labor law.

In the second phase of the HRIA, Aramex's policies and records were then checked against Human and Labor Rights norms for alignment. We also carried out mixed method qualitative and quantitative data collection from relevant stakeholders, a representative sample of general employees and select managers. This phase sought to verify that Human and Labor Rights practice was aligned with policy.

The remaining phases involved analysis, verification, and discussions about impact mitigation and analysis before publishing the final reports. The findings revealed compliance with all local labor laws and nearly all international norms. An example of a case where there appeared to be a discrepancy noted that some employees reported working more than 50 hours a week with commensurate compensation, in line with UAE and Jordanian laws and customs, though 50+ hours are considered excessive by international norms.

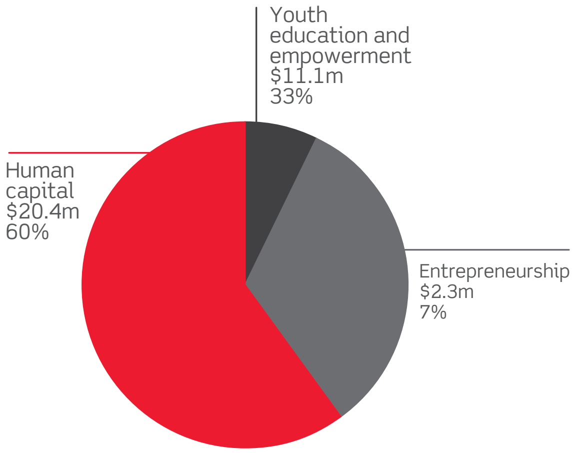
The major recommendations that came from the assessment sought to enhance reporting mechanisms, clarify existing policies, and find areas where Aramex could provide forward thinking leadership in Human and Labor Rights.

Total Impact Assessment

In 2018, Aramex completed its first Total Impact Assessment, measuring the full costs and benefits to the economy, society, and environment (ESG) in Aramex's UAE and Jordan operations. The depth and breadth of this assessment is extraordinarily comprehensive, using direct and proxy indicators to calculate ESG impacts and the flows of the 6 Capitals. The nature of the assessment allows us not only to measure past performance but also, through the use of well-established predictive indices, to project value creation and transformation across the 6 Capitals well into the future.

The scope of the assessment consisted of Aramex's entire value chain in Jordan and the UAE, from direct impacts of business operations, to indirect impacts of supply chain, and finally induced impacts, i.e. the direct employee and supply chain employee spending and consumption in the two countries. The material areas of impact measured in the assessment were economic contribution to GDP and employment, entrepreneurship, youth education and empowerment, human capital development, and GHG emissions. Lastly, the Total Impact Assessment converted and calculated all value creation or depletion into dollars, so that there could be comparability across all data points and a final overall impact value.

The findings of the impact assessment revealed that the UAE and Jordan contributed a combined total overall impact of $461.5 million. This figure was derived from combining the calculated Economic Impact of $444.4 million and the Social Impact of $33.8 million and then subtracting the environmental impact of $16.7 million.



102-15, 102-29, 202-1, 103-1, 103-2, 103-3, 203-1, 203-2, 412-1

09 Stakeholder Engagement

Stakeholder engagement is a central component of international best practices with regards to sustainable business as determined by the internationally recognized Global Reporting Initiative (GRI). Aramex contracted Ahead of the Curve (ATC) to conduct two stakeholder consultations (one in KSA and one in Kuwait) on its sustainability performance. This is the fifth such consultation process Aramex has performed, demonstrating its commitment to maintaining and improving its sustainability practices. The stakeholder engagement process is a key mechanism in the measurement of the flows of both Human as well as Social and Relationship Capital. It provides valuable data that helps determine whether Financial, Intellectual, Manufactured, and Natural Capital have employed in such a way that it provides benefit to employees, customers, and communities. The objectives of the consultation were to:

- Gather detailed feedback and insights from Aramex's management, and a diverse group of internal and external stakeholders on Aramex's sustainability mandate and performance,
- Gather insights about challenges faced while implementing Aramex's current sustainability mandate, and
- Produce actionable recommendations on how to enhance, and better communicate current sustainability practices across core and non-core operations and stakeholders.

Interviews

In Kuwait, three interviews were conducted prior to the consultation: two internal interviews with KSA station managers, and one interview with a client. In Riyadh, two interviews were conducted with clients after the group-consultation took place. Interviews with clients took place at their own offices. The interview topics included: awareness of sustainability and Aramex's efforts in the sustainability sphere, perceived scope of materiality, and recommendations for enhancing sustainability practices.

Group Consultations

Members of the country offices and Aramex's sustainability team invited a wide array of stakeholders to both consultation sessions. As the below table demonstrates, the KSA consultation was attended by 39 stakeholders from civil society organizations, employees, clients, and governmental entities. Due to the flooding that took place in Kuwait close to the consultation's date, only 12 participants attended the Kuwait consultation; mainly employees and clients.

Consultation Sessions were on the following topics:

- Perceptions of Aramex's Overall Performance: Participants were asked to sharewords they associate with Aramex, and to reflect on the company's overall performance.
- Aramex's Sustainability Approach: Aramex's Country Managers, Fadi Kikloff (Kuwait) and Ahmed Marie (KSA), and Aramex's Sustainability Manager, Sudud Qubtan presented a comprehensive overview of the company's business performance and sustainability efforts, and opened the floor for questions. The consultation's facilitators had an open discussion with the group about their feedback on the approach, scope of material topics, and recommendations for the way forward.
- Working Group Discussions: Participants in presence were divided upon three working groups. Each group discussed a specific performance area, including their perceptions of the current scope of materiality, current efforts, and recommendations for the way forward. The working groups focused on the following performance areas:
  - Business Strategy and Client Satisfaction
  - Environmental Performance
  - Social Performance
- Private Employee Discussions: Facilitators had an open discussion with employees in presence about their levels of satisfaction and recommendations for enhancing Aramex's performance with regards to Human Resources Management. To ensure openness and the confidentiality of presented concerns, discussions were held in the absence of Aramex's senior management.

The interviews provided in-depth insights, which helped align Aramex and its clients. Opportunities and challenges were openly discussed, which led to the development of actionable recommendations for the way forward. The below sub sections provide with a summary of the discussions conducted during the interviews.

The below table provides the consultations dates and number attendees:

Locatioin	Date	Number of Attendees
Kuwait	Nov 12, 2018	12
Riyadh, Saudi Arabia	Nov 22, 2018	39

102-8, 102-9, 102-12, 102-21, 102-29, 102-40, 102-42, 102-43, 102-44, 103-1

Group Consultation Findings

General Awareness and Perception

When engaged about their general awareness and perception of Aramex, the responses in Kuwait and Riyadh were different, with some commonalities. Participants in both countries noted words related to culture, brand perception and service provision. However, perceptions of quality differed from the two with Kuwait expressing positive responses, while KSA's responses were mixed

Business Performance (KSA)

The group consultation yielded a trove of valuable feedback for Aramex to improve its services in the area. The main areas identified where Riyadh Station had an opportunity to close gaps in awareness and performance were in consistency, timeliness, reach, shipment handling, rates, and communication.

Awareness of Aramex's Sustainability Efforts

In both Kuwait and Riyadh, a small number of stakeholders had a comprehensive and up-todate understanding of Aramex's different sustainability efforts and overall sustainability approach. In general, stakeholders were highly impressed by Aramex's sustainability footprint after the Sustainability Manager provided an overview of Aramex's sustainability practices, including efforts to mitigate environmental impacts, social investment efforts, and investments in human capital.

Employee Engagement and Satisfaction

A discussion among Aramex employees was conducted in both Kuwait and Riyadh, and in the absence of senior management to ensure ease of expression. Employees were given the chance to freely discuss their concerns and thoughts about the company, as well as their development within it.

The majority of employees in both countries expressed that their loyalty to Aramex is due to its friendly environment, culture, their loyalty to one another and the stability and security it provides. However, employees in both countries raised several concerns, especially in Riyadh.

The concerns that were commonly expressed in both countries are as follows:

- Aramex's pay is very low in comparison to competitors, who offer close to double the salary that Aramex offers, bearing in mind that the employees believe that they work as much as (if not more than) their competitors.
  - Some of the employees' salaries have not increased for the past two to three years.
  - There is not clear ranges of salaries or justification for salaries that employees get; new hires often get much higher salaries than older, more experienced ones.
- There is no clear path or guidance regarding promotions. Some employees have not been promoted for over three to four years.
- Trainings are not provided for employees, and the in-house trainings that are offered are often outdated or irrelevant.
- Employees would like to move between functions, as they believe that they are qualified and have the know-how, and it will help them grow.
- The turnover rate has become very high due to the low salaries and minimal recognition or appreciation.

The below concerns were expressed by all employees in Kuwait:

- The office is located in a far area and the working hours are long.
- Insurance is very basic and does not include any family members. They would like to include maternity, sight and dentistry services.
- Employees are not provided with sim cards, telephones or allowances for calling customers.
  - Employees do not like to share their personal telephone numbers with customers, so they end up purchasing lines at their personal expense

Saudi, employees expressed major frustrations and concerns. They also stated that all of their concerns were previously expressed during the 2016 consultation yet have not been addressed. Below are the main points raised by those in presence: expense.

- Aramex's business performance has increased, but the employees are still not witnessing enhancements in terms of salaries, benefits or recognition.
- Promotions are not based on seniority or performance, but are rather based on connections within the company. The same applies to salaries.
  - Juniors with minimal experience are hired as managers to employees more senior than them. This issue led to the resignation of several employees who had been with Aramex for years.
  - Old seniors and managers receive salaries lower than their team members who have been recently hired, or who negotiate more aggressively with management.
- Other stations have much better systems for managing promotions, salary ranges, professional development, and growth within the company.
  - One employee noted that it is impossible for a courier to become a CEO in KSA, unlike the case of the Amman station.
- Existing staff are not prioritized when considering senior positions. Aramex hires outsiders that know nothing about the company, and that end up being trained by those who they will eventually manage.
- There is no recognition, appreciation or interaction from senior management. Interactions only take place when there is a crisis.

102-8, 102-9, 102-12, 102-21, 102-29, 102-40, 102-43, 102-44, 103-1

- There are several talented and creative employees in Saudi Arabia, but due to the way employees are treated, Aramex is gradually losing them.
  - Aramex has become known for graduating excellent employees, which are then hired by competitors and companies within other industries at much higher salaries.

Main Recommendations

During this year's consultations, several issues that were flagged in other stations in 2015-2016 have been flagged again. These issues include the need to:

- Introduce a real-life package tracking system, without compromising Ground Couriers'(GC) safety, to ensure timely deliveries and enhance overall customer experience.
  - While this feature has been introduced, it is not being fully utilized. It is essential to create a plan for streamlining the use of geotagging and the Aramex application in general as soon as possible.
  - This should be paralleled with efforts to ensure that consistent communication with B2B and B2C clients and customers, and aggressive efforts to ensure that clients are aware of Aramex's full range of services (ex: website report, application, etc.). This can be facilitated by account managers who are already in place.
- Support tech-entrepreneurs who have the potential of disrupting the logistics industry, or who could become part of the Aramex supply chain.
  - At the time, players such as Fetchr had just been starting. Fetchr is currently perceived as a direct competitor.
  - Efforts to collaborate with other disruptors what-3-words should thus be expedited.
- Ensuring that the results of employee satisfaction surveys, performance appraisals, and other feedback mechanisms are more rapidly acted upon.
  - For the first time this year, ATC received feedback about how employees who had been with Aramex for years are leaving the company. It is this essential to develop and rapidly implement more effective human resource management action plans across all stations. These should address all of the issues noted in section 6, and especially:
    - Introducing more formalized feedback mechanisms, creating systems and timelines for addressing communicated concerns.
    - Ensuring more competitive wage levels
    - Ensuring that old and new hires receive comparable salaries.
    - Streamlining recognition and appreciation practices across all teams and stations to avoid appreciation and recognition from being dependent on the team leaders'/managers' character.

In parallel, to sustain Aramex's leadership within the sustainability sphere, efforts to engage clients and customers should also cover the notion of sustainability as a whole. An action plan for ensuring the following is necessary:

- Ensuring awareness of Aramex's sustainability efforts
- In specific markets where awareness and activity around sustainability is low (ex: KSA, Kuwait, India), Aramex should actively promote for the notion of sustainability and its adoption through business chambers, associations, and other relevant entities.
  - This will facilitate Aramex's own ability to comply with and advance sustainability across its operations, and the markets in which it operates.
- Developing more stringent and comprehensive mechanism for ensuring suppliers' compliance with ESG best practices across all stations. These include issues related to sub-contracted couriers' wage levels and working conditions.

Kuwait Interview Findings

Interviews with Kuwait Country Manager, Mr. Fadi Kickloff, and with Sales Manager, Mr. Hani Amjeh, yielded productive insights into challenges and opportunities for their station.

Performance and Growth Opportunities

- E-Commerce Market: The e-commerce market is booming and Aramex entered that market with great force early on. Specifically, Aramex entered the e-commerce market three years ago. Aramex provides customers in this segment with all logistical services, and has recently added cash on delivery services (which no other competitor offers), live tracking of packages. In parallel, the volume of freight business has also been increasing.
- Entrepreneurial Market: There are numerous players in the entrepreneurial ecosystem, which has been receiving significant governmental support. Aramex reaches out to as many entrepreneurs as possible and offers them with discounted pricing rates and tailored solutions. Aramex often embeds entrepreneurs within its own supply chain as well. For example, Aramex sources services from start-ups that are in the logistical sector. This creates a win-win scenario whereby Aramex gets to increase the number of its couriers, and enables these start-ups to grow and scale.

Challenges

Regulatory challenges had a significant impact on Kuwait Station's operations. Many of these regulatory measures place significant barriers. Some major examples follow:

- Regulatory laws do not allow local citizens to be hired as couriers
- Hiring of foreign employees is complicated and time-consuming
- Regulatory laws require one local citizen be hired for each foreigner
- Local citizens' salaries are very high

While various representatives in the logistics sector have tried to lobby to reform regulations, these have been largely unsuccessful. In addition to regulations regarding nationality, regulations prohibit the installation of panels on rented warehouses. With Aramex's asset-light approach, that regulation not only frustrates the Stations ability to reduce both economic and environmental costs.

Sustainability Efforts

Kuwait Station is working to grow its current sustainability efforts, which include blood donations, cleaning parks and beaches, and limiting paper consumption for Aramex employees. However, the sustainability growth is slow due to factors such as a lack of sustainability awareness in the country, gaps in internal know-how and guidance, and lack of local implementing partners. Even when one of the Station's largest clients, KFH Bank, was interviewed, their representatives stated the sustainability was not particularly important, especially when compared to quality and reputation, on which the bank commented very favorably.

Riyadh Interview Findings

Riyadh's interview engagement took place with two of Aramex's clients: Axiom and Conpard

Axiom

Axiom is a client of two years for Aramex. They confessed having little knowledge of sustainability and expressed interest in learning more about the topic, particularly in terms of the environmental sphere. Axiom praised Aramex's high delivery success rate, but offered constructive feedback about how the Station could improve services.

- Working beyond the 9-5 set delivery times, especially to meet 2-day delivery
- Adding POD to the delivery process
- Improvements to speed up the delivery note process
- Adding click-to-ship to export shipments to simplify the process for shipping cargo

Conpard

Conpard has been a client of Aramex since June 2015 and expressed interest in learning more about Aramex's sustainability efforts and an increased confidence with the company after learning about them. Conpard noted that Aramex had a competitive advantage at the time they started their relationship, because Aramex was the only courier providing COD. They identified some issues of concern that had begun to arise in 2016.

- Increased transit times
- Issues with shipment tracking
- Communication barriers with couriers and clients
- Concerns about courier workloads and pay
- Service delays

Aramex provided clarification on some of the issues, which reflected a lack of awareness on the part of the customer. Aramex also recommended some quick fixes to some of the communication issues, while also committing to longer term solutions to the other issues.

Material Aspects			Section	Materiality	Aspect Boundary	Notes on Materiality	Notes
DMA			DMA				
Economic			1				

Material Aspects			Materiality	Aspect Boundary	Notes on Materiality	Notes
Economic Performance						
201	1	Direct economic value generated and distributed	Material	Within our entire operations and outside the organization as it relates to our shareholders, suppliers and other stakeholders	Our direct economic value generated is an important performance indicator for our operations and our stakeholders as it signifies our economic sustainability and potential for growt	
201	2	Financial implications and other risks and opportunities for the organization's activities due to climate change	Material	Within our entire operations and outside the organization as it is related to our stakeholders, the governments and policies of the countries in which we operate	Climate change poses ubiquitous risks and threats, especially given our type of industry - transportation, which is responsible for 14% of global emissions. Therefore, we must be forward-looking in our strategies related to climate change risks and mitigation - this is particularly important in terms of the financial implications of climate change. It is also important for our stakeholders to know what approach we are taking in relation to climate change and its implications on our operations and surroundings	
201	3	Coverage of the organization's defined benefit plan obligations	Material	Within our entire operations	Direct impact on our business and stakeholders, especially employees	
201	4	Financial assistance received from government	Material	Within our entire operations and outside the organization as it is related to our stakeholders, the governments and policies of the countries in which we operate	Aramex has a strict policy against receiving or giving any government assistance. It is important for our stakeholders to ensure that our company is not affiliated with any political or governmental system	

102-29, 102-31, 102-47, 201-1, 201-2, 201-3, 201-4

Material Aspects			Materiality	Aspect Boundary	Notes on Materiality	Notes
Market Presence						
202	1	Ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation	Material	Within our entire operations and outside the organization as it is related to our stakeholders, particularly employees, the governments and policies of the countries in which we operate	At Aramex, employee morale, satisfaction and retention is very important, since employees are an integral part of our success and the quality of our services. We aim to offer competitive wages to our employees - for our entry level employees, these are equal and often in excess of the local minimum wage. Our wages are important to our employees as well as other stakeholders as they are indicative of our impact on the community.	
202	2	Proportion of senior management hired from the local community at significant locations of operation	Material	Within our entire operations	We aim to employ members of the local communities in which we operate, as it is important to us that we have a healthy percentage of senior management hired from the local community, due to their understanding of the local market. Moreover, it is important for our stakeholders because it indicates our investment in the capacity of the communities in which we operate.	Aramex employs 50% local and 50% expat senior management in our global corporate operations.
Indirect Economic Impacts						
203	1	Development and impact of infrastructure investment and services supported	Immaterial		Since we are a light asset based company, we do not have significant investments related to infrastructure	
203	2	Significant indirect economic impacts, including the extent of impacts	Material	Within our entire operations and outside as it is related to the communities in which we work	Impacts our stakeholders and helps in the development of the communities in our areas of operations	
Procurement						
204	1	Proportion of spending on local suppliers at significant locations of operation	Material	Within our entire operations and outside, as it is related to our suppliers in the countries in which we operate	Impacts our stakeholders and helps in the development of the communities in which we are operating through our supply chain.	

102-29, 102-31, 102-47, 202-1, 202-2, 203-1, 203-2, 204-1

Material Aspects			Materiality	Aspect Boundary	Notes on Materiality	Notes
Environmental Aspects						
301	1	Materials used by weight or volume	Material	Within our entire operations and outside as it is related to the suppliers of our materials and the companies and municipalities that provide us with waste management and recycling services	In our operations, our degradable pouches are used for 99% of our shipments, making up a large proportion of the materials we use. Other materials include envelopes, labels, AWBs, canvas and bag tags. The amount of materials we use in our operations is important, due to the environmental impacts of these materials - especially since they are mainly made of plastics or paper.	
301	2	Percentage of materials used that are recycled input materials	Material	Within our entire operations and outside as it is related to the suppliers of our materials and the companies and municipalities that provide us with waste management and recycling services	Given that most of the materials we use in our operations are sourced from plastics (non-renewable) and paper, both have environmental impacts - it is important that we work to recycle these materials in order to reduce our environmental impacts.	What percentage of purchased material is recycled vs. nonrecycled
Energy						
302	1	Energy consumption within the organization	Immaterial	Within our entire operations, except our franchisees	Our energy consumption is important to our operations since it has a direct impact on our environmental and carbon footprint. Therefore we are keen to monitor and manage energy consumption in order to reduce our operational cost and minimize our negative environmental impact	Our total energy consumption inside the organization is 47,450,551 Kw and 20,416,518 liters of fuel (1 liter = 38.7 mega joules - HHV Diesel 1 liter = 34.8 mega joules - HHV Gasoline)
302	2	Energy consumption outside of the organization	Material		Given that we rely on third party suppliers, information regarding the energy consumed outside our organization is unavailable. However, using the GHG protocol, we account for the impact of the energy use outside our organization through our scope 3 emissions	Given that we rely on third party suppliers, information regarding the energy consumed outside our organization is unavailable. However, using the GHG protocol, we account for the impact of the energy use outside our organization through our scope 3 emissions
302	3	Energy intensity	Material	Within our entire operations, except our franchisees	This is an important measure of our energy footprint, since the energy intensity per shipment is a strong indicator of how this footprint relates to the context and growth of our operations. Energy intensity gives our stakeholders a better understanding of how our energy consumption is related to our operations.	
302	4	Reduction of energy consumption	Material	Within our entire operations, except our franchisees	The amount of reductions in our energy consumption is an important measure of our environmental and efficiency initiatives.	
302	5	Reductions in energy requirements of products and services	Immaterial		Because we report on our overall energy and emissions trends and consumption	

102-29, 102-31, 102-47, 103-1, 103-2, 301-1, 301-2, 301-3, 302-1, 302-2, 302-3, 302-4, 302-5

Material Aspects			Materiality	Aspect Boundary	Notes on Materiality	Notes
Water						
303	1	Total water withdrawal by sources	Material	Within our entire operations, except our franchisees	Our use of water is restricted to municipal use. However, given that water is important and exceedingly scarce, we make sure to measure our consumption	
303	2	Water sources significantly affected by withdrawal of water	Immaterial		Because our water consumption is strictly for municipal use and we withdraw and discharge water through municipal system	
303	3	Percentage and total volume of water recycled and re-used	Immaterial	Within our entire operations, except our franchisees, outside as it is related to the municipalities and companies that provide us with services related to water re-use and recycling	Our use of water is restricted to municipal use. However, given that water is important and exceedingly scarce, we make sure to re-use and recycle our water wherever possible.	
Biodiversity						
304	1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Immaterial		Not applicable, since we ensure that we do not lease or own land adjacent to protected or high biodiversity areas	
304	2	Description of significant impacts of activities, products and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas	Immaterial		We are a service oriented company. Therefore, we do not manufacture products – the pouches we use for our services are degradable	
304	3	Habitats protected or restored	Immaterial		We were not involved in any habitat protection or restoration activities	
304	4	Total number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk	Immaterial		Not applicable, since we ensure that our operations are not in areas with protected or endangered species	

102-29, 102-31, 102-47, 103-1, 103-2, 103-3, 303-1, 303-2, 303-3, 304-1, 304-2, 304-3, 304-4, 306-1, 306-2, 306-3, 306-4, 306-5

Material Aspects			Materiality	Aspect Boundary	Notes on Materiality	Notes
Emissions						
305	1	Direct Greenhouse Gas (GHG) emissions (Scope 1)	Material	Within our entire operations, except our franchisees	Due to environmental impacts	Our Carbon footprint baseline year is 2012
305	2	Energy indirect Greenhouse Gas (GHG) emissions (Scope 2)	Material	Within our entire operations (100% financially controlled)	Due to environmental impacts	Our Carbon footprint baseline year is 2012
305	3	Other indirect Greenhouse Gas (GHG) emissions (Scope 3)	Material	Inside our operations as it is related to our business-related travel. Outside our operations as it is related to our suppliers, our employees commuting	Due to environmental impacts	Our number of employees grew by 1%. Therefore, our commuting footprint grew by the same. We calculate our commuting footprint using a bi-annual employee survey, produced as per the GHG protocol
305	4	Direct Greenhouse Gas (GHG) emissions intensity	Material	Within our entire operations, except our franchisees, outside as it is related to our scope 3 emissions	Due to environmental impacts	
305	5	Reduction of Greenhouse Gas (GHG) emissions	Material	Within our entire operations, except our franchisees	Due to environmental impacts	
305	6	Emissions of ozone- depleting substances (ODS)	Immaterial		We do not emit any ODS	
305	7	NOx, SOx and other significant air emissions	Material	Within our entire operations, except our franchisees	NOx and SOx have negative environmental and health impacts. Given that they are a by-product of the burning of fossil fuels, it is important to measure and report on the amount our operations produce. We use the GHG protocol tools to measure our NOx and SOx. Our efforts to reduce our GHG emissions are also aimed at reducing our NOx and SOx emissions	We only report our NOx and SOx as other emissions are negligible. Our total NOx and SOx emissions for 2018 were 27236 tons measured using the GHG protocol and Climate Registry tools.

102-29, 102-31, 102-47, 103-1, 103-2, 103-3, 305-1, 305-2, 305-3, 305-4, 305-5, 305-6, 305-7

Material Aspects			Materiality	Aspect Boundary	Notes on Materiality	Notes
Effluents and Waste						
306	1	Total water discharge by quality and destination	Immaterial		Because our water consumption is strictly for municipal use and we withdraw and discharge water through municipal system	
306	2	Total weight of waste by type and disposal method	Material	Within our entire operations and outside as it is related to the suppliers of our materials and the companies and municipalities that provide us with waste management and recycling services	Due to environmental impacts	
306	3	Total number and volume of significant spills	Material		We haven't encountered any significant spillage during 2018	
306	4	Weigh of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basal Convention Annex I, II, III, and VIII and percentage of transported waste shipped internationally	Immaterial		We have strict policies against the handling or transportation of hazardous or toxic waste	
306	5	Identity, size, protected status and biodiversity value of water bodies and related habitats significantly affected by the organization's discharges of water and run-off	Immaterial		All of our water is discharged through municipal sewage systems	

102-29, 102-31, 102-47

Material Aspects			Materiality	Aspect Boundary	Notes on Materiality	Notes
Products and Services						
301	3	Percentage of products sold and their packaging materials that are reclaimed by category	Immaterial		We do not sell any product - the pouches which make up 99% of our packaging material are degradable	
Compliance						
307	1	Monetary value of significant fines & total number of non-monetary sanctions for non-compliance with environmental laws and regulations	Material	Within our entire operations	This is important to our operations and to our stakeholders	We didn't receive any monetary fines or sanctions for non-compliance with environmental laws and regulations
Transport Supplier Environmental Assessment						
308	1	Percentage of new suppliers that were screened using environmental criteria	Material	Outside our operations as it is related to our supply chain	This is important to our operations and to our stakeholders	
308	2	Significant actual and potential negative environmental impacts in the supply chain and actions taken	Material	Outside our operations as it is related to our supply chain	This is important to our operations and to our stakeholders	
Environmental Grievance Mechanisms						
103	2	Number of grievances about environmental impacts filed, addressed and resolved through formal grievance mechanisms	Material	Within and outside our operations as it is related to our supply chain	This is important to our operations and to our stakeholders. We received no grievances in 2018.	
Social Labor Practices and Decent work Employment						
401	1	Total number and rates of new employee hires and employee turnover by age group, gender and region	Material	Within our entire operations, except franchisees	Direct impact on our business and stakeholders, especially employees	We are rolling out our ERP system – once it is in place we will be able to report on turnover
401	2	Benefits provided to full- time employees that are not provided to temporary or part-time employees, by significant locations of operations	Immaterial		Throughout 2018, we did not have any part- time employees.	
401	3	Return to work and retention rates after parental leave, by gender	Material	Within our entire operations, except franchisees	Employee retention is important to us because we aim to provide a comfortable and unique working environment for our employees, investing in them and their capacity. Moreover, in Aramex we seek to provide flexibility for our female employees to encourage their return to work after maternity leave.	

102-29, 102-31, 102-47, 301-3, 307-1, 308-1, 308-2, 401-1, 401-2, 401-3

Material Aspects			Materiality	Aspect Boundary	Notes on Materiality	Notes
Labor/Management Relations						
402	1	Minimum notice periods regarding operational changes, including those specified in collective agreements	Material	Within our entire operations, except franchisees	Direct impact on our business and stakeholders, especially employees	While we do not prevent them, we currently do not have any collective bargaining agreements. Moreover, whenever we have any operational changes, we meet with related stakeholders to set a plan for the roll-out of these changes
Occupational Health and Safety						
403	1	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs	Material	Within our entire operations, except franchisees	The high level of representation of our employees in formal health and safety committees is important as it allows for better decision making in incident prevention mechanisms. We seek to have a safe and healthy environment for our employees. This is important for our stakeholders and the sustainability of our operations.	
403	2	Type of injury and rates of injury, occupational diseases, lost days, absenteeism and total number of work-related fatalities, by region and by gender	Material	Within our entire operations, except franchisees	Direct impact on our business and stakeholders, especially employees	We abide by OSHAS 18001 policies and regulations except when local laws stipulate otherwise
403	3	Workers with high incidence or high risk of diseases related to their occupation	Immaterial		In our operations, we employ strict health and safety measures – our employees do not handle any hazardous or toxic substances and are not exposed to any disease risk factors while on the job.	
403	4	Health and safety topics covered in formal agreements with trade unions	Immaterial		We currently do not have any formal agreements with trade unions. Therefore, this is not applicable	

102-29, 102-31, 102-41, 102-47, 103-1, 103-2, 103-3, 402-1, 403-1, 403-2, 403-3, 403-4

Material Aspects			Materiality	Aspect Boundary	Notes on Materiality	Notes
Training and Education						
404	1	Average hours of training per year per employee – by gender and by employee category	Material	Within our entire operations, except franchisees	Employee training is extremely important for our operations – we are actively engaging our employees and building their capacity, in order to improve our business processes and quality of services. Moreover, investing in our employees' capacity promotes employee retention and more productive working environments	
404	2	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	Material	Within our entire operations, except franchisees	Employee training is extremely important for our operations – we are actively engaging our employees and building their capacity, in order to improve our business processes and quality of services. Moreover, investing in our employees' capacity promotes employee retention and more productive working environments. Our employees gain valuable skills that can aid them in a career change.	
404	3	Percentage of employees receiving regular performance and career development reviews, by gender and by employee category	Material	Within our entire operations, except franchisees	Direct impact on our business and stakeholders, especially employees	100% of our employees receive annual performance reviews as per our HR policies concluded by the end of the first quarter in line with our fiscal year
Diversity and Equal Opportunity						
405	1	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership and other indicators of diversity	Material	Within our entire operations, except franchisees	Aramex is a global operation. Diversity is vital to the success of our operations and ensures that the different regions in which we operate are represented in our workforce. Diversity is an important aspect of our sustainability and integration into the communities in which we work.	
405	2	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation	Material	Within our entire operations, except franchisees	Direct impact on our business and stakeholders, especially employees	

102-29, 102-31, 102-47, 404-1, 404-2, 404-3, 405-1, 405-2

Material Aspects			Materiality	Aspect Boundary	Notes on Materiality	Notes
Supplier Assessment for Labor Practices						
414	1	Percentage of new suppliers that were screened using labor practices criteria	Material	Outside our operations as it is related to our supply chain	Labor rights are important to us – we strive to ensure that all of our employees and workforce have their rights as per national and international laws and regulations. To that end, we began screening our suppliers so that we could align our supply chain to our principles and standards]	
414	2	Significant actual and potential negative impacts for labor practices in the supply chain and actions taken	Material	Within and outside our operations as it is related to our supply chain	It is important to act on any violations we find while evaluating our supply chain for labor rights.	
Labor Practices Grievance Mechanisms						
103	2	Number of grievances about labor practices filed, addressed and resolved through formal grievance mechanisms	Material	Within and outside our operations as it is related to our supply chain	We make an effort to ensure that we protect the labor rights of all of our workforce. Therefore, we ensure that we have a clear labor rights policy, along with a whistleblowing system to report any concerns or grievances – whether related to our operations or those of our suppliers, in order to remedy any issues immediately	
Human Rights Investment						
412	3	Total number & percentage of significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	Material	Outside our operations as it is related to our supply chain	Human rights are vital to us and we strive to uphold human rights principles in all our operations.Therefore, we evaluate our suppliers' compliance with international laws and conventions related to human rights to ensure there are no violations in our supply chain. Human rights violations can impact our operations and stakeholders negatively, which is why we track and prevent any violations	
412	2	Average hours of training per year per employee – by gender and by employee category	Material	Within our operations, except franchisees	In order to ensure human rights are upheld, we make sure that we communicate their importance to our employees and how they relate to our code of conduct. We make sure that we keep our employees informed in order to avoid any violations	
Non-discrimination						
406	1	Total number of incidents of discrimination and corrective actions taken	Material	Within our operations, except franchisees	We aim to provide a comfortable working environment for our employees. Therefore, we ensure that our stakeholders are aware of the channels available to report any discrimination cases in order that we may be able to investigate and remedy them.	

102-29, 102-31, 102-47, 103-1, 103-2, 103-3, 406-1, 412-2, 412-3, 414-1, 414-2

Material Aspects			Materiality	Aspect Boundary	Notes on Materiality	Notes
Freedom of Association and Collective Bargaining						
407	1	Operations and suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, along with measures taken to support these rights	Material	Within and outside our operations as it is related to our supply chain	It is important for our stakeholders that Aramex does not employ any policies that prevent our employees or suppliers from having the right to join collective bargaining agreements, as we maintain the freedom for our suppliers and employees to join them in countries that allow for this. Formal agreements and collective bargaining can protect employees and safeguard their rights	
Child Labor						
408	1	Operations and suppliers identified as having significant risk for incidents of child labor, along with measures taken to contribute to the effective abolition of child labor	Material	Within and outside our operations as it is related to our supply chain	Direct impact on our business and stakeholders	
Forced or Compulsory Labor						
409	1	Operations and suppliers identified as having significant risk for incidents of forced or compulsory labor, along with measures taken to contribute to the elimination of all forms of forced or compulsory labor	Material	Within and outside our operations as it is related to our supply chain	Direct impact on our business and stakeholders	
Security Practices						
410	1	Percentage of security personnel trained in the organization's human rights policies or procedures that are relevant to operations	Material	Within and outside our operations as it is related to our suppliers	In order to ensure that they are upheld, we make sure that we communicate with our employees on the importance of human rights and how they relate to our code of conduct. We make sure to keep our employees informed in order to avoid any violations. This includes our security staff, as they are an important aspect of our operations, are constantly on-site and therefore have a high potential to prevent and report any violations	
Indigenous Rights						
411	1	Total number of incidents of violations involving rights of indigenous peoples and actions taken	Immaterial		We do not own or lease land in areas with indigenous populations or that have indigenous rights - therefore this is not applicable to our operations	

102-29, 102-31, 102-47, 103-1, 103-2, 103-3, 407-1, 408-1, 409-1, 410-1, 411-1

Material Aspects			Materiality	Aspect Boundary	Notes on Materiality	Notes
Assessment						
412	1	Total number and percentage of operations that have been subject to human rights reviews or impact assessments	Material	Within our operations	Human rights are vital to us. We strive to uphold human rights in all of our operations and therefore assess our operations' compliance with international laws and conventions related to human rights to ensure there are no violations in our supply chain operations. Human rights violations can impact our operations and stakeholders negatively – this is why it is important for us to keep track of them and prevent them	
Supplier Human Rights Assessment						
414	1	Percentage of new suppliers that were screened using human rights criteria	Material	Within and outside our operations as it is related to our supply chain	Direct impact on our business, stakeholders and supply chain	
414	2	Significant actual and potential negative human rights impacts in the supply chain and actions taken	Material	Within and outside our operations as it is related to our supply chain	Direct impact on our business, stakeholders and supply chain	
Human Rights Grievance Mechanisms						
413	1	Percentage of operations with implemented local community engagement, impact assessment and development programs	Material	Inside and outside our operations in the countries where we are able to have projects on the ground. The percentage is calculated from operations that have projects on the ground in relation to all operations where we are able to have sustainability projects.	Aramex strives to have a positive impact in all areas in which we operate, as we believe it is vital to engage with local communities and empower them. Our social and sustainability initiatives impact the communities' well-being and enhances our relationships with our stakeholders	Our community beneficiaries exclude children, students, startups and interns (whic are account for separatel
413	2	Operations with significant actual or potential negative impacts on local communities	Immaterial		Given the nature of our operations, we do not operate any factories or manufacturing facilities that pose health risks, nor do we mine or extract resources, ensuring that our operations do not pose any negative social impacts and have mechanisms in place to report any issues or concerns.	

102-29, 102-31, 102-47, 412-1, 413-1, 413-2, 414-1, 414-2

Material Aspects			Materiality	Aspect Boundary	Notes on Materiality	Notes
Anti-Corruption						
205	1	Total number and percentage of operations assessed for risks related to corruption and the significant risks identified	Material	Within our entire operations	Corruption can have significant legal and financial implications, as well as a negative impact on our stakeholders and on the areas in which we operate. This is why Aramex's compliance and internal audit functions are dedicated to the reduction of risks related to corruption	
205	2	Communications and training on anti-corruption policies and procedures	Material	Within our entire operations	Corruption can have significant legal and financial implications, as well as a negative impact on our stakeholders and on the areas in which we operate. This is why Aramex's compliance and internal audit functions are dedicated to the reduction of risks related to corruption and to ensuring that our employees are trained and aware of our code of conduct and anti-corruption policies. We also have a whistleblowing policy and mechanism in place to report any incidents.	
205	3	Confirmed incidents of corruption and actions taken	Material	Within our entire operations	Due to the importance of keeping our operations corruption- free we have formal channels to report any cases, along with a comprehensive procedure to investigate and take action against perpetrators	
Public Policy						
415	1	Total value of political contributions by country and recipient/ beneficiary	Material	Within our entire operations	As we do not affiliate ourselves with any political or governmental system, we have a strict policy against giving political contributions to governments	
Anti-competitive Behavior						
206	1	Total number of legal actions for anti-competitive behavior, anti-trust and monopoly practices and their outcomes	Material	Within our entire operations	Direct impact on our business and stakeholders	In 2018, we did not have any legal actions for anti-competitive behavior, anti-trust or monopoly practices filed against us
Compliance						
419	1	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	Material	Within our entire operations	Direct impact on our business and stakeholders	In 2018, we didn't receive any fines or non-monetary sanctions for non-compliance with laws and regulations, since we did not face any issues of non-compliance

102-29, 102-31, 102-47, 205-2, 205-3, 206-1, 415-1, 419-1

Material Aspects			Materiality	Aspect Boundary	Notes on Materiality	Notes
Supplier Assessment for Impacts on Society						
414	1	Percentage of new suppliers that were screened using criteria for impacts on society	Material	Outside our operations as it is related to our supply chain	It is in line with our values and sustainability to ensure that our supply chain does not carry negative social impacts. Therefore, we began evaluating our suppliers on matters related to our code of conduct, which include social issues such as human, labor and child rights	
414	2	Significant, actual and potential negative impacts on society in the supply chain and actions taken	Material	Outside our operations as it is related to our supply chain	Direct impact on our business and stakeholders	
Grievance Mechanisms for Impacts on Society						
103	2	Number of grievances about impacts on society filed, addressed and resolved through formal grievance mechanisms	Material	Within and outside our operations as it is related to our supply chain	Direct impact on our business and stakeholders	
Product Responsibility Customer Health and Safety						
416	1	Percentage of significant product and service categories for which health and safety impacts are assessed for improvement	Immaterial		We do not produce any products or services that require health and safety impact assessment	
416	2	Total number of incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services during their life cycle, by type of outcomes	Immaterial		We do not produce any products or services that require health and safety impact assessment	

102-29, 102-31, 102-47, 414-1, 414-2, 416-1, 416-2

Material Aspects			Materiality	Aspect Boundary	Notes on Materiality	Notes
Product and Service Labeling						
417	1	Type of product and service information required by the organization's procedures for product and service information and labeling. Percentage of significant product and service categories subject to such information requirements	Immaterial		We do not produce any products or services that require specific labeling	
417	2	Total number of incidents of non- compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes	Immaterial		We do not produce any products or services that require specific labeling	
417	3	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion and sponsorship, by type of outcomes	Material	Outside our organization as it is related to international and national laws and regulations	Direct impact on our business and stakeholders	
102	43	Approach to stakeholder engagement Key topics and concerns raised	Material	Within our entire operations and outside as it is related to our customers	Customer satisfaction is important to Aramex. Therefore, measuring customer satisfaction through these surveys allows us to know more about our services and identify any gaps or needs for improvement. In this way, we are able to maintain positive long term relationships with our customers	

102-29, 102-31, 102-43, 102-47, 417-1, 417-2, 417-3

Material Aspects			Materiality	Aspect Boundary	Notes on Materiality	Notes
Marketing Communications						
102	2	Sale of banned or disputed products	Material	Within our entire operations and outside as it relates to the international and national laws and regulations	We have strict policies against the sale or transportation of banned or disputed product and we have controls to ensure shipment contents	
417	3	Total number of incidents of non- compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion and sponsorship, by type of outcomes	Material	Outside our organization as it is related to international and national laws and regulations	Direct impact on our business and stakeholders	
Customer Privacy						
418	1	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	Material	Within our organization and outside as it is related to our customers	Directly impacts our customers and our business	In 2018 we did not have any cases
Compliance						
419	1	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	Material	Within our organization and outside as it is related to our customers and international and national laws and regulations	Direct impact on our business and stakeholders	

102-2, 102-29, 102-31, 102-47, 417-3, 418-1, 419-1

10
Compliance

Aramex's Compliance Program strives to ensure that Aramex maintains a culture of respect, honesty and integrity. Management involvement and support influence the program's core objective of ensuring that each employee is able to recognize and avoid situations that might compromise Aramex's integrity. The Program has the support of leadership, demonstrated by a reporting structure that provides Aramex's Compliance Function direct access to senior leadership and the Board. The Program provides the support and tools necessary to fulfill expectations that every staff member act with honesty and integrity while performing their work. Our robust compliance program provides us with the mechanisms necessary to ensure that we properly steward our Natural, Intellectual, Human, Social and Relationship, Financial, and Manufactured Capital.

Aramex's code of conduct sets forth our endeavor to build an organizational culture that guides our actions and decision-making in a way that is rooted in equality and ethics, and what promotes a dignified life for all people. Aramex's code of conduct is the platform that paves the way towards operating globally and interacting with our employees, agents, suppliers, customers, and all our stakeholders, resulting in:

- Accountable, transparent, respectful, fair, and professional business practices.
- Reliability and integrity of financial and operational information.
- Safeguarding of assets.
- Compliance with laws, regulations, policies, procedures, and contracts.
- Healthy and sustainable growth of business.
- Incorporation of compliance into day-to-day operations in every aspect of the business (i.e. culture, people, communication, policies, procedures, governance and strategy).
- Safe, equitable, secure, fair and healthy working conditions.
- We currently have the following compliance policies:
  - Trade compliance.
  - Improper gifts, entertainment and payments.
  - Legal Licensing.
  - Conflict of interest.
  - Confidentiality.
  - Anti-Money laundering.
  - Due Diligence.
  - Aramex Anti-Corruption Policy.
  - Sanctioned Countries Bank Transactions Policy
  - Human and labor rights.
  - Non-discrimination and equal opportunity.
  - Political contributions and involvement.
  - Anti-Competition and Anti-Trust.
  - Charitable donations and sponsorships.

These corporate compliance policies are intended to strengthen our corporate culture with up-to-date practices with regards to applicable laws and regulations.

Where policies, procedures, and internal controls do not offer clear guidance for a particular course of action, employees and leaders are expected to honor the spirit of the code or seek advice.

The code of conduct and related policies are easily accessible internally and externally. Moreover, and in an effort to ensure a better understanding and implementation of Aramex's code of conduct, we continued our yearly classroom and online training efforts reaching 31% of the total headcount as of December 31, 2018.

Compliance training summary

Total Headcount	Class Room Training	Online Only Training	Total Trained	%
16,948	1,648	3,549	5,197	31%

We have demonstrated our genuine beliefs in our code of conduct by complying with international and national regulations and standards, which include (but are not limited to):

- The World Economic Forum's Partnering Against Corruption Initiative (PACI), which was launched in 2004 with the aim of consolidating industry efforts to fight corruption.
- UK bribery act.
- U.S foreign corruption practice act (FCPA).
- Accountability principles standards AA1000.
- International Labor Organization (ILO).
- UN Declaration on Human Rights.
- Environmental standards.
- Other applicable international and local laws.

102-16, 102-17, 102-20, 102-29, 102-30, 102-33, 102-34, 102-56, 103-1, 103-2, 103-3, 205-1, 205-2, 307-1, 308-1, 308-2, 408-1, 409-1, 410-1, 412-1, 412-2, 412-3, 414-1, 414-2

Our code of conduct is located at:
(https://www.aramex.com/docs/default-source/latest-docs/gov_1051_-_(b)_aramex_code_of_conduct.pdf)

Our compliance program continues to refine its infrastructure, address active compliance issues, update, and create new policies to minimize risk through continuous awareness.

We are committed to upholding human rights in all our locations. As a part of this commitment, we initiated a human and labor rights audit to assess human and labor rights at the corporate level as well as at the station level in Amman and Dubai. The audit was carried out in coordination with and validated by a third party. Human and labor rights policies were checked for alignment with international norms, such as the Universal Declaration of Human Rights (UDHR) and the International Labor Organization (ILO), as well as with local labor laws in the countries of operation. In addition to the policy review, several employee stakeholders were interviewed or participated in surveys to confirm that practices were aligned with human and labor rights policy. Potentially high-risk stakeholders and areas were identified and a mitigation plan was proposed. The human and labor rights audit will expand to the supply chain in 2019.

Aramex's security team has received code of conduct training, including an entire comprehensive section highlighting human and labor rights. While we do not offer training to suppliers and/or customers, we are in the process of adding human rights clauses along with other code of conduct related clauses to our contracts, and in the form of a questionnaire to suppliers and subcontractors. This includes any third party security providers. Suppliers will also be selected for auditing.

In 2018, we have maintained and enhanced the evaluation processes of our suppliers' compliance-related issues including human and labor rights, anti-corruption and anti-bribery, as well as our code of conduct and social and environmental criteria. Also, we completed our risk assessment for all vendors in which all high-risk vendors will undergo a due diligence process that is managed internally utilizing our code of conduct and questionnaire and externally for high-risk third parties by a reputable provider. Moreover, we have established a denied parties screening team that cleared 62% of our database (customers and vendors). In 2019 and based on our vendors' risk assessment we will introduce a due diligence process by a reputable provider for all our vendors along with our in-house screening process.

As per our knowledge, there have been no cases of human rights, child labor or compulsory and forced labor violations within our supply chain. In addition, in 2018, we did not have any human rights, forced or child labor grievances or concerns related to our operations. Furthermore, we are not aware of any concerns of human rights, forced or child labor violations related to our suppliers and did not receive any through our formal grievance channels, nor did we identify or receive any complaints of negative social impacts due to our operations or in our supply chain. We did not identify any issues of significant negative impacts on the environment beyond the emissions that result from the use of airlines, sea lines, and road freight to transport our shipments and provide services to our clients. We account for these impacts along our supply chain through our calculation of our scope 3 carbon footprint as we are actively working to reduce our emissions and environmental impacts. Read more about our environmental commitments on page 17

Trade Compliance Initiatives
We are committed to continually strengthening our control on exports throughout the network. We have procured a reliable Persons Screening solution in 2016, which is a critical solution to safeguard our company, customers, and suppliers from dealing with restricted parties. In 2017, we successfully installed a team to physically review all shipments into embargoed countries. In 2018, we successfully deployed a team to screen our database of customers and vendors against denied parties lists. Our trade compliance program is capable of adapting to the ever-changing risks in global markets and has allowed us to support and protect our customers' interests.

Whistle-blowing Policy
Aramex's whistle-blowing policy provides guidelines to Board Members, employees, customers and stakeholders to report any cases of possible fraud, irregularities and grievances related to our code of conduct and the social and environmental performance at Aramex. We encourage our employees and stakeholders to use the whistle-blowing system and provide sufficient training on incident reporting. For external concerns and complaints, we have a dedicated communication channel in the form of an email for the general public to report any issue. These grievances are dealt with in the same manner as internal ones.

An independent committee deals with cases that are reported on the Aramex whistle - blowing system immediately. The investigation process involves an internal committee to reach the ultimate decision. After the investigation is complete, the HR representative discusses the results of the investigation with the complainant and the accused. In the case of dissatisfaction by any party, the party has the right to appeal within 10 working days from the date of investigation completion. The appeal will be forwarded to the Regional HR Manager and/Regional Area Manager. These are several corrective measures that are undertaken depending on the case, ranging, but not limited to: verbal warning, suspension without pay, requirement to take a business ethics training and any other related training deemed necessary, loss of employment, or civil and criminal liability, or local legal action.

102-16, 102-17, 102-20, 102-29, 102-30, 102-33, 102-34, 102-56, 103-1, 103-2, 103-3, 205-1, 205-2, 307-1, 308-1, 308-2, 408-1, 409-1, 410-1, 412-1, 412-2, 412-3, 414-1, 414-2

11
Associations and Certifications

Associations and Certifications

We belong to a wide array of industry forums, NGOs and foundations. These range from membership of international bodies such as the World Economic Forum (WEF), through to being IATA-approved freight agents, and as a founding member of the Express Global Distribution Alliance (GDA).

Memberships		
Freight	International Air Transport Association (IATA)	We are IATA-approved agents with individual CODE/CASS numbers in Algeria, Bahrain, Bangladesh, Canada, China, Cyprus, Czech Republic, Egypt, Ethiopia, France, Germany, Ghana, India, Indonesia, Iran, Iraq, Ireland, Jordan, Kuwait, Lebanon, Libya, Malta, Mauritius, Morocco, Nepal, Netherlands, Oman, Qatar, Saudi Arabia, Shanghai, Singapore, Slovakia, Sri Lanka, Sudan, Switzerland, Syria, Turkey, UAE, UK, USA and Vietnam. Some main stations are individual members, while the remaining stations are in the process of becoming IATA-approved.
	The International Air Cargo Association (TIACA)	Member
	Fédération Internationale des Associations de Transitaires et Assimilés/International Federation of Freight Forwarders Associations (FIATA)	Founder
	World Freight Alliance (WFA)	President
	Freight Forwarding Syndicate	Member
	Fenex	Member
Logistics and Ground Operations	Supply Chain and Logistics Group	Member
Express	Global Distribution Alliance (GDA)	Founder
	Express Delivery and Logistic Association	Member
Business Improvement and	BSI Registered (British Standards Institute)	Member
Security	Transported Assets Protection Association	Member
	Transportation Security Association (TSA) - USA	Aramex is an indirect air carrier
	Customs Trade Partnership Against Terrorism (C-TPAT) - USA / Customs Dept.	Aramex NYC is a member
	Department for Transport (DfT) - UK	TwoWay and Priority are listed agents
Environment	Arab Forum for Environment and Development (AFED)	Member
Others	KAMCO: Brokerage - USA	Member
	ABANA: Association of Arab Banks for North	
	MCAA: Messenger Courier Association of America	Member

Certifications
ISO 14001 Environmental Management Systems (21 locations)
OHSAS 18001 Occupational Health and Safety Management Systems (21 locations)
0.5046 cm
Leadership in Energy and Environmental Design we have 6 Location already certified and 2 under process LEED
27001 Information Security **GDP audit (good distribution practices)** **SEDEX** **TISSE customer service**
The International Standard for Service Excellence (7 locations)

12 Reporting Process

102-21, 102-29, 102-43, 102-46, 102-47, 102-48, 102-49, 102-50, 102-52

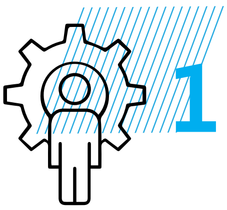
This is our **9th** integrated report and **13th** sustainability report. This report has been prepared in accordance with the GRI Standards: Comprehensive option and the International Integrated Reporting (IIR) Council Standards.

Our reporting process displays a robust and focused coverage of the various aspects of our operations and management techniques providing us with a tool to measure and monitor how our operations create, extract, and transform value across the 6 Capitals.

Aramex utilizes a robust reporting process that considers the range of aspects in our operations and management approaches. In so doing, Aramex wields a precise instrument for measuring and monitoring operations.

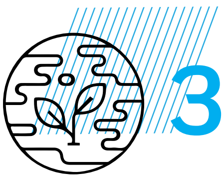
Determining Our Priority Issuess

We identify our priority issues by undertaking a comprehensive and proactive approach informed by three central facets:



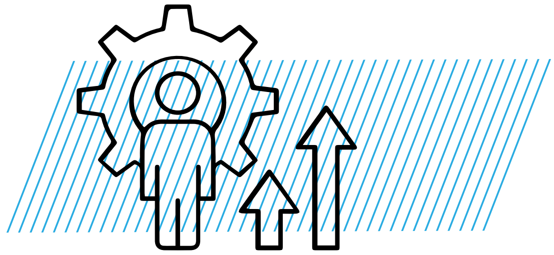
1 OUR OPERATIONS AND IMPACT

2 STAKEHOLDER ENGAGEMENT AND FEEDBACK



3 SUSTAINABLITY CONTEXT

In considering the above three aspects to determine our priorities, we believe we successfully identify the most material elements to our reporting, while also establishing proper boundaries. In doing so, we are able to collect the breadth and depth of data necessary to determine how our value creation activities impact the environment, remain responsive to our communities and stakeholders, and produce sustainable financial returns that consider short-term and long-term value creation.



Material and priority issues are those that have significant impact on our operations as well as issues or aspects that are impacted by our activities

Materiality

We have identified all of our key stakeholders inclusively and continue to engage with them effectively. This is achieved through diverse, tailored tools and requests for feedback on our materiality, sustainability, and reporting. The feedback received is carefully mapped in relation to our operations and industry. This process is fundamental to our holistic approach, ensuring that no stakeholder is neglected when considering our impact and, most importantly, identifying material issues and how to best address them. By taking this approach we cultivate and grow our Human, Intellectual, Manufactured, and Financial Capital, while taking steps to assure that we preserve and protect Natural Capital and build Social and Relationship Capital in the greater communities. For more details on our stakeholder engagement activities, please refer to the stakeholder engagement section, page 49.

These material aspects examine factors that are critical to our success. We work toward success by continuously evaluating and improving our corporate culture and existing systems, while taking an integrated approach to sustainability that reduces negative impacts and contributes positively toward sustainable development.

We regularly communicate with diverse stakeholders to identify priorities with global, regional, and local contexts so we can approach material issues from multiple perspectives.

With these three dimensions in mind, we assessed the boundaries of each material aspect by mapping our operations and where each aspect and its impacts occur. Aspect boundaries are either within or outside our organization or relevant for both.

For aspects whose boundaries occur within our operations, this includes all entities, except our

102-21, 102-29, 102-43, 102-46, 102-47, 102-48, 102-49, 102-50, 102-52

franchisees. Aspect boundaries, whether within or outside of our operations, occur across all geographical locations.

Ensuring Quality in Our Sustainability Reporting

We utilize a combination of GRI and IIRC Reporting Principles for defining quality which include:

GRI

- **Balance:** We have achieved balance by reporting and evaluating our performance based on material issues and future targets, presenting both our positive performance, as well as focus areas that require improvement and re-evaluation.
- **Comparability:** We have provided year-on- year data and followed GRI Indicator Protocols wherever appropriate.
- **Accuracy:** We aim to achieve maximum accuracy in our data, and always clearly identify where estimations or limitations in our published figures exist.
- **Timeliness:** We are now committed to reporting our sustainability performance on an annual basis.
- **Clarity:** Throughout the report, we clearly illustrate our sustainability performance and related projects. This year we measured against the targets established by previous reports.
- **Reliability:** This report has undergone third- party assurance, according to the parameters expressed in the assurance statement.

IIRC

- Strategic focus and future orientation
- Connectivity of information
- Stakeholder relationships
- Materiality
- Conciseness
- Reliability and completeness
- Consistency and comparability

Measuring and Managing Our Green House Gas (GHG) Emissions:

This is our eighth year reporting annually on our GHG emissions. Details of our GHG emissions can be found on page 44. In calculating our carbon footprint, we have adhered to the principles contained in the Green House Gas (GHG) Protocol accounting tool, which was developed by World Business Council for Sustainability Development (WBCSD) and World Resources Institute (WRI). We utilize an operational control approach to measure our emissions.

Reporting boundaries: Unless otherwise indicated, the data in this report covers all of our operations in all regions. The only exceptions being our franchise operations--while the financial data presented includes our proceeds from franchises, it does not include human resource data from franchisees.

Limitations: Being a light-asset company, Aramex utilizes the services of transportation providers, such as airlines, sea lines, and vehicle leasing companies. Furthermore, we rely on local sub- contractors for the pickup and delivery of express packages in certain markets - most notably India.

Given this business model, we rely on estimates and data provided by suppliers for our scope three emissions, which account for emissions that take place outside our company as a direct result of our operations. We are often limited by the data provided by our suppliers, but work diligently towards ensuring accuracy and completeness of all data collected. At present, our fuel consumption calculations (from which emissions are derived) include only fuel used for our owned and leased vehicles.

Data Measurement Techniques: Unless otherwise stated, indicators provide global coverage, subject to the reporting boundaries and limitations outlined above. We strive to provide accurate and comprehensive data and therefore have different controls, data collection, and management systems in place. However, despite our efforts, the precision of different indicators may vary. Data measurement necessarily involves some level of estimation. Wherever estimations have been made, we have provided an explanation, including the level of accuracy and approach to data collection used to produce the relevant indicator.

In calculating our carbon footprint, we have adhered to the principles contained in the Green House Gas (GHG) Protocol accounting tool, which was developed by World Business Council for Sustainability Development (WBCSD) and World Resources Institute (WRI).

13
Disclosures on Management Approaches

103-1, 103-2, 103-3, 301-1

Maximizing positive economic, social, and environmental outcomes across the Six Capitals is a responsibility shared by all employees from the individual employee up through the Board of Directors and with scope ranging from internal operations out through the external areas of influence in our value chain worldwide.
Economic matters are handled by our Chief Executive Officer, Chief Financial Officer, Chief Operating Officer, Vice President of Legal Affairs, and Chief Risk and Compliance Officer in an ethical and sustainable manner which includes compliance with major national and international norms and legislation such as the World Economic Forum's Partnering Against Corruption Initiative (PACI), UK Bribery Act, US Foreign Corruption Practice Act (FCPA), International Labor Organization (ILO), UN Declaration on Human Rights, and others.

More information on financial targets and our outlook for 2019 can be found in the CEO letter on page 6, while information on grievance mechanisms such as our whistleblowing system can be found on page 77.
Social, environmental, and external economic matters are equally as important to Aramex as our internal profitability. Internal social impacts on the workforce and Human Capital are managed by the Chief Human Resources Officer (CHRO) guided by our Code of Conduct and HR policies that govern areas such as equal remuneration for women and men, protecting diversity, compulsory labor, and allowing the right of collective bargaining

Respect for human and labor rights is also achieved by meeting or exceeding all local and international standards and norms, and verifying this through a human and labor rights impact assessment with external auditors to ensure both policy and practice are aligned.
With oversight from the Sustainability Committee of the Board of Directors, the Chief Sustainability Officer manages sustainability programs, which set out to reduce negative and increase positive impacts on environmental, external economic, and external social areas linked to Aramex. These areas work to build on Social and Relationship Capital as well Natural Capital.
These programs are centered around four Pillars:

1. Environment
2. Youth Education and Empowerment
3. Entrepreneurship
4. Sports

To create value in Social and Relationship Capital in our communities, we budget 1% of pre-tax profit each year for sustainability projects across our network. These projects include the Startup Support Program, which supports innovative startups and helps accelerate development in their communities. We also support and sponsor our employees in sports events to promote good health and boost company morale. In addition, we form partnerships with NGOs and other socially driven organizations in sustainability and community projects and partnerships to assist in the development of our communities and meeting their needs. These partnerships are always apolitical and areligious.

For more on sustainability including goals and targets please refer to page 42.

» To ensure that our impacts on communities are positive, we budget 1% of pre-tax profit each year for sustainability projects across our network.

» Social, environmental, and external economic matters are equally as important to Aramex as our internal profitability.

Our robust environmental initiatives include action to reduce Green House Gas (GHG) emissions, energy use, packaging materials and waste, as well as Leadership in Energy and Environmental Design (LEED certification) and ISO 1400 environmental management systems at our facilities. These initiatives reduce the amount of value we must extract from Natural Capital, particularly non-renewable Natural Capital. The Aramex Environmental Policy and Socially Responsible Procurement Policy guides our approach in this domain. In addition to this, we are expanding our use and generation of renewable energy such as solar to power operations and charge our expanding fleet of emissions-free electric vehicles. We are observers of the Paris Climate Change Agreement Certification and given that we met our goal of cutting our carbon emissions per shipment by 20% by 2020, we are committing to an additional 20% decrease of carbon emissions from our own operations.

All environmental, economic, and social concerns can be addressed through our whistleblowing system, which is outlined below.

Whistleblowing Policy
Aramex's whistleblowing policy provides guidelines to Board Members, employees, customers, and other stakeholders to report any cases of possible fraud, irregularities or grievances related to our code of conduct or the economic, social, and environmental performance of Aramex. The policy is critical to maintaining trust in our stakeholders and accountability within our governance, and it creates value in our Human Capital and Social and Relationship Capital.
For external concerns and complaints, we have a dedicated email address to which the general public can report any issues, which will then be dealt with by the

We encourage our employees and stakeholders to use the whistleblowing system and provide sufficient training for them to report any incidents that they encounter.

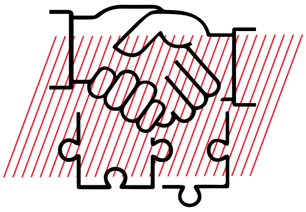
same mechanism as internal complaints

Cases that are reported by Aramex's whistleblowing system are dealt with immediately by an independent committee that investigates each case through to a conclusion. Once the investigation is complete, the HR representative will discuss the results of the investigation with the complainant and any other concerned parties. Should any parties be dissatisfied, they have the right to appeal within ten working days from the date of the investigation being completed.

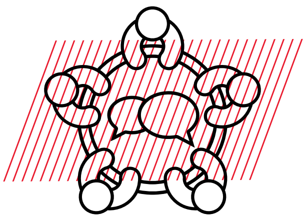
This appeal will be forwarded to the Regional HR Manager and Regional Area Manager. Depending on the case, there are a number of corrective actions that may be undertaken. These range from but are not limited to, oral warning, suspension without pay, and the requirement to undertake business ethics training or any other related training deemed necessary, loss of employment, civil and criminal liability or local legal action.

Measurement and Evaluation of Management Approaches

We measure our performance and effectiveness in managing economic, social, and environmental aspects and impacts through several mechanisms, including:

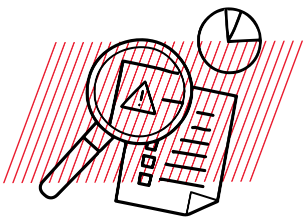


STAKEHOLDER ENGAGEMENT SURVEYS AND CONSULTATIONS

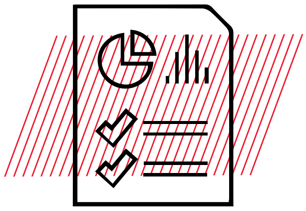


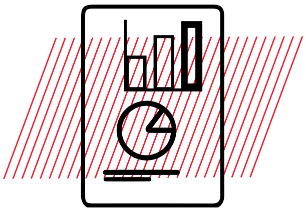
SPECIALIZED COMMITTEES ON DIFFERENT ASPECTS, for example: grievance committee, HSE committee, special project committees.

INTERNAL AND EXTERNAL AUDITS

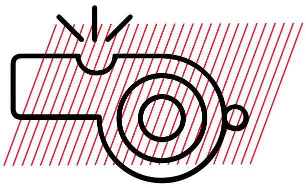


ANNUAL REPORTS AND INTERNAL REPORTING MECHANISMS





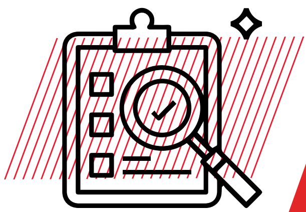
INTERNAL EVALUATION MECHANISMS AND KPIs



WHISTLEBLOWING SYSTEM

BUDGETS AND PROJECT TIMELINES

EXTERNAL EVALUATION



102-55

GRI Content Index

GRI Materiality Disclosures Service — Aramex International LLC — April 2019

For the Materiality Disclosures Service, GRI Services reviewed that the GRI content index is clearly presented and the references for Disclosures 102-40 to 102-49 align with appropriate sections in the body of the report.

		Disclosure Title	Page number / notes	Omission	External Assurance
GRI 101: Foundation 2016					
General Disclosures					
GRI 102: General Disclosures 2016	102-1	Name of the organization	1		
	102-2	Activities, brands, products, and services	4, 12, 13, 14, 15, 34, 35, 36, 68		
	102-3	Location of headquarters	4, 24		
	102-4	Location of operations	4		
	102-5	Ownership and legal form	4, 21		
	102-6	Markets served	4		
	102-7	Scale of the organization	4		
	102-8	Information on employees and other workers	26, 31, 49, 50, 51, 52, 81		
	102-9	Supply chain	44, 49, 50, 51, 52		
	102-10	Significant changes to the organization and its supply chain	8, 9, 10, 12, 13, 14, 15, 21, 22, 23		
	102-11	Precautionary Principle or approach	24		
	102-12	External initiatives	6, 9, 10, 38, 39, 40, 41, 42, 43, 45, 46, 49, 50, 51, 52		
	102-13	Membership associations	73		
	102-14	Statement from senior decision-maker	8		
	102-15	Key impacts, risks, and opportunities	8, 17, 47		
	102-16	Values, principles, standards, and norms of behavior	19, 20, 70, 71		
	102-17	Mechanisms for advice and concerns about ethics	70, 71		

		Disclosure Title	Page number / notes	Omission	External Assurance
GRI 101: Foundation 2016					
General Disclosures					
GRI 102: General Disclosures 2016	102-18	Governance Structure	19, 20, 21, 22, 23, 24		
	102-19	Delegating authority	20, 21, 22, 23, 24		
	102-20	Executive-level responsibility for economic, environmental, and social topics	70, 71		
	102-21	Consulting stakeholders on economic, environmental, and social topics	38, 39, 49, 50, 51, 52, 74, 75, 78		
	102-22	Composition of the highest governance body and its committees	19, 20, 21, 22, 23, 24		
	102-23	Chair of the highest governance body	19, 20, 21, 22, 23, 24		
	102-24	Nominating and selecting the highest governance body	24		
	102-25	Conflicts of interest	24		
	102-26	Role of highest governance body in setting purpose, values, and strategy	21, 22, 23, 24		
	102-27	Collective knowledge of highest governance body	21, 22, 23		
	102-28	Evaluating the highest governance body's performance	21, 22, 23, 24, 28		
	102-29	Identifying and managing economic, environmental, and social impacts	24, 38, 47, 49, 50, 51, 52, 53, 54, 55, 56, 57, 58, 59, 60, 61, 62, 63, 64, 65, 66, 67, 68, 70, 71, 74, 75, 78		
	102-30	Effectiveness of risk management processes	24, 29, 30, 70, 71		
	102-31	Review of economic, environmental, and social topics	17, 21, 22, 23, 24, 38, 53, 54, 55, 56, 57, 58, 59, 60, 61, 62, 63, 64, 65, 66, 67, 68		
	102-32	Highest governance body's role in sustainability reporting	21, 22, 23 , 24,		
	102-33	Communicating critical concerns	21, 22, 23, 24, 70, 71, 78		
	102-34	Nature and total number of critical concerns	70, 71		
	102-35	Remuneration policies	24,		
	102-36	Process for determining remuneration	24,		
	102-37	Stakeholders' involvement in remuneration	24		
	102-38	Annual total compensation ratio	81		

102-8, 102-38, 103-1, 103-2, 103-3, 202-1, 401-1

		Disclosure Title	Page number / notes	Omission	External Assurance
GRI 101: Foundation 2016					
General Disclosures					
GRI 102: General Disclosures 2016	102-39	Percentage increase in annual total compensation ratio	24		
	102-40	List of stakeholder groups	49, 50, 51, 52		
	102-41	Collective bargaining agreements	60		
	102-42	Identifying and selecting stakeholders	49, 78		
	102-43	Apporach to stakeholder engagement	38, 49, 50, 51, 52, 67, 74, 75, 78		
	102-44	Key topics and concerns raised	49, 50, 51, 52		
	102-45	Entities included in the consolidated financial statements	98		
	102-46	Defining report content and topic Boundaries	6, 74, 75, 78		
	102-47	List of material topics	53, 54, 55, 56, 57, 58, 59, 60, 61, 62, 63, 64, 65, 66, 67, 68, 74, 75		
	102-48	Restatements of information	8, 9, 10, 74, 75		
	102-49	Changes in reporting	6, 74, 75		
	102-50	Reporting period	6, 74, 75		
	102-51	Date of most recent report	2017		
	102-52	Reporting cycle	74, 75		
	102-53	Contact point for questions regarding the report	Raji Hattar, Chief Sustainability Officer Raji.Hattar@aramex.com		
	102-54	Claims of reporting in accordance with the GRI Standards	75		
	102-55	GRI content index	79		
	102-56	External assurance	70, 71, 78, 87		

		Disclosure Title	Page number / notes	Omission	External Assurance
Material topics					
GRI 200 Economic Standard Series					
Ecnomic Performance					
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	7-10, 77, 78		
	103-2	The management approach and its components	7-10, 77, 78		
	103-3	Evaluation of the management approach	7-10, 77, 78		
GRI 201: Economic Performance 2016	201-1	Direct economic value generated and distributed	7, 8, 9, 10, 53, 94, 103		
	201-2	Financial Implications and other risk and opportunities due to climate change	8, 9, 10, 53		
	201-3	Defined benefit plan obligations and other retirement plans	26, 53		
	201-4	Financial asssitance received from government	53		
Market Presence					
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	26, 81, 83		
	103-2	The management approach and its components	26, 81, 83		
	103-3	Evaluation of the management approach	26, 81, 83		
GRI 202: Market Presence 2016	202-1	Ratios of standard entry level wage by gender compared to local min wage	47, 54, 81		Yes
	202-2	Proportion of senior management hired from the local community	28, 54		
Indirect Ecnomic Impacts					
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	7-10, 43, 47, 77, 78		
	103-2	The management approach and its components	7-10, 43, 47, 77, 78		
	103-3	Evaluation of the management approach	7-10, 43, 47, 77, 78		
GRI 203: Indirect Economic Impacts 2016	203-1	Development and impact of infrastructure investment	8, 12, 13, 14, 15, 47, 54		
	203-2	Significant indirect economic impacts	7, 43, 47, 54		

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		Disclosure Title	Page number / notes	Omission	External Assurance
Material topics					
GRI 200 Economic Standard Series					
Procurement Practices					
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	70, 71, 77, 78		
	103-2	The management approach and its components	70, 71, 77, 78		
	103-3	Evaluation of the management approach	70, 71, 77, 78		
GRI 204: Procurement Practices 2016	204-1	Proportion of spending on local suppliers	54		
Anti-corruption					
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	70, 71, 77, 78		
	103-2	The management approach and its components	70, 71, 77, 78		
	103-3	Evaluation of the management approach	70, 71, 77, 78		
GRI 205: Anti-corruption 2016	205-1	Operations assessed for risks related to corruption	70, 71		
	205-2	Communication and training on anti-corruption policies and procedures	65, 70, 71		
	205-3	Confirmed incidents of corruption and actions taken	65		
Anti-competitive Behavior					
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	70, 71, 77, 78		
	103-2	The management approach and its components	70, 71, 77, 78		
	103-3	Evaluation of the management approach	70, 71, 77, 78		
GRI 206: Anti-competitive Behavior 2016	206-1	Total number of legal actions for anti-competitive, anti-trust, and monopoly practices	24, 65		

		Disclosure Title	Page number / notes	Omission	External Assurance
Material topics					
GRI 300: Environmental Standard Series					
Materials					
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	55, 77, 78		
	103-2	The management approach and its components	55, 77, 78		
	103-3	Evaluation of the management approach	70, 71, 77, 78		
GRI 301: Materials 2016	301-1	Materials used by weight or volume	55, 77, 78		
	301-2	Percentage of materials used that are recycled input materials	55		
	301-3	Percentage of products sold and their packaging materials reclaimed by category	55, 59		
Energy					
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	38, 43, 77, 78		
	103-2	The management approach and its components	38, 43, 77, 78		
	103-3	Evaluation of the management approach	38, 43, 77, 78		
GRI 302: Energy 2016	302-1	Energy consumption within the organization	7, 44, 55		Yes
	302-2	Energy consumption outside the organization	44, 55		
	302-3	Energy Intensity	44, 55		
	302-4	Reduction of energy consumption	7, 44, 55		
	302-5	Reductions in energy requirements of products and services	44, 55		
Water					
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	56		
	103-2	The management approach and its components	56		
	103-3	Evaluation of the management approach	56		
GRI 303: Water 2016	303-1	Total water withdrawal by sources	56		
	303-2	Water sources significantly affected by withdrawal of water	56		
	303-3	Water recycled and reused	56		

		Disclosure Title	Page number / notes	Omission	External Assurance
Material topics					
GRI 300: Environmental Standard Series					
Biodiversity					
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	56		
	103-2	The management approach and its components	56		
	103-3	Evaluation of the management approach	56		
GRI 304: Biodiversity 2016	304-1	Operational sites owned, leased, managed in, or adjacent to protected areas and areas of high biodiversity outside protected areas	56		
	304-2	Description of significant impacts of activities, products, and services on biodiversity	56		
	304-3	Habitats protected or restored	56		
	304-4	Number of IUCN Red List species in operational areas	56		
Emissions					
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	43, 57		
	103-2	The management approach and its components	43, 57		
	103-3	Evaluation of the management approach	43, 57		
GRI 305: Emissions 2016	305-1	Direct GHG emssions scope 1	44, 57		Yes
	305-2	Energy indirect GHG emissions scope 2	44, 57		Yes
	305-3	Other indirect GHG emissions scope 3	44, 57		Yes
	305-4	Direct GHG emssions intensity	44, 57		
	305-5	Reduction of GHG emissions	44, 57		
	305-6	Emissions of ozone-depleting substances (ODS)	57		
	305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	44, 57		

		Disclosure Title	Page number / notes	Omission	External Assurance
Material topics					
GRI 300: Environmental Standard Series					
Effluents and Waste					
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	56		
	103-2	The management approach and its components	56		
	103-3	Evaluation of the management approach	56		
GRI Effluents and Waste 2016	306-1	Total water discharge by qulaity and destination	58		
	306-2	Total weight of waste by type and disposal method	58		
	306-3	Total number and volume of significant spills	58		
	306-4	Transport of hazardous waste	58		
	306-5	Water bodies affected by water discharges and/ or runoff	58		
Environmental Compliance					
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	77,78		
	103-2	The management approach and its components	77,78		
	103-3	Evaluation of the management approach	77,78		
GRI 307: Environmental Compliance 2016	307-1	Non-compliance with environmental laws and regulations	59, 70, 71		
Supplier Environmental Assessment					
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	77,78		
	103-2	The management approach and its components	77,78		
	103-3	Evaluation of the management approach	77,78		
GRI 308: Supplier Environmental Assessment 2016	308-1	Percentage of new suppliers that were screened using environmental criteria	59, 70, 71		
	308-2	Negative environmental impacts in the supply chain and actions taken	59, 70, 71		

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		Disclosure Title	Page number / notes	Omission	External Assurance
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GRI 400: Social Standard Series					
Employment					
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	26, 27, 70, 71, 77, 78		
	103-2	The management approach and its components	26, 27, 70, 71, 77, 78		
	103-3	Evaluation of the management approach	26, 27, 70, 71, 77, 78		
GRI 401: Employment 2016	401-1	New employee hires and employee turnover	26, 28, 59, 81		
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	59		
	401-3	Parental leave	59		Yes
Labor/Management Relations					
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	49-52		
	103-2	The management approach and its components	60, 77, 78		
	103-3	Evaluation of the management approach	60, 77, 78		
GRI: 402: Labor Management Relations 2016	402-1	Minimum notice periods regarding operational changes	60		
Occupational Health and Safety					
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	60, 77, 78		
	103-2	The management approach and its components	60, 77, 78		
	103-3	Evaluation of the management approach	60, 77, 78		
GRI 403: Occupational Health and Safety 2016	403-1	Workers representation in formal joint management-worker health and safety committees	29, 30, 31, 60		
	403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	29, 30, 31, 60		Yes
	403-3	Workers with high incidence or risk of diseases related to their occupation	29, 30, 31, 60		
	403-4	Health and Safety topics in formal agreements with unions	29, 30, 60		

		Disclosure Title	Page number / notes	Omission	External Assurance
Social Topics					
GRI 400: Social Standard Series					
Training and Education					
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	29, 30, 77, 78		
	103-2	The management approach and its components	29, 30, 77, 78		
	103-3	Evaluation of the management approach	29, 30, 77, 78		
GRI 404: Training and Education 2016	404-1	Average hours of training per year per employee by gender and employment category	27, 61		
	404-2	Programs for skills managment and lifelong learning	27, 61		
	404-3	Percentage of employees receiving regular performance and career development reviews	26, 61		
Diversity and Equal Opportunity					
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	29, 30, 77, 78		
	103-2	The management approach and its components	29, 30, 77, 78		
	103-3	Evaluation of the management approach	29, 30, 77, 78		
GRI 405: Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees	19, 20, 21, 22, 23, 24, 28, 61		
	405-2	Ratio of basic salary and remuneration of women to men by category	61		
Non-discrimination					
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	62, 70, 71, 77, 78		
	103-2	The management approach and its components	62, 70, 71, 77, 78		
	103-3	Evaluation of the management approach	62, 70, 71, 77, 78		
GRI 406: Non-discrimination 2016	406-1	Total number of incidents of discrimination and corrective actions taken	62		

		Disclosure Title	Page number / notes	Omission	External Assurance
Social Topics					
GRI 400: Social Standard Series					
Freedom of Association and Collective Bargaining					
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	63, 70, 71, 77, 78		
	103-2	The management approach and its components	63, 70, 71, 77, 78		
	103-3	Evaluation of the management approach	63, 70, 71, 77, 78		
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1	Operations and suppliers identified where freedom of association and collective bargaining may be at risk	63		
Child Labor					
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	63, 70, 71, 77, 78		
	103-2	The management approach and its components	63, 70, 71, 77, 78		
	103-3	Evaluation of the management approach	63, 70, 71, 77, 78		
GRI 408: Child Labor 2016	408-1	Operations and suppliers identified at significant risk for incidents of child labor	63, 70, 71		
Forced or Compulsory Labor					
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	63, 70, 71, 77, 78		
	103-2	The management approach and its components	63, 70, 71, 77, 78		
	103-3	Evaluation of the management approach	63, 70, 71, 77, 78		
GRI 409: Forced or Compulsory Labor 2016	409-1	Operations and suppliers identified with significant risk of incidents of forced or compusory labor	63, 70, 71		
Security Practices					
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	63, 70, 71, 77, 78		
	103-2	The management approach and its components	63, 70, 71, 77, 78		
	103-3	Evaluation of the management approach	63, 70, 71, 77, 78		
GRI 410: Security Practices 2016	410-1	Percentage security personnel trained in human rights policies and procedures	63, 70, 71		

		Disclosure Title	Page number / notes	Omission	External Assurance
Social Topics					
GRI 400: Social Standard Series					
Rights of Indigenous Peoples					
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	63, 70, 71, 77, 78		
	103-2	The management approach and its components	63, 70, 71, 77, 78		
	103-3	Evaluation of the management approach	63, 70, 71, 77, 78		
GRI 411: Rights of Indigenous Peoples 2016	411-1	Incidents of violations involving rights of indigenous peoples	63		
Human Rights Assessment					
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	47, 63, 70, 71, 77, 78		
	103-2	The management approach and its components	47, 63, 70, 71, 77, 78		
	103-3	Evaluation of the management approach	47, 63, 70, 71, 77, 78		
GRI 412: Human Rights Assessment 2016	412-1	Operations that have been subject to human rights reviews or impact assessments	6, 9, 10, 47, 64, 70, 71		
	412-2	Employee training on human rights policies and procedures	62, 70, 71		
	412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	62, 70, 71		
Local Communities					
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	63, 70, 71, 77, 78		
	103-2	The management approach and its components	63, 70, 71, 77, 78		
	103-3	Evaluation of the management approach	63, 70, 71, 77, 78		
GRI 413: Local Communities 2016	413-1	Operations with local community engagement, impact assessments, and development programs	24, 39, 43, 45, 64		Yes
	413-2	Operations with significant actual and potential negative impacts on local communities	64		

		Disclosure Title	Page number / notes	Omission	External Assurance
Social Topics					
GRI 400: Social Standard Series					
Supplier Social Impacts					
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	63, 70, 71, 77, 78		
	103-2	The management approach and its components	63, 70, 71, 77, 78		
	103-3	Evaluation of the management approach	63, 70, 71, 77, 78		
GRI 414: Supplier Social Impacts 2016	414-1	Percentage of new suppliers that were screened using labor practices criteria	62, 64, 66, 70, 71		
	414-2	Negative social impacts in the supply chain concerning labor and actions taken	62, 64, 66, 70, 71		
Public Policy					
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	63, 70, 71, 77, 78		
	103-2	The management approach and its components	63, 70, 71, 77, 78		
	103-3	Evaluation of the management approach	63, 70, 71, 77, 78		
GRI 415: Public Policy 2016	415-1	Total value of political contributions by country and recipient/beneficiary	8, 24, 65		
Customer Health and Safety					
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	63, 70, 71, 77, 78		
	103-2	The management approach and its components	63, 70, 71, 77, 78		
	103-3	Evaluation of the management approach	63, 70, 71, 77, 78		
GRI 416: Customer Health and Safety 2016	416-1	Assessment of the health and safety impacts of product and service categories	66		
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	66		

		Disclosure Title	Page number / notes	Omission	External Assurance
Social Topics					
GRI 400: Social Standard Series					
Marketing and Labeling					
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	63, 70, 71, 77, 78		
	103-2	The management approach and its components	63, 70, 71, 77, 78		
	103-3	Evaluation of the management approach	63, 70, 71, 77, 78		
GRI 417: Marketing and Labeling 2016	417-1	Requirements for product and service information and labeling	67		
	417-2	Incidents of non-compliance concerning product and service information and labeling	67		
	417-3	Incidence of non-compliance concerning marketing communications	67, 68		
Customer Privacy					
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	63, 70, 71, 77, 78		
	103-2	The management approach and its components	63, 70, 71, 77, 78		
	103-3	Evaluation of the management approach	63, 70, 71, 77, 78		
GRI 418: Customer Privacy 2016	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	33, 68		
Socio Economic Compliance					
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	63, 70, 71, 77, 78		
	103-2	The management approach and its components	63, 70, 71, 77, 78		
	103-3	Evaluation of the management approach	63, 70, 71, 77, 78		
GRI 419: Socio Economic Compliance 2016	419-1	Non compliance with laws and regulation in the social and economic area	24, 33, 65, 68		

UNGC and SDG Index

United Nations Global Compact Principles	
Marketing and Labeling	**Section**
Human Rights	
Principle 1	Our People, Sustainability, Compliance, Disclosures on Management Approaches, Human Rights Impact Assessment
Principle 2	Our People, Sustainability, Compliance, Disclosures on Management Approaches, Human Rights Impact Assessment
Labor Standards	
Principle 3	Our People, Sustainability, Compliance, Human Rights Impact Assessment
Principle 4	Our People, Sustainability, Compliance, Human Rights Impact Assessment
Principle 5	Our People, Sustainability, Compliance, Human Rights Impact Assessment
Principle 6	Our People, Sustainability, Compliance, Human Rights Impact Assessment
Environment	
Principle 7	Sustainability, Our Environmental Commitment, Disclosures on Management Approaches
Principle 8	Sustainability, Our Environmental Commitment, Disclosures on Management Approaches
Principle 9	Sustainability, Our Environmental Commitment, Disclosures on Management Approaches
Anti Corruption	
Principle 10	Compliance, Disclosures on Management Approaches

UNGC and SDG Index

Sustainable Development Goals	
Goal	**Section**
SUSTAINABLE DEVELOPMENT GOAL 4 Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all.	Youth Education and Empowerment
SUSTAINABLE DEVELOPMENT GOAL 8 Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all	Our People, Entrepreneurship
SUSTAINABLE DEVELOPMENT GOAL 13 Take urgent action to combat climate change and it's impacts	Our Environmental Commitment
SUSTAINABLE DEVELOPMENT GOAL 17 Strengthen the means of implementation and revitalize the global partnership for sustainable development	Sustainability Partnerships, Support, Advocacy

Appendice

Ratios Of Local Minimum Wage By Gender Compared To Standard Entry Level Wage

Country	Local Minimum Wage		Aramex Entry Wage	
Jordan				
Male	1	:	1.36	
female	1		1.81	
United Arab Emirates (AED)				
N/A				No minimum wage specified by law
Egypt				
Male	1	:	4	
female	1	:	4	
India				
Male	1	:	1.6 - 2.5	Depending on region
female	1	:	1.6 - 2.5	Depending on region
South Africa				
N/A				No minimum wage specified by law
Ireland (INR)				
Male	1	:	1.7	
female	1	:	1.8	
Netherlands (EURO)				
Male	1	:	1.06	
female	2.3	:	1.06	
Bahrain (BHD)				
N/A				No minimum wage specified by law
Hong Kong (HKD)				
Male	1	:	2.02	
female	2.3	:	2.3	
Oman				
Male	1	:	1.23	Min Wage 325 OR for locals
female	1	:	1.23	

Maternity Leaves	HC | Maternity
AAMM	2
ABEY	4
ACAI	2
ACSS	2
ADOH	2
ADUR	2
ADXB	3
AEBB	4
AGRJ	1
AGSO	6
AJED	1
AJNB	2
AKWI	1
AMCT	1
ANBO	5
AVAL	2
AHKG	1
AAUH	1
ABGD	2
ACTG	1
AACC	2
IIFC	1
ASTB	1
ACTC	1
IIFR	1
ABFN	1
AAIL	2
IIFN	1
AKRT	1
ADAR	1
Grand Total	**57**

Year Joined | Joiners in 2018

HC |Region | Team | Gender | Age New Hires	Female	Male	Grand Total
Europe & North America	1.7%	3.1%	4.8%
Far East	1.7%	3.0%	4.7%
GCC	7.1%	42.8%	49.9%
Levant	5.0%	6.2%	11.2%
North Africa	3.9%	14.2%	18.1%
Sub India	0.5%	3.7%	4.1%
Sub Saharan Africa	2.9%	4.1%	7.0%
Grand Total	**22.89%**	**22.89%**	**22.89%**

Paper (Reams)	90
Plastic(KG)	20
Aluminum(GK)	30
Cardboard(KG)	10525
Packaging(KG)	200
Envelopes (KG	200
Electronics(KG)	100
Wood(KG)	100
Plastic Wrap(KG)	20
Plastic film	53469
Red Plastic Bags	27368
Wooden Pallets	39354
2018	131,476
2017	107,346
Increase in recycling	22%

AWB	6083
Envelope	14446
Flyersor	29182
Labels	8492
Stickers	4542
Tape	2982
Bag Seals	8675
Box	43873
Bag	2708
BIO	2721
Data Loggers	28
BAG Tag	52
COLD PACK FOR BIO CARE BOX	3325
Non-Branded gel packs for Bio Care Box	2693

• Main areas of operartion

102-45

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Independent Assurance Statement

Building a better working world

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Independent Assurance Statement

08 April 2019

The Board of Directors and Management
Aramex PJSC
Dubai – United Arab Emirates

The Aramex 2018 Sustainability Report has been prepared as a part of the Integrated Report ("the report") by the management of Aramex, who are responsible for the collection and presentation of the information reported. Our responsibility, in accordance with Aramex management's instructions, is to provide a limited level of assurance on selected sustainability information presented in the Report. Our responsibility in performing our assurance activities is to the management of the Company only. We do not accept or assume any responsibility for any other purpose or to any other person or organization. Any reliance as such on a third party may place the entirety of the Report at its own risk. This assurance statement should not be taken as a basis for interpreting the Company's overall sustainability performance, except for the aspects outlined in the scope below.

Scope of Assurance

The scope of our assurance covers the following:

- Data and information relating to the Company's sustainability performance for the period 1 January 2018 to 31 December 2018, specifically the sustainability performance indicators listed below for the Company's two selected sites, i.e., Amman (Jordan) and Dubai (UAE);

GRI Standard Disclosure	Description
202-01	Ratios of standard entry level wage by gender compared to local minimum wage
302-01	Energy consumption within the organization
305-01	Direct (Scope 1) GHG emissions
305-02	Energy indirect (Scope 2) GHG emissions
305-03	Other indirect (Scope 3) GHG emissions
401-03	Paternity leave
403-02	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities
413-01	Operations with local community engagement, impact assessments, and development programs

- The Company's internal processes and controls relating to the collection and collation of above mentioned sustainability performance data; and
- Carbon footprint data, including Scope 1, 2 and 3 data, according to World Business Council on Sustainable Development (WBCSD) GHG Protocol (2008).

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Level of Assurance and Criteria used

This assurance engagement was planned and performed in accordance with International Federation of Accountants' International Standard for Assurance Engagements other than Audits or Reviews of Historical Financial Information (ISAE 3000). Our evidence gathering process was designed to obtain a 'limited' level of assurance as set out in ISAE 3000 for the purpose of devising our conclusions. The extent of evidence gathering procedures performed is less than that of a reasonable assurance engagement (such as a financial audit) and therefore a lower level of assurance is provided for the GRI standard aspects described under the scope of work.

Our Approach and Methodology

In order to understand the process used by the Company to ascertain key sustainability issues and impacts, we reviewed the Sustainability Reporting process and the documentation associated with the stakeholder engagement survey that was performed by the Company. Our assurance team also visited the Company's stations in Amman (Jordan) and Dubai (UAE) to review the selected topic-specific disclosures outlined in the *Scope of Assurance* above to review systems and processes for collecting, collating and reporting sustainability and carbon footprint data. Evidences in support of the selected claims made in the Report were reviewed and clarifications were sought where necessary. Our key steps were as follows:

- Engagement with key selected personnel to understand existing processes and controls for related sustainability activities;
- Engagement with the Chief Sustainability Officer and the Sustainability Team to understand the current status of sustainability activities.
- Review of selected topic-specific data as per GRI standards mentioned under scope of assurance for the specified locations.
- Review of carbon footprint assessment, including conversion factor application, data review and scope/boundary application as per WBCSD GHG Protocol (2008) for the purpose of the carbon footprint data contained in the Report.

Our Assurance Team

Our assurance team, comprising of multidisciplinary professionals, has been drawn from our MENA Climate Change and Sustainability Services Team, who have undertaken similar engagements with a number of other regional and global businesses.

Our Independence

This is the tenth year that Ernst & Young (Jordan) has provided independent assurance services in relation to Aramex's sustainability disclosures. We have provided no other services relating to Aramex's approach to sustainability disclosures.

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Limitations of Assurance

The assurance scope excludes:

- Aspects of the Report and data/information other than those mentioned under the *Scope of Assurance*;
- The Company's statements that describe an expression of opinion, belief, aspiration, expectation and future intention; and
- Review of economic performance data and information, included in the Report, which we understand are derived from the Company's audited financial records.

Observations

Our observations and main areas of improvement on the Report are as follows:

- The Company engaged their internal and external stakeholders by conducting two workshops in Saudi Arabia and Kuwait. This was done to enhance the engagement and involvement of their stakeholders and to identify the material sustainability issues. The company is encouraged to continue this practice and extend it to other significant areas of operation.
- The Company conducted its first Human and Labor Rights Impact Assessment, led by its sustainability team for its operations in the UAE and Jordan. This was done as an additional proactive measure to protect the safety and well-being of their employees. The company is encouraged to continue this practice and extend it to other significant areas of operation.
- The Company conducted its first Total Impact Assessment to measure the costs and benefits to the economy, society and environment for their operations in the UAE and Jordan. The company is encouraged to continue this practice and extend it to other significant areas of operation.

Our Conclusion

On the basis of our review and in accordance with the terms of reference for our work, nothing has come to our attention that would cause us not to believe that:

- The Report presents the Company's material performance covering key areas mentioned in the *Scope of Assurance;*
- The Carbon footprint data and information are reliable and complete.

Yours sincerely,

Ernst & Young / Jordan

Bishr Baker
Managing Partner

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Our Performance

ARAMEX PJSC AND ITS SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2018

aramex (PJSC)

ارامكس (ش م ع)

Dear Shareholders,

It is with great pleasure that we report to you another great year for Aramex. 2018 was one of Aramex's most profitable years since inception, with Full Year Revenue increasing by 8% to AED 5,086 million, compared to AED 4,721 million in 2017; and Net Profits growing by 13% to AED 492.6 million, compared to AED 435.4 million for 2017. These results are a further testament to the company's strong foundation and robust business strategy. They also reaffirm that we are on the right path for more growth in the future.

Our performance in 2018 was largely driven by the growth of global e-commerce activities, which continue to be the main contributor to the growth of our Express business. We also started witnessing good growth in the Oil and Gas vertical, predominantly in the GCC and Asia.

Throughout 2018, we continued to invest in creating a leaner, more efficient business and transforming our overall operations. We were also focused on accelerating our digital transformation strategy and boosting investments across all verticals, especially within our International Express business, to be well positioned to benefit from the global boom in e-commerce. These efforts have paid off well and ultimately expanded both our top and bottom line.

Moving forward, we will continue to focus on leveraging new innovations and optimizing our operations to further improve our service levels throughout all key verticals. We will also remain open to unlocking opportunities in new sectors and geographies, particularly in specialized industry verticals where we see strong demand, to further enable B2B growth.

We would like to take this opportunity to extend our thanks and greatest appreciation to our Shareholders, Board of Directors, Aramex management and employees, business partners and customers for their confidence in us, and their continuous support.

Sincerely yours,

A. Mazrui

Abdullah M. Mazrui
Chairman
Aramex PJSC

Bashar

Bashar Obeid
Chief Executive Office
Aramex PJSC

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Capital AED 1,464,100,000 برأسمال ١,٤٦٤,١٠٠,٠٠٠ درهم

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF ARAMEX PJSC (continued)

Report on the audit of the consolidated financial statements

Opinion
We have audited the accompanying consolidated financial statements of Aramex PJSC (the "Company"), and its subsidiaries (together the "Group"), which comprise the consolidated statement of financial position as at 31 December 2018, and the consolidated income statement, consolidated statement of other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 31 December 2018 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs").

Basis for opinion
We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (the "IESBA Code") together with the ethical requirements that are relevant to our audit of the financial statements in the United Arab Emirates, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters
Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF ARAMEX PJSC (continued)

Report on the audit of the consolidated financial statements (continued)

Key audit matters (continued)

Key audit matter	How our audit addressed the key audit matter
Revenue recognition The Group focuses on revenues as a key performance measure and as a driver for growth and expansion. Due to the materiality of the amounts involved, diversity of the Group's geographical footprint, and susceptibility of such revenues to overstatement and fraud risk, we assess revenue recognition as a key audit matter.	– Considered the appropriateness and tested the consistency of the Group's revenue recognition accounting policies; – Assessed the compliance of such policies with the applicable International Financial Reporting Standards; – Evaluated the control environment and tested internal controls over the completeness, measurement and occurrence of revenue recognized; – Obtained a representative sample of transactions and tested their proper recording and recognition; – Selected a sample of transactions before and after the 31 December 2018 cut-off date to check proper recognition; and – Performed substantive analytical procedures and data analytics on monthly gross margins and revenues to identify inconsistencies and/or unusual movements during the year.
Goodwill Impairment	
Under IFRSs, the Group is required to annually test goodwill for impairment. This annual impairment test was significant to our audit because the balance of AED 1,125 million as of 31 December 2018 is material to the financial statements. In addition, management's assessment process is complex and highly judgmental, and is based on assumptions, specifically the discount rate and the growth rate estimates which are affected by expected future market or economic conditions. Any changes in assumptions could result in impairment of the goodwill. Accordingly, we consider impairment testing of goodwill to be a key audit matter.	– Used our valuation experts to assist us in evaluating the assumptions and methodologies used by the Group, in particular, those relating to discount rates, forecasted revenue growth and profit margins for the cash generating units; and – Focused on the adequacy of the Group's disclosures about those assumptions to which the outcome of the impairment test is most sensitive, that is, those that have the most significant effect on the determination of the recoverable amount of goodwill. The Group's disclosures about goodwill are included in Note 5.

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF ARAMEX PJSC (continued)

Report on the audit of the consolidated financial statements (continued)

Key audit matters (continued)

Key audit matter	How our audit addressed the key audit matter
Employees' Benefit Liability The Group has awarded phantom shares to senior executives under a long-term incentive plan. The scheme is cash-settled on vesting date and, accordingly, the annual expense charge to the income statement is subject to change based on certain assumptions, such as share price on vesting date and volatility of share price. Charge for the year amounted to AED 15.8 million, and the balance of accumulated liability as of 31 December 2018 amounted to AED 45.7 million (Note 24). Management performs a quarterly assessment of the expense and related liability using the binomial model. Management's calculations are considered significant to our audit because the assessment process is complex and includes estimates and assumptions. Any changes in assumptions could result in material changes to the liability and/or related expense amount.	– We have deployed the assistance of our valuation specialists to evaluate and challenge management's assumptions, including those used in the assessment of expected vesting price, risk free interest rate and expected volatility, as referred to in note 24.
Income Tax	
The Group seeks to obtain tax clearance from all tax jurisdictions on an annual basis. However, this is not possible due to various circumstances and, hence, provisions are made until such time when final tax clearance is obtained. Income tax positions were significant to our audit because the assessment process is complex, uses estimates and the amounts involved are material. Any tax adjustments identified in subsequent periods are recorded in the subsequent period, unless they relate to an error under IAS 8.	– Tested the completeness and accuracy of the amounts recognized as tax provisions, current and deferred tax assets and liabilities, including the assessment of disputes with tax authorities; – Assessed correspondence with the relevant tax authorities and we tested management's assumptions to determine the probability that deferred tax assets will be recovered through taxable income in future years: – involved our internal tax specialists to analyze and challenge the assumptions used to determine tax positions, and corroborated the assumptions with supporting evidence: and – Assessed the adequacy of the Group's disclosure in Note 12 to the consolidated financial statements.

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF ARAMEX PJSC (continued)

Report on the audit of the consolidated financial statements (continued)

Other information included in the Company's 2018 annual report.
Other information consists of the information included in the Annual Report, other than the consolidated financial statements and our auditor's report thereon. Management is responsible for the other information.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the financial statements
Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs and in compliance with the applicable provisions of the Company's Articles of Association and the UAE Federal Law No. (2) of 2015, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements
Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF ARAMEX PJSC (continued)

Report on the audit of the consolidated financial statements (continued)

Auditor's responsibilities for the audit of the consolidated financial statements (continued)

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the consolidated financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF ARAMEX PJSC (continued)

Report on other legal and regulatory requirements

Further, as required by the UAE Federal Law No. (2) of 2015, we report that:

i) the Company has maintained proper books of account;

ii) we have obtained all the information we considered necessary for the purposes of our audit;

iii) the consolidated financial statements have been prepared and comply, in all material respects, with the applicable provisions of the Company's Articles of Association and the UAE Federal Law No. (2) of 2015;

iv) the financial information included in the Board of Directors' report is consistent with the books of account of the Company;

v) investments in shares and stocks during the year ended 31 December 2018 are disclosed in notes 9, 10 and 11 to the consolidated financial statements;

vi) note 30 reflects material related party transactions and the terms under which they were conducted;

vii) based on the information that has been made available to us, nothing has come to our attention which causes us to believe that the Company has contravened during the financial year ended 31 December 2018 any of the applicable provisions of the UAE Federal Law No. (2) of 2015 or of its Articles of Association which would have a material impact on its activities or its financial position as at 31 December 2018; and

viii) note 27 reflects the social contributions made during the year.

For Ernst & Young

Ashraf Abu-Sharkh
Partner
Registration No: 690
27 February 2019
Dubai, United Arab Emirates

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 31 December 2018

		2018	2017
	Notes	**AED'000**	AED'000
ASSETS			
Non-current assets			
Property, plant and equipment	4	**949,715**	911,633
Goodwill	5	**1,124,695**	1,164,088
Other intangible assets	6	**211,193**	226,254
Investments in joint ventures and associates	9, 10	**22,856**	144,121
Financial assets at fair value though other comprehensive income	11	**53,787**	41,766
Deferred tax assets	12	**6,323**	3,267
Other non-current assets		**5,877**	1,640
		2,374,446	2,492,769
Current assets			
Accounts receivable, net	13	**1,140,664**	934,166
Other current assets	14	**352,512**	249,542
Bank balances and cash	15	**836,659**	727,649
		2,329,835	1,911,357
TOTAL ASSETS		**4,704,281**	**4,404,126**
EQUITY AND LIABILITIES			
Equity			
Share capital	16	**1,464,100**	1,464,100
Statutory reserve	17	**314,515**	269,181
Foreign currency translation reserve	17	**(371,217)**	(302,912)
Reserve arising from acquisition of non-controlling interests	17	**(324,745)**	(43,584)
Fair value reserve of financial assets at fair value through			
other comprehensive income	17	**10,252**	-
Retained earnings	18	**1,316,764**	1,113,313
Equity attributable to equity holders of the Parent		**2,409,669**	2,500,098
Non-controlling interests		**22,137**	18,964
Total equity		**2,431,806**	2,519,062
LIABILITIES			
Non-current liabilities			
Interest-bearing loans and borrowings	19	**218,818**	293,331
Employees' end of service benefits	20	**140,167**	140,553
Employees' benefit liability	24	**-**	29,875
Deferred tax liabilities	12	**51,298**	53,556
		410,283	517,315
Current liabilities			
Accounts payable	21	**290,638**	280,608
Bank overdrafts	22	**120,463**	97,602
Interest-bearing loans and borrowings	19	**318,267**	220,240
Employees' benefit liability	24	**45,678**	-
Other current liabilities	23	**1,087,146**	769,299
		1,862,192	1,367,749
Total liabilities		**2,272,475**	1,885,064
TOTAL EQUITY AND LIABILITIES		**4,704,281**	**4,404,126**

The consolidated financial statements were authorised for issue in accordance with a resolution of the directors on 27 February 2019.

A. Mazrui

Abdullah Al Mazrui
(Chairman)

Bashar Obeid
(Chief Executive Officer)

Nadia Abu Sara
(Chief Financial Officer)

CONSOLIDATED INCOME STATEMENT
For the year ended 31 December 2018

	Notes	2018 AED'000	2017 AED'000
Continuing operations			
Rendering of services	25	**5,086,055**	4,720,540
Cost of services	26	**(2,319,430)**	(2,165,425)
Gross profit		**2,766,625**	2,555,115
Selling and marketing expenses		**(207,823)**	(208,083)
Administrative expenses	27	**(985,243)**	(972,175)
Operating expenses	28	**(894,849)**	(822,883)
Other income, net	29	**5,986**	6,542
Operating profit		**684,696**	558,516
Finance income		**9,046**	7,937
Finance expense		**(27,649)**	(24,700)
Share of results of joint ventures and associates	9, 10	**3,956**	(4,473)
Loss on disposal of a joint venture	9	**(45,665)**	-
Profit before tax from continuing operations		**624,384**	537,280
Income tax expense	12	**(100,393)**	(81,351)
Profit for the year from continuing operations		**523,991**	455,929
Discontinued operations			
Profit (loss) after tax for the year from discontinued operations	8	**811**	(548)
Profit for the year		**524,802**	455,381
Attributable to:			
Equity holders of the Parent			
Profit for the year from continuing operations		**492,148**	435,728
Profit (loss) for the year from discontinued operations		**487**	(329)
		492,635	435,399
Non-controlling interests			
Profit for the year from continuing operations		**31,843**	20,201
Profit (loss) for the year from discounted operations		**324**	(219)
		32,167	19,982
		524,802	455,381
Earnings per share attributable to the equity holders of the Parent:	31		
Basic and diluted earnings per share from continuing operations		**AED 0.336**	AED 0.297
Basic and diluted earnings per share from discontinued operations		**AED 0.000**	AED 0.000

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME
For the year ended 31 December 2018

	2018 AED'000	2017 AED'000
Profit for the year	**524,802**	455,381
Other comprehensive income, net of tax		
Other comprehensive income to be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**(69,034)**	46,980
Net other comprehensive (loss) income to be reclassified to profit or loss in subsequent periods, net of tax	**(69,034)**	46,980
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:		
Net gain on equity instruments at fair value through other comprehensive income	**10,252**	-
Net other comprehensive income not being reclassified to profit or loss in subsequent periods, net of tax	**10,252**	-
Other comprehensive (loss) income for the year, net of tax	**(58,782)**	46,980
Total comprehensive income for the year	**466,020**	502,361
Attributable to:		
Equity holders of the Parent	**434,582**	483,114
Non-controlling interests	**31,438**	19,247
	466,020	502,361

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2018

	Share Capital AED'000	Statutory reserve AED'000	Foreign currency translation reserve AED'000	Reserve arising from acquisition of non controlling interests AED'000	Fair value reserve of financial assets at fair value through other comprehensive income AED'000	Retained earnings AED'000	Total AED'000	Non-controlling interests AED'000	Total AED'000
For the year ended									
31 December 2018									
At 1 January 2018	1,464,100	269,181	(302,912)	(43,584)	-	1,113,313	2,500,098	18,964	2,519,062
Impact of adoption of IFRS 9	-	-	-	-	-	(1,222)	(1,222)	267	(955)
At January 2018 (Restated)	1,464,100	269,181	(302,912)	(43,584)	-	1,112,091	2,498,876	19,231	2,518,107
Profit for the year	-	-	-	-	-	492,635	492,635	32,167	524,802
Other comprehensive income	-	-	(68,305)	-	10,252	-	(58,053)	(729)	(58,782)
Total comprehensive income for the year	-	-	(68,305)	-	10,252	492,635	434,582	31,438	466,020
Directors' fees paid (Note 18)	-	-	-	-	-	(3,980)	(3,980)	-	(3,980)
Dividends of subsidiaries	-	-	-	-	-	-	-	(17,039)	(17,039)
Non-controlling interests	-	-	-	-	-	-	-	2,096	2,096
Acquisition of non-controlling interest (Note 3)	-	-	-	(281,161)	-	-	(281,161)	(13,589)	(294,750)
Dividends paid to shareholders (Note 18)	-	-	-	-	-	(238,648)	(238,648)	-	(238,648)
Transfer to statutory reserve	-	45,334	-	-	-	(45,334)	-	-	-
At 31 December 2018	1,464,100	314,515	(371,217)	(324,745)	10,252	1,316,764	2,409,669	22,137	2,431,806

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2018

	Share Capital AED'000	Statutory Reserve AED'000	Foreign currency translation reserve AED'000	Reserve arising from acquisition of non-controlling interests AED'000	Retained earnings AED'000	Total AED'000	Non-controlling interests AED'000	Total AED'000
For the year ended								
At 1 January 2017	1,464,100	227,198	(350,627)	(33,037)	957,783	2,265,417	9,085	2,274,502
Profit for the year	-	-	-	-	435,399	435,399	19,982	455,381
Other comprehensive income for the year	-	-	47,715	-	-	47,715	(735)	46,980
Total comprehensive income for the year	-	-	47,715	-	435,399	483,114	19,247	502,361
Directors fees paid (Note 18)	-	-	-	-	(3,630)	(3,630)	-	(3,630)
Dividends of subsidiaries	-	-	-	-	-	-	(12,188)	(12,188)
Non-controlling interests	-	-	-	-	-	-	1,646	1,646
Acquisition of non-controlling interests (Note 3)	-	-	-	(10,547)	-	(10,547)	1,174	(9,373)
Dividends paid to shareholders (Note 18)	-	-	-	-	(234,256)	(234,256)	-	(234,256)
Transfer to statutory reserve	-	41,983	-	-	(41,983)	-	-	-
At 31 December 2017	**1,464,100**	**269,181**	**(302,912)**	**(43,584)**	**1,113,313**	**2,500,098**	**18,964**	**2,519,062**

CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 31 December 2018

	Notes	2018 AED'000	2017 AED'000
OPERATING ACTIVITIES			
Profit before tax from continuing operations		**624,384**	537,280
Profit (loss) before tax from discontinued operations	8	**811**	(548)
Profit before tax		**625,195**	536,732
Adjustment for:			
Depreciation of property, plant and equipment	4	**116,305**	104,228
Amortisation of other intangible assets	6	**4,672**	4,681
Impairment of goodwill	5	**-**	1,844
Provision for employees' end of service benefits	20	**27,624**	24,970
Provision for expected credit losses, net	13	**27,362**	9,497
Net finance expense		**18,603**	16,763
Employees' benefit plan expense	24	**15,803**	24,030
Reversal of employees' benefit plan expense	24	**-**	(27,950)
Share of results of joint ventures and associates	9,10	**(3,956)**	4,473
Loss on disposal of property, plant and equipment		**17**	788
Write-off of property, plant and equipment		**-**	427
Loss on disposal of the discontinued operations	8	**109**	-
Loss on disposal of a joint venture	9	**45,665**	-
Working capital adjustments:			
Accounts receivable		**(275,884)**	(201,975)
Accounts payable		**23,907**	48,250
Other current assets		**(50,371)**	(37,420)
Other current liabilities		**39,006**	135,218
Cash from operations		**614,057**	644,556
Employees' end of service benefits paid	20	**(26,658)**	(23,209)
Employees' benefit plan paid	24	**-**	(41,193)
Income tax paid	12	**(92,922)**	(71,958)
Net cash flows from operating activities		**494,477**	508,196
INVESTING ACTIVITIES			
Purchase of property, plant and equipment	4	**(171,432)**	(169,102)
Proceeds from sale of property, plant and equipment		**3,530**	5,242
Financial assets at fair value though other comprehensive income		**-**	(15,700)
Interest received		**9,046**	7,937
Net cash disposed from sale of a subsidiary	8	**(235)**	-
Other non-current assets		**(4,237)**	1,244
Acquisition of non-controlling interests	3	**-**	(9,373)
Margin deposits		**(631)**	(1,241)
Investments in joint ventures and associates		**(1,426)**	(3,736)
Dividends received from an associate		**625**	998
Proceeds from sale of a joint venture	9	**73,452**	-
Net cash flows used in investing activities		**(91,308)**	(183,731)
FINANCING ACTIVITIES			
Interest paid		**(27,649)**	(24,700)
Proceeds from loans and borrowings		**104,057**	23,624
Repayment of loans and borrowings		**(80,543)**	(83,696)
Dividends paid to non-controlling interests		**(17,039)**	(12,188)
Non-controlling interests		**2,671**	1,646
Directors' fees paid		**(3,980)**	(3,630)
Dividends paid to shareholders		**(238,648)**	(234,256)
Other current assets		**(49,012)**	-
Net cash flows used in financing activities		**(310,143)**	(333,200)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**93,026**	(8,735)
Net foreign exchange difference		**(7,508)**	(6,302)
Cash and cash equivalents at 1 January	15	**624,437**	639,474
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	15	**709,955**	624,437

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
At 31 December 2018

1. CORPORATE INFORMATION

Aramex PJSC (the "Parent Company") was established as a Public Joint Stock Company on 15 February 2005 and is registered in the Emirate of Dubai, United Arab Emirates under the UAE Federal Law No 2 of 2015. The consolidated financial statements of the Company as at 31 December 2018 comprise the Parent Company and its subsidiaries (collectively referred to as the "Group" and individually as "Group entities").

The Parent Company was listed on the Dubai Financial Market on 9 July 2005.

The Principal activities of the Group are to invest in the freight, express, logistics and supply chain management businesses through acquiring and owning controlling interests in companies in the Middle East and other parts of the world.

The Parent Company's registered office is, Business Center Towers, 2302A, Media City (TECOM), Sheikh Zayed Road, Dubai, United Arab Emirates.

The consolidated financial statements were authorised for issue by the Board of Directors on 27 February 2019.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

2.1. Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), and applicable requirements of UAE Federal Law No. 2 of 2015.

The consolidated financial statements are presented in UAE Dirhams (AED), being the functional currency of the Parent Company. Financial information is presented in AED and all values are rounded to the nearest thousand (AED "000"), except when otherwise indicated.

The consolidated financial statements have been prepared under a historical cost basis, except for employees' benefit plan and financial assets at fair value through other comprehensive income that have been measured at fair value.

2.2. Basis of consolidation

The consolidated financial statements comprise of the financial statements of the Company and its subsidiaries as at 31 December 2018. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2. Basis of consolidation (continued)

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

2.3. Changes in accounting policies and disclosures

The accounting policies adopted are consistent with those of the previous year, except for the following amendment standards effective as of 1 January 2018.

The nature and the impact of each amendment is described below:

IFRS 15 Revenue from Contracts with Customers
IFRS 15 supersedes IAS 11 Construction Contracts, IAS 18 Revenue and related Interpretations and it applies, with limited exceptions, to all revenue arising from contracts with its customers. IFRS 15 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

IFRS 15 requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. In addition, the standard requires extensive disclosures.

The Group adopted IFRS 15 using the modified retrospective approach. The effect of adopting IFRS 15 was not material on the retained earnings and impacted its accounting policy for revenue recognition as detailed below:

Rendering of services
The Group has concluded that revenue from shipments should be recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the shipment.

The Group concluded that the services are satisfied over time given that the customer simultaneously receives and consumes the benefits provided by the Group. Consequently, under IFRS 15 the Group would continue to recognise revenue for these service contracts/service components of bundled contracts over time rather than at a point of time.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
At 31 December 2018

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3. Changes in accounting policies and disclosures (continued)

Advances received from customers

Generally, the Group receives short-term advances from its customers. Upon the adoption of IFRS 15, for short-term advances, the Group used the practical expedient. As such, the Group will not adjust the promised amount of the consideration for the effects of a financing component in contracts, where the Group expects, at contract inception, that the period between the time the customer pays for the good or service and when the Group transfers that promised good or service to the customer will be one year or less. If the period between the time the customer pays for the good or service and when the Group transfers that promised good or service to the customer is more than one year, the Group shall adjust the promised amount of consideration for the effects of the time value of money.

Variable Consideration

Some transportation and logistics contracts state that customers have the right to get compensation from the Group against any delay in satisfying the performance obligation. As for other storage contracts, it does state that the Group shall be liable to the customers in case of failing to exercise a degree of care in storing their documents under IFRS 15, customer's rights to get compensation from the Group give rise to variable consideration.

Principal versus agent consideration

The Group has certain contracts to buy software and sell it back to customers. Before the adoption of IFRS 15, the Group concluded that based on the existence of credit risk and the nature of the consideration in the contract, it has an exposure to the significant risks and rewards associated with the sale of software to its customers, and accounted for the contracts as if it is a principal. Upon the adoption of IFRS 15, the Group determined that it does not have the control before the software is transferred to customers. Hence, it is an agent in these contracts because it does not have the ability to direct the use of the software or obtain benefits from the equipment.

The adoption of IFRS 15 did not have a significant impact on the Group's statement of financial position nor the statement of changes in equity.

IFRS 9 Financial Instruments

IFRS 9 Financial Instruments replaces IAS 39 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

The Group had implemented IFRS 9 on 1 January 2018. The standard has been applied retrospectively and, in line with IFRS 9, comparative amounts have not been restated. and there was a negative impact amounting to AED 1,222 thousand from the adoption of IFRS 9 on the retained earnings. The standard eliminates the use of the IAS 39 incurred loss impairment model approach, uses the revised hedge accounting framework, and the revised guidance on the classification and measurement requirements.

Impairment

The adoption of IFRS 9 has fundamentally changed the Group's accounting for impairment losses for financial assets by replacing IAS 39's incurred loss approach with a forward-looking expected credit loss (ECL) approach.

IFRS 9 requires the Group to record an allowance for ECLs for all debt instruments measured at amortization cost.

For all debt instruments, the Group has applied the standard's simplified approach and has calculated ECLs based on lifetime expected credit losses. The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
At 31 December 2018

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3. Changes in accounting policies and disclosures (continued)

The effect of adopting IFRS 9 is, as follows:

Impact on the statement of financial position (increase/(decrease):

	Balance at 1 January 2018 under IAS39 AED'000	Adjustments AED'000	**Balance at 1 January 2018 under IFRS 9 AED'000**
Assets			
Account receivable	934,166	(948)	**933,218**
Total assets	934,166	(948)	**933,218**
Equity			
Retained Earning	1,113,313	(1,222)	**1,112,091**
Non-controlling interests	18,964	267	**19,231**
Total Equity	1,132,277	(955)	**1,131,322**
Liabilities			
Deferred tax liabilities	53,556	7	**53,563**
Total liabilities	53,556	7	**53,563**
Total Equity and Liabilities	1,185,833	(948)	**1,184,885**

The change did not have material impact on the Group's operating, investing and financing cash flows and the basic and diluted EPS.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
At 31 December 2018

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3. Changes in accounting policies and disclosures (continued)

IFRIC Interpretation 22 Foreign Currency Transactions and Advance Considerations
The Interpretation clarifies that, in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine the date of the transactions for each payment or receipt of advance consideration. This Interpretation does not have any impact on the Group's consolidated financial statements.

Amendments to IAS 40 Transfers of Investment Property
The amendments clarify when an entity should transfer property, including property under construction or development into, or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use. These amendments do not have any impact on the Group's consolidated financial statements.

Amendments to IFRS 2 Classification and Measurement of Share-based Payment Transactions
The IASB issued amendments to IFRS 2 Share-based Payment that address three main areas: the effects of vesting conditions on the measurement of a cash-settled share-based payment transaction; the classification of a share-based payment transaction with net settlement features for withholding tax obligations; and accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash settled to equity settled. On adoption, entities are required to apply the amendments without restating prior periods, but retrospective application is permitted if elected for all three amendments and other criteria are met. The Group's accounting policy for cash-settled share based payments is consistent with the approach clarified in the amendments. In addition, the Group has no share-based payment transaction with net settlement features for withholding tax obligations and had not made any modifications to the terms and conditions of its share-based payment transaction. Therefore, these amendments do not have any impact on the Group's consolidated financial statements.

Amendments to IAS 28 Investments in Associates and Joint Ventures - Clarification that measuring investees at fair value through profit or loss is an investment-by-investment choice
The amendments clarify that an entity that is a venture capital organisation, or other qualifying entity, may elect, at initial recognition on an investment-by-investment basis, to measure its investments in associates and joint ventures at fair value through profit or loss. If an entity that is not itself an investment entity, has an interest in an associate or joint venture that is an investment entity, then it may, when applying the equity method, elect to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries. This election is made separately or each investment entity associate or joint venture, at the later of the date on which: (a) the investment entity associate or joint venture is initially recognised; (b) the associate or joint venture becomes an investment entity; and (c) the investment entity associate or joint venture first becomes a parent. These amendments do not have any impact on the Group's consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
At 31 December 2018

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4. Standards issued but not yet effective

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective.

IFRS 16 Leases
IFRS 16 was issued in January 2016 and replaces IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under IAS 17. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting under IFRS 16 is substantially unchanged from today's accounting under IAS 17. Lessors will continue to classify all leases using the same classification principle as in IAS 17 and distinguish between two types of leases: operating and finance leases.

IFRS 16, which is effective for annual periods beginning on or after 1 January 2019, requires lessees and lessors to make more extensive disclosures than under IAS 17.

Transition to IFRS 16
The Group has the option to adopt IFRS 16 retrospectively and restate each prior reporting period presented or use the modified retrospective approach by applying the impact as an adjustment on the opening retained earnings. The Group will elect to apply the standard to contracts that were previously identified as leases applying IAS 17 and IFRIC 4.

The Group will adopt IFRS 16 using the modified retrospective approach. During 2018, the Group has performed a detailed impact assessment of IFRS 16.

Impact on the statement of financial position (increase/(decrease)) as at 31 December 2018:

	AED'000
Assets	
Property, plant and equipment	609,410
Prepayments	(17,664)
Deferred tax assets	5,137
Total Assets	596,883
Equity	
Net impact on equity	5,137
Total Equity	5,137
Liabilities	
Lease liabilities	591,746
Total Liabilities	591,746
Total Equity and Liabilities	596,883

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2018

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Impact on the statement of profit or loss (increase/(decrease) for 2018:

	AED'000
Depreciation expense	(190,001)
Operating lease expense	215,544
Operating profit	**25,543**
Finance cost	(28,403)
Income tax expense	5,137
Profit of the year	**2,277**

IFRS 17 Insurance Contracts

In May 2017, the IASB issued IFRS 17 Insurance Contracts (IFRS 17), a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 will replace IFRS 4 Insurance Contracts (IFRS 4) that was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features.

A few scope exceptions will apply. The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of IFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts IFRS 17 is effective for reporting periods beginning on or after 1 January 2021, with comparative figures required. Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17. This standard is not applicable to the Group.

IFRIC Interpretation 23 Uncertainty over Income Tax Treatment

The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12 and does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments.

The Interpretation specifically addresses the following:

- Whether an entity considers uncertain tax treatments separately
- The assumptions an entity makes about the examination of tax treatments by taxation authorities
- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
- How an entity considers changes in facts and circumstances

An entity has to determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments. The approach that better predicts the resolution of the uncertainty should be followed. The interpretation is effective for annual reporting periods beginning on or after 1 January 2019, but certain transition reliefs are available. The Group will apply the interpretation from its effective date. Since the Group operates in a complex multinational tax environment, applying the Interpretation may affect its consolidated financial statements. In addition, the Group may need to establish processes and procedures to obtain information that is necessary to apply the Interpretation on a timely basis.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
At 31 December 2018

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4. Standards issued but not yet effective (continued)

Amendments to IFRS 9: Prepayment Features with Negative Compensation
Under IFRS 9, a debt instrument can be measured at amortised cost or at fair value through other comprehensive income, provided that the contractual cash flows are 'solely payments of principal and interest on the principal amount outstanding' (the SPPI criterion) and the instrument is held within the appropriate business model for that classification. The amendments to IFRS 9 clarify that a financial asset passes the SPPI criterion regardless of the event or circumstance that causes the early termination of the contract and irrespective of which party pays or receives reasonable compensation for the early termination of the contract.

The amendments should be applied retrospectively and are effective from 1 January 2019, with earlier application permitted. These amendments have no impact on the consolidated financial statements of the Group.

Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
The amendments address the conflict between IFRS 10 and IAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that the gain or loss resulting from the sale or contribution of assets that constitute a business, as defined in IFRS 3, between an investor and its associate or joint venture, is recognised in full. Any gain or loss resulting from the sale or contribution of assets that do not constitute a business, however, is recognised only to the extent of unrelated investors' interests in the associate or joint venture. The IASB has deferred the effective date of these amendments indefinitely, but an entity that early adopts the amendments must apply them prospectively.

The Group will apply these amendments when they become effective.

Amendments to IAS 19: Plan Amendment, Curtailment or Settlement
The amendments to IAS 19 address the accounting when a plan amendment, curtailment or settlement occurs during a reporting period. The amendments specify that when a plan amendment, curtailment or settlement occurs during the annual reporting period, an entity is required to:

- Determine current service cost for the remainder of the period after the plan amendment, curtailment or settlement, using the actuarial assumptions used to remeasure the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event
- Determine net interest for the remainder of the period after the plan amendment, curtailment or settlement using: the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event; and the discount rate used to remeasure that net defined benefit liability (asset).

The amendments also clarify that an entity first determines any past service cost, or a gain or loss on settlement, without considering the effect of the asset ceiling. This amount is recognised in profit or loss.

An entity then determines the effect of the asset ceiling after the plan amendment, curtailment or settlement. Any change in that effect, excluding amounts included in the net interest, is recognised in other comprehensive income.

The amendments apply to plan amendments, curtailments, or settlements occurring on or after the beginning of the first annual reporting period that begins on or after 1 January 2019, with early application permitted. These amendments will apply only to any future plan amendments, curtailments, or settlements of the Group.

Amendments to IAS 28: Long-term interests in associates and joint ventures
The amendments clarify that an entity applies IFRS 9 to long-term interests in an associate or joint venture to which the equity method is not applied but that, in substance, form part of the net investment in the associate or joint venture (long-term interests). This clarification is relevant because it implies that the expected credit loss model in IFRS 9 applies to such long-term interests.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2018

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4. Standards issued but not yet effective (continued)

Amendments to IAS 28: Long-term interests in associates and joint ventures (continued)
The amendments also clarified that, in applying IFRS 9, an entity does not take account of any losses of the associate or joint venture, or any impairment losses on the net investment, recognised as adjustments to the net investment in the associate or joint venture that arise from applying IAS 28 Investments in Associates and Joint Ventures.

The amendments should be applied retrospectively and are effective from 1 January 2019, with early application permitted. Since the Group does not have such long-term interests in its associate and joint venture, the amendments will not have an impact on its consolidated financial statements.

Annual Improvements 2015-2017 Cycle (issued in December 2017)
These improvements include:

- **IFRS 3 Business Combinations**

The amendments clarify that, when an entity obtains control of a business that is a joint operation, it applies the requirements for a business combination achieved in stages, including remeasuring previously held interests in the assets and liabilities of the joint operation at fair value. In doing so, the acquirer remeasures its entire previously held interest in the joint operation.

An entity applies those amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2019, with early application permitted. These amendments will apply on future business combinations of the Group.

- **IFRS 11 Joint Arrangements**

A party that participates in, but does not have joint control of, a joint operation might obtain joint control of the joint operation in which the activity of the joint operation constitutes a business as defined in IFRS 3.

The amendments clarify that the previously held interests in that joint operation are not remeasured.

An entity applies those amendments to transactions in which it obtains joint control on or after the beginning of the first annual reporting period beginning on or after 1 January 2019, with early application permitted. These amendments are currently not applicable to the Group but may apply to future transactions.

- **IAS 12 Income Taxes**

The amendments clarify that the income tax consequences of dividends are linked more directly to past transactions or events that generated distributable profits than to distributions to owners. Therefore, an entity recognises the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events.

An entity applies those amendments for annual reporting periods beginning on or after 1 January 2019, with early application is permitted. When an entity first applies those amendments, it applies them to the income tax consequences of dividends recognised on or after the beginning of the earliest comparative period. Since the Group's current practice is in line with these amendments, the Group does not expect any effect on its consolidated financial statements.

- **IAS 23 Borrowing Costs**

The amendments clarify that an entity treats as part of general borrowings any borrowing originally made to develop a qualifying asset when substantially all of the activities necessary to prepare that asset for its intended use or sale are complete.

An entity applies those amendments to borrowing costs incurred on or after the beginning of the annual reporting period in which the entity first applies those amendments. An entity applies those amendments for annual reporting periods beginning on or after 1 January 2019, with early application permitted. Since the Group's current practice is in line with these amendments, the Group does not expect any effect on its consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
At 31 December 2018

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5. Significant accounting judgments, estimates and assumptions

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Other disclosures relating to the Group's exposure to risks and uncertainties include:

– Capital management	Note 35
– Financial risk management and policies	Note 35
– Sensitivity analyses and disclosures	Note 35

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described in note 37. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

2.6. Summary of significant accounting policies

Property, plant and equipment
Construction in progress, property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the property, plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the profit or loss as incurred.

Except for capital work in progress, depreciation is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

Leasehold improvements	over 4-7 years
Buildings	over 8-50 years
Furniture and fixtures	over 5-10 years
Warehousing racks	over 15 years
Office equipment	over 3-7 years
Computers	over 3-5 years
Vehicles	over 4-5 years

Land is not depreciated

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount, being the higher of their fair value less costs to sell and their value in use.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2018

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

2.6. Summary of significant accounting policies

Property, plant and equipment (continued)

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and carrying amount of the asset) is included in the consolidated income statement when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, any previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IAS 39 Financial Instruments: Recognition and Measurement, is measured at fair value with changes in fair value recognised in the statement of profit or loss.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2018

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

2.6. Summary of significant accounting policies (continued)

Fair value measurement

The Group measures financial instruments at fair value at each balance sheet date. Fair value related disclosures for financial instruments and that are measured at fair value or where fair values are disclosed, are summarised in the following notes:

– Disclosures for valuation methods, significant estimates and assumptions	Note 36
– Quantitative disclosures of fair value measurement hierarchy	Note 36

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

– In the principal market for the asset or liability

Or

– In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

– Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
– Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
– Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
At 31 December 2018

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

2.6. Summary of significant accounting policies (continued)

Other intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

The useful lives of these intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the consolidated income statement in the expense category that is consistent with the function of the intangible assets.

Intangible assets with finite lives are amortised over their economic lives which are between 7 to 15 years.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the consolidated income statement when the asset is derecognized.

Investments in associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries.

The Group's investments in its associates and joint ventures are accounted for using the equity method.

Under the equity method, the investment in an associate or a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate or joint venture since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is not tested for impairment separately.

The statement of profit or loss reflects the Group's share of the results of operations of the associate or joint venture. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
At 31 December 2018

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

2.6. Summary of significant accounting policies (continued)

Investments in associates and joint ventures (continued)

The aggregate of the Group's share of profit or loss of an associate and a joint venture is shown on the face of the statement of profit or loss and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate or joint venture.

The financial statements of the associate or joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate or joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, and then recognises the loss as 'Share of profit of an associates and joint ventures in the statement of profit or loss.

Upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

Prepaid agency fees

Amounts paid in advance to agents to purchase or alter their agency rights are accounted for as prepayments. As these amounts are paid in lieu of annual payments they are expensed to consolidated income statement over the period equivalent to the number of years of agency fees paid in advance.

Impairment of non-financial assets

Further disclosures relating to impairment of non-financial assets are also provided in the following notes:

– Disclosures for significant assumptions	Note 37
– Goodwill	Note 5
– Other intangible assets	Note 6

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. A long term growth rate is calculated and applied to project future cash flows after the fifth year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2018

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

2.6. Summary of significant accounting policies (continued)

Impairment of non-financial assets (continued)

Impairment losses of continuing operations, are recognised in the consolidated income statement in expense categories consistent with the function of the impaired asset, except for properties previously revalued with the revaluation taken to other comprehensive income. For such properties, the impairment is recognised in other comprehensive income up to the amount of any previous revaluation.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the consolidated income statement unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

Goodwill is tested for impairment annually as at 31 December and when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

Cash and short-term deposits

Cash and short-term deposits in the consolidated statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less which are subject to an insignificant risk of changes in value.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash on hand, bank balances, and short-term deposits as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management, and cash margin.

Accounts receivable

Trade receivables are stated at original invoice amount less any provision for any uncollectible amounts or expected credit loss. The Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Foreign currencies

The Group's consolidated financial statements are presented in AED, which is also the Parent Company's functional currency. For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions and balances

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date of the transaction first qualify for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rate of exchange at the reporting date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2018

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

2.6. Summary of significant accounting policies (continued)

Foreign currencies (continued)

Differences arising on settlement or translation of monetary items are recognised in profit or loss with the exception of monetary items that are designated as part of the hedge of the Group's net investment in a foreign operation. These are recognised in other comprehensive income until the net investment is disposed, at which time, the cumulative amount is reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in other comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of gain or loss on the change in fair value of the item (i.e. translation differences on items whose fair value gain or loss is recognized in other comprehensive income or profit or loss are also recognized in other comprehensive income or profit or loss, respectively).

Group companies

On consolidation, the assets and liabilities of foreign operations are translated into AED's, at the rate of exchange prevailing at the reporting date and their statement of profit or loss are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

Loans and borrowings and other financial liabilities

All financial liabilities are recognized initially at fair value, and in the case of loans and borrowings and payables, net of directly attributable transaction costs.

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate (EIR) method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance costs in the consolidated income statement.
Other financial liabilities including deferred consideration on acquisition of subsidiaries are measured at amortised cost.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the consolidated income statement.

Accounts payable and accruals

Liabilities are recognised for amounts to be paid in the future for goods or services received, whether billed by the supplier or not.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2018

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

2.6. Summary of significant accounting policies (continued)

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Employees' end of service benefits

The provision for employees' end of service benefits, disclosed as a long-term liability, is calculated in accordance with IAS19 for Group's entities where their respective labour laws require providing indemnity payments upon termination of relationship with their employees.

Share-based payments

Employees (including senior executives) of the Group receive remuneration in the form of share-based payments, whereby employees are granted share appreciation rights, which are settled in cash (cash-settled transactions).

Cash-settled transactions

The cost of cash-settled transactions is measured initially at fair value at the grant date using a binomial model, further details of which are given in Note 24. This fair value is expensed over the period until the vesting date with recognition of a corresponding liability. The liability is remeasured to fair value at each reporting date up to, and including the settlement date, with changes in fair value recognised in employee benefits expense (note 24).

Financial assets at fair value through other comprehensive income

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Group elected to classify irrevocably its non-listed equity investments under this category.

Social security

Payments made to the social security institutions in connection with government pension plans applicable in certain jurisdictions are dealt with as payments to defined contribution plans, where the Group's obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan. The Group pays contributions to the social security institutions on a mandatory basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as an employee benefit expense in the period to which the employees' service relates.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2018

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

2.6. Summary of significant accounting policies (continued)

Revenue recognition

Revenue represents the value of services rendered to customers and is stated net of discounts and sales taxes or similar levies.

The new standards require that revenue be recognized as a company satisfies a performance obligation by transferring control of a good or service. A performance obligation can be satisfied over time or at a point in time.

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty or discounts. The Group assesses its revenue arrangements against specific criteria to determine if it is acting as principal or agent. The Group has concluded that it is acting as a principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements, has pricing latitude and is exposed to credit risks.

The specific recognition criteria described below must also be met before revenue is recognised.

Express revenue

Express revenue is recognised upon delivery of shipment from the customer as the sales process is considered complete and the control is transferred to the customer that performance obligation can be satisfied.

Freight forwarding revenue

Freight forwarding revenue is recognised upon the delivery of freight to the destination or to the air carrier that performance obligation can be satisfied.

Shop 'n' ship services revenue

Shop 'n' ship services revenue is recognised upon the receipt of the merchandise by the customers that performance obligation can be satisfied.

Revenue from logistics and document storage services

Revenue from logistics and document storage services is recognised when the services are rendered that performance obligation can be satisfied.

Interest income

Interest income is recorded using the effective interest rate (EIR), which is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability. Interest income is included in finance income in the consolidated income statement.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
At 31 December 2018

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

2.6. Summary of significant accounting policies (continued)

Taxes

Current income tax
The Group provides for income taxes in accordance with IAS 12. As the Parent Company is incorporated in the UAE, profits from operations of the Parent Company are not subject to taxation. However, certain subsidiaries of the Parent Company are based in taxable jurisdictions and are therefore liable to tax. Income tax on the profit or loss for the year comprises of current and deferred tax on the profits of these subsidiaries. Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in countries where the Group operates and generates taxable income.

Management periodically evaluates position taken in the tax returns with respect to situation in which applicable tax regulations are subject to interpretation and establishes provision where appropriate.

Deferred tax
Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2018

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

2.6. Summary of significant accounting policies (continued)

Taxes (continued)

Deferred tax

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction in goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognised in profit or loss.

Sales tax

Expenses and assets are recognised net of the amount of sales tax, except:

- When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable
- When receivables and payables are stated with the amount of sales tax included

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Current versus non-current classification

The Group presents assets and liabilities in statement of financial position based on current/non-current classification. An asset as current when it is:

- Expected to be realised or intended to sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period

Or

- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period

Or

- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2018

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

2.6. Summary of significant accounting policies (continued)

Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset (or assets) and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

Group as a lessee

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Group is classified as a finance lease.

Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the statement of profit or loss.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

An operating lease is a lease other than a finance lease. Operating lease payments are recognised as an operating expense in the statement of profit or loss on a straight-line basis over the lease term.

Cash dividend

The Company recognises a liability to make cash or non-cash distributions to equity holders of the parent when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per the corporate laws, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

Earnings per share

The Group presents basic earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of shares outstanding during the period. The weighted average number of ordinary shares outstanding during the period and for all periods presented is adjusted for the issue of bonus shares.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Discontinued operations

The Group classifies non-current assets and disposal groups as held for distribution to equity holders of the parent if their carrying amounts will be recovered principally through a distribution rather than through continuing use. Such non-current assets and disposal groups classified as held for distribution are measured at the lower of their carrying amount and fair value less costs to sell or to distribute. Costs to distribute are the incremental costs directly attributable to the distribution, excluding the finance costs and income tax expense.

The criteria for held for distribution classification is regarded as met only when the distribution is highly probable and the asset or disposal group is available for immediate distribution in its present condition. Actions required to complete the distribution should indicate that it is unlikely that significant changes to the distribution will be made or that the decision to distribute will be withdrawn. Management must be committed to the distribution expected within one year from the date of the classification.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2018

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

2.6. Summary of significant accounting policies (continued)

Discontinued operations (continued)

Property, plant and equipment and intangible assets are not depreciated or amortised once classified as held for distribution.

Assets and liabilities classified as held for distribution are presented separately as current items in the statement of financial position.

A disposal group qualifies as discontinued operation if it is a component of an entity that either has been disposed of, or is classified as held for sale, and:

- Represents a separate major line of business or geographical area of operations
- Is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations

Or

- Is a subsidiary acquired exclusively with a view to resale

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the statement of profit or loss.

Additional disclosures are provided in Note 8. All other notes to the financial statements include amounts for continuing operations, unless otherwise mentioned.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2018

3. ACQUISITION OF NON-CONTROLLING INTERESTS
2018

1. Acquisition of Additional Interest in Aramex Tanzania Ltd. –Tanzania
In March 2018, the Group acquired an additional 10% interest of the voting shares of Aramex Tanzania Ltd., increasing its ownership interest to 93%. No cash consideration was paid, instead, the amount due from the shareholder of AED 1,017 thousand was waived against the additional shares acquired. The carrying value of the net assets of Aramex Tanzania Ltd. at the acquisition date was at a negative balance of AED 4,882 thousand, and the carrying value of the additional interest acquired was at a negative balance of AED 488 thousand. The difference of AED 1,505 thousand between the consideration given and the carrying value of the additional interest acquired has been recognized within equity as a reserve arising from acquisition of non-controlling interests.

Following is a schedule of additional interest acquired in Aramex Tanzania Ltd. - Tanzania:

	AED'000
Waiver of debt to acquire additional non-controlling interests	1,017
Less: carrying value of the additional interest in Aramex Tanzania Ltd	(488)
Difference recognized as a reserve from acquisition of non-controlling interests	1,505

2. Acquisition of additional interest in Tal Saudi Arabia for Commerce and Contracts Co. Ltd
In December 2018, the Group acquired an additional interest of the voting shares of Tal Saudi Arabia located in KSA. The Company's operations were already controlled by the Group. A consideration of AED 244,796 thousand payable in 2019, and, the amount due from the shareholder of AED 49,012 thousand was settled against the additional shares acquired. The carrying value of the additional interest acquired was at a balance of AED 14,152 thousand. The difference of AED 279,656 thousand between the consideration given and the carrying value of the additional interest acquired has been recognized within equity as a reserve arising from acquisition of non-controlling interests.

Following is a schedule of additional interest acquired in Tal Saudi Arabia for Commerce and Contracts Co. Ltd:

	AED'000
Consideration payable to non-controlling shareholders	244,796
Settlement of debt to acquire additional non-controlling interests	49,012
Less: carrying value of the additional interest in Tal Saudi Arabia for Commerce and Contracts Co. Ltd	14,152
Difference recognized as a reserve from acquisition of non-controlling interests	279,656

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2018

3. ACQUISITION OF NON-CONTROLLING INTERESTS (continued)

2017

1. Acquisition of additional interest in Aramex International for Services Co. Ltd. - Sudan

In February 2017, the Group acquired an additional 20% interest of the voting shares of Aramex International for Services Co. Ltd. – located in Sudan, increasing its ownership interest to 100%. Cash consideration of AED 4,333 thousand was paid to the non-controlling shareholders. The carrying value of the net assets of Aramex International for Services Co. Ltd. at the acquisition date was AED 3,041 thousand, and the carrying value of the additional interest acquired was AED 608 thousand. The difference of AED 3,725 thousand between the consideration paid and the carrying value of the additional interest acquired has been recognized within equity as a reserve arising from acquisition of non-controlling interests.

Following is a schedule of additional interest acquired in Aramex International for Services Co. Ltd. - Sudan:

	AED'000
Cash consideration paid to non-controlling shareholders	4,333
Less: Carrying value of the additional interest in Aramex International Ltd.	608
Difference recognized as a reserve from acquisition of non-controlling interest	3,725

2. Acquisition of additional interest in CBKSoft Yazlm – Turkey

In September 2017, the Group acquired an additional 13% interest of the voting shares of CBKSoft Yazlm, increasing its ownership interest to 64%. Cash consideration of AED 5,040 thousand was paid to the non-controlling shareholders. The carrying value of the net assets of CBKSoft Yazlm at the acquisition date was AED 4,235 thousand, and the carrying value of the additional interest acquired was AED 550 thousand. The difference of AED 4,490 thousand between the consideration paid and the carrying value of the additional interest acquired has been recognized within equity as a reserve arising from acquisition of non-controlling interests.

Following is a schedule of additional interest acquired in Aramex CBKSoft Yazlm – Turkey:

	AED'000
Cash consideration paid to non-controlling shareholders	5,040
Less: Carrying value of the additional interest in CBKSoft Yazlm	550
Difference recognized as a reserve from acquisition of non-controlling interest	4,490

3. Acquisition of additional interest in Aramex Tanzania Ltd. – Tanzania

In August 2017, the Group acquired an additional 18% interest of the voting shares of Aramex Tanzania Ltd., increasing its ownership interest to 83%. Upon mutual agreement, no cash consideration was paid, instead, the amount due from the shareholder of AED 1,658 thousand was waived against the additional shares acquired. The carrying value of the net assets of Aramex Tanzania Ltd. at the acquisition date was at a negative balance of AED 3,747 thousand, and the carrying value of the additional interest acquired was at a negative balance of AED 674 thousand. The difference of AED 2,332 thousand between the consideration given and the carrying value of the additional interest acquired has been recognized within equity as a reserve arising from acquisition of non-controlling interests.

Following is a schedule of additional interest acquired in Aramex Tanzania Ltd – Tanzania:

	AED'000
Waiver of debt to acquire additional non-controlling interests	1,658
Less: Carrying value of the additional interest in Aramex Tanzania Ltd.	(674)
Difference recognized as a reserve from acquisition of non-controlling interests	2,332

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2018

4. PROPERTY, PLANT AND EQUIPMENT

2018	Land AED'000	Leasehold improvements AED'000	Buildings AED'000	Furniture And fixtures AED'000	Warehousing racks AED'000	Office equipment AED'000	Computers AED'000	Vehicles AED'000	Capital work in progress AED'000	Total AED'000
Cost:										
At 1 January 2018	87,804	100,458	534,311	43,093	82,590	179,355	222,610	127,307	48,563	1,426,091
Additions	-	11,584	959	4,926	8,704	22,277	46,463	43,255	33,264	171,432
Transfers	-	421	2,819	12	728	12,190	23,910	-	(40,080)	-
Disposal	-	(6,216)	(387)	(2,731)	(162)	(3,029)	(5,340)	(23,405)	-	(41,270)
Discontinued operations										
(note 8)	-	(85)	-	(136)	-	(101)	(105)	(274)	-	(701)
Exchange differences	(2,204)	(2,419)	(6,581)	(1,138)	(1,006)	(4,132)	(4,913)	(5,218)	-	(27,611)
At 31 December 2018	**85,600**	**103,743**	**531,121**	**44,026**	**90,854**	**206,560**	**282,625**	**141,665**	**41,747**	**1,527,941**
Depreciation:										
At 1 January 2018	-	55,050	91,261	24,867	32,305	100,593	125,844	84,538	-	514,458
Charge for the year	-	11,118	17,518	4,554	5,708	18,586	31,968	26,853	-	116,305
Disposals	-	(5,437)	(15)	(2,311)	(116)	(2,647)	(5,121)	(22,463)	-	(38,110)
Discontinued operations										
(note 8)	-	(30)	-	(48)	-	(37)	(53)	(146)	-	(314)
Exchange differences	-	(1,593)	(1,396)	(792)	(365)	(2,731)	(3,613)	(3,623)	-	(14,113)
At 31 December 2018	**-**	**59,108**	**107,368**	**26,270**	**37,532**	**113,764**	**149,025**	**85,159**	**-**	**578,226**
Net carrying amount:										
At 31 December 2018	**85,600**	**44,635**	**423,753**	**17,756**	**53,322**	**92,796**	**133,600**	**56,506**	**41,747**	**949,715**

Property, plant and equipment include vehicles with a net book value of AED 33.20 million (2017: AED 18.26 million) have been obtained under finance leases (note 19).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2018

4. PROPERTY, PLANT AND EQUIPMENT

2017	Land AED'000	Leasehold improvements AED'000	Buildings AED'000	Furniture And fixtures AED'000	Warehousing racks AED'000	Office equipment AED'000	Computers AED'000	Vehicles AED'000	Capital work in progress AED'000	Total AED'000
Cost:										
At 1 January 2017	74,759	89,980	517,544	40,119	74,270	154,067	171,276	131,878	36,514	1,290,407
Additions	9,801	20,280	9,691	5,485	7,708	25,930	47,362	20,246	22,599	169,102
Transfers	-	-	-	-	-	2,012	8,111	-	(10,123)	-
Reclassification	-	-	-	(53)	-	53	-	-	-	-
Disposals	-	(11,807)	-	(3,082)	(421)	(5,806)	(8,130)	(26,581)	(427)	(56,254)
Exchange differences	3,244	2,005	7,076	624	1,033	3,099	3,991	1,764	-	22,836
At 31 December 2017	**87,804**	**100,458**	**534,311**	**43,093**	**82,590**	**179,355**	**222,610**	**127,307**	**48,563**	**1,426,091**
Depreciation:										
At 1 January 2017	-	52,763	72,235	22,349	26,861	85,662	107,398	82,867	-	450,135
Charge for the year	-	10,069	17,665	4,373	5,239	17,410	24,065	25,407	-	104,228
Disposals	-	(9,064)	-	(2,374)	(309)	(4,406)	(7,908)	(25,736)	-	(49,797)
Exchange differences	-	1,282	1,361	519	514	1,927	2,289	2,000	-	9,892
At 31 December 2017	-	55,050	91,261	24,867	32,305	100,593	125,844	84,538	-	514,458
Net carrying amount:										
At 31 December 2017	**87,804**	**45,408**	**443,050**	**18,226**	**50,285**	**78,762**	**96,766**	**42,769**	**48,563**	**911,633**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
At 31 December 2018

5. GOODWILL

	2018 AED'000	2017 AED'000
At 1 January	**1,164,088**	1,139,063
Impairment of goodwill	**-**	(1,844)
Exchange differences	**(39,393)**	26,869
At 31 December	**1,124,695**	1,164,088

The Group performed its annual impairment test on 31 December 2017 and 2018. The Group considers the relationship between its market capitalization and its book value among other factors, when reviewing for indicators of impairment. As at 31 December 2018, the market capitalization of the Group was above the book value of its equity. The recoverable amounts of the cash generating units have been determined based on a value in use calculation using cash flow projections from financial budgets approved by senior management covering a five year period.

The goodwill was allocated to the following groups of cash generating units:

	2018 AED'000	2017 AED'000
Express shipping	**268,189**	277,127
Freight forwarding	**166,891**	172,452
Domestic shipping	**487,624**	506,491
Logistics	**74,434**	76,915
Documents storage	**118,370**	121,916
Publication and distribution	**9,187**	9,187
	1,124,695	1,164,088

Key assumptions used in value-in-use calculations and sensitivity to changes in assumptions
The calculation of the value-in-use is most sensitive to the following assumptions:

Transaction volumes – these are based on budgeted performance of individual cash generating units.

Discount rates – Discount rates represent the current market assessment of the risks specific to each cash generating unit, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Group and its operating segments and is derived from its weighted average cost of capital (WACC) for the industry which ranges between 7.1% to 9.1% (2017: ranges between 7.6% to 9.6%). The WACC takes into account both debt and equity. The cost of equity is derived from the expected return on investment by the Group's investors. The cost of debt is based on the interest-bearing borrowings the Group is obliged to service. Segment-specific risk is incorporated by applying individual beta factors. The beta factors are evaluated annually based on publicly available market data. Adjustments to the discount rate are made to factor in the specific amount and timing of the future tax flows in order to reflect a pre-tax discount rate.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2018

5. GOODWILL (continued)

Growth rate estimates – Growth rate used of 3.8% (2017: 3.8%) is based on actual operating results and future expected performance.

Sensitivity to changes in assumptions
Management believes that no reasonably possible change in any of the above key assumptions would cause the carrying value of the unit to materially exceed its recoverable amount.

6. OTHER INTANGIBLE ASSETS

Intangible assets with definite life:

Cost:	Customer lists and other intangible assets with definite useful life AED'000	Franchises with indefinite useful life* AED'000	Total 2018 AED'000	Total 2017 AED'000
At 1 January	67,459	191,153	258,612	254,235
Exchange differences	-	(10,389)	(10,389)	4,377
At 31 December	**67,459**	**180,764**	**248,223**	258,612
Amortization and impairment:				
At 1 January	(32,358)	-	(32,358)	(27,677)
Amortization	(4,672)	-	(4,672)	(4,681)
At 31 December	**(37,030)**	**-**	**(37,030)**	(32,358)
Net book value:				
At 31 December	**30,429**	**180,764**	**211,193**	226,254

* Intangible assets acquired through a business combination are mainly franchises. These assets have indefinite useful lives and are tested for impairment annually.

Key assumptions used in value-in-use calculations and sensitivity to changes in assumptions
The calculation of the value-in-use is most sensitive to the following assumptions:

Transaction volumes – these are based on budgeted performance of individual cash generating units.

Discount rates – Discount rates represent the current market assessment of the risks specific to each cash generating unit, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Group and its operating segments and is derived from its weighted average cost of capital (WACC) for the industry of 9.4% – 9.5% (2017: 9.3%). The WACC takes into account both debt and equity. The cost of equity is derived from the expected return on investment by the Group's investors. The cost of debt is based on the interest-bearing borrowings the Group is obliged to service. Segment-specific risk is incorporated by applying individual beta factors. The beta factors are evaluated annually based on publicly available market data. Adjustments to the discount rate are made to factor in the specific amount and timing of the future tax flows in order to reflect a pre-tax discount rate.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2018

6. OTHER INTANGIBLE ASSETS (continued)

Growth rate estimates – Growth rate used of 2.5% - 2.6% (2017: 2.5%) is based on actual operating results and future expected performance.

Sensitivity to changes in assumptions

Management believes that no reasonably possible change in any of the above key assumptions would cause the carrying value of the unit to materially exceed its recoverable amount.

7. MATERIAL PARTLY – OWNED SUBSIDIARIES

Financial information of the subsidiary that have material non-controlling interests are provided below:

Proportion of equity interest held by non-controlling interests:

	2018 **%**	2017 %
	-	50%
	2018 AED'000	2017 AED'000
Accumulated balances of material non-controlling interest:	-	8,769
Profit allocated to material non-controlling interest:	-	15,565

The summarised financial information of this subsidiary are provided below. This information is based on amounts before intra-group eliminations.

Summarised income statements for 2018 and 2017:

	2018 **AED'000**	2017 AED'000
Revenue	-	625,702
Cost of sales	-	(307,200)
Administrative, selling and operating expenses	-	(273,938)
Other expenses	-	(12,164)
Profit before tax	-	32,400
Income tax	-	(1,269)
Profit for the year	-	31,131
Total comprehensive income	-	31,131
Attributable to non-controlling interests	-	15,565
Dividends paid to non-controlling interests	-	5,033

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2018

7. MATERIAL PARTLY – OWNED SUBSIDIARIES (continued)

Summarised statements of financial position as at 31 December 2018 and 2017:

	2018 AED'000	2017 AED'000
Cash and bank balances	-	87,671
Property, plant and equipment	-	46,427
Other current assets	-	168,928
Non- current assets	-	153
Trade and other payable (current)	-	(222,389)
Interest-bearing loans and borrowing and deferred tax	-	(17,987)
Liabilities (non-current)	-	(45,264)
Total Equity	-	17,539
Attributable to:		
Equity holders of parent	-	8,769
Non-controlling interests	-	8,769

Summarised cash flow information for the year ended 31 December:

	2018 AED'000	2017 AED'000
Operating	-	25,073
Investing	-	(6,074)
Financing	-	(21,829)
Net decrease in cash and cash equivalents	-	(2,830)

8. DISCONTINUED OPERATION

Disposal of Aramex Botswana Limited

On 1 February 2018, the Group disposed of 100% of its interest in Aramex Botswana Limited. The cash outflows generated from the sale of the discontinued operation during 2018 have been presented in the consolidated statement of cash flows as part of the investing activities.

Aramex Botswana Limited segment is no longer presented in the segment note.

The results of Aramex Botswana Limited for the period are as follows:

	2018 AED '000 Up to date of disposal	2017 AED'000
Rendering of services	**145**	1,009
Cost of services	**(103)**	(419)
Gross profit	**42**	590
Less: overheads	**(138)**	(1,214)
Operating loss	**(96)**	(624)
Add: other income	**992**	194
Less: expenses	**(85)**	(118)
Profit (loss) before tax	**811**	(548)
Income tax expense	**-**	-
Net profit (loss)	**811**	(548)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2018

8. DISCONTINUED OPERATION (continued)

The major classes of assets and liabilities of Aramex Botswana Limited as at 1 February 2018 are as follows:

	2018 AED '000	2017 AED'000
Assets		
Property, plant and equipment	**387**	387
Trade receivables	**194**	56
Other current assets	**210**	307
Cash and cash equivalent	**235**	169
	1,026	919
Liabilities		
Trade payables	**221**	13
Other current liabilities	**375**	227
Other non-current liabilities	**321**	679
	917	919
Net assets directly associated with the disposal group	**109**	
Cash flow on sale:		
Consideration received	**-**	
Cash included as cash and cash equivalents at 1 February 2018 in the statement of cash flows	**(235)**	
Net cash outflow	**(235)**	

The major classes of assets and liabilities of Aramex Botswana Limited as at 1 February 2018 are as follows:

	2018 AED '000	2017 AED'000
Operating	**32**	(373)
Investing	**(1)**	353
Net cash inflow (outflow)	**31**	**(20)**
Loss on disposal of discontinued operation:	**AED '000**	
Consideration received	-	
Net assets directly associated with disposal group	**(109)**	
	109	

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
At 31 December 2018

9. INVESTMENTS IN JOINT VENTURES

The details of the investments in joint ventures are as follows:

	Ownership percentage 2018 %	Ownership percentage 2017 %	Country of incorporation	Nature of activity	Book value 2018 AED'000	Book value 2017 AED'000
Aramex Sinotrans Co. LTD	50%	50%	China	Express, freight and logistics services	**11,453**	5,563
Aramex Global Solutions*	-	60%	Singapore	Express, freight and Domestic services	**-**	125,982
Others					**-**	2,854
					11,453	134,399

* During 2018, the Group disposed of its 60% interest in Aramex Global Solutions for a consideration of AED 73,452 thousand accordingly, a loss amounting to AED 45,665 thousand was recognized on the Group's consolidated income statement. (Note 30)

The joint ventures are accounted for using the equity method in the consolidated financial statements.

Summarized financial information of the joint ventures, based on their IFRS financial statements, are set out below:

	2018			
	Aramex Sinotrans Co. LTD AED'000	Aramex Global Solutions AED'000	Others AED'000	Total AED'000
Non-current assets	**2,027**	**-**	**40,470**	**42,497**
Current assets*	**64,404**	**-**	**16,606**	**81,010**
Non-current liabilities	**-**	**-**	**(49,885)**	**(49,885)**
Current liabilities**	**(43,525)**	**-**	**(7,191)**	**(50,716)**
Equity	**22,906**	**-**	**-**	**22,906**
Proportion of the Group's ownership	**50%**	-		
Carrying amount of the investment	**11,453**	**-**	**-**	**11,453**

* The current assets of Aramex Sinotrans Co. Ltd include cash at banks amounted to AED 12.63 million, accounts receivable amounted to AED 47.33 million and other current assets amounted to AED 4.44 million.

** The current liabilities of Aramex Sinotrans Co. Ltd include, accruals amounted to AED 23.23 million, trade payables amounted to AED 17.6 million, other current liabilities amounted to AED 1.39 million and tax provisions amounted to AED 1.3 million.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
At 31 December 2018

9. INVESTMENTS IN JOINT VENTURES (continued)

	2017			
	Aramex Sinotrans Co. LTD AED'000	Aramex Global Solutions AED'000	Others AED'000	Total AED'000
Non-current assets	1,454	177,554	43,193	222,201
Current assets	29,122	99,680	19,889	148,691
Non-current liabilities	-	-	(47,556)	(47,556)
Current liabilities	(19,449)	(67,264)	(12,672)	(99,385)
Equity	11,127	209,970	2,854	223,951
Proportion of the Group's ownership	50%	60%		
Carrying amount of the investment	5,563	125,982	2,854	134,399

Summarized statement of profit or loss of the joint ventures:

	2018			
	Aramex Sinotrans Co. LTD AED'000	Aramex Global Solutions AED'000	Others AED'000	Total AED'000
Revenue	**173,540**	**339,576**	**21,889**	**535,005**
Cost of sale	**(133,226)**	**(316,865)**	**(8,698)**	**(458,789)**
Administrative expenses	**(26,027)**	**(27,923)**	**(12,849)**	**(66,799)**
Other income or expense	**(531)**	**2,862**	**(1,296)**	**1,035**
Profit (loss) before tax	**13,756**	**(2,350)**	**(954)**	**10,452**
Income tax expense	**(1,298)**	**(3,405)**	**-**	**(4,703)**
Profit (loss) for the year	**12,458**	**(5,755)**	**(954)**	**5,749**
Group's share of profit (loss) for the year	**6,229**	**(3,453)**	**(776)**	**2,000**

	2017			
	Aramex Sinotrans Co. LTD AED'000	Aramex Global Solutions AED'000	Others AED'000	Total AED'000
Revenue	88,938	265,789	18,355	373,082
Cost of sale	(66,978)	(248,175)	(5,921)	(321,074)
Administrative expenses	(19,729)	(19,393)	(16,454)	(55,576)
Profit (loss) before tax	2,231	(1,779)	(4,020)	(3,568)
Income tax expense	-	(3,521)	(121)	(3,642)
Profit (loss) for the year	2,231	(5,300)	(4,141)	(7,210)
Group's share of profit (loss) for the year	1,116	(3,180)	(2,450)	(4,514)

The joint ventures had no contingent liabilities or capital commitments as at 31 December 2018 and 2017.

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At 31 December 2018

10. INVESTMENTS IN ASSOCIATES

The details of the investments in associates were as follows:

	Ownership percentage 2018 %	Ownership percentage 2017 %	Country of incorporation	Nature of activity	Book value 2018 AED'000	Book value 2017 AED'000
Linehaul Express						
Australia Pty Ltd	**26.4%**	26.4%	Australia	Domestic services	**216**	235
WS One Investment LLC	**25%**	25%	UAE	Express services	**10,715**	9,044
Aramex Thailand Ltd	**49%**	49%	Thailand	Logistics and transportation	**472**	443
					11,403	9,722

The associates are accounted for using the equity method in the consolidated financial statements. The following table illustrates the summarized financial information of the Group's investments in associates:

	2018				
	Canterbury Courier Operations Ltd AED'000	Linehaul Express Australia PTY Ltd AED'000	WS One Investment LLC AED'000	Aramex Thailand Ltd AED'000	Total AED'000
Non-current assets	-	**5,847**	**20,868**	**1,371**	**28,086**
Current assets	-	**46**	**25,397**	**204**	**25,647**
Non-current liabilities	-	**(5,073)**	**(3,337)**	**(610)**	**(9,020)**
Current liabilities	-	-	**(70)**	**(1)**	**(71)**
Equity	-	**820**	**42,858**	**964**	**44,642**
Proportion of the Group's ownership	-	**26.4%**	**25%**	**49%**	
Group's share	-	**216**	**10,715**	**472**	**11,403**
Carrying amount of the investment	-	**216**	**10,715**	**472**	**11,403**

	2017				
	Canterbury Courier Operations Ltd AED'000	Linehaul Express Australia PTY Ltd AED'000	WS One Investment LLC AED'000	Aramex Thailand Ltd AED'000	Total AED'000
Non-current assets	-	58	43,801	289	44,148
Current assets	5,847	5,720	8,621	1,508	21,696
Non-current liabilities	-	-	-	(1)	(1)
Current liabilities	(5,847)	(4,890)	(16,244)	(892)	(27,873)
Equity	-	888	36,178	904	37,970
Proportion of the Group's ownership	25%	26.4%	25%	49%	
Group's share	-	235	9,044	443	9,722
Carrying amount of the investment	-	235	9,044	443	9,722

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
At 31 December 2018

10. INVESTMENTS IN ASSOCIATES (continued)

	2018				
	Canterbury Courier Operations Ltd AED'000	**Linehaul Express Australia PTY Ltd AED'000**	**WS One Investment LLC AED'000**	**Aramex Thailand Ltd AED'000**	**Total AED'000**
Revenue	**-**	**28,887**	**36,704**	**4,609**	**70,200**
Cost of sale	**-**	**(28,485)**	**(20,711)**	**(2,743)**	**(51,939)**
Administrative expenses	**-**	**(386)**	**(6,819)**	**(2,812)**	**(10,017)**
Profit (loss) before tax	**-**	**16**	**9,174**	**(946)**	**8,244**
Income tax benefit	**-**	**-**	**-**	**248**	**248**
Profit (loss) for the year	**-**	**16**	**9,174**	**(698)**	**8,492**
Group's share of profit (loss) for the year	**-**	**4**	**2,294**	**(342)**	**1,956**

	2017				
	Canterbury Courier Operations Ltd AED'000	Linehaul Express Australia PTY Ltd AED'000	WS One Investment LLC AED'000	Aramex Thailand Ltd AED'000	Total AED'000
Revenue	-	27,367	42,789	4,656	74,812
Cost of sale	-	(26,916)	(27,691)	(2,442)	(57,049)
Administrative expenses	(603)	(373)	(13,280)	(2,795)	(17,051)
(Loss) profit before tax	(603)	78	1,818	(581)	712
Income tax expense	-	-	-	-	-
(Loss) profit for the year	(603)	78	1,818	(581)	712
Group's share of (loss) profit for the year	(150)	21	454	(284)	41

The associates had no contingent liabilities or capital commitments as at 31 December 2018 and 2017.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2018

11. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Unquoted financial assets	Ownership percentage 2018 %	Ownership percentage 2017 %	Country of incorporation	Nature of activity	Fair value 2018 AED'000	Fair value 2017 AED'000
Udaan Logisure Private Ltd	**5.88**	5.88	India	Local delivery solutions	**1,844**	1,844
Return Hound Ltd	**20**	20	British Virgin Islands	Lost luggage retrieval business		1,102
Shippify Inc	**10.70**	10.70	USA	Food delivery	**1,102**	1,102
Grab a Grub Services Pvt Ltd	**24.53**	24.53	India	B2B logistics provider	**12,805**	11,155
What 3 Words Ltd	**3.29**	3.29	UK	Global addressing systems	**15,241**	10,804
Jamalon Inc.	**8.49**	8.49	British Virgin Islands	Online book retail	**8,253**	3,673
Cash Basha	**20**	20	British Virgin Islands	Online shopping platform	**551**	551
Flirtey Tech Pty Ltd.	**1**	1	USA	Drone Technology	**74**	78
Tu Share Pty Ltd	**4.21**	4.21	Australia	Courier service provider to small businesses	**6,611**	1,457
Mawarid Technology LLC	**1.56**	1.56	UAE	Technology Solutions	**7,306**	10,000
					53,787	**41,766**

For equity instruments at fair value through OCI, Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
At 31 December 2018

12. INCOME TAX

The major components of income tax expense for the years ended 31 December 2018 and 2017 are:

Consolidated income statement

Consolidated income statement	2018 AED'000	2017 AED'000
Current income tax expense	**103,510**	81,616
Deferred tax	**(5,321)**	(3,532)
Foreign exchange	**2,204**	3,267
Income tax expense reported in the consolidated income statement	**100,393**	81,351

Deferred tax relates to the following:	2018 AED'000	2017 AED'000
Provision for expected credit losses	**3,661**	2,187
Impact of adoption of IFRS 9	**(7)**	-
Provision for expected credit losses (restated)	**3,654**	2,187
Depreciation	**(8,141)**	(6,617)
Employees' end of service benefits	**4,738**	2,656
Net operating losses carried forward	**1,903**	3,272
Franchises with indefinite useful life	**(52,058)**	(56,110)
Others	**4,929**	4,323
	(44,975)	(50,289)
Recognised as follows:		
As deferred tax assets	**6,323**	3,267
As deferred tax liabilities	**(51,298)**	(53,556)
	(44,975)	(50,289)

Reconciliation of deferred tax liability, net:	2018 AED'000	2017 AED'000
As of 1 January	**(50,289)**	(53,821)
Impact of adoption of IFRS 9	**(7)**	-
As of 1 January (restated)	**(50,296)**	(53,821)
Deferred tax assets	**3,117**	265
Foreign exchange	**2,204**	3,267
As of 31 December	**(44,975)**	(50,289)

Reconciliation between accounting profit and taxable profit:	2018 AED'000	2017 AED'000
Accounting profit before income tax	**624,384**	537,280
Non-deductible expenses	**48,547**	44,174
Taxable profit	**672,931**	581,454
Income tax expense reported in the consolidated income statement	**100,393**	81,351
Effective income tax rate	**16.08%**	15.14%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2018

12. INCOME TAX (continued)

Movements on income tax provision were as follows:

Movements on income tax provision were as follows:	2018 AED'000	2017 AED'000
At 1 January	**58,834**	44,929
Income tax expense for the year	**103,510**	81,616
Income tax paid	**(92,922)**	(71,958)
Foreign exchange	**(3,097)**	4,247
At 31 December	**66,325**	58,834

In some countries, the tax returns for certain years have not yet been reviewed by the tax authorities. In certain tax jurisdictions, the Group has provided for its tax exposures based on the current interpretation and enforcement of the tax legislation in the jurisdiction. However, the Group's management is satisfied that adequate provisions have been made for potential tax contingencies.

Aramex PJSC is registered in the United Arab Emirates of where there is no corporate income taxation. Income tax appearing in the consolidated statement of financial position represents the income tax provision of Group's subsidiaries as of 31 December.

13. ACCOUNTS RECEIVABLE

Movements on income tax provision were as follows:	2018 AED'000	2017 AED'000
Trade receivables	**1,225,875**	997,429
Less: allowance for expected credit losses	**(85,211)**	(63,263)
	1,140,664	934,166
Geographic concentration of trade receivables as of 31 December is as follows:	**2018 %**	**2018 %**
- Middle East and Africa	**65**	59
- Europe	**7**	10
- North America	**3**	4
- Asia and others	**25**	27

Geographic concentration of trade receivables as of 31 December is as follows:

Movements on income tax provision were as follows:	2018 AED'000	2017 AED'000
At 1 January	**63,263**	58,908
Impact of adoption of IFRS 9	**948**	-
At 1 January (restated)	**64,211**	58,908
Charge for the year	**27,362**	9,497
Unused amounts reversed	**(405)**	(1,384)
Amounts written-off	**(3,115)**	(4,829)
Foreign exchange	**(2,842)**	1,071
At 31 December	**85,211**	63,263

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
At 31 December 2018

13. ACCOUNTS RECEIVABLE (continued)

As at 31 December, the ageing analysis of unimpaired trade receivables was as follows:

		Past due but not impaired				
	Total AED'000	0-90 days AED'000	91-180 days AED'000	181-270 days AED'000	271-365 days AED'000	More than 1 year AED'000
2018						
Expected credit loss rate	7%	2%	12%	45%	69%	79%
Gross Receivables	**1,225,875**	**1,070,829**	**75,412**	**20,491**	**22,350**	**36,793**
Expected credit loss	**85,211**	**22,239**	**9,108**	**9,306**	**15,335**	**29,223**
Carrying amount at default	**1,140,664**	**1,048,590**	**66,304**	**11,185**	**7,015**	**7,570**
2017						
Expected credit loss rate	6%	0%	37%	40%	40%	100%
Gross Receivables	997,429	886,165	54,790	11,009	11,752	33,713
Expected credit loss	63,263	-	20,445	4,404	4,701	33,713
Carrying amount at default	934,166	886,165	34,345	6,605	7,051	-

Management determines the expected credit loss on customers' balances and builds up a provision based on different factors including analysis of customer or group of customers that have similar risk characteristics.

See Note 35 on credit risk of trade receivables, which explains how the Group manages and measures credit quality of trade receivables that are neither past due nor impaired.

14. OTHER CURRENT ASSETS

	2018 AED'000	2017 AED'000
Prepaid expenses	**61,505**	71,222
Advances and other receivables	**291,007**	178,320
	352,512	249,542

15. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise of the following:

	2018 AED'000	2017 AED'000
Cash and short term deposits	**836,659**	727,649
Less: cash margin	**(6,241)**	(5,610)
Less: bank overdrafts (note 22)	**(120,463)**	(97,602)
	709,955	624,437

Included in cash and short term deposits are amounts totaling AED 452,971 thousand (31 December 2017: AED 454,429 thousand) of cash held at foreign banks abroad and amounts totaling approximately AED 186,306 thousand (2017: AED 89,588 thousand) of cash on delivery collected by the Group on behalf of customers, the same balance was recorded as trade payable and other current liabilities on the consolidated statement of financial position.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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16. SHARE CAPITAL

	2018 AED'000	2017 AED'000
Authorised, issued and paid up 1,464,100,000 ordinary shares of AED 1 each (2017: 1,464,100,000 ordinary shares of AED 1 each)	**1,464,100**	1,464,100

17. RESERVES

Statutory reserve
In accordance with the Company's Articles of Association and the UAE Federal Law No. (2) of 2015, 10% of the net profit for each year is required to be transferred to a statutory reserve. Such transfers may be ceased when the statutory reserve equals half of the paid-up share capital of the applicable entities. This reserve is non-distributable except in certain circumstances. The consolidated statutory reserve reflects transfers made post-acquisition for subsidiary companies together with transfers made by the parent company. It does not, however, reflect the additional transfers to the consolidated statutory reserves which would be made if the retained post-acquisition profits of the subsidiaries were distributed to the Parent Company.

Foreign currency translation reserve
The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries.

Reserve arising from acquisition of non-controlling interests
The reserve represents the difference between the consideration paid to acquire non-controlling interests and the carrying amount of those interests at the date of acquisition.

Fair value reserve of financial assets at fair value through other comprehensive income
The fair value reserve of financial assets at fair value though other comprehensive income is used to record the differences arising from the fair valuation of the Group's financial assets at fair value through other comprehensive income.

18. RETAINED EARNINGS

Dividends
The General Assembly approved in its meeting held on 8 April 2018 a cash dividend for 2017 of 16.3% of the Company's share capital.

The General Assembly approved in its meeting held on 21 March 2017 a cash dividend for 2016 of 16% of the Company's share capital.

Directors' fees paid
Directors' fees of AED 3.98 million representing remuneration for attending meetings and compensation for professional services rendered by the Directors for the year 2017 were paid in 2018 (2017: AED 3.63 million representing remuneration for attending meetings and compensation for professional services rendered by the Directors for the year 2016 were paid in 2017).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2018

19. LOANS AND BORROWINGS

	2018 AED'000	2017 AED'000
Non-current		
Term loan (a)	**199,944**	285,063
Notes payable	**878**	1,497
Finance lease obligations (b)	**17,996**	6,771
	218,818	293,331
	2018 AED'000	2017 AED'000
Current		
Term loan (a)	**299,693**	205,616
Notes payable	**2,504**	2,199
Finance lease obligations (b)	**16,070**	12,425
	318,267	220,240

(a) Term Loans

HSBC loan (1)

During 2016, the Group entered into a 5 year term loan agreement with HSBC Bank Australia for a total amount of AED 108 million (AUD 39.6 million) bearing annual interest rate of AUD (BBSY) plus a margin of 1.5%. The term loan is repayable in 20 consecutive quarterly instalments; the first instalment was due on 30 June 2016. The purpose of this facility is to finance new acquisitions.

HSBC loan (2)

During 2016, the Group entered into a 5 year term loan agreement with HSBC Bank New Zealand for a total amount of AED 115 million (NZD 44.2 million) bearing annual interest rate of NZD (BKBM) plus a margin of 1.5%. The term loan is repayable in 20 consecutive quarterly instalments; the first instalment was due on 30 June 2016. The purpose of this facility is to finance new acquisitions.

There were several financial covenants attached to the interest-bearing loans and borrowings. There have been no breaches of the financial covenants of any interest-bearing loans and borrowings throughout 2018.

Others

Term loans also include a number of loans obtained by Group's subsidiaries with a balance of AED 277 million to finance their operating activities. Those loans carry interest at commercial rates, are repayable in regular installments and are subject to covenants consistent with the Group's borrowing policies.

The principal instalments payable after 2019 for long-term loans as of 31 December 2018 are as follows:

Year	AED'000
2020	**46,389**
2021	**149,400**
2022 thereafter	**4,155**
	199,944

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
At 31 December 2018

19. LOANS AND BORROWINGS (continued)

(b) Finance lease obligation

Future minimum annual payments under all non-cancellable finance leases together with the present value of the net minimum lease payments are as follows:

	Future minimum lease payments AED'000	Interest AED'000	Present value of minimum lease payments AED'000
2018			
Within one year	18,175	2,105	16,070
After one year but not more than five years	19,143	1,147	17,996
Total	37,318	3,252	34,066
2017 -			
Within one year	13,467	1,042	12,425
After one year but not more than five years	7,101	330	6,771
Total	20,568	1,372	19,196

Finance lease obligations have maturities till 2021. Interest rate on finance lease obligations ranges between 9% - 15% (2017: 2.2% - 8%).

20. EMPLOYEES' END OF SERVICE BENEFITS

Movements on provision for employees' end of service benefits were as follows:

	2018 AED'000	2017 AED'000
Provision as at 1 January	**140,553**	138,797
Provided during the year	**27,624**	24,970
Paid during the year	**(26,658)**	(23,209)
Discontinued operations	**(64)**	-
Exchange differences	**(1,288)**	(5)
Provision as at 31 December	**140,167**	140,553
Actuarial gains and losses	**-**	-
Present value of the defined benefit obligations	**140,167**	140,553

21. ACCOUNTS PAYABLE

Trade payables mainly include payables to third party suppliers against invoices received from them for line haul, freight services, handling and delivery charges.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
At 31 December 2018

22. BANK OVERDRAFTS

The Group maintains overdrafts and lines of credit with various banks. Aramex Tunisia has outstanding overdrafts from Citi Bank of AED 515 thousand as at 31 December 2018 (2017: AED 743 thousand) and with Arab Bank of AED 907 thousand as at 31 December 2018 (2017: 514 thousand).

Aramex Algeria SARL has outstanding overdrafts from Citi Bank of AED 8,351 thousand as at 31 December 2018 (2017: AED 6,452 thousand).

Aramex International LLC has outstanding overdrafts from HSBC of AED 62,434 thousand as at 31 December 2018 (2017: AED 62,434 thousand).

Aramex Special Logistics has outstanding overdraft from Citi Bank of AED 44,452 thousand as at 31 December 2018 (2017: 27,459 thousand).

Aramex Emirates LLC has outstanding overdrafts from Arab Bank of AED 3,804 thousand as at 31 December 2018 (2017: Nil).

23. OTHER CURRENT LIABILITIES

	2018 AED'000	2017 AED'000
Accrued expenses	**401,618**	428,099
Deferred revenue	**37,926**	53,412
Sales tax and other taxes	**44,104**	29,065
Income tax provision (note 12)	**66,325**	58,834
Customers' deposits	**10,402**	19,398
Social security taxes payable	**6,086**	6,998
Claims	**20,178**	57,703
Consideration payable to non-controlling shareholders	**293,808**	-
Others	**206,699**	115,790
	1,087,146	769,299

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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24. EMPLOYEES' BENEFIT LIABILITY

In February 2014, a total of 37,000,000 phantom shares were granted to senior executives under a long term incentive plan. The exercise price of the options of AED 3 was equal to the market price of Aramex shares on the date of grant. The fair value at grant date was estimated using the binomial pricing model, taking into account the terms and conditions upon which the options were granted. The contracted life of each option granted is six years. The awards will be settled in cash.

In 2015, the plan was modified but the number of phantom shares subject to the plan remained the same. The new plan has non-market vesting conditions and variable exercise prices depending on the Group's performance. According to the modified plan, the value of exercise price will be based on achieved certain performance targets for the Group over the remaining three year period of the plan contractual life.

The Group expects that the earnings target will be achieved for the remaining life of the plan and hence each option will have an exercise price of zero.

The following tables list the inputs to the models used for the plan for the year ended 31 December 2018:

	2018
Dividend yield (%)	0
Risk-free interest rate (%)	2.75
Expected life (years)	6
Share price (AED)	4.29

Movements on employees' benefit liability were as follows:

	2018 AED'000	2017 AED'000
At 1 January	29,875	74,988
Employees benefit plan expense for the year	15,803	24,030
Reversal of employees' benefit plan expense	-	(27,950)
Paid during the year	-	(41,193)
At 31 December	45,678	29,875

25. REVENUES

	2018 AED'000	2017 AED'000
International express	2,272,688	2,006,298
Freight forwarding	1,163,756	1,156,684
Domestic express	1,051,319	1,022,191
Logistics	301,801	260,326
Publications and distribution	11,101	9,878
Others*	285,390	265,163
	5,086,055	4,720,540

* Represents revenues from other special services which the Group renders, including airline ticketing and travel, visa services and revenues from document retention business. All related costs are reflected in cost of services.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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26. COST OF SERVICES

	2018 AED'000	2017 AED'000
International express	**795,893**	687,598
Freight forwarding	**869,293**	842,936
Domestic express	**516,696**	520,155
Logistics	**81,424**	66,419
Publications and distribution	**5,718**	5,226
Others	**50,406**	43,091
	2,319,430	2,165,425

27. ADMINISTRATIVE EXPENSES

	2018 AED'000	2017 AED'000
Salaries and benefits	**444,050**	446,374
Rent	**103,307**	106,491
Depreciation	**71,645**	62,161
Communication expenses	**44,718**	42,873
Repairs and maintenance	**48,530**	43,049
Allowance for expected credit losses (note13)	**26,957**	8,113
Printing and stationary	**7,727**	7,124
Entertainment	**9,710**	9,799
Vehicle running expenses	**6,424**	5,407
Insurance and security	**21,136**	27,221
Government fees and taxes	**46,740**	40,866
Corporate social responsibility*	**2,983**	3,666
Sponsorship	**208**	183
Utilities	**15,273**	20,133
Travel expenses	**24,640**	26,685
Professional fees	**31,418**	38,390
Others	**79,777**	83,640
	985,243	972,175

* These amounts are paid to accredited well-known institutions that management has reviewed individually and it is comfortable that they comply with international ethical regulations.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2018

28. OPERATING EXPENSES

	2018 AED'000	2017 AED'000
Salaries and benefits	**574,053**	541,140
Vehicle running and maintenance	**104,246**	90,643
Supplies	**31,997**	27,591
Communication expenses	**8,958**	7,370
Depreciation	**44,660**	42,067
Rent	**71,048**	59,811
Others	**59,887**	54,261
	894,849	822,883

29. OTHER INCOME, NET

	2018 AED'000	2017 AED'000
Exchange gain (loss)	**2,345**	(295)
Loss on sale of property, plant and equipment	**(17)**	(788)
Miscellaneous income	**3,658**	7,625
	5,986	6,542

30. RELATED PARTY TRANSACTIONS

Certain related parties (directors, officers of the Group and companies which they control or over which they exert significant influence) were suppliers of the Company and its subsidiaries in the ordinary course of business. Such transactions were made on substantially the same terms as with unrelated parties.

Transactions with related parties included in the consolidated income statement are as follows:

	Companies controlled by the directors	
	2018 AED'000	2017 AED'000
Rent expense	**1,157**	3,495

Key management compensation

Compensation of the key management personnel, including executive officers, comprises the following:

	2018 AED'000	2017 AED'000
Salaries and other short term benefits	**7,941**	35,946
Board remuneration	**3,980**	3,630
End of service benefits	**1,434**	196
	13,355	39,772

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
At 31 December 2018

30. RELATED PARTY TRANSACTIONS (continued)

Directors fees paid were disclosed in note 18

Employees' benefit plan
Senior executives of the Group were granted phantom shares as detailed in Note 24.

Significant subsidiaries of the Group include:
Aramex Fastway Holdings PTY Ltd.
Aramex Jordan Ltd.
Aramex India Private Limited, India
Aramex International Egypt for Air and Local services (S.A.E), Egypt
Aramex Bahrain S.P.C
Aramex Emirates LLC, UAE
Aramex Ireland Limited
Aramex Nederland B.V.
Aramex South Africa PTY Ltd.
Aramex Hong Kong Limited
Tal Saudi Arabia for Commerce and Contracts Co. Ltd
Aramex International Hava Kargo Ve Kerye Anonim Sirketi

All of the above subsidiaries are 100% owned by the Parent Company

During 2018, the Group disposed of its 60% interest in Aramex Global Solutions for a consideration of AED 73,452 thousand accordingly, a loss amounting to AED 45,665 thousand was recognized on the Group's consolidated income statement. (Note 9)

The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year. The outstanding balances as at 31 December 2018 and 2017, are included in notes 13 and 21:

		Sales to related parties AED'000	Cost from related parties AED'000	Amounts owed by related parties* AED'000	Amounts owed to related parties** AED'000
Associates:					
	2018	**1,127**	**468**	**193**	**-**
	2017	506	947	529	-
Joint ventures in which the					
parent is a venturer:	**2018**	**1,258**	**51,491**	**2,747**	**19,408**
	2017	2,614	26,510	2,824	11,966
Companies controlled by					
directors and shareholders:	**2018**	**143,583**	**-**	**26,744**	**3,053**
	2017	87,073	-	15,576	9,271

* These amounts are classified as trade receivables.
** These amounts are classified as trade payables.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
At 31 December 2018

31. EARNINGS PER SHARE

		31 December 2018	31 December 2017
Profit attributable to shareholders of the Parent (AED'000)			
Profit for the year from continuing operations		**492,148**	435,728
Profit (loss) for the year from discontinued operations		**487**	(329)
		492,635	435,399
Weighted average number of shares during the year (shares)		**1,464 Million**	1,464 million
Basic and diluted earnings per share from continuing operations (AED)		**0.336**	0.297
Basic and diluted earnings per share from discontinued operations (AED)		**0.000**	0.000

32. OPERATING LEASES

Group as lessee
The Group leases land, office space, warehouses and transportation equipments under various operating leases, some of which are renewable annually. Rent expense related to these leases amounted to AED 219.52 million for the year ended 31 December 2018 (2017: AED 207.79 million). The Group believes that most operating leases will be renewed at comparable rates to the expiring leases.

Future minimum rental payables under non-cancellable operating lease as at 31 December are as follows:

	2018 AED'000	2017 AED'000
Within one year	**164,969**	182,149
After one year but not more than five years	**278,258**	603,925
More than five years	**257,528**	7,379
	700,755	793,453

33. SEGMENTAL INFORMATION

For management purposes, the Group is organised into five operating segments:

- International express: includes delivery of small packages across the globe to both, retail and wholesale customers.
- Freight forwarding: includes forwarding of loose or consolidated freight through air, land and ocean transport, warehousing, customer clearance and break-bulk services.
- Domestic express: includes express delivery of small parcels and pick up and deliver shipments within the country.
- Logistics: includes warehousing and its management distribution, supply chain management, inventory management as well as other value-added services.
- Other operations: includes catalogue shipping services, document storage, airline ticketing and travel, visa services, and publication and distribution.

Management monitors the operating results of the operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss.

Transfer prices between operating segments are on an arm's - length basis in a manner similar to transactions with third parties.

The following table presents revenue and profit information regarding the Group's operating segments for the years ended 31 December 2018 and 2017, respectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2018

33. SEGMENTAL INFORMATION (continued)

	International express AED'000	Freight forwarding AED'000	Domestic express AED'000	Logistics AED'000	Others AED'000	Elimination AED'000	Total AED'000
Year ended 31 December 2018							
Revenue							
Third party	**2,272,688**	**1,163,756**	**1,051,319**	**301,801**	**296,491**	**-**	**5,086,055**
Inter-segment	**892,255**	**238,687**	**1,369**	**6,307**	**17,719**	**(1,156,337)**	**-**
Total revenues	**3,164,943**	**1,402,443**	**1,052,688**	**308,108**	**314,210**	**(1,156,337)**	**5,086,055**
Timing of revenue recognition							
Goods transferred at a point in time	**3,164,943**	**1,402,443**	**1,052,688**	**308,108**	**302,591**	**(1,156,337)**	**5,074,436**
Services transferred overtime	**-**	**-**	**-**	**-**	**11,619**	**-**	**11,619**
Total revenues from contracts with customers	**3,164,943**	**1,402,443**	**1,052,688**	**308,108**	**314,210**	**(1,156,337)**	**5,086,055**
Gross profit	**1,476,795**	**294,464**	**534,623**	**220,378**	**240,365**	**-**	**2,766,625**
Year ended 31 December 2017							
Revenue							
Third party	2,006,298	1,156,684	1,022,191	260,326	275,041	-	4,720,540
Inter-segment	801,360	221,087	2,199	7,445	20,469	(1,052,560)	-
Total revenues	2,807,658	1,377,771	1,024,390	267,771	295,510	(1,052,560)	4,720,540
Timing of revenue recognition							
Goods transferred at a point in time	2,807,658	1,377,771	1,024,390	267,771	284,821	(1,052,560)	4,709,851
Services transferred overtime	-	-	-	-	10,689	-	10,689
Total revenues from contracts with customers	2,807,658	1,377,771	1,024,390	267,771	295,510	(1,052,560)	4,720,540
Gross profit	1,318,700	313,748	502,036	193,907	226,724	-	2,555,115

The Group does not segregate assets and liabilities by business segments and, accordingly, such information is not presented.
Transactions between stations are priced at agreed upon rates. All material intra group transactions have been eliminated on consolidation.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
At 31 December 2018

33. SEGMENTAL INFORMATION (continued)

Geographical segments
The business segments are managed on a worldwide basis, but operate in four principal geographical areas, Middle East and Africa, Europe, North America, Asia and others. In presenting information on the geographical segments, segment revenue is based on the geographical location of customers. Segments assets are based on the location of the assets.

Revenues, assets and liabilities by geographical segment are as follows:

	2018 AED'000	2017 AED'000
Revenues		
Middle East and Africa	3,079,972	2,835,745
Europe	578,887	574,753
North America	140,570	134,888
Asia and others	1,286,626	1,175,154
	5,086,055	4,720,540
Assets		
Middle East and Africa	3,376,583	2,973,296
Europe	411,935	409,227
North America	64,185	65,200
Asia and others	851,578	956,403
	4,704,281	4,404,126
Non- current assets*		
Middle East and Africa	924,424	873,743
Europe	59,120	68,610
North America	5,776	2,535
Asia and others	248,231	378,886
	1,237,551	1,323,774
Liabilities		
Middle East and Africa	1,688,909	1,237,517
Europe	89,020	98,702
North America	16,428	19,375
Asia and others	478,118	529,470
	2,272,475	1,885,064

* Non-current assets for this purpose consist of property, plant and equipment, other intangible assets, financial assets at fair value through other comprehensive income and investments in joint ventures and associates. Goodwill is allocated to business segments (note 5).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2018

34. COMMITMENTS AND CONTINGENCIES

Guarantees	2018 AED'000	2017 AED'000
Letters of guarantee	**121,922**	110,797

Capital commitments

As at 31 December 2018, the Group has capital commitments of AED 30.7 million (2017: AED 47 million) towards purchase/ construction of property, plant and equipment.

Legal claims contingency

The Group is a defendant in a number of lawsuits amounting to AED 24,128 thousand representing legal actions and claims related to its ordinary course of business (2017: AED 36,576 thousand). The management and their legal advisors believe that the provision recorded of AED 11,199 thousand as of 31 December 2018 is sufficient to meet the obligations that may arise from the lawsuits (2017: AED 13,168 thousand).

35. RISK MANAGEMENT

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group is exposed to interest rate risk on its interest bearing assets and liabilities (bank deposits, bank overdrafts, notes payable and term loans).

The sensitivity of the consolidated income statement is the effect of the assumed changes in interest rates on the Group's profit for one year, based on the floating rate financial assets and financial liabilities held at 31 December.

The following table demonstrates the sensitivity of the consolidated income statement to reasonably possible changes in interest rates, with all other variables held constant.

	Increase/(decrease) in basic points	Effect on profit before tax AED'000
2018		
Variable rate instruments	**+100**	**(2,669)**
Variable rate instruments	**-100**	**2,669**
2017		
Variable rate instruments	+100	(4,933)
Variable rate instruments	-100	4,933

Credit risk

This is the risk that a counter party will not meet its obligations under a financial instrument or customer contract leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities including deposits with banks and financial institutions. The Group manages credit risk with its customers by establishing credit limits for customers' balances and also disconnects the service for customers exceeding certain limits for a certain period of time. Also, the diversity of the Group's customer base (residential, corporate, government agencies) limits the credit risk. The Group also has a credit department that continuously monitors the credit status of the Group's customers.

The Group also deposits its cash balances with a number of major high rated financial institutions and has a policy of limiting its balances deposited with each institution.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2018

35. RISK MANAGEMENT (continued)

Credit risk (continued)

Trade and other receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the Group's customer base, including the default risk of the industry and country, in which customers operate, has less of an influence on credit risk. The Group earns its revenues from a large number of customers spread across different geographical segments. However, geographically 65% percent of the Group's trade receivables are based in Middle East and Africa.

Management has established a credit policy under which new customers are analysed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. Purchase limits are established for customers, who represent the maximum open amount without requiring approval from senior Group management; these limits are reviewed regularly.

A significant portion of the Group's customers have been transacting with the Group for a number of years, and losses have occurred infrequently. In monitoring customer credit risk, customers are grouped according to their credit characteristics, including whether they are an individual or legal entity, whether they are an agent, wholesaler, retailer or end-user customer, geographic location, industry, aging profile, maturity and existence of previous financial difficulties.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. The collective loss allowance is determined based on historical data of payment statistics for similar financial assets.

At 31 December 2018 the Group had 5 customers (2017: 5 customers) that accounted for approximately 37% (2017: 34%) of all the receivables outstanding.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group currently has sufficient cash on demand to meet expected operational expenses, including the servicing of financial obligations.

Excessive risk concentration

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Group's performance to developments affecting a particular industry.

In order to avoid excessive concentrations of risk, the Group's policies and procedures include specific guidelines to focus on the maintenance of a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
At 31 December 2018

35. RISK MANAGEMENT (continued)

Liquidity risk (continued)

The table below summarises the maturities of the Group's financial liabilities at 31 December, based on contractual undiscounted payments:

Year ended 31 December 2018

	Less than 3 months AED'000	3 to 12 months AED'000	1-2 year AED'000	2-5 years AED'000	5 years AED'000	Total AED'000
Term loans	**148,249**	**163,891**	**54,179**	**153,404**	**1,758**	**521,481**
Notes payable	**741**	**1,961**	**842**	**77**	**-**	**3,621**
Finance lease obligations	**5,237**	**12,938**	**13,484**	**5,659**	**-**	**37,318**
Bank overdraft	**120,986**	**-**	**-**	**-**	**-**	**120,986**
Trade and other payables	**1,274,221**	**-**	**-**	**-**	**-**	**1,274,221**
	1,549,434	**178,790**	**68,505**	**159,140**	**1,758**	**1,957,627**

Year ended 31 December 2017

	Less than 3 months AED'000	3 to 12 months AED'000	1-2 year AED'000	2-5 years AED'000	Total AED'000
Term loans	39,673	179,035	86,963	216,038	521,709
Notes payable	682	1,791	1,539	26	4,038
Finance lease obligations	3,949	9,518	5,867	1,234	20,568
Bank overdraft	98,014	-	-	-	98,014
Trade and other payables	935,361	2,915	-	-	938,276
	1,077,679	193,259	94,369	217,298	1,582,605

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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35. RISK MANAGEMENT (continued)

Currency risk
Foreign currency risk is the risk that the fair value of future cash flows of financial instruments will fluctuate because of changes in foreign currency exchange rates.

The Group is exposed to currency risk mainly on purchases and sales that are denominated in a currency other than the respective functional currencies of the Group entities, primarily the United States Dollar (USD), Euro (EUR), Egyptian Pound (EGP), Sterling (GBP), South African Rand (ZAR), Turkish Lira (TRY) and the Indian Rupee (INR). The currencies in which these transactions are primarily denominated are Euro, USD, ZAR, TRY and GBP. The Parent Company's and a number of other Group entities' functional currencies are either the USD or currencies that are pegged to the USD. As a significant portion of the Group's transactions are denominated in USD, this reduces currency risk. The Group also has currency exposures on intra group transactions in the case of Group entities where the functional currency is not the USD or a currency that is not pegged to the USD. Intra Group transactions are primarily denominated in USD.

Significant portion of the Group's trade payables and all of its foreign currency receivables, denominated in a currency other than the functional currency of the respective Group entities, are subject to risks associated with currency exchange fluctuation. The Group reduces some of this currency exposure by maintaining some of its bank balances in foreign currencies in which some of its trade payables are denominated.

The following table demonstrates the sensitivity to a reasonably possible change in the AED exchange rate, with all other variables held constant, of the Group's profit before tax (due to changes in the fair value of monetary assets and liabilities).

	Changes in currency rate to AED %	Effect on profit before tax AED'000
2018		
EUR	**+10**	**2,083**
INR	**+10**	**(404)**
GBP	**+10**	**380**
EGP	**+10**	**408**
TRY	**+10**	**1,075**
ZAR	**+10**	**(13)**
2017		
EUR	+10	723
INR	+10	310
GBP	+10	(3,748)
EGP	+10	(76)
TRY	+10	570
ZAR	+10	(12)

The effect of decreases in exchange rates are expected to be equal and opposite to the effects of the increases shown.

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35. RISK MANAGEMENT (continued)

Capital management

The Group manages its capital structure and makes adjustments to it in light of changes in business conditions. No changes were made in the objectives, policies or processes during the years ended 31 December 2018 and 31 December 2017. Capital comprises share capital, statutory reserve, reserve arising from acquisition of non-controlling interests and retained earnings, and is measured at AED 2,770,634 thousand as at 31 December 2018 (2017: AED 2,803,010 thousand).

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital, which the Group defines as net operating income divided by total shareholders' equity, excluding non-controlling interests. The Board of Directors also monitors the level of dividends to shareholders.

The Board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position. In the medium to long term, the Group believes that having a debt to equity ratio of up to 50% would still enable the Group to achieve its objective of maintaining a strong capital base.

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements other than the statutory requirements in the jurisdictions where the Group entities are incorporated.

36. FAIR VALUES OF FINANCIAL INSTRUMENTS

Financial instruments comprise financial assets and financial liabilities.

Financial assets consist of cash and bank balances, receivables, financial assets at fair value through other comprehensive income and other current assets. Financial liabilities consist of loans and borrowings, bank overdrafts, trade payables and other current liabilities.

The fair values of financial instruments are not materially different from their carrying values.

37. KEY SOURCES OF ESTIMATION UNCERTAINTY

Provision for expected credit losses of trade receivables

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type and rating, and coverage by letters of credit and other forms of credit insurance).

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

At the statement of financial position date, gross trade accounts receivable were AED 1,225,875 thousand (2017: AED 997,429 thousand) and the provision for expected credit losses was AED 85,211 thousand (2017: AED 63,263 thousand). Any difference between the amounts actually collected in future periods and the amounts expected to be collected will be recognised in the consolidated income statement.

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37. KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

Useful lives of property and equipment
The Group's management determines the estimated useful lives of its property, plant and equipment for calculating depreciation. This estimate is determined after considering the expected usage of the asset or physical wear and tear. Management reviews the residual value and useful lives annually and future depreciation charge would be adjusted where the management believes the useful lives differ from previous estimates.

Goodwill impairment
The impairment test is based on the "value in use" calculation. These calculations have used cash flow projections based on actual operating results and future expected performance. A discount which ranges between 7.1% to 9.1% has been used in discounting the cash flows projected (refer to note 5).

Provision for tax
The Group reviews the provision for tax on a regular basis. In determining the provision for tax, laws of particular jurisdictions (where applicable entity is registered) are taken into account. The management considers the provision for tax to be a reasonable estimate of potential tax liability after considering the applicable laws and past experience.

End of service benefits
In determining the appropriate discount rate, management considers the interest rates of corporate bonds in the respective currency with at least AA rating, with extrapolated maturities corresponding to the expected duration of the defined benefit obligation. The underlying bonds are further reviewed for quality, and those having excessive credit spreads are removed from the population of bonds on which the discount rate is based, on the basis that they do not represent high quality bonds.

The mortality rate is based on publicly available mortality tables for the related countries. Future salary increases are based on expected future inflation rates for the respective country.

Useful lives of intangible assets with finite lives
The Group's management determines the estimated useful lives of its intangible assets with finite lives for calculating amortisation. This estimate is determined after considering the expected pattern of consumption of future economic benefits embodied in the asset. Management reviews the amortisation period and amortisation method for an intangible with a finite life at least each financial year end and future amortisation charges will be adjusted where the management believes the useful lives differ from previous estimates.

Intangible assets with indefinite lives
Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

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