

UNBOXING THE FUTURE

aramex



2022 Aramex Annual Report | EXECUTIVE SUMMARY



# About Our Integrated Report



It is our pleasure to share with you, our stakeholders, the executive summary of the 13th integrated annual report. 2022 marks the 17th year in which we report on our sustainability and corporate activities. Our [extended annual](#) report is the culmination of rigorous monitoring and evaluation of our activities across the entirety of our operations, business units, and sustainability efforts. In line with our vision, we embed integrated thinking into our operations, management, and decision-making across all levels, including our reporting. As such, we aim to create and preserve value while working towards our mission.

Our [extended report](#) covers our financials, operational, and ESG (Environmental, Social, and Governance) activities and progress, along with our Green House Gas (GHG) emissions footprint for 2022 from January 1st to December 31st, it follows our [2021 report](#).

Our annual integrated reports are prepared in accordance with the Global Reporting Initiative Standards in accordance option. Our reporting process and integrated reports are guided by the International Integrated Reporting (IIR) Framework, United Nations Global Compact, SASB, TCFD, and CDP requirements and according to ESG requirements. As well as International financial Reporting standards (IFRS) of the international accounting standards Board (IASB) and in line with the regulatory requirements of the Securities and commodities Authority (SCA) of the United Arab Emirates financial and governance standards. For more information, please refer to our Reporting Approach Section in our 2022 report (pages 112-116).

This executive summary includes pertinent highlights of our 2022 activities.





# GROUP CEO LETTER

## Dear valued stakeholders,

Aramex has been changing the way we move goods globally and domestically for the past 40 years. And this has become more evident in recent years as we continue to play an important role in peoples' and businesses' daily lives. People are depending more heavily on us to purchase all types of goods and products with the increasing expectation of receiving them almost instantaneously. For businesses we are a strategic partner – our business provides their business with growth opportunities. In 2022, we moved products reliably while navigating challenging supply chains and providing a seamless, transparent, and trackable first-to-last experience.

■ **Othman Aljeda**  
Chief Executive Officer

Aramex has been changing the way we move goods globally and domestically for the past 40 years. And this has become more evident in recent years as we continue to play an important role in peoples' and businesses' daily lives. ■

Our success is owed to our laser-sharp focus on customer service excellence. We invested in front and back-end technology to boost our operations and customer interface. We expanded geographically to reach more cities and more remote locations. We automated our operations so that there is a seamless ebb and flow of packages moving from the first to the last mile efficiently and at reduced costs. We also invested in our people by upskilling them and hiring the right talent that can help us deliver on our promise to our customers. We did all that while also delivering value to our shareholders, being an active corporate citizen and further embedding sustainability into our core operations and caring for the health of our planet.

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### Our Forte

Our commitment to our people is the one constant over our 40 years of operations. Since our founding, we knew that the formula to success lies with the people. Innovative ideas, solutions, and good customer service can only come from an energized, connected, and motivated workforce. And that is why we dedicated 2022 to celebrating our accomplishments over the past four decades and building more meaningful ties with our 16,000+ global and diverse workforce. Feeling connected to the Aramex brand and its values is how we build a global company that can better drive our vision – to deliver what our customers value most everywhere, on time, every time. I am very proud to lead a team of passionate, hardworking, and entrepreneurial Aramexians, and I look forward to celebrating more moments – big or small – in the coming years with them.





## Our Performance

For the Full Year 2022, our top line was relatively unchanged from the previous year at AED 5.9 billion. However, the makeup of our revenue has changed. We are seeing greater contribution from our B2B offering, specifically Freight-Forwarding. Collectively the B2B segment, which includes Freight-Forwarding and Logistics & Supply Chain Solutions, made up 36% of our revenue in 2022, compared to 29% in 2021.

We also have less customer concentration risk, with no single customer making up more than 7% of our revenue. Our more balanced and diversified top line will serve us well as we enter a period of global economic tepid growth and as we continue to capitalize on growth opportunities in our home markets, specifically GCC and other MENAT countries.

## Normalized Net Profit for the Full Year was up 9% YoY to AED 173 Million

In October 2022 we concluded the acquisition of MyUS, a global technology-driven platform that enables cross-border e-commerce, and our largest acquisition to date. A profitable business with superior cash conversion, MyUS complements Aramex's Shop & Ship offering and expands coverage of new destinations.

Our profitability margins have held firm despite an inflationary cost environment, with Normalized<sup>[1]</sup> Gross Profit Margin and EBITDA Margin for Full Year 2022 at 24% and 11% respectively. Importantly, we stabilized our Group SG&A which means we have a leaner organization that is more cost efficient, agile, and ready to sustain future growth.

Normalized Net Profit for the Full Year was up 9% YoY to AED 173 million compared to Normalized<sup>[2]</sup> Net Profit of AED 158 million in Full Year 2021. This is predominantly attributed to the realization of cost and operating efficiency enhancements in our business as well as the strong contribution of our Freight-Forwarding business to the topline and bottom line.

The booming GCC economies contributed to our performance in 2022. We benefitted from improving consumer sentiment in that region as well as an increase in business activity, predominately driven by the oil and gas and other industrial and manufacturing sectors. The Purchasing Managers Index (PMI) readings for all GCC economies pointed to expansionary business conditions, while consumer spending has also increased, especially through online channels. According to Saudi Central Bank statistics, the number of e-commerce transactions in KSA in 2022 was almost double compared to 2021 and more than tripled compared to 2020, demonstrating the boom in online shopping. In the UAE, the e-commerce market has been performing exceptionally and is expected to reach USD 9.2 billion in 2026 according to analysis by the Dubai Chamber of Commerce, with mobile retail sales expected to record a CAGR of 15.6% over the 2022-2026 period to reach USD 4.6 billion.

In terms of sectors, e-commerce and industrials remain our key growth drivers and will continue to fuel our long-term growth. Other industry verticals were also strong contributors to our performance including retail, healthcare, and SMEs.

### Our Champion

The Express products have been our bread and butter since 1982 and continue to be the top contributor to our business and financial performance. While we have seen some softness in volumes compared to 2021, however, we are encouraged by the still relatively high volumes on both the International and Domestic front. This year our focus in the Express products was two-fold: optimize

and digitize our operations and improve our offering and customer interface. On the optimization and digitization front, we adopted a fleet management platform to help optimize our fleet performance, we also continued the rollout of the semi-automated hubs initiative as well as digitizing storage methods. We invested in our IT and data systems, leveraging AI to help us better manage busy seasons and optimize routes.

We are also very excited about the successful testing of the drone and roadside bot deliveries conducted in Dubai and Oman. This is part of our "Future Delivery Program" aimed at enhancing last-mile logistics using smarter, greener and faster shipping solutions. Our collective efforts helped us realize more efficiencies for these products and translated to a 10% improvement in the productivity of our Champion couriers for average daily pick-ups and drop-offs while 96% of our customer care cases in the fourth quarter 2022 were handled by our new chatbots. We expect to continue benefitting from those performance enhancement and digitization measures over the mid to long term.

In response to customer trends, in 2022 we launched new products including premium services in the GCC with faster delivery times. We also introduced new solutions including paperless returns and e-commerce fulfilment solutions. We have doubled our PUDO network in the GCC in 2022 vs 2021.

Our ability to further deliver on our growth ambitions this year was enabled by our strategic shareholder GeoPost / DPDgroup. More specifically, the relationship with Europe's largest parcel delivery network, GeoPost / DPDgroup, has helped us add more trade lanes to our network, including Italy, France, Germany, Netherlands, and Czech Republic.

In the last two and half months of the year, the International Express product benefitted from the MyUS combination. So far, we are pleased with the results, and we look forward to unlocking further value for our business, customers and shareholders from this acquisition over the long-term realizing revenue and cost synergies.

### Our Rising Stars

The Freight-Forwarding and Logistics & Supply Chain Solutions products performance was strong throughout the year. The Freight-Forwarding business witnessed a 27% YoY increase in revenue to AED 1.7 billion with Gross Profit Margin coming in at 14%, a 2-percentage point improvement from 2021 predominately driven by an increase in air and land freight volumes throughout the year. The Logistics & Supply Chain Solutions has also benefitted from our focus on cost optimization and driving quality earnings, with the gross profit margin jumping to 15% in 2022 from 10% in 2021.

<sup>[1]</sup> Normalizations for 2022 include financials results generated by MyUS following the acquisition; costs and fees related to the acquisition of MyUS and other extraordinary items mostly associated with the logistics product.

<sup>[2]</sup> For 2021, normalizations include the gain from the sale of InfoFort and other extraordinary items. This normalization provides a like-for-like comparison for the reporting periods Q4 & FY 2022 to Q4 and FY 2021.



The strategic investment in scaling this business has paid off. Over the course of the year we won new customers, expanded into high-growth potential verticals including SMEs, and gained significant market share across major industry verticals such as industrials, retail and healthcare. We also increased our warehousing space in key markets to more than 800,000 sqm across owned, managed and leased warehouses. We also invested in automating several facilities in key markets to increase efficiency. Importantly, we focused on quality revenue to help us drive quality earnings.

Our success is owed to our expertise, operational capabilities, and customer-oriented approach underpinned by superior digital solutions and a knowledgeable workforce. We know that while our customers value a seamless experience, transparency and real-time monitoring of their shipments, we believe that it is our personalized and tailored approach that has enabled us to grow our customer base in our home markets, especially in UAE and Saudi Arabia. As mentioned at the start of this letter, we are moving from being a service provider to valued strategic partner.

### Our Global Appeal

40 years ago, when we first started operations, we were connecting the Middle East to the United States, and we were focused on a niche customer base. Today, we have a global network that reaches over 70 countries and territories, and we operate on major international trade lanes. With a clear strategic roadmap for growth, we are seeking to further connect the world and facilitate global trade.

In 2022, our global appeal expanded beyond geographic territories. We became the first UAE onshore, DFM-listed company to allow 100% foreign investor ownership of our listed shares. The decision to remove the foreign ownership limit on our shares is in line with our global growth ambitions and commitment to unlock greater value for all shareholders, and was enabled by the landmark UAE Commercial Companies reform. As a constituent of the FTSE Emerging Market Index, the FTSE4Good Index and the MSCI Small Cap Emerging Market Index, we witnessed an increase of the stock's weight in these indices, followed by an increase in passive money flows during 2022.

### Our Impact

Sustainability and Environmental, Social, and Governance (ESG) have been part of our DNA for forty years – since we started to scale our operations in Jordan and beyond. From early on, we recognized the need to build a business based on sustainable practices, to create value and positive impact in our communities. This continues to be embedded in our day-to-day business practices and efforts across our network.

On the Environmental front, we are proactively taking steps to measure, manage and mitigate the impact our business has on the environment. To support us in achieving our Science Based Targets Initiative (SBTi) targets, which we have committed to since 2021, we are undergoing a climate risk assessment conducted by a third party, which will provide us with a comprehensive plan for managing our environmental and climate impacts, further solidifying our commitments to mitigate our emissions. This will help us achieve the measured SBTi at 1.5 degrees Celsius for both scope 1 and scope 2 emissions, and 2-degrees Celsius for scope 3<sup>[3]</sup> emissions by 2030. We are confident in our ability to deliver on those commitments and have been shifting to different environmentally friendly technologies – such as including electric vehicles as part of our fleet in Amman – Jordan, and exploring and testing drone and roadside robotic delivery services – as well as investing in renewable energy to achieve our targets with zero compromise on customer expectations and quality of service.

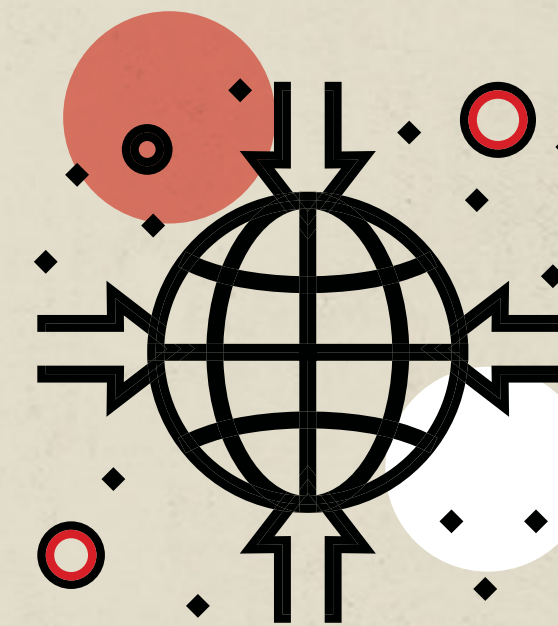
On the Social front, in 2022, we continued to build on our partnerships with local and international community and youth organizations as part of our “Delivering Good” Program and our sustainability strategy. This year we focused on enhancing our social partnerships and investment model to support our commitment and contribution to our sustainability pillars; Education and Youth Empowerment and Entrepreneurship. We

also continued to strengthen our existing partnerships and supporting our extensive base of beneficiaries and organizations to ensure that we build sustainable and transformative projects and programs in close collaboration with our stakeholders and communities. In doing so, this will help us achieve our goal of increasing the number of beneficiaries by 5% every year. In addition to our social projects, we are committed to leveraging our operations and capabilities to respond to emergencies and provide community relief when needed and possible.

To strengthen the Governance of our sustainability strategy, we continually conduct training on human and labor rights, along with our compliance and code of conduct training. We are proud to receive the Dubai Chamber SMART CSR Label for 2022, which is the first CSR Label in the region that builds on international sustainability and responsible business standards, while considering local relevance and context.

### Our Long-term Focus

Looking ahead, our 5-year business strategy provides us with a clear roadmap to grow our business and deliver long term value for all our stakeholders. We have earmarked AED 2.4 billion in capital expenditure over the next five years to sustain our organic growth plans for our four product lines.



We want to boost volume capacity, increase activity along key trade lanes, and scale the Logistics & Supply Chain Solutions product by doubling our specialist warehousing space by 2027. We also want to hire more talent to focus on further building our competencies in the Freight-Forwarding business. We aim to further expand and diversify our customer base by focusing on high growth industry verticals such as e-commerce, SMEs, retail and industrials.

To remain lean and green, we will invest in technology that will lower our emissions, increase our efficiencies and enhance our superior customer service levels. We also have several M&A opportunities in the pipeline, as inorganic growth remains a key component of our growth strategy. We have a strong balance sheet and are well prepared to execute on these opportunities.

Today, 53% of the Group revenue originates from our home markets in the GCC and other MENAT countries. With the projected continued strong economic growth in the region, driven in large part by pro-growth and pro-trade government initiatives as well as

buoyant consumer sentiment, we are optimistic in our ability to further increase our market leadership position across our four products.

We have a very busy five years ahead, but we are ready to deliver on our growth plans and unlock greater value for all our stakeholders.

I would like to thank our Board of Directors for their ongoing support and guidance; and thank you, our shareholders, for your trust in the Aramex brand. I would also like to thank my team and all Aramexians for their valuable contributions to the business, and our partners and customers for their support.

Sincerely,

**Othman Aljeda**  
Group CEO  
Aramex



**Today, 53% of the Group revenue originates from our home markets in the GCC and other MENAT countries.**

<sup>[3]</sup> Scope 3 is highly dependent on our suppliers' CO2 reduction efforts



We currently have business operations in **600+** cities across more than **70** countries worldwide and employ over **16,000** professionals.



Aramex's Vision is to "Deliver what our customers value most everywhere, on time, every time!", and its Mission is to "Connect people & businesses, reliably & responsibly".

Sustainability is core to achieving our vision and mission. We believe that in order to grow a truly sustainable business, it is crucial that we utilize our main competencies to enhance our positive impact as active citizens in the communities in which we operate. This is how we create and preserve value for all our stakeholders, ensuring that we safeguard and develop our Human, Social and Relationship Capitals, leverage our Intellectual, Manufactured, and Financial Capitals, and safeguard our Natural Capital. Sustainability is not only something we do, it is who Aramex is.

Our "Delivering Good" sustainability platform is active in over 100 projects worldwide across three well-defined key themes (1) Education and Youth Empowerment, (2) Entrepreneurship, and (3) Environment. Therefore, we continue to partner with international and local organizations dedicated to similar causes to reach more beneficiaries every year through targeted programs and initiatives.

As part of our efforts to protect the environment and mitigate climate change risks, we signed up for the globally renowned Science Based Targets initiative (SBTi), to further accelerate our climate action goals toward achieving Carbon-Neutrality by 2030 and Net-Zero by 2050.

We live in an era where technology transforms and influences our daily lives more than ever before; as a result, we continue to strategically leverage the latest technologies for higher operational efficiencies, to satisfy customers' evolving needs and to deliver maximum value to all our stakeholders.

Since its foundation 40 years ago, 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 and innovative logistics solutions worldwide.

We currently have business operations in 600+ cities across more than 70 countries worldwide

and employ over 16,000 professionals. Aramex operates through four well-defined business products which offer scale, diversification and an end-to-end service offering for customers, and also support the Company's efforts to capture greater global market share within both the B2C and B2B customer segments. These products are:

1. International Express, which includes Aramex's Parcel Forwarding Business (Shop & Ship and MyUS).
2. Domestic Express
3. Freight-Forwarding
4. Logistics & Supply Chain Solutions.



## OUR SERVICES

Aramex has four well-defined business products which offer scale, diversification and an end-to-end service offering for the B2B and B2C customers.





# International Express

The International Express product, which includes Aramex's Parcel Forwarding Business (Shop & Ship and the recently acquired business MyUS), provides cross-border door-to-door shipping and delivery solutions for time-sensitive documents and packages to customers across all business sectors. We offer a range of international express solutions to suit customer needs in terms of cost and speed, automatic delivery notifications, real-time online tracking updates, as well as a variety of import, export, and customs clearance services. While we operate globally, our key trading lanes are US, Europe and China into GCC and wider MEA region as well as intra GCC trading lanes.

In 2022, we continued to build on our strategic partnership and collaboration with DPDgroup's network across Europe through direct injection into key European countries, serving our B2B and B2C customers with optimized last-mile delivery rates. We also upgraded our facility in the Czech Republic to serve as a hub for certain European countries.

In response to market needs, we rolled out a new premium service from certain key origins and intra-GCC, offering a time-definite express delivery service to customers. Moreover, additional Australian gateways have been

enabled from different network hubs, improving the service provision to Australian cities.

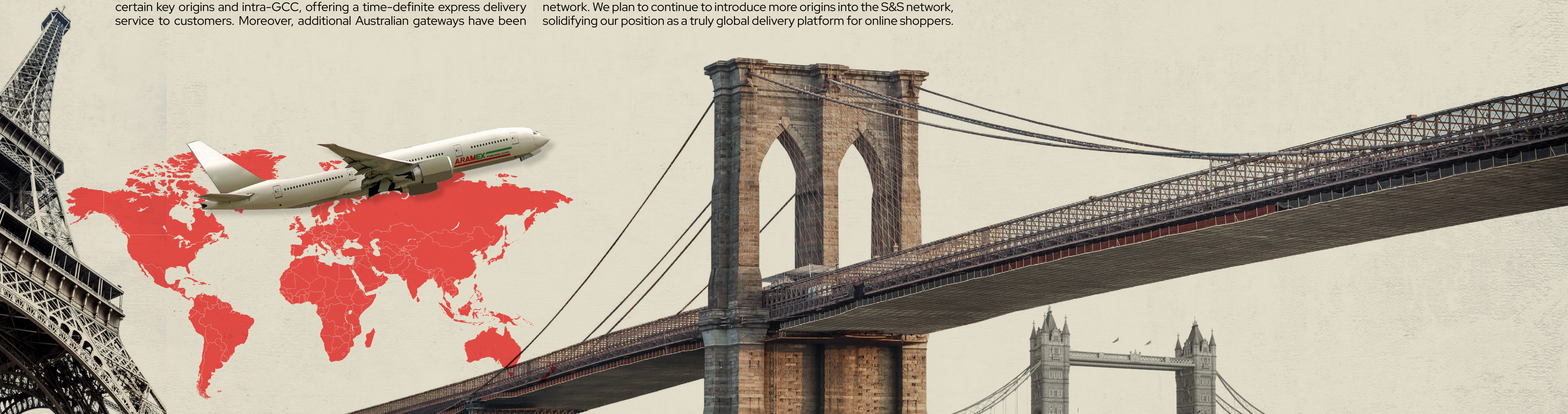
An enhanced and well-structured setup for Import Express services has been rolled out across key stations in the United States, China, India, and Europe into the Middle East, to further improve the service levels and generate more revenue streams.

In October 2022, we finalized the acquisition of MyUS— our largest acquisition to date, expanding Aramex's cross-border operations, complementing our Shop & Ship solution, while capitalizing on the attractive growth opportunities in the fast-growing global e-commerce sector. MyUS provides a subscription-based service that allows global consumers to shop from US, UK and China-based websites. This acquisition considerably expands the coverage of new destinations and complements Aramex's position for Middle East flows.

To further support the growth of Shop & Ship, we launched new origins in Africa and Southeast Asia, and added multiple new destinations to the existing network. We plan to continue to introduce more origins into the S&S network, solidifying our position as a truly global delivery platform for online shoppers.



**Shop & Ship** facilitates global online shopping by providing customers with a PO box in **34 countries** across the world, offering them a seamless online shopping and shipping experience. It has two subscription plans (1) Basic Lifetime membership, which gives lifetime access to convenient online shopping with competitive shipping rates; and (2) FLEX, an annual membership offering additional benefits like lower shipping rates calculated per 100 grams.





# Domestic Express

*Domestic Express provides nationwide door-to-door deliveries for parcels and packages, with options of same-day or next-business-day deliveries, cash-on-delivery as well as package collection and returns services.*



In 2022, we focused our efforts on improving cost and operational efficiencies through more modernized core systems and infrastructure, enhanced capacity planning, warehouse automation, AI solutions across the entire value chain, and enhancing our sortation systems in different countries, including Egypt, Lebanon, Oman, and Morocco, with plans to extend this optimization in 2023.

We also invested in scaling up our presence across the GCC to increase last-mile operational efficiency by expanding our network of Pick-Up and Drop-Off (PUDO) locations. We added new micro hubs in the GCC and continued to utilize Aramex FLEET, a crowd-based delivery platform that connects individuals to flexible employment opportunities and working hours in last-mile delivery. To read more about how micro hubs are increasing our efficiency, please refer to page 34.

This year, we successfully completed the pilot phase of our drone delivery in Muscat, Oman. The drone testing is part of Aramex's "Future Delivery Program," aimed at leveraging the next generation of last-mile delivery solutions, including drones and autonomous vehicles, to boost delivery efficiencies, improve customer satisfaction, and generate cost savings in last-mile delivery.





# Freight-Forwarding

**T**hroughout 2022, Aramex strengthened its Freight-Forwarding business with more competencies and specialism across operations and sales, as well as better systems to support the growth of this product.

Aramex was also focused on strategically investing in expanding operations and boosting capabilities by capitalizing on verticals where the Company has a dominant position, while adopting a solutions-oriented customer approach to attract new customers. The Freight-Forwarding business delivered outstanding growth across the board, driven by strong demand from industrials and other high-growth verticals such as retail and SME businesses across Aramex's network.

**Air Freight:** Aramex's worldwide Air Freight network offers a range of rapid and cost-effective delivery solutions to match customers' business needs. We ensure complete door-to-door transportation and smooth customs clearance from the moment the order is placed to when it reaches its final destination.

With an asset light operating model for the Air Freight product, in 2022, we further built our strategic partnerships with all leading commercial airlines and expanded our space agreements and rate advantage with the main airlines serving our core markets. In addition, we invested in expanding our presence in air chartering as a response to the high demand from our industrial accounts. We continued to work aggressively towards achieving our consolidation programs on major trade lanes.

**Land Freight:** Aramex operates one of the largest and most advanced land freight networks in the MENA region, UK, and Ireland, made up of modern fleets equipped

with GPS-tracking technology. Our diversified Less than Truck Load shipping (LTL) and Full Truck Load shipping (FTL) solutions, coupled with strategically placed hubs, result in time-definite and reliable transportation for our customers.

In 2022, we increased our capacity all over the GCC as a response to the increased peak season volumes. We also worked on improving our costing model to ensure our dominance and leadership in the GCC LTL market. We also implemented several sustainable initiatives in collaboration with local authorities, such as introducing double-tail trucks movement across the GCC and evaluating the introduction of autonomous and electric trucks to our land freight fleet where regulations allow.

**Sea Freight:** Supported by our global network, highly skilled team of experts, and fully equipped technology systems, we cover key shipping lines and trade routes worldwide. We are dedicated to fully managing our customers' cargo throughout the entire shipping process, from collection, through to customs to final delivery.

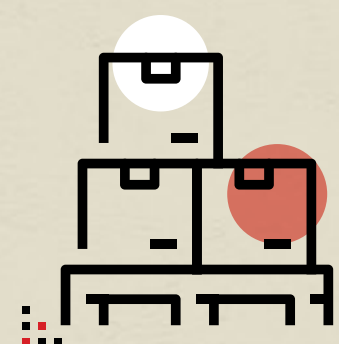
In 2022, we continued to invest in expanding our presence and leveraging our deep expertise and knowledge in sea chartering due to high demand from our industrial accounts for specialized solutions. We enhanced our consolidation program, where we move containers from major origins to the GCC, a project that we will continue to enhance and upgrade in 2023. We also partnered with new specialized sea freight operators in major countries to further enhance our sea freight offering and take the service to the next level. In addition, we advanced our discussions with major carriers to build on our long-standing partnerships and upgrade the services we offer our customers.

**Aramex's Freight-Forwarding product includes Air Freight, Land Freight, and Sea Freight, serving a customer base across multiple industries and verticals.**





# Logistics and Supply Chain Solutions



The total warehousing footprint reached **more than 800,000 square meters in 2022**

Aramex offers tailor-made logistics services to its clients through its globally standardized solutions in warehousing, distribution, and value-added services. Our end-to-end logistics solutions ensure the efficient transfer, storage, and distribution of products, and transparency throughout the supply chain - from the moment our customer's inventory leaves their suppliers or factories, to the point it reaches retailers or end-users. Our logistics centers are strategically located in key areas across the GCC, Middle East, North Africa, South and West Africa, Western Europe, and Asia. Powered by cutting-edge technology, we ensure high-quality standards of operation and security of the facilities.

We offer pick and pack, storage, e-commerce fulfillment, returns management and spare parts management, and many more.

We have a strong portfolio of services offering best-in-class warehousing solutions to several industries which include retail, e-commerce, industrial, energy, and many others. Our services tailored to the retail and e-commerce industries have seen the highest growth, which benefited from synergies between our warehousing and last-mile solutions, followed by our industrial segment, which offers a one-stop-shop to our clients for freight forwarding, warehousing, customs, and last-mile.

The total warehousing footprint reached more than 800,000 square meters in 2022.

Throughout the year, we continued to invest in expanding our footprint mainly in KSA, UAE, India, the United States, and Singapore. We also expanded this year to the United States with the first facility in Houston, Texas. In the GCC, we grew our 4PL facility management operations to 24 sites. We are expanding four logistics services in KSA and Egypt by setting up two new large new best-in-class warehouses. Equipped with thousands of shelf storage locations, packing stations, conveyor belts, and high-security standards, we differentiate ourselves in the quality of our infrastructure.

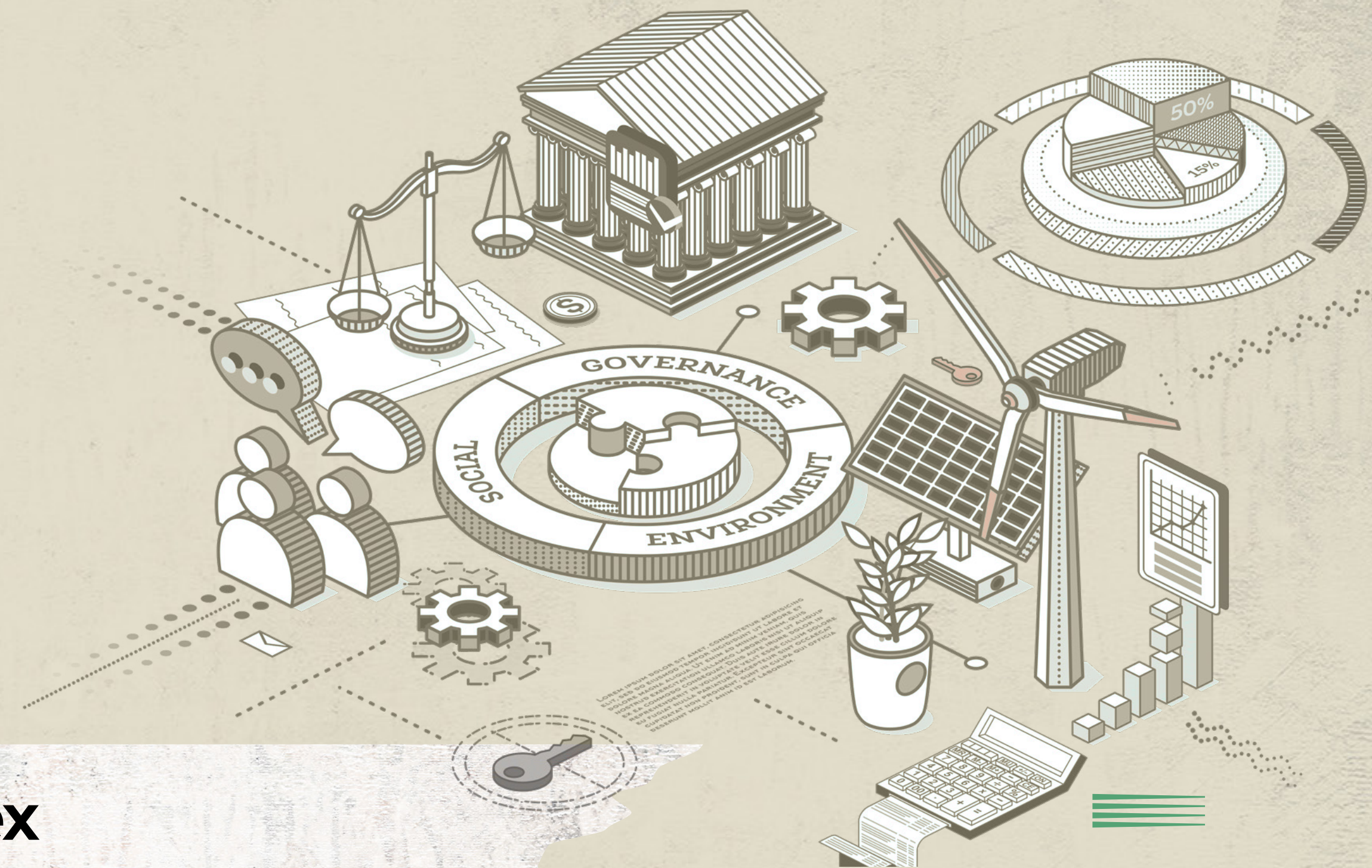
Technology has always been a key enabler in delivering service excellence; therefore, we have continued rolling out our best-in-market cloud-based warehouse management system (INFOR) globally to all our warehouse facilities. In parallel, Aramex is deploying Radio-Frequency Identification (RFID) and voice-picking technology in key areas around its network to boost productivity and enhance the customer experience.





# Sustainability at Aramex

# ESG



## What is ESG and Why is it Important for Aramex



### Environment

Covering metrics and issues related to our impact on the natural world. Related to flows and value creation and preservation related to our Natural Capital. Our Environmental Stewardship activities minimize and mitigate our carbon footprint and proactively optimize our operations toward green energy and efficiency.



### Social

Our people-related impacts are relevant to our Human and Social and Relationship Capitals and their flows. We approach social engagement and impact through grassroots and global partnerships and leverage local human capital to create value for customers and enhance our impact.



### Governance

Covers our decision making, policies, and procedures, our compliance, and operational controls. Relevant across all six capitals to create and preserve value sustainably and responsibly. We work towards good governance through robust risk and compliance measures and policies across our operations.

This approach allows us to center sustainability and forward thinking across our work, and focus on innovation and competitiveness, while proactively managing risks and seizing opportunities effectively, to improve our resiliency to long-term, industry material environmental, social and governance (ESG) risks.



## Defining Sustainability

Sustainability the Aramex way involves a proactive, integrated, and stakeholder-centric approach to ESG and value creation across our six Capitals keeping in mind our global footprint and impact within our communities. We strive to nurture our Human and Social and Relationship Capitals, develop our Intellectual Capitals, and leverage our Manufactured and Financial Capitals while striving to safeguard our Natural Capitals..



### Sustainable Development Goals

Aramex continues its efforts towards the achievement of the United Nations Sustainable Development Goals and touches on all SDGs whether directly or indirectly through our operations and impact on all stakeholders. Our sustainability efforts involve a strategic approach to the SDGs, especially Goals 1, 4, 5, 8, 9, 12, 13, and 17, while also contributing to others. This is a non-binding and voluntary initiative taken on Aramex's behalf driven by our belief in the value of this work.

### Strategic focus and material



### Business responsibility



### Impact



### Management Approach to Sustainability

We apply a stakeholder-centric approach to determining our material issues, both in terms of financial and business materiality as well as impact materiality and the intersections within the two. Through engaging with our internal and external stakeholders, assessing best practices, reporting standards, and industry norms, and considering our strategic direction, our approach ensures we are responsive and proactive in continually and comprehensively monitoring, measuring, and evaluating our capital flows, practices, procedures, and impacts. This enables a holistic approach in tackling sustainability opportunities and challenges to create, preserve, and deliver value. For more details on our management approach please refer to page 115 of our 2022 report.

### Using Integrated Thinking for Sustainability and Business Goals

As part of our sustainability, we utilize and advocate for the use of integrated thinking within Aramex which engrains the discipline of making a deliberate and coordinated effort of connecting the organization's strategy, governance, performance, and opportunities.

As such, this perspective not only meets our sustainability strategic interests, but also allows for the proactive consideration of the relationships between our different operations and functional units to create value in the financial, social, and environmental realms over the short, medium, and long term. Building on this approach allows us to improve decision-making, accountability, and communication. It is therefore essential to the development and implementation of strategy through collaboration towards common goals and provides a valuable connection to shareholders, business clients, and critical stakeholders.

The role of the sustainability function is to engage and integrate efforts based on vision, research, and development to facilitate projects that are integrated into operational and sustainability goals.

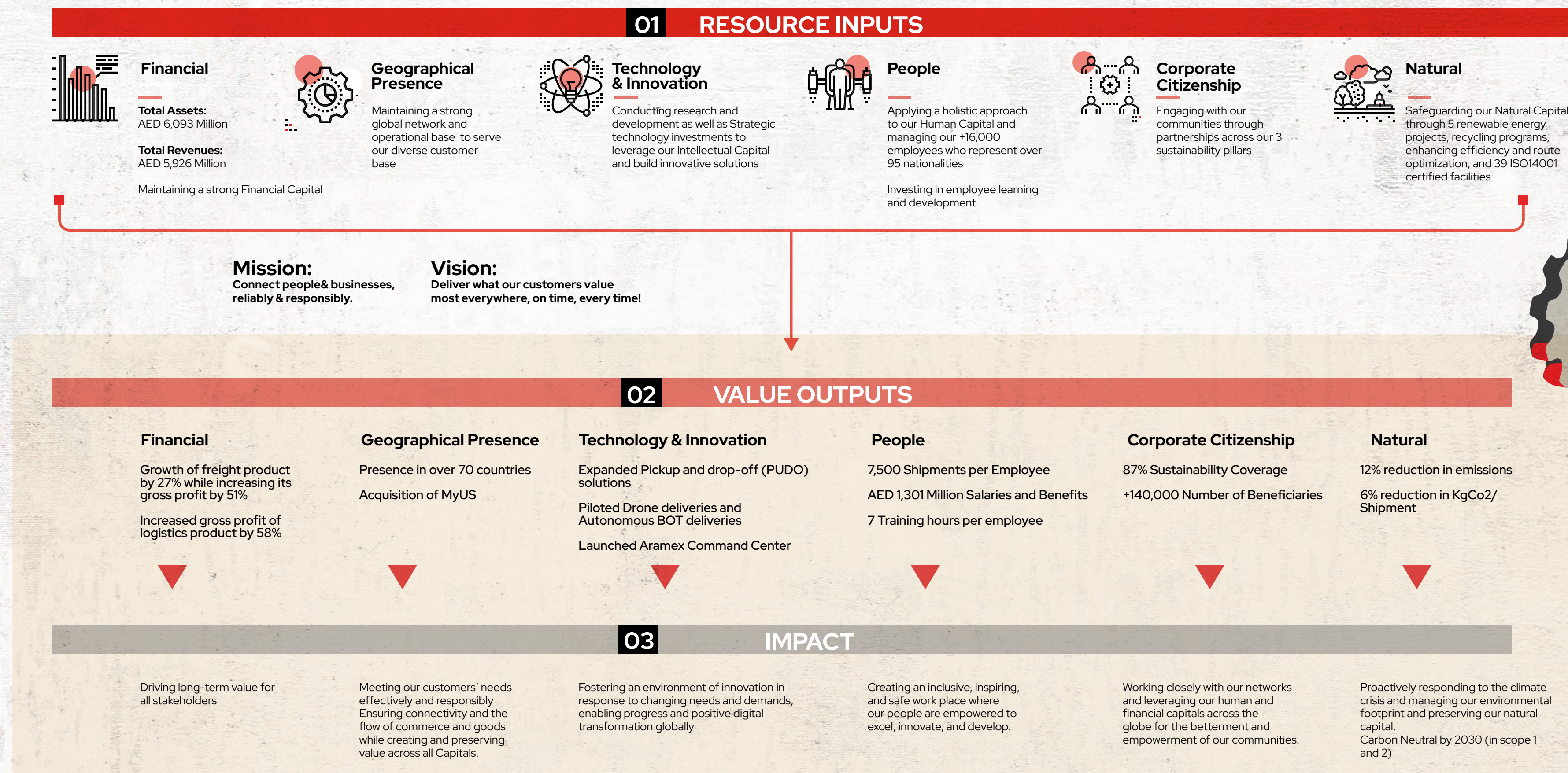


## Responsible Business and the Precautionary Principle

Being a responsible and sustainable business means being proactive in mitigating any negative impacts, therefore we apply the precautionary approach in mitigating negative environmental damage that may result from any of our business activities. We are committed to taking proactive and early action to safeguard our environment, especially in mitigating the impacts of climate change which is challenging as an asset light company with significant implications from our supply chain specifically related to scope 3, which puts a great challenge on us to meet our targets as a significant proportion of them falls outside our control. However, our application of the precautionary principle extends beyond the environment and refers to our approach to the proactive management of health and safety matters, preservation of human rights and upholding labor rights, anti-corruption, and our code of conduct. Throughout this report, we highlight how we apply the precautionary principle within different areas of our business through a multitude of policies, controls, and procedures.

[For more information, refer to our environmental, social, and governance sections in our 2022 report.](#)














## How We Create Value for Our Stakeholders





# Stakeholder Mapping

Our relationship with our stakeholders is a key enabler to create and safeguard value. These dynamic relationships include consistent engagement with our diverse stakeholder groups, ensuring that we meet their expectations and needs, enhance value creation, and minimize negative impacts across all Six Capitals.

	Employees	Customers	Shareholders and the Investment Community	Government and Regulators	Business Partners and Suppliers	Our Communities
Highlights	In 2022, we had +16,000 employees, spanning over 95 nationalities. 94% of our workforce are full-time employees.	In 2022, Aramex recorded 46,785 active customers including 12,578 new customers.	In 2022, we had 19,884 shareholders, with the top 27 shareholders owning 74% of the Company. Our shareholders are a mix of local, regional, and foreign institutional and retail investors. Aramex has a clear set of disclosure principles, policies and practices to ensure its disclosure and communications with the investment community are relevant, transparent, simultaneous, accurate and timely. These are summarized in the Investor Relations (“IR”) Policy and published on our IR website.	We have continuously engaged with government and regulators to ensure adhering to requirements and addressing key issues that arise.	98% of our suppliers were local, and in 2022, all our new suppliers were evaluated based on our supplier evaluation criteria (page 66)	In 2022, we had more than 140,000 beneficiaries through different partnerships.
How we manage the relationship	<p>Our people centered philosophy, guides our relationship with our employees. We have a dedicated HR center of excellence as well as a Regional HR Structure of Directors and associated Business Partner teams, that manage and set the strategies related to our local and Global HR agendas.</p> <p>We engage and collect feedback from our employees through several channels, including regular performance quarterly check-in conversations, Bi-annual Aramex Pulse Survey, and Town Hall meetings (including Global Strategy Townhalls). We use internal communication channels such as our intranet, Yammer, and emails to share information on events, circulars, and other relevant communication.</p>	<p>We have several engagement channels to ensure that we proactively manage our relationship with our customers. We continually work with our employees to implement the best practices related to customer service.</p> <p>We employ different communication channels on different platforms ensuring that we are reachable for our customers concerns.</p> <p>Our customer teams conduct frequent check ins to gather feedback on our services.</p> <p>We use of Social Media, WhatsApp Business, Chatbots, to increase responsiveness.</p> <p>We regularly conduct customer service and call center training and KPIs to ensure faster response times.</p>	<p><b>Aramex is committed to adhering to and implementing best practices in investor relations. Therefore, Aramex aims to:</b></p> <ul style="list-style-type: none"><li>• Proactively engage with the investment community to communicate a clear and accurate representation of Aramex’s investment proposition, including our past and current performance as well as our growth prospects and strategy plans.</li><li>• Maintain an open dialogue with the investment community and regularly request feedback on company IR communications and practices with the aim of improving these to satisfy the requirements of our stakeholders.</li><li>• Provide the investment community with equal and regular access to Aramex material information through published materials on the IR website, and through meetings or conferences with senior management and the investor relations department.</li><li>• Ensure all investor communications abide by regulatory disclosure obligations.</li></ul>	<p>A core part if our engagement with regulators and governmental organizations is to ensure our compliance with all relevant local and international laws and regulations.</p> <p>We conduct frequent assessments and training to ensure that we are up to date with any relevant policies and regulations.</p>	<p>In 2022 we continued our robust due diligence efforts with third parties including training programs.</p> <p>We conducted online and offline engagement and meetings as necessary. We also conduct site visits and stakeholder engagement sessions.</p> <p>We conduct trainings for our suppliers through Ariba, additionally we onboard our new suppliers and they are subject to our and due diligence process.</p> <p>All suppliers must also fill out our Supplier evaluation questionnaires.</p>	<p>We manage our relationship with our communities through our social projects, partnerships with community organizations, and stakeholder engagement.</p> <p>Additionally, we conduct assessments to understand our social impacts and set strategies to ensure that we are adding value to the communities in which we operate.</p> <p>We have regular meetings with our partners to track project progress and updates related to impacts.</p> <p>We also continually conduct research into best practices and approaches for community engagement, youth empowerment and education, and entrepreneurship.</p>
What are their needs and expectations?	Our employees’ most pressing needs are competitive compensation, rewards and recognition, career advancement, effective engagement, learning and development, and work and life balance.	Our customers express that ease of communication, ensuring timely service delivery and effective handling of complaints, along with safeguarding privacy and security are top issues of concern.	Our shareholders’ needs and expectations center on good company governance, shareholder value creation, transparent and timely disclosure of material information, including accessibility and a direct line of communication with the Company through the investor relations department.	Adherence and compliance with laws and upholding data security and privacy are the most pressing concerns for regulators.	For our major business partners and suppliers ensuring compliance and fair supplier selection and procurement were priority areas, along with ensuring effective procedures and process, including supplier assessments on ethical practices and ensuring reputational assessment.	Through discussions with community-based organizations and NGOs we have come to understand the priority issues that we need to focus our social projects on. Organizations have expressed the need for projects that focus on education and women and youth empowerment, both being areas that we currently work on and keep expanding. Additionally, ensuring ethical business conduct is a priority for our community stakeholders as well.
Key objectives and metrics we track	<ul style="list-style-type: none"><li>• Employee Engagement</li><li>• Diversity</li><li>• Female inclusion</li><li>• Learning and development</li></ul>	<ul style="list-style-type: none"><li>• Customer satisfaction</li><li>• Number of new customers</li><li>• Net Promoter score (NPS)</li><li>• Tenders winning ratio</li><li>• Customer retention</li></ul>	Aramex measures shareholder value creation through several metrics including, but not limited to; <ul style="list-style-type: none"><li>• Net profit attributable to shareholders,</li><li>• Earnings per share</li><li>• Total shareholder returns</li><li>• Return on equity</li><li>• Return on invested capital</li></ul>	<ul style="list-style-type: none"><li>• Compliance training</li></ul>	<ul style="list-style-type: none"><li>• Number of suppliers trained</li><li>• Number of local suppliers</li></ul>	<ul style="list-style-type: none"><li>• Number of beneficiaries</li><li>• Project goals and impact</li><li>• Partnerships per geographical location</li></ul>
Relevant Sections in the 2022 extended report	Our People (Page 41)	<ul style="list-style-type: none"><li>• Our Services (page 11)</li><li>• Information security (page 58)</li><li>• Innovation (59)</li><li>• Communication channels (page 47)</li></ul>	<ul style="list-style-type: none"><li>• Governance (page 70)</li><li>• Our Financial Performance (page 136)</li><li>• Strategic Outlook (page 26)</li></ul>	Risk and Compliance (Page 106) Annex 3 (Page 180)	<ul style="list-style-type: none"><li>• Procurement and Supplier Relations (page 66)</li><li>• Compliance (Page 106)</li><li>• Disclosures on Management Approaches (Page 115)</li></ul>	<ul style="list-style-type: none"><li>• Social Projects (page 63)</li><li>• Compliance (page 106)</li><li>• Sustainability at Aramex (Page 19)</li></ul>
Capitals impacted	<div> Human</div> <div> Social and Relationship</div>	<div> Social and Relationship</div> <div> Financial</div> <div> Intellectual</div>	<div> Social and Relationship</div> <div> Financial</div>	<div> Social and Relationship</div> <div> Intellectual</div>	<div> Social and Relationship</div> <div> Intellectual</div> <div> Financial</div>	<div> Social and Relationship</div>



# Strategic Outlook

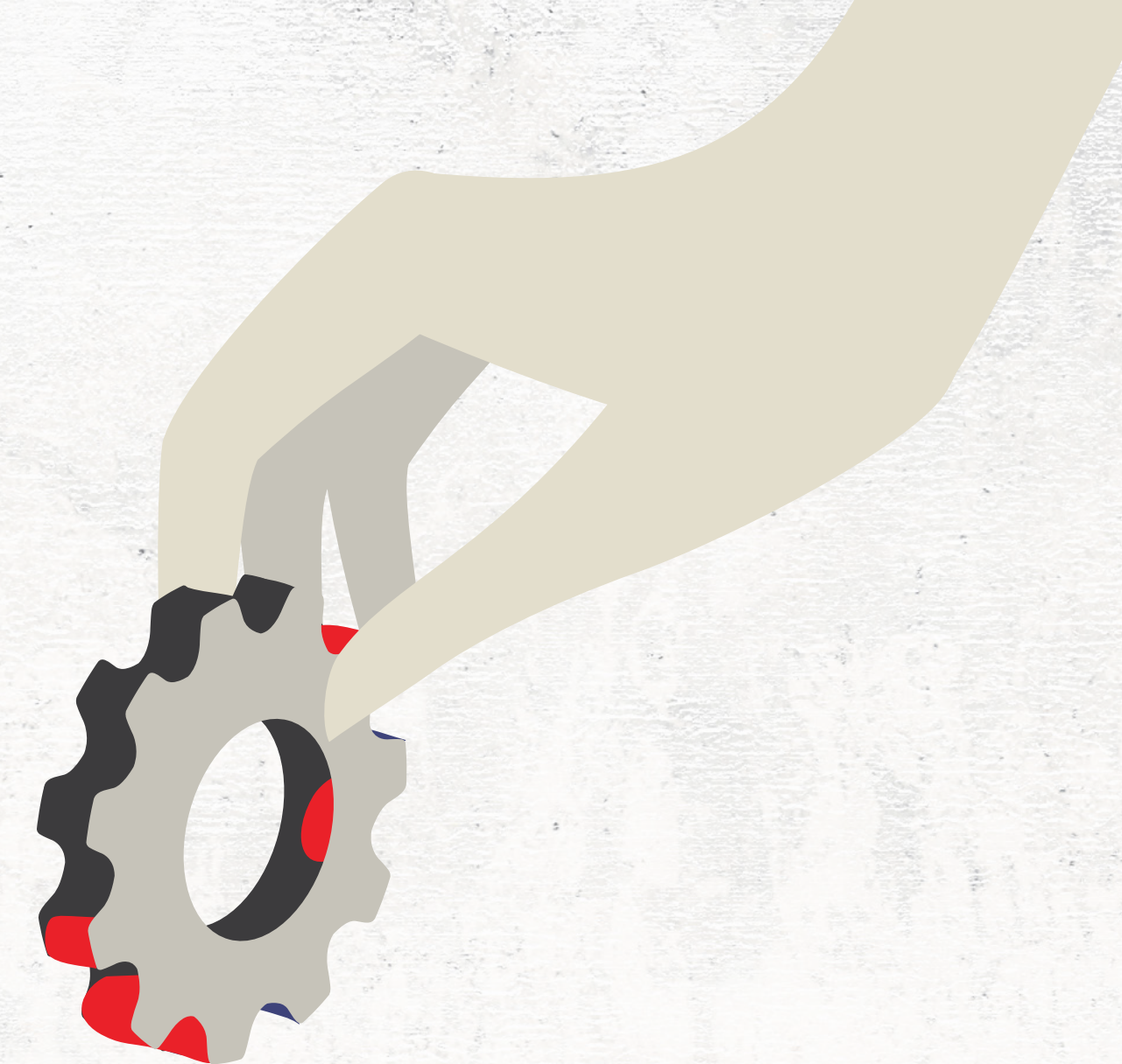
## Strategic context and market environment

Over the last few years, our growth has been driven by our international and domestic express business, representing approximately 70% of group revenues, while the logistics and freight business contributed approximately 30% to group revenues. The international express product benefitted from e-commerce volumes from the US, UK and Asia into the Middle East and Africa, while growth in the domestic express product came from our home markets in the region, also driven by the boom in e-commerce. While we expect a continuing positive macro-outlook in this part of our business, Aramex is currently at an inflection point in its journey of growth.

2022 came with a set of global challenges and changes for our industry and the global business landscape at large. Aramex had to navigate a dynamic macro-economic environment, raising inflation and interest rates, as well as currency devaluation in certain markets. Our resilient performance in 2022 was supported by strong economic activity in our home markets in the Middle East – which also contributed to good demand in our outbound markets in the US and UK – bolstered by improving consumer sentiment and an increase in business activity, noting that GDP projections for our home markets remain attractive going forward.



- Throughout 2022 we strengthened our four products, with more focus and investment in resources, capabilities and systems.
- We are a large domestic express player in key markets across MENA, South Africa, Australia and New Zealand, with a focus on further increasing market share to reach a dominant position in key growth markets.
- As a cross border specialist, we offer international express services in the Middle East and Africa (inbound regions), connecting these regions to important trade lanes out of the US, Europe, China, and Hong Kong (outbound regions). We also have a large international express operation intra-GCC and the wider MENA region.
- Our rapidly expanding freight forwarding services across air and sea freight are operational on lanes including Europe/US to Middle East and Africa; and land freight intra GCC and MENA, as well as Ireland to UK. We are focused on industrials, retail, e-commerce and healthcare verticals.
- The Logistics business consists of warehousing and supply chain solutions across key markets, boasting 800,000 sqm in facilities catering to customers in high growth verticals including e-commerce and retail, industrials and healthcare.



We aim to complement organic growth through selective acquisitions and partnerships that can add scale and know-how and help us consolidate our position in key markets while adding synergistic value.

## Strategy in Focus

To maintain success and overall competitiveness, we conducted a rigorous companywide exercise in 2022 through several workshops and customer engagement sessions to recalibrate our strategy to propel Aramex forward and realize our growth aspirations. As part of this strategic review, we have identified several key focus areas that we have started to work on throughout 2022, and which are integral to our five-year strategic plan to 2027.

- Developing four strong products with dedicated resources and capabilities, by moving from an express driven organization to a more balanced portfolio of products with strong positioning across key markets.
- Increasing the focus on direct customers, SMEs, and B2B business as well as high margin verticals.
- Introducing new service offerings and products, including (but not limited to)
  - o Premium and Deferred services for International Express
  - o Same day and Next Day delivery for Domestic
  - o Micro-fulfillment and vertical specialization for Logistics, while doubling the warehousing space to accommodate the expected growth in business. Please see page 34.
  - o Vertical diversification and specialization for Freight with a strong focus on Industrial, Retail, and Pharma.
- Investing approximately USD 650 million over 5 years in CAPEX in our four products to drive our growth ambitions, improve IT & digital touchpoints, build high margin verticals, and strengthen competitiveness on key trade lanes and markets, with continuous ability to scale for growth.
- Expanding selectively into attractive growth markets, including via M&A and franchising, with a focus on leading the industry consolidation in the GCC/MENAT region where possible.
- Improving efficiency across all areas of operation by focusing on key initiatives to drive productivity, eliminate redundancy, and optimize and streamline processes.

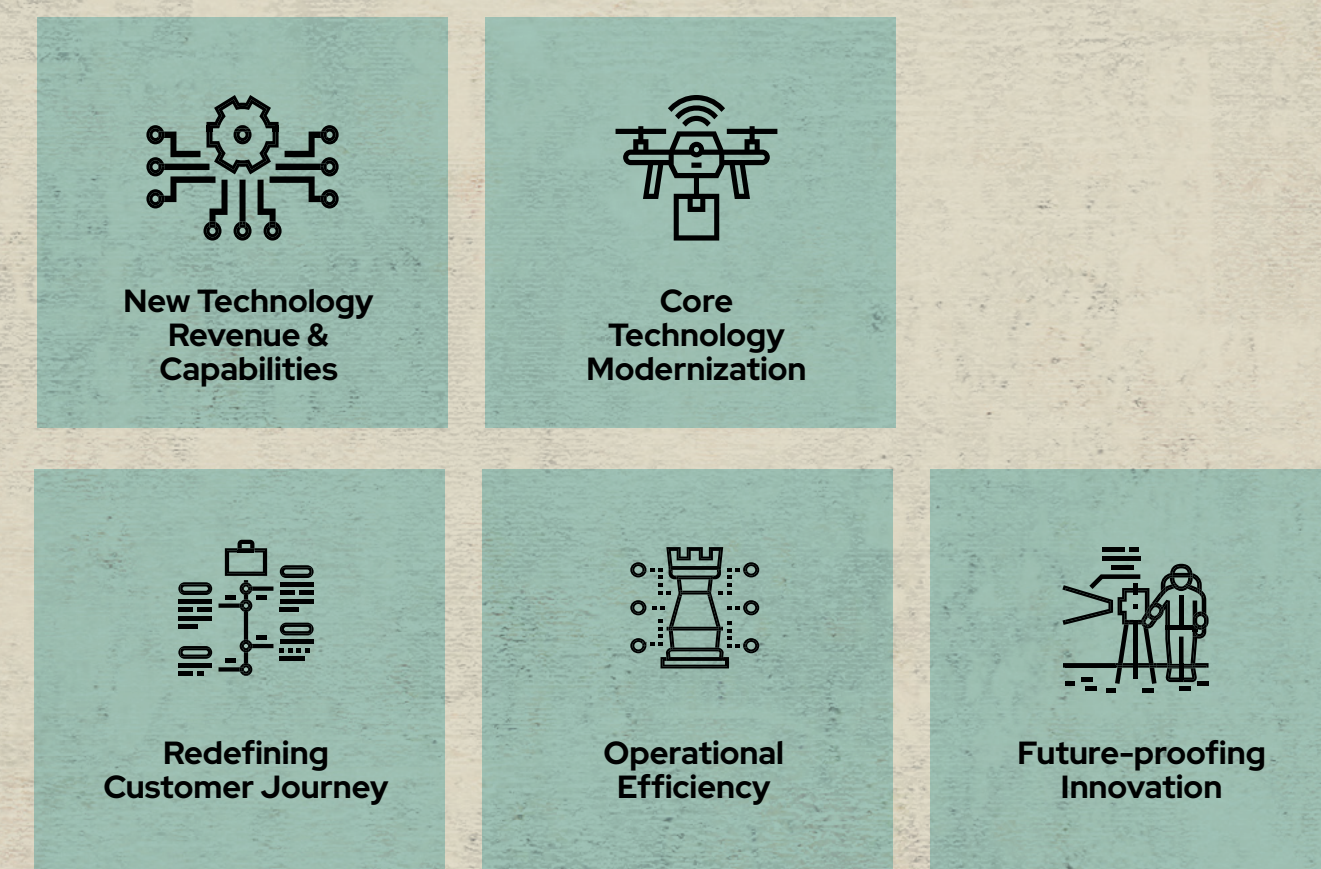



### Key Enablers

To be successful in realizing our efforts towards our strategy, we have commenced working toward further developing key enablers that ultimately form the foundation on which we will build our strategic aspirations.

### Technology Strategic goals

On the technological side, our focus will be on the following:




For more information, please refer to page 59.  [In our extended report:](#)

### Human Resources Strategic goals:

Effectively managing our Human Capital is another key strategic enabler, our goals for 2023–2027 are:



For more information, please refer to page 50.  [In our extended report:](#)

### Sustainability and ESG goals

We recognize that our sustainability is a key enabler to achieving the above strategic goal, with that in mind, and driven by a keen understanding of current global challenges, ESG requirements, and responsible business practices, we have outlined the below sustainability strategic goals:

#### Environment and Climate change

Set a verifiable science-based targets at 1.5 degrees for both scope 1 and 2 and at 2.0 degrees for scope 3 <sup>[1]</sup>

Commit to Carbon Neutrality by 2030 and Net Zero by 2050

#### Governance

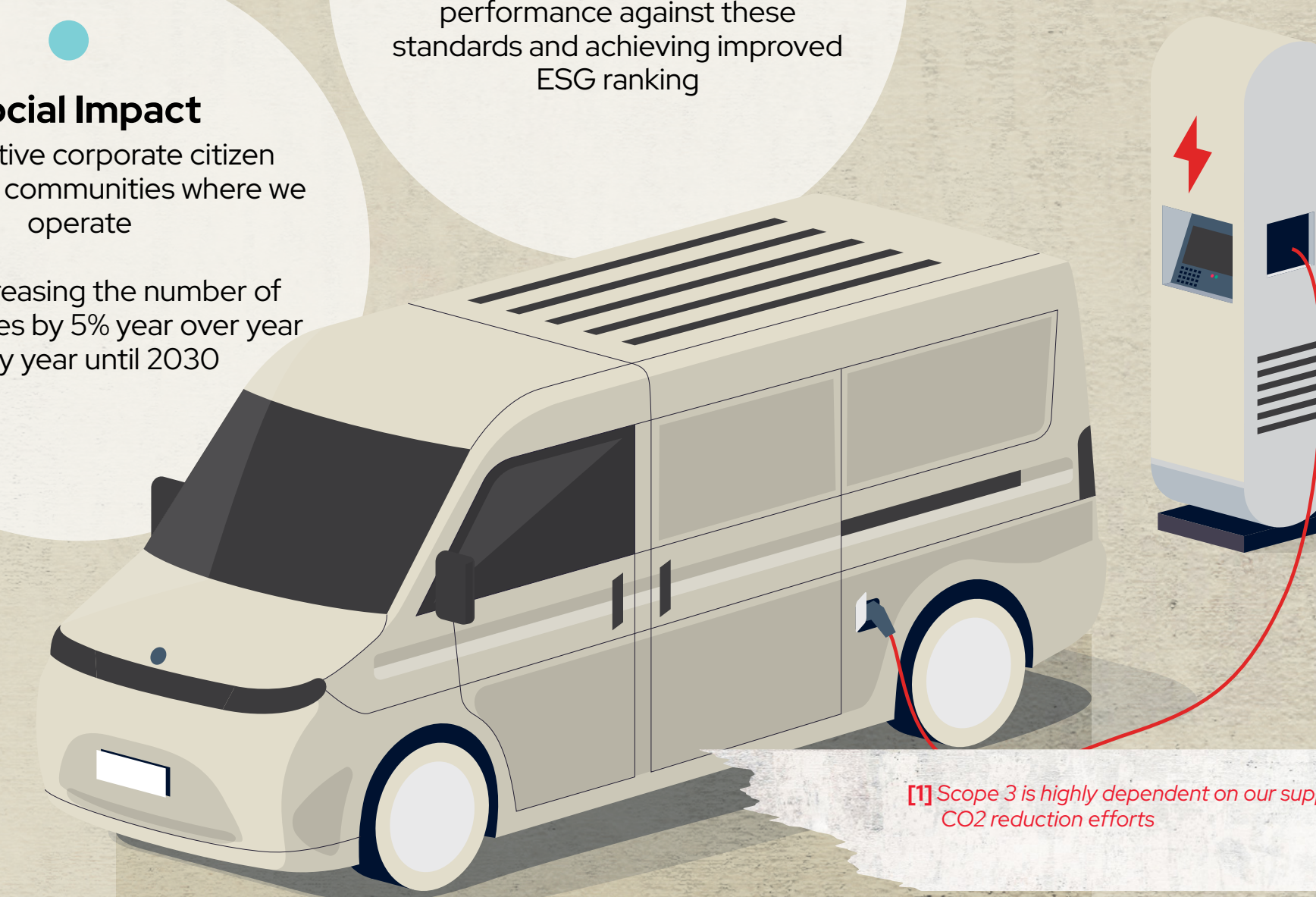
Comply with all national and international laws and regulations

Commit to measure our performance against these standards and achieving improved ESG ranking

#### Social Impact

Be an active corporate citizen supporting communities where we operate

Keep increasing the number of beneficiaries by 5% year over year every year until 2030



<sup>[1]</sup> Scope 3 is highly dependent on our suppliers' CO2 reduction efforts



## Our Future Goals- 2023 and beyond

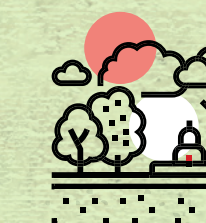
### Economic

- Focus on revenue growth, stability and improvement in GP margins while maintaining a similar SG&A structure for the Group
- Invest USD 650 million in capex over the next five years to sustain organic business expansion and optimization
- Focus on value accretive acquisitions, adding topline growth, synergy values to our operations and driving ROIC improvement for the Group
- Enhance efficiency across the Group, through automation of facilities and processes, increase in courier productivity by reducing the driver area and increasing the PUDO network; as well as an optimized working capital.
- Prioritize spending on local suppliers in line with our aspiration to enhance our sustainable supply chain efforts



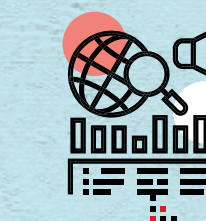
### Environment

- Add five solar systems annually until 2030
- Continue introducing EVs into our fleet
- Reduce Aramex carbon emissions by 5% annually
- Expand ISO14001 certification.
- Implement Aramex Climate Risk framework from Climate Risk Assessment outcome



### Social

- Maintain or increase ratio of female employees to 50% at Corporate Head Offices
- Achieve Nationalization targets (2% for UAE and 29% for KSA)
- Reduce the Lost time injury frequency rate (LTI) by 5%
- Continue to focus on local talent development and hiring
- Continue the annual employee survey and target an increase in participation rate (at 82% in 2022) and overall satisfaction score (at 75% in 2022)
- Increase the number of community beneficiaries by 5% annually.



### Governance

- Increase or maintain 1-2 positions of female representation on the board.
- Continue enhancing our Risk Management and Compliance processes.
- Enhance corporate policies and frequency of employee training on compliance matters
- Conduct our second Human Rights Assessment in 2023





# Discussion and Analysis of 2022 Financial Results

“We ended the year as a stronger and more agile business with four well defined products and a clear growth strategy for the next five years. In 2022 we stabilized our gross profit margin for the group, as well as for our domestic and international express products; we grew our freight product by 27% while increasing its gross profit by 51%, and for our logistics product, we focused on quality revenue and reached 85% utilization of our warehouses while increasing gross profit by 58%.”

## 2022 Group Financial Results

Aramex’s FY 2022 Revenue was broadly in line with 2021, at AED 5.93 billion. Growth in key regions including the GCC and other MENAT countries was offset by weaknesses in other markets, impacted by lockdowns in China, overall slower economic growth and lower consumer confidence as well as the global inflationary environment. Revenue was also impacted by currency devaluation in some operating countries, primarily in Lebanon and Egypt.

Financial results were normalized to provide a like-for-like comparison for the reporting periods FY 2022 and FY 2021; and therefore, normalizations for 2022 include financial results generated by MyUS following the acquisition; costs and fees related to the acquisition of MyUS and other extraordinary items mostly associated with the logistics product. For 2021, normalizations include the gain from the sale of InfoFort and other extraordinary items.

For the full year 2022 period, Normalized Gross Profit was down 2% YoY to AED 1.41 billion, while Reported Gross Profit was relatively unchanged from the prior period at AED 1.42 billion, driven by the Company’s disciplined cost management approach and operational enhancement initiatives.

Normalized Net Profit for the full year was up 9% YoY to AED 173 million, owed in large part to the Company’s efforts to drive operational efficiencies underpinned by expansionary GCC economies, increase in industrial activities in the region and resilient consumer spending. FY 2022 Reported Net Profit declined 27% YoY to AED 165.4 million, impacted by currency fluctuations in certain markets.

Important to note, we stabilized our Group SG&A in an inflationary environment which means that we have a leaner organization which is more cost efficient, more agile and ready to sustain future growth under a similar and stable SG&A structure.

Aramex ended the year with a strong cash balance of AED 768 million, which was stable compared to last year. We maintained a strong balance sheet with a Net Debt-to-EBITDA ratio of 2.32x, providing the Company with considerable opportunity to deliver on its growth agenda.



<i>In Thousands of UAE Dirhams</i>	<b>FY 2022</b>	<b>FY 2021</b>	<b>Change % (YoY)</b>
<b>Revenues</b>	<b>5,926,005</b>	<b>6,068,805</b>	<b>(2%)</b>
<b>Gross Profit</b>	<b>1,424,304</b>	<b>1,430,868</b>	<b>-</b>
Gross Profit Margin	24.0%	23.6%	0.4%
Normalized Gross Profit	1,407,011 <sup>1</sup>	1,439,865 <sup>2</sup>	(2%)
Normalized Gross Profit Margin	24.0%	23.7%	0.3%
<b>EBIT</b>	<b>245,331</b>	<b>305,674</b>	<b>(20%)</b>
EBIT Margin	4.1%	5.0%	(0.9%)
Normalized EBIT	279,184	269,988	3%
Normalized EBIT Margin	4.8%	4.4%	0.4%
<b>EBITDA</b>	<b>614,005</b>	<b>675,341</b>	<b>(9%)</b>
EBITDA Margin	10.4%	11.1%	(0.7%)
Normalized EBITDA	644,014	639,654	1%
Normalized EBITDA Margin	11.0%	10.5%	0.5%
<b>Net Profit</b>	<b>165,379</b>	<b>225,541</b>	<b>(27%)</b>
Net Profit Margin	2.8%	3.7%	(1.1%)
<b>Normalized Net Profit</b>	<b>172,995<sup>1</sup></b>	<b>158,270<sup>2</sup></b>	<b>9%</b>
Normalized Net Profit Margin	3.0%	2.6%	0.4%

<sup>1</sup> Excluding MyUS combination and other extraordinary items

<sup>2</sup> Excluding extraordinary items reported during FY 2021



# Business Performance

## International Express (Including Shop & Ship and MyUS)

<i>In Thousands of UAE Dirhams</i>	FY 2022	FY 2021	Change % (YoY)
Revenues	2,248,885	2,662,153	(16%)
Gross Profit	713,329	816,914	(13%)
Gross Profit Margin	32%	31%	1%

The **International Express** FY 2022 Revenue declined 16% YoY to AED 2.25 billion, driven by the softening of volumes due to COVID-induced lockdowns in China. This was partially offset by significant customer wins from local and international brands, as well as the robust growth of Shop and Ship business which benefitted from positive contributions from MyUS. Gross profit margin during the year increased to 32% driven by linehaul cost improvement and cost efficiency efforts.

## Domestic Express

<i>In Thousands of UAE Dirhams</i>	FY 2022	FY 2021	Change % (YoY)
Revenues	1,501,196	1,607,576	(7%)
Gross Profit	372,292	385,133	(3%)
Gross Profit Margin	25%	24%	1%

The **Domestic Express** FY 2022 revenue declined 7% YoY to AED 1.5 billion driven by foreign exchange impact and lower volumes particularly in Australia. This was partially offset by an increase in volumes in home markets particularly in the GCC and MENA region. As a result of efficiency enhancement initiatives including digital optimization and the doubling of Pick-Up and Drop-Off (PUDO) network, FY 2022 gross profit margin increased to 25%.

## Freight-Forwarding

<i>In Thousands of UAE Dirhams</i>	FY 2022	FY 2021	Change % (YoY)
Revenues	1,684,376	1,325,551	27%
Gross Profit	232,697	153,875	51%
Gross Profit Margin	14%	12%	2%

Aramex’s Freight-Forwarding business recorded a strong FY 2022 performance with a 27% YoY increase in revenues to AED 1.68 billion, and a 51% YoY increase in gross profit to AED 232.7 million due the increased focus on freight capabilities and competencies. During the year, Aramex expanded its air and sea charters and increased its focus on core markets including UAE and KSA.

## Logistics and Supply Chain Solutions

<i>In Thousands of UAE Dirhams</i>	FY 2022	FY 2021	Change % (YoY)
Revenues	445,294	434,856	2%
Gross Profit	67,019	42,477	58%
Gross Profit Margin	15%	10%	5%
Normalized Gross Profit	77,251	47,802	62%
Normalized Gross Profit Margin	17.3%	11.0%	6.3%

The **Logistics and Supply Chain Solutions** FY2022 revenue increased to AED 445.3 million, while utilization rate at warehouses reached 85% in FY 2022. Good cost management and automation helped reduce costs and deliver growth in gross profits. FY 2022 gross profit increased 58% YoY to reach AED 67 million, corresponding to an improved gross profit margin of 15% up from 10% in 2021.

Financial performance was impacted by the change in focus to quality revenue which resulted in certain provisions and extraordinary items. Excluding these extraordinary items, normalized gross profit shows a higher growth of 62% for the full year 2022, while the normalized gross profit margin significantly improved to 17.3% for the same period.

For full details, please visit “[Our Financial Performance](#)” section on page 136.





# Environment



## Our Natural Capital Strategy

We define our Natural Capital as all renewable and non-renewable environmental goods and services that support our current-, short-, medium-, and long-term ability to operate and prosper, this includes all the resource inputs that we use as well as, the resources that our operations may impact, positively or negatively.

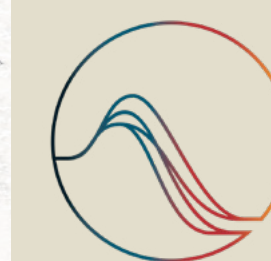
We recognize that as part of the transportation and logistics industry, the biggest impact on our natural capital is our emissions, as well as our packaging and material use and is, therefore, one of our key material topics. Our natural capital strategy lies in holistically monitoring related inputs and outputs. We minimize our fuel needs and emissions through increased efficiency and renewable energy use and reduce our material and packaging use, along with our waste streams through continually evaluating our business needs and reducing, reusing, and recycling. Our employees and business partners are key to this strategy, and we ensure that we engage with them to raise awareness, train, and evaluate suppliers on their environmental impacts and sustainability.

## Environmental Stewardship and Climate Change Mitigation

**We follow a robust GHG Emission calculation approach which covers our network of operations to calculate our overall emissions following GHG protocol, International Energy Agency (IEA), and other best practices. Our emissions data and calculation methodology is audited and assured by external parties.**



Surpassing our 2016 goal of reducing our emissions per shipment by 20% by 2020, we have set forth new targets in line with the Science Based Targets Initiative (SBTi). These targets are underscored by a rigorous scientific and data-driven approach to measuring and managing our impacts across the entirety of our operations, covering scopes 1, 2, and 3<sup>[1]</sup> guiding our decarbonization strategy.



SCIENCE  
BASED  
TARGETS

Science Based Targets initiative (SBTi) Commitments from 2020 base year

**42%**  
reduction on scope 1 & 2

**25%**  
reduction on scope 3, dependent  
on supplier commitment.

**Our Natural Capital strategy follows a multi-faceted approach toward the environment and climate change, our key projects and initiatives are:**

### 1. Renewable Energy- Solar Installations and Investment

We made commitments to invest in renewable energy projects where possible. We currently have Five solar energy systems installed, covering a part of our energy needs for our warehouse in Dubai, UAE and in Amman, Jordan covering part of our warehouses and office energy needs due to the regulations facilitating both wheeling and net-metering schemes. In 2022, we expanded two of our solar installation systems in Jordan.

Our goal is to install around 5 solar installations per year until 2030 where technology availability and regulations permit.

### 2. Sustainable Fleet

We aim to substantially increase the usage of electric and low-emission vehicles in our fleet. Converting our fleet is a great opportunity to reduce our negative impact on the environment. However, it also presents a challenge due to our asset-light model and the nature of our operations and geographies. We are bound to local regulations as well as available and feasible technologies in key markets. With that in mind, we continually and proactively seek suitable solutions and test vehicles to help the transition toward a more sustainable fleet.

Our goal is to convert our fleet to Low Emission and electrify our fleet based on availability of electric vehicles that meet our operations' needs in our markets

### 3. Energy Efficiency

We are committed to enhancing our energy efficiency to optimize and reduce our natural resource use and inputs. We are also committed to certifying our facilities according to the ISO 14001 standards, along with working to achieve LEED certification on our owned facilities, where feasible and possible. Please see page 110. Additionally, we conduct energy audits in different locations and facilities to understand our energy use and identify any possible energy savings.

### 4. Working across our Supply Chain to Mitigate Scope 3 of our emissions

In 2021, we joined the Air France and KLM Corporate (AFLK) Sustainable Aviation Fuel (SAF) program. The program is part of ongoing efforts to manage and reduce emissions and carbon footprint across our industry and enhance our sustainability. This project is continuing, and we are finding ways to partner with airlines and other aviation companies to reduce the environmental impact of using airfreight and airliners in our operations.

<sup>[1]</sup> Scope 3 is highly dependent on our suppliers' performance



### Safeguarding our Natural Capital

In addition to managing and reducing our emissions and working on mitigating our climate-related impacts and risks, we are actively working towards safeguarding our natural capital and minimizing our environmental footprint and negative impacts across different aspects of our operations and supply chain, these efforts include:

Material Use	Recycling and Waste Management	Water Use	Sustainable Procurement	Employee Awareness and Training	Environmental and Sustainability Policies and
<ul style="list-style-type: none"> <li>Paperless office</li> <li>Digitized internal process</li> </ul>	<ul style="list-style-type: none"> <li>Expand recycling across the network</li> </ul>	<ul style="list-style-type: none"> <li>Conservation</li> <li>Grey and black water</li> </ul>	<ul style="list-style-type: none"> <li>Sustainable procurement policy</li> <li>Supplier due diligence</li> <li>Supplier Code of Conduct</li> </ul>	<ul style="list-style-type: none"> <li>Environmental Awareness and sustainability training as part of our onboarding</li> </ul>	<ul style="list-style-type: none"> <li>Environmental stewardship policy</li> <li>Social responsibility policy</li> <li>Sustainable water policy</li> </ul>

Details on these initiatives and more can be found in the [Environment section](#) in our extended report (page 32).

### Our GHG Emissions Footprint

We measure our emissions based on the Green House Gas (GHG) Protocol accounting tool and utilize an operational control approach to measure our emissions. For more information on our measurement approach, boundaries, and limitations refer to our reporting process on page 112-116 of our [2022 annual report](#).

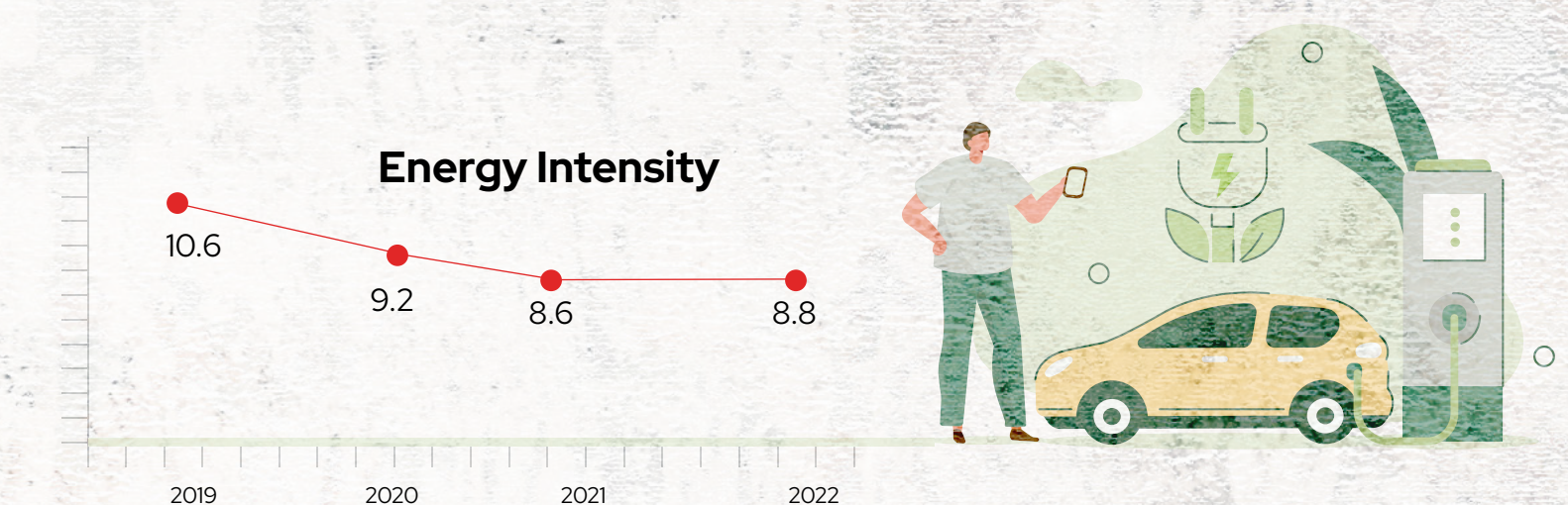
Emissions (tCO <sub>2</sub> )	2018	2019	2020	2021	2022
Scope 1 <sup>[1]</sup>	49,903	56,769	59,334	64,414	63,268
Scope 2	30,911	42,501	39,326	31,008	23,643
Scope 3	606,088	651,747	628,684	573,836	502,210
• Freight	387,910	390,745	364,680	314,718	297,698
• Express	191,355	233,891	251,438	231,642	177,110
• Rail	-	-	0	78	-
• Commuting	26,011	26,522	12,430	27,236	27,236
• Business Travel	633	589	136	162	166
<b>Total Emissions</b>	<b>686,902</b>	<b>751,017</b>	<b>727,344</b>	<b>669,258</b>	<b>589,121</b>

[1] Refrigerant emissions are not included in our Scope 1 calculation

### Carbon Emissions over the Last Five Years

Emissions (tCO <sub>2</sub> )	2018	2019	2020 New Baseline	2021	2022
KgCo <sub>2</sub> e/ Shipment	10.00	7.50	5.7	5.1	4.8
Electricity (kwh)/ Shipment	0.69	0.65	0.50	0.41	0.35
Fuel/ Shipment	0.30	0.28	0.20	0.19	0.21
Electricity (kwh)	47,450,551	65,664,723	61,276,783	55,024,089	43,350,256
Fuel	20,416,518	22,854,060	24,267,172	25,715,644	25,438,603
<b>Total Emissions</b>	<b>686,902</b>	<b>751,017</b>	<b>727,344</b>	<b>669,258</b>	<b>589,121</b>

Year	SO <sub>x</sub> and NO <sub>x</sub>
2018	27,236
2019	34,970
2020	33,146
2021	39,965
2022	38,182



## Climate Risk Assessment

We recognize our responsibility to our stakeholders, and it is essential that we fully understand the potential threats climate risks pose to our business, operational activities, and customers. Therefore, in 2022, we underwent a series of actions to strengthen our climate risk assessment and resilience practices. Starting with appointing an independent third-party consultant to conduct a climate risk assessment and benchmarking exercise. The purpose of this assessment was to identify our exposure to various climate risks and to evaluate our current climate risk performance compared to global and industry-leading practices. For more on this please refer to page 38 in our [2022 report](#).

### Approach for conducting the Qualitative Risk Assessment (QRA)



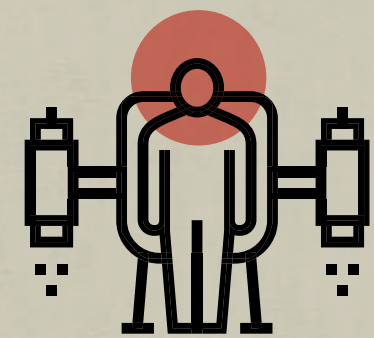


# SOCIAL

## Our People

Throughout our 40 years, our people have been and remain the driving force enabling our strategy and business operations, fostering our value creation for our clients and customers. We pride ourselves on building a human-centered leadership culture that aims to inspire our employees, enabling their learning and growth, while continually delivering value to our clients and communities. Our people are comprised of diverse, highly skilled, and innovative teams, and we strive to foster a work environment that builds on each employee's key strengths, provides a safe space of belonging, inspires creativity, and fosters well-being.

## Our Human Capital Strategy



Human Capital

Our approach to human capital development is a journey fueled by empowerment and partnership. We continually work to ensure that our Human Resources function is front and center as a key enabler to our strategy and attainment of business goals. At its core, our corporate culture puts our people first, with an HR vision that centers on ensuring Aramex attracts, retains, and empowers talent, confirming we are the employer of choice. Our employee well-being, learning and development, and employee motivation are part and parcel of our human capital strategy.

In 2022 we were able to further enhance and deliver on our Human Capital strategy through our Centers of Excellence. Expertise in these functions allows us to create and cascade new strategies, and HR best practices across the network.



Talent



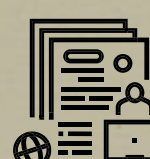
Learning and Development



Reward



Internal Communications

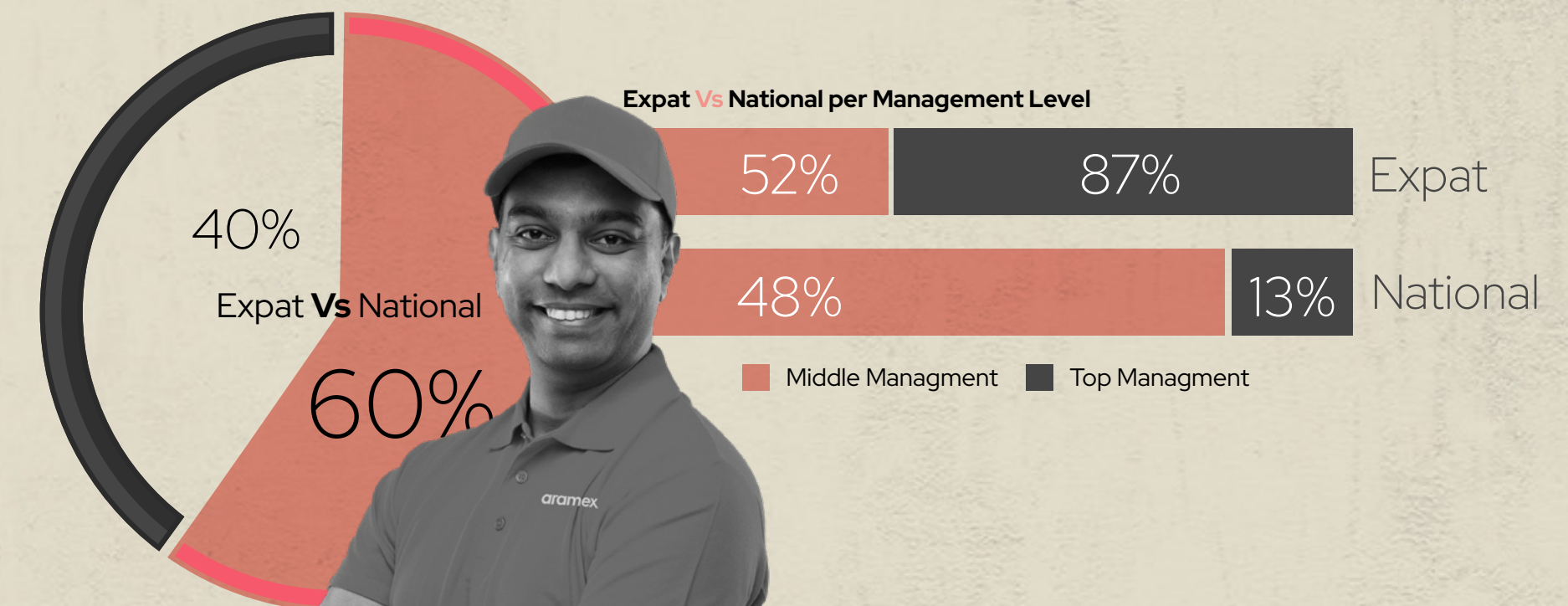


HR Tech

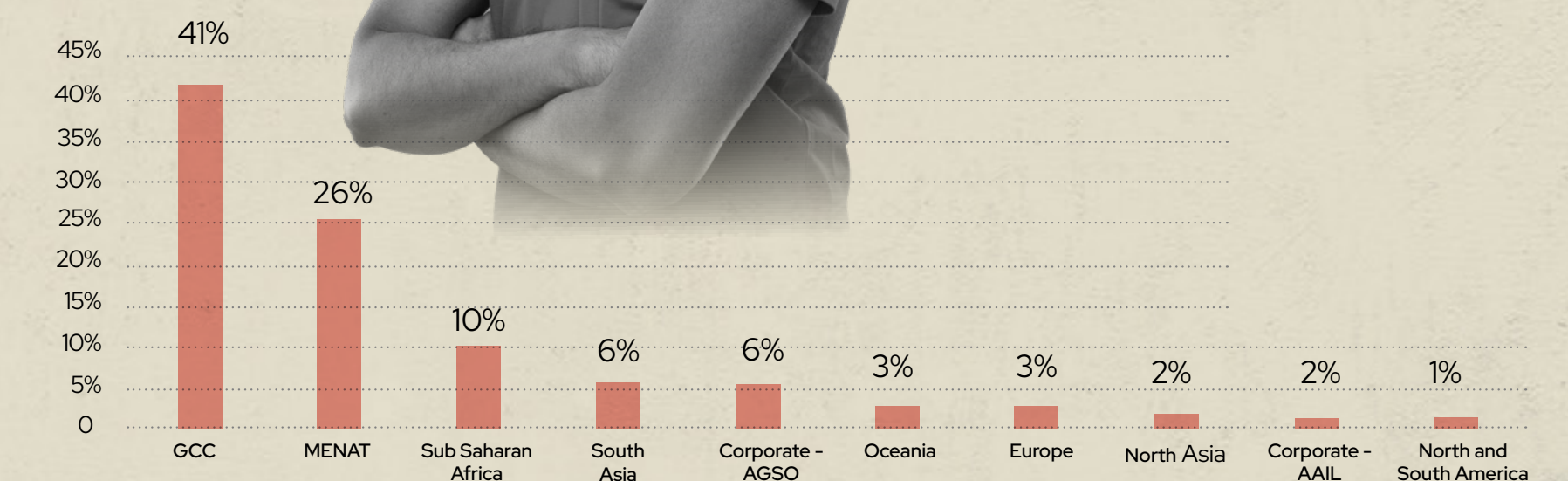


Insights and Analytics

We focused on improving organization effectiveness, instilling a performance mindset, invested in talent upskilling, and improving employee engagement in 2022. This included amongst other things, enhancement of our performance management process, transparent and detailed succession planning, review and harmonization of our benefits structures, the continuation of local recognition programs together with the launch of Aramex Pulse, our global employee engagement platform. We are also thrilled to have launched our updated Mission and Vision, which reaffirmed the centrality of our people at Aramex.

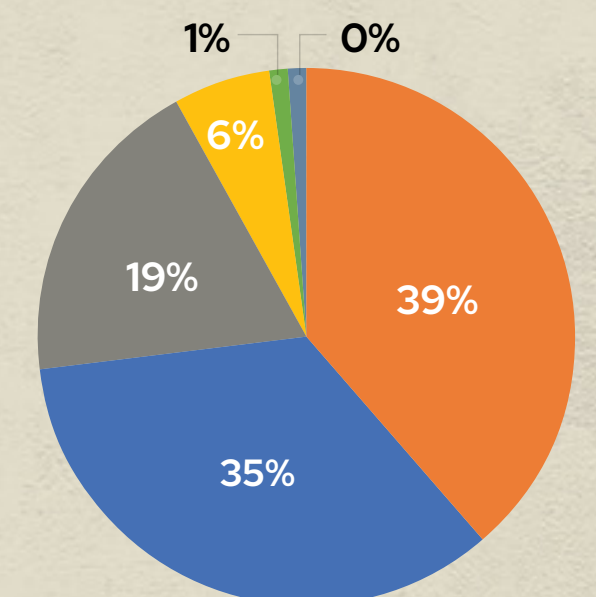


Human Capital by Region



Human Capital Age Distribution

■ 21 - 30 ■ 31 - 40 ■ 41 - 50 ■ 51 - 64 ■ Above 64 ■ Under 21



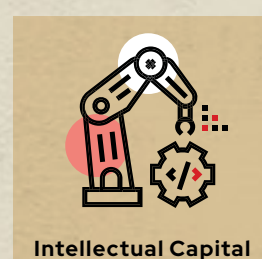
5 GENDER EQUALITY



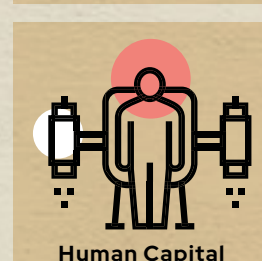
8 DECENT WORK AND ECONOMIC GROWTH



10 REDUCED INEQUALITIES



Intellectual Capital



Human Capital



Social & Relational



## Our 2022 Key Themes in HR were:



Each theme has a clear action plan and set of priorities. Based on these plans, managers facilitated by HR Business Partners invest time in building the capability, performance, and effectiveness of the teams they lead. We have also launched the HR Scorecard in 2022 which is published and circulated monthly at all levels of business and HR leadership enabling an immediate view of HR related KPIs.

### Diversity, Equity, and Inclusion

At Aramex, we are proud of our diversity with over 95 nationalities in our workforce, which we believe is one of our core strengths. As such, we work to foster a sense of belonging among our employees and ensure equity and inclusion across all our operations.

We have clear policies against discrimination on the basis of gender, ethnicity, abilities, disabilities, religion, age, or sexuality. These include our Aramex Code of Conduct, Diversity, Equity & Inclusion Policy, Grievance Policy, Whistle Blowing Policy as well as the Global Employee Handbook, all of which are available on Aramex's intranet, the policies are subject to periodic reviews and shared with employees. For more information on these policies please refer to page 45 in our [2022 report](#).

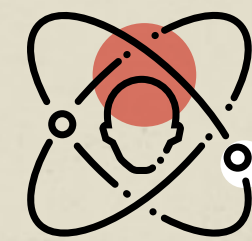
This year, we updated our Global Recruitment Policy which provides a recruitment framework to ensure that equity, diversity, and equal opportunity are comprehensively considered in all our recruitment practices, we also formally made our Anti-Bullying and Anti-Harassment training mandatory globally as part of our Zero Tolerance approach.

### Talent Acquisition

Ensuring that we have the right person in the right position in the required time is a key responsibility for our Talent Acquisition team, we actively seek to recruit candidates who not only have the needed skills and experience but also align with our culture. To ensure we are attracting high potential talent, it is fundamental to our Human Capital strategy to maintain our status as the employer of choice through our broader HR Strategies and Employee Value propositions.

### GCC Nationalization Targets

In 2022, we also had an exciting opportunity across the UAE and KSA to facilitate nationalization programs to achieve national targets set by government authorities. We are proud to confirm that we achieved all targets set out and accrued no fines or penalties.



### Learning and Development

Learning and development (L&D) was an integral part of our HR agenda for 2022. Our mission is to manage the development of our employees in alignment with our key business priorities. Stemming from our belief that blended learning is the path forward, we combined classroom forums, in-field applications, personal and results-oriented feedback, and online engagement to empower and enable our employees to take ownership of their learning experience.

Our learning and development programs include onboarding, **Leadership Development, Sales training, LinkedIn Learning, and the Aramex Lean Program.**

#### Our approach to L&D is guided by three key goals:

To be a world-class center of learning and people development that elevates the employee experience	To provide employees with tools to excel and advance in their careers	To prepare managers to become future leaders of the company by providing learning opportunities that are aligned with our strategy and goals
---	---	--

### Our Training in Numbers

Number of Learners	14,432	Training Highlights	2021	2022
Number of Courses	3,149	Total Training Hours including Linked in	26,553	114,221
Learning Hours	114,221	Total Linked-in Learning Hours	470	14,261
Average Hours per Employee	7.91	Total Hours Female	7,875	31,989
Average Courses per Employee	6.88	Total Hours Male	18,494	82,232
Female Learners	3,203	Total Hours excluding Linked in	26,083	99,960
Male Learners	11,229	Average Hours – Active Learner	1.6	7.9
		Average Hours – Headcount	1.6	7.0



# Health, Safety, and Security



The health and safety of our employees, customers, suppliers, contractors, and partners is of critical importance at Aramex. Our occupational health and safety management system ensures that we safeguard the fundamental right to a safe and healthy working environment, it provides the framework for all our stations across the globe through a number of health and safety policies, procedures, and training. These include our Health and Safety, Driving, STOP Work, Substance Abuse, and No Smoking policies. Additionally, we have a number of manuals and procedures that are circulated and made available for employees as well.

## Health, Safety and Security Training Highlights



**17 courses on**  
occupational Health  
Safety, Environment



**2,019 training hours**



**2,370 employees**  
1,516 Male Learners ,  
490 Female learners



**In 2022, we have certified 15 more sites to OHS MS meeting ISO 45001 standard. Globally so far 39 sites were certified to ISO 45001 standard and 18 more sites to be added in 2023.**

**All ISO 45001 standard requirements are in place.**



## Security

Physical security threats to the supply chain continued to evolve in 2022, especially given disruptions in the global supply chain overall. Some of the challenges include ensuring thorough cargo screening to ensure detection of any contraband of illegal commodities, while also mitigating delays and managing lowered capacity due to security measures. All security incidents are captured using the Riskonnect tool which enables the security team to have better understanding of incidents trend and take decisions to mitigate risks on country and regional levels. On the ground, we continued to upgrade our security system including CCTV and intrusion alarm meeting the best industry standards and enabling us to renew our TAPA (Transported Asset Protection Association) FSR (Facility Security Requirements) certificates in various locations. For the second year in a row, we completed the global Security property assessment on the top 86 facilities which helps us identify the gaps and address these accordingly.

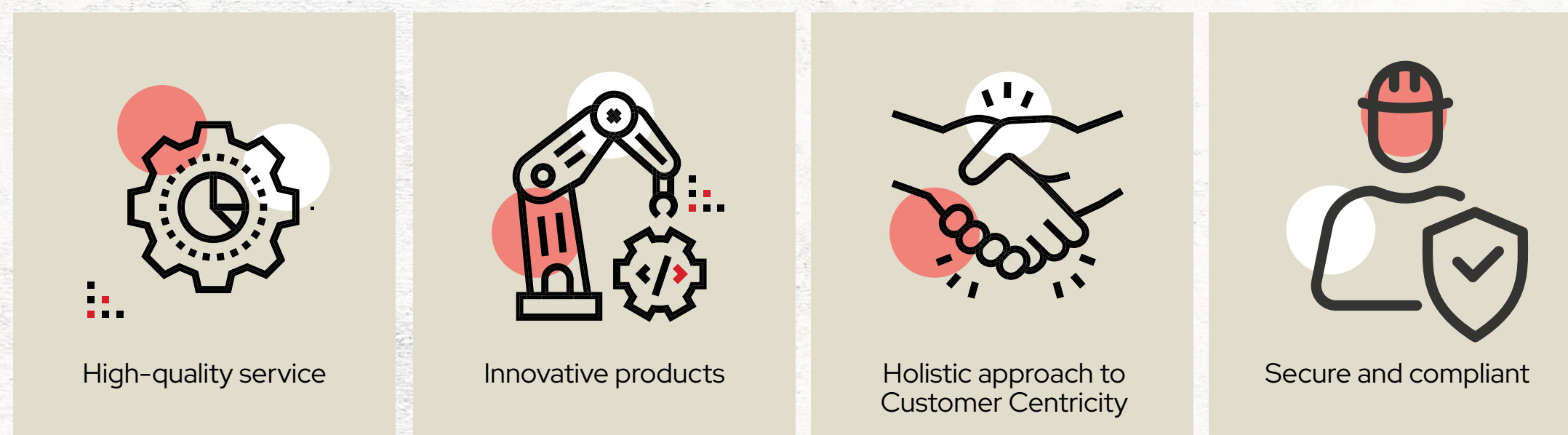
Additional details, along with our 2022 health and safety numbers are on page 51-55 of our [2022 report](#).



# Our Customers

Throughout our 40 years of operation, Aramex's customer-centric philosophy remains a pillar in our work to deliver excellence and value to our customers, whenever and wherever they might be. We are committed to providing high-quality services and innovative products that ensure our customers' needs come first and that their experience is at the heart of our strategies and operational decisions. In addition to our goal to meet and exceed customer expectations, we ensure that we have policies, training, and guidelines in place to safeguard client privacy, uphold confidentiality, ensure responsiveness and that any and all interactions and relations between Aramex and our clients uphold ethical and professional conduct.

## The Aramex approach to creating value for our customers:



**Our customer-centric approach allows us to invest in continually building our Social and Relationship Capital while augmenting our Intellectual and Manufactured Capital.**



## Putting Customer Engagement at the Forefront

Over the past 40 years, our customer-centric approach has informed our customer relations strategies, tools, and activities. This year was no different. We invested in new technologies that leverage AI to understand customers' intents and sentiment and respond to customers within seconds using AI-chatbots. In addition to this, we continue to focus on the human factor in our customer engagement, which remains an essential component in ensuring personalized experiences. As part of this, we introduced the Human-In-the-loop' features on top of the NLP (Natural Language Processing) on chatbots for WhatsApp, and new additional channels for 2022 Twitter, Instagram, and Facebook.

In 2023, Aramex will focus on introducing even more communication and customer service channels in different regions to further personalize customer experiences globally.

To ensure prompt and responsive communications across multiple channels, Aramex focused on the employee experience which goes hand-in-hand with the customer experience and developed a synchronized omni-channel platform that allows employees across different functions to have full visibility on customer engagements history. Breaking any silos and ensuring identical experiences for customers regardless of the engagement channel.

Our Omni-channel approach allows us to maintain communication in a responsive and prompt manner while providing customers with different communication channels throughout their journey. All our communication is subjected to a quality management process with clear metrics including first contact resolution, acknowledgment time, and interaction closure, as well as the quality of resolution. To ensure continual improvement we collect customer feedback on their interactions to identify any gaps or lags. This year, we were able to streamline our interactions with customers. In 2023, our focus will be on digitalizing the first response to promote self-service, further enhancing the whole customer journey and reducing the first response time. This includes optimizing automation to maximize Service level agreements and serve customers even faster.

## Communication Channels

We have listened to our customers and changed the way we communicate with customers by giving them the option to either select a door-to-door delivery for their shipments or to pick up their shipments from their nearest Aramex Pickup & Drop off Point which might be an Aramex outlet, Parcel locker or a Pick-Up & Drop-Off location.

## Expanding Aramex PUDO Network

We have expanded our PUDO network within the GCC by expanding our Retail Outlet network, Parcel lockers network, and our Pick-Up & Drop-Off locations and our customers can enjoy collecting their shipments from a location that is within 10Km radius at their convenient time.

We have doubled our PUDO network in the GCC in 2022 vs 2021. A PUDO location can receive hundreds of parcels at a time, reducing the extra travel required for home deliveries and saving fuel and labor, and reducing their overall carbon footprint.

## Launching Counter to Counter Service

In Saudi & Oman, we have launched our Counter-to-Counter service. This service will allow individuals to send domestic shipments from one of our outlets, parcel lockers or Pick & Drop locations and to be collected from the same network at competitive rates and convenience.

## Tenders

Through our tender process, we make sure we engage with our customers to fully understand their needs from different topics of the organization, including legal, risk, commercial, compliance, and others to make sure we find the right solutions for each customer. In 2022, we managed to win a significant number of tenders within our different products, and across around 40 countries in different regions achieving an increase in the winning ratio by 17% over 2021. In 2023, we are aiming to increase the number of tenders by 25%, and work on better understanding the root-cause of the lost tenders and how we can build our internal capabilities to acquire more business.



### SME Support Program

We continue to work on providing services and products tailor made to SMEs and startups, stemming from a keen understanding of the importance of entrepreneurship in transforming our economy and community. Aramex establishes a dedicated unit mandated by introducing an economical tailored logistics solution coupled with advanced technology to deliver a seamless shipping experience to specifically respond to the needs of SMEs. Additionally, this unit gathers and analyzes data on SMEs and startups to understand their needs and design and implement the appropriate solutions and offerings, focusing on a seamless end-to-end experience.

In 2022, we focused on enhancing our special SME offering and rate cards, lead generation mechanisms, as well as our communication channels for SMEs using Voice of Customer to collect continuous feedback. We also worked on enhancing the user journey by revamping our website and webtools. We are focusing on hiring business development managers that are experienced in working with startups and SMEs to better tailor our services to their needs.

We began exploring partnership opportunities with the Department of Economic Development (DED), Start-up Incubators, and SME business forums to expand our reach and the program.

**Since the program launched, we have reached over 75,000+ SMEs and startups, with over 26, 000 added in 2022.**

### Technology-Enabled Business Capabilities and Transformation

At Aramex, we are keenly aware that our ability to deliver value to our stakeholders is bolstered by our ability to invest in and integrate technological innovation in all aspects of our value chain. By committing to leverage our technological capabilities and expertise and keep up with the ever-changing digital landscape, we remain true to our role as tech enablers and innovators. Our digital transformation mission and strategy is to develop technology-enabled business capabilities that scale digital business operations up and out, generate revenue, improve profit margin, advance customer satisfaction, and future-proof our business.

Building on our efforts in 2021, in 2022 we set a 5-year strategic plan which centers around the following pillars:



**Developing new technology revenue and capabilities**



**Modernize core technology**



**Redefine the customer journey – Sender & Receiver Intimacy**



**Enhance operational efficiency**



**Future proofing innovation**



**Incorporate sustainable tech, paperless operations, and green computing**

### Customer Solutions Available Anytime, Anywhere

Aramex maintains a comprehensive set of communication tools that allow individuals to seamlessly manage their shipments anytime anywhere. In 2022 We introduced Sprinkl – the new omni channel solution. This AI-powered solution combines our different channels and experiences to unify the consumer business communication and experience through one omni channel platform offering the same level of automation process across all social media channels.

### Continuous Monitoring of our Services to Continually Deliver Value

Through continuously monitoring our service delivery across different levels, sectors, and verticals, we can anticipate customer needs, stay ahead of global shifts in our industry, and enhance our services. We deploy up to date investigative and predictive methodologies to forecast operational and technological changes and requirements, predict trends, volume fluctuations, and business and industry transformations and needs.

### Cyber Security

As we continue to rely on technological innovation, automation, and digital transformation, information security is taking center stage as a priority for Aramex. We strive to provide our customers, business partners, and stakeholders the peace of mind knowing their data is safe and privacy is a top priority. We work across all departments, levels, and verticals to ensure that we establish and maintain a culture of information security, empowering all employees and raising their awareness to ensure that they uphold and upkeep customer privacy, information security, and adherence to all relevant internal and external laws and regulations related to data and information management. Aramex has maintained an effective Disaster Recovery plan which defines to ensure the continuity of the company's operations in case of a disaster and other disruptive cases.

We also acquired the PCI-DSS certificate which ensures that customer credit card information is protected to the highest protection standards and requirements. We adopted the European General Data Protection Regulation (GDPR) as a base for building the corporate data privacy framework, not only for our Europe operations but across our entire network.



### Information security measures and certificates

• ISO27001 SMS certification

• PCI-DSS certificate

• CCC+

### 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE



### Innovation at Aramex

Our innovation strategy has been to drive transformation internally to deliver value to our customers, while ensuring customer satisfaction, reliably and responsibly, while ensuring product profitability. In 2022 we had several projects, including **Crowdsourcing, Pick-Up and Drop-Off (PUDO) solutions, Future Vehicle Program, Drone deliveries Autonomous BOT deliveries, Fleet Electrification. Additionally, we launched our Aramex Command Center.** More details on these initiatives and projects can be found on page 59 of our [2022 report](#).

Our internal innovation program (Aramex RedLab) allows employees to share their ideas with us, after consideration and necessary assessments, these ideas developed into products, piloted, and launched. Some of 2022's exciting RedLab ideas from our employees that will be launched are:

- Ecommerce store for Aramex Boxes
- NFT for shipping
- WhatsApp for Business solutions
- Automation of training





# Our Communities



Over the last 40 years, sustainability has been and remains a part of the Aramex DNA, it is a source of pride, a strategic vision, and an embedded value that we uphold. A crucial part of our sustainability has been our work and partnerships with our communities. We are firm believers that a big part of our role and responsibility as a company is to work closely with communities to enact a positive, sustainable, and effective impact.



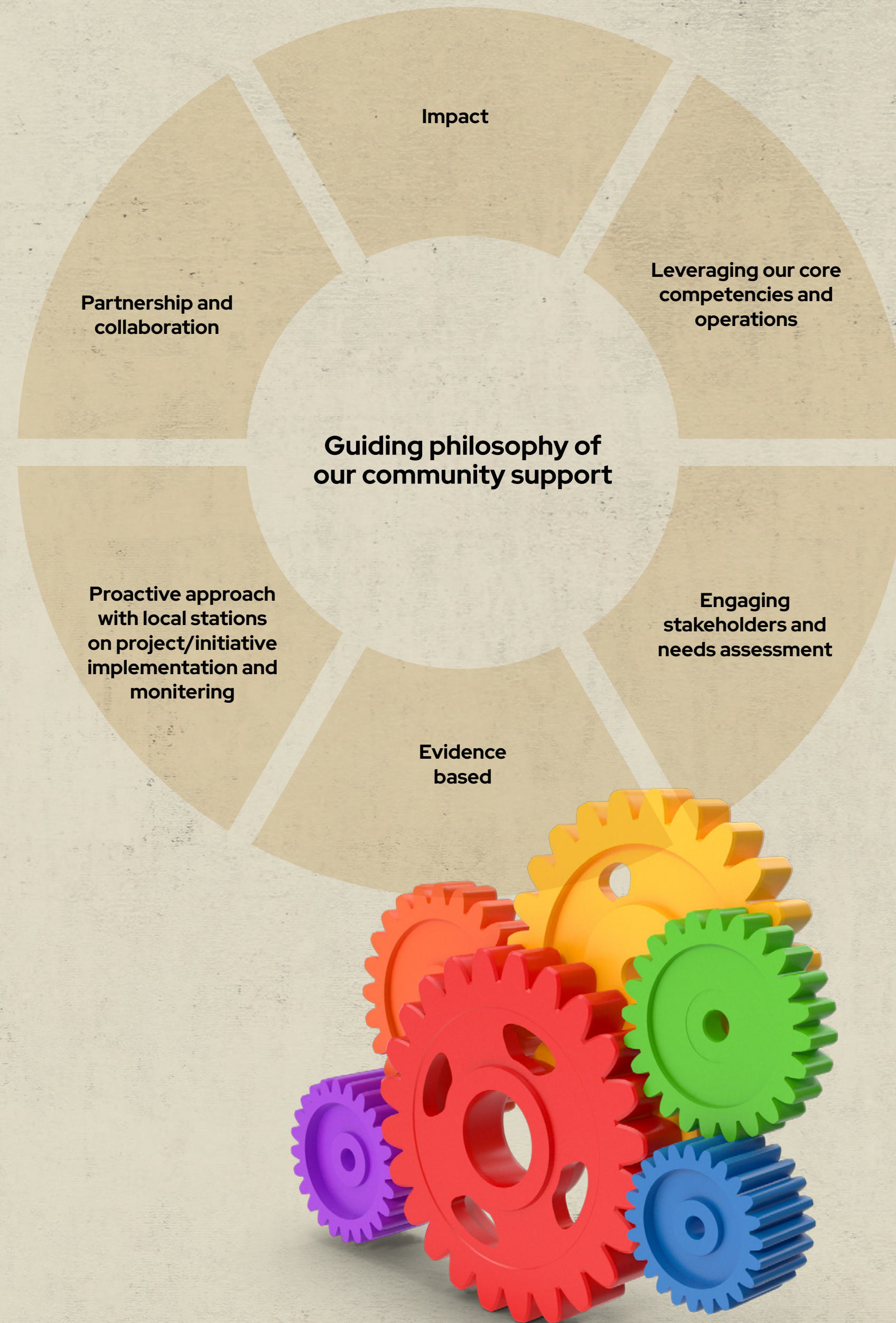
## Our Social and Relationship Capital Strategy

The networks, partnerships, and relationships that we build and foster within Aramex and between Aramex and other institutions and stakeholders are key to upholding our sustainability strategy, enhancing collective well-being, and ensuring that we are aware of and responsive to the needs of our stakeholders and communities.

Our social and relationship capital is interconnected with our human and intellectual capitals. Our related strategy allows us to expand our understanding of our social impacts and ensure that we are actively contributing to the social good.

Our Corporate Citizenship program, which is implemented across our network, aims to create shared value, and positively contribute to our communities based on their specific local context and needs. The program focuses on the following key areas:

- Community Engagement
- Youth Education and Empowerment
- Entrepreneurship



In 2022, our focus has been to consolidate our efforts and partnerships to strengthen and enhance our strategic goals and focus. During this year, we maintained our existing partnerships and support and conducted an evaluation of all our projects and activities, setting a road map to streamline our social projects, establish new partnerships, and conduct assessments and research on community and youth needs and priorities. In 2023, we are looking forward to putting the planning and learning into action, working towards our goal to expand our beneficiary base by 5% year-on-year until 2030.

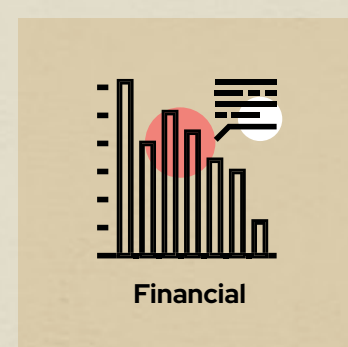
## 2022 Social Projects and Partnership Highlights

- Supporting Free medical Care in Kenya
- Distributing Aid to Sudan
- Distributing School Bags in Tunisia
- Partnering with Injaz in Bahrain and Jordan
- Supporting Students' Education in Ghana
- Employability Skills Support in Ireland
- School Renovation in Kenya
- Supporting Children in South Africa



Details on these projects can be found on page 63 of our [2022 annual report](#).





### Partnerships for Good

As part of our sustainability strategy, we aim to build and nurture partnerships to enhance our value creation and positive impacts on our communities. We diligently advocate for sustainable business practices, improved regulations, transparency and accountability, and the integration of sustainability into business practices within different organizations. We work with different private, public, and nongovernmental institutions across different geographies and scales.

Some examples of our partnerships and accomplishments for 2022 include:

#### Global Partnerships:

United Nations Global Compact (UNGC), Caring for climate World, Future Energy Summit

#### Regional Partnerships:

Dubai Financial Market (DFM), UNICEF RTC, AFED UNRWA, UNHCR, Ruwwad Development  
INJAZ Al-Arab

#### Local Partnerships:

Jordan Green Business Council, INJAZ Jordan, Dubai Chamber of Commerce, Abu Dhabi Sustainability Group, Peal Initiative, Egyptian clothing Banks, AmidEast, JEU'NASS

For partnership and community project highlights please refer to page 64 of our [2022 report](#).

### Procurement and Supplier Relations

Our procurement procedures are an important part of our business practices and facilitate our goals to source locally and responsibly and ensure cost effective, strategic, and responsible procurement and purchasing through a strict, yet user-friendly and transparent process. We engage with our suppliers through different channels, both online and offline. We also conduct site visits and stakeholder engagement sessions to have a comprehensive understanding of our supplier base. We have launched supplier training through Ariba, and all our suppliers have received training in 2022.

We encourage and prioritize local suppliers and purchasing, as long as it is aligned with our code of conduct and business needs.

**In 2022, 98% of spending in key stations\* was spent on local suppliers\*\* .**

All suppliers are screened using our supplier questionnaire during the onboarding process, which covers our third-party due diligence policy, supplier and Aramex codes of conduct covering diverse ESG topics including environmental impact, child and compulsory labor, human rights, collective bargaining, and social impact. Questionnaires are reviewed by compliance, procurement, finance, accounting, sustainability, and health and safety depending on the nature of the supplier. Additionally, we conduct quarterly evaluations for the suppliers we are working with.

Through the questionnaire, along with training and partnerships, we aim to mitigate and reduce risks related to non-compliance, labor violations, and negative social and environmental impacts along our supply chain.

\*Key stations: Stations where we have significant operations, in terms of volume of business, size of operation, and its expenses/ budget

\*\*Local Suppliers: Suppliers that are based in the country of the specific Aramex operation/ Station



### In 2022 we refined our supplier due diligence process through:

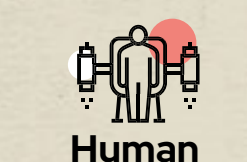
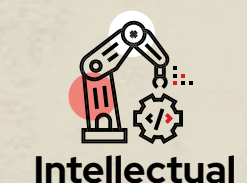
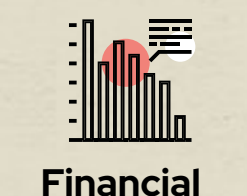
- Updated to include additional questions on human and labor rights, health and safety, environmental impacts, and sustainability.
- Introduced Supplier Code of Conduct that covers an array of aspects to ensure alignment with Aramex code of conduct including; Culture of integrity in the workplace; Culture of integrity in doing business; commitment to the code of conduct



Aware of the importance of extending and embedding our sustainability and responsible business practices throughout our supply chain we have several initiatives that center on greening our supply chain. Within our supplier network, some of our partners are carbon neutral, which allows us to enhance our supply chain and reduce our scope 3 emissions in countries of operation.



# Governance



Aramex's Board of Directors and Management strive to strengthen the Company's position as a leader in corporate governance by adopting and upholding best practices across the group. As a listed company in the Dubai Financial Market, Aramex's corporate governance practices are guided by the "The Chairman of Authority's Board of Directors' Decision no. (3/Chairman) of 2020 concerning Approval of Joint Stock Companies Governance Guide" and its amendments ("SCA Governance Guide").

Efforts and attention are placed on continuously reviewing and improving the Company's governance framework by effectively enhancing its practices, policies, and procedures.

The Board of Directors continued with its ongoing initiatives to enhance Aramex's governance framework and systems in 2022, including revising its governance policies and procedures in order to ensure the Company's practices are up to date with international best practices and legal and regulatory requirements. The Board has updated its charter and its committees' charters and has revised the Company's delegation of authority matrix to correspond to the Company's business objectives, current organization structure, and long-term strategy. The Directors attended a workshop provided by Hawkamah to address the outcomes of the 2021 Board evaluation exercise.

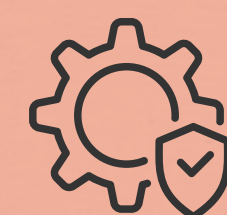
In April 2022, the General Assembly approved the amendment of the Articles of Association of the Company to bring them in line with the Federal Decree Law No. (32) of 2021 on Commercial Companies, and with the Cabinet Resolution No. (55) of 2021 Regarding Determining the List of Activities with Strategic Impact. Subsequently, in May of 2022, Aramex was the first UAE listed company to remove the existing restrictions on foreign ownership and increase the limit from 49% to 100% to allow for full ownership of its free-floating shares by foreign investors. An indicator of good governance, this step was taken to strengthen and further diversify the Company's shareholder profile, offering investors from all around the world an equitable opportunity to invest in Aramex's journey towards sustainable growth as it embarks on the next stage of growth and expansion.

Our full [Governance](#) Report can be found on page 71 of our 2022 annual report.

## Risk and Compliance

Risk management and compliance are core to our sustainability and responsible business practices. By ensuring that we proactively manage and evaluate different types of risks and setting and adhering to the best practices and policies across our operations, we can create and preserve value and mitigate any value erosion or negative impacts from our operations.

The rapidly changing business environment presents massive structural shifts to Aramex risk profiles, which are expected to accelerate in a nonlinear pattern. Beyond the profound health and economic uncertainty of the current moment, catastrophic events are expected to occur more frequently in the future. The digital revolution, climate change, stakeholder expectations, and geopolitical uncertainty are also playing a major role in informing the risk profile of Aramex.



## Enterprise Risk Management

Aramex risk management process is focused on supporting the strategic objectives in the medium term and ensure longevity in the long term. Aramex Enterprise Risk Management framework enables a consistent approach to the identification, management, and oversight of key risks, allowing a holistic and meaningful comparison of the risks faced and how they are managed across the company's footprint. Aramex proactively and diligently manages its **strategic, operational, compliance, financial, and sustainability risks** which are identified, assessed, and managed through a defined process across the corporate, country, and project levels. As a result, business decisions are made with consideration of associated risks and rewards, and Aramex continuously monitors its changing risk exposure.

The Aramex Risk Management division is tasked with developing and maintaining our Risk Management Framework and Methodology. The framework allows our executive management team to manage business risks and threats proactively and effectively while maintaining alignment with our strategic goals, visions, and mission.

## Risk Management Governance and Process

Aramex continues to have various governance and reporting structures in place to enhance risk management and reporting. Some of these include the following:

- **Risk Capability Network**
- **Risk Governance.**
- **Risk Review and Monitoring**
- **Risk Reporting**
- **Establishing a Risk Management Framework**
- **Conducting Risk Assessments**

**Our risk management framework enables a consistent and holistic approach to identifying, managing, and the oversight of risks. This consistency allows us to meaningfully compare both the risks we face and how we manage them.**

• **Implementing Risk Control Measures:** This involves implementing measures to prevent or mitigate identified risks. This could include implementing policies and procedures to reduce the likelihood of risks occurring or implementing contingency plans to minimize the impact of risks if they do occur.

## • Regularly Monitoring and Reviewing Risks.

Overall, Aramex risk management programs and initiatives help identify and manage potential risks, which can help protect Aramex's assets, reputation, and overall performance.

We at Aramex recognize that climate change poses a number of physical risks (i.e., caused by the increased frequency and severity of extreme weather events) and transition-related risks (i.e., economic, technology, or regulatory challenges related to moving to a greener economy) for our business. As a result of the growing understanding of the impacts of climate change on our business, we have added 'Environmental Sustainability' risks to our corporate risk profile.

Furthermore, as part of our sustainable business strategy, we monitor climate-related metrics and develop plans to address climate-related risks and opportunities. The Chief Suitability Officer heads the sustainability agenda as part of our purpose-led strategy and has overall accountability for managing our efforts to mitigate climate change risks and impacts.





Corporate Compliance

The Compliance function is responsible for ensuring that all our internal stakeholders are aware of and are implementing processes that minimize and mitigate statutory, regulatory, and reputational damage. Through this function, we ensure that we provide stakeholders with ample guidance necessary for upholding ethical and compliant business operations.

We have several programs and training initiatives that are designed to reduce the risks of non-compliance and unethical behavior. Our annual objectives are the following:

- Companywide Code of Conduct training
- Focused training for targeted internal stakeholders in areas such as customs and trade compliance.
- Conflict of Interest annual declaration by employees

Additionally, we have launched better and improved third-party due diligence for vendors in general, and more specific approaches for customs agents, franchisees, and other targeted groups of third parties.

Our compliance with laws and regulations is mainly driven by existing policies, group governance, continuous monitoring, and the assessment of both current and anticipated future risks. We diligently work with the corporate Legal team to be informed of any relevant updates and changes related to both country-level and international policies, laws, or best practices and make necessary amendments to ensure compliance

Compliance within Aramex has adopted a precautionary and proactive approach. Our compliance programs are designed to prevent issues arising from non-compliance. Our programs are consistently driving change and improvement in ethical behavior. Our main precautionary measures are our training programs, our trade compliance, customs, and corporate compliance policies and procedures. These policies and procedures are also increasingly assimilated within the different Aramex functions via controls and process change to manage and reduce risk.

Compliance Training

As part of our compliance strategy, we continue to provide risk and compliance awareness sessions. We have automated the risk and compliance induction training through our learning management system and is mandatory for all new employees and continue to offer classroom induction training for non-system users.

Our annual employee training program is ongoing to raise awareness of and adherence to our code of conduct and related compliance policies. The training take place both online and/or in person and include compliance knowledge assessments as part of our annual compliance strategy.

Compliance Training at Aramex

Compliance Training (Total including couriers)	2021	2022
% Completed	84%	91%
Headcount	14,749	15,609



Trade Compliance

Our trade and customs compliance program allows for better customs oversight and support to address business needs according to existing customs clearance practices within the network. Our trade compliance efforts have continued to add value to the organization to encompass better compliance support for the network. We have created a methodology to review and assess country-level risks as needed. This complements our existing denied party screening coverage, as well as our existing sanctions program management. We will continue to drive our efforts and methodology via a strong risk-based approach to reduce risks posed in the ever-increasing trade risk environment.

Policies at Aramex

In addition to our training and due diligence process, we are committed to adhering to all applicable international and local laws and regulations. Aramex has a vast list of policies within all domains that drive the governance aspect of compliance, we also ensure that we consistently review and revise these policies as needed and in keeping with the changing regulatory environments, market needs, and best practices.

### ARAMEX CODE OF CONDUCT

Accountable, transparent, respectful, fair, and professional business practices

Safe, equitable, secure, fair, and healthy working conditions


Incorporation of compliance into day-to-day operations in every aspect of the business

Healthy and sustainable growth of business

Reliability and integrity of financial and operational information

Compliance with laws, regulations, policies, procedures, and contracts

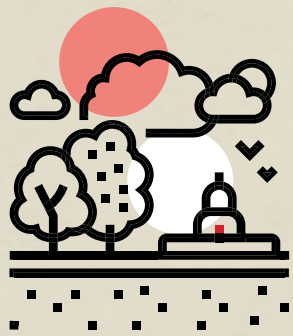


Safeguarding of assets, whether physical or intellectual

In line with these principles, we have several compliance and other policies set in place that correspond to different important aspects of our business and operations elaborated on page 116.  [In our extended report:](#)

Our Code of Conduct is aligned with international and national regulations and standards, which include (but are not limited to):

- The World Economic Forum’s Partnering Against Corruption Initiative (PACI)
- 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 (ISO 14001, LEED, local and international laws, and regulations, UNGC)
- Other applicable international and local laws



Aramex Code of Conduct		
 <b>Environment</b> <ul style="list-style-type: none"><li>• Environmental Stewardship Policy</li><li>• Sustainable Water Policy</li></ul>	 <b>Social</b> <ul style="list-style-type: none"><li>• Health and Safety Policy</li><li>• Human and Labor Rights( including the right of collective bargaining and freedom of association)</li><li>• Diversity, Equity &amp; Inclusion</li><li>• Charitable Donations and Sponsorships</li></ul>	 <b>Governance</b> <ul style="list-style-type: none"><li>• Non-Compliance Disciplinary Policy</li><li>• Export and Trade Compliance Policy</li><li>• Gifts Entertainment&amp; Hospitality</li><li>• Conflict of Interest</li><li>• Anti-Money laundering</li><li>• Third Party Due Diligence</li><li>• Anti Bribery and Corruption Policy</li><li>• Sanctioned Countries Bank Transactions Policy</li><li>• Political contributions and involvement</li><li>• Whistleblowing</li><li>• Supplier Code of conduct</li></ul>



If in any case, our policies, procedures, and internal controls do not offer clear guidance for a particular course of action, we make sure that our employees and leaders are encouraged and expected to honor the spirit of the code or seek advice.

Whistleblowing Policy

The Aramex whistleblowing policy provides management, employees, customers, and stakeholders with guidelines on how 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 by ensuring that they are aware of and able to access the system. For external and internal concerns and complaints, we have a dedicated email channel utilizing Microsoft Fresh Services tool in which Whistleblowers can report their complaints.

Additionally, we will be introducing more options to anonymously report potential violations via a Case Management System and a Toll-Free Hotline available 24/7 during 2023.



In any case, all received reports will be treated with the highest level of confidentiality. The Risk and Compliance function ensures that cases reported on the Aramex whistleblowing system are handled promptly. An investigation is conducted into each case. A summary report of the quarterly whistleblowing cases received and investigated is reported to the Audit Committee as part of the risk report. Ad hoc investigations are also undertaken by the Risk & Compliance team where possible cases of corruption, fraud, or noncompliance are identified and reported outside of the Whistleblowing system.

We have a companywide human rights policy that pertains to salient human rights concerns, including fair labor practices, anti-forced and child labor, anti-modern slavery, ensuring gender equality and anti-discrimination practices. These policies are available on our internal and external platforms, and we regularly conduct human rights training with our people to ensure they are aware and actively ensuring the application of our policies.

Elaboration and details on our risk and compliance and internal audit function, activities, and strategy can be found on page 106 of our 2022 annual report.

This executive summary provided some of the highlights, goals, and impacts of 2022. More information about our 2022 environmental, social (Human Resources, Customers, and Communities, and governance (Risk and Compliance, Governance report), activities, updates, and strategic plans, along with our financials, stakeholder engagement, reporting approach, standards, and external assurance can be found on our [extended report](#).



[To view our extended annual integrated report click here](#)

