ANNUAL REPORT 2019

aramex
delivery unlimited

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Content

About Aramex

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Since its foundation in 1982, Aramex has grown to become a global leader in the logistics and transportation industry, recognized for its customized and innovative services for businesses and consumers.

Listed on the Dubai Financial Market (DFM) and headquartered in the UAE, our location bridges the path between East and West, enabling our reach to more customers with the provision of effective logistics solutions worldwide.

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

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

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

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

Our "Delivering Good" sustainability platform is active in over 100 educational, social and environmental projects worldwide, and we have partnered with many international and local organizations dedicated to similar causes. We are proud of the partnerships we have with the communities in which we operate, as well as the contributions to their sustainable economic development.

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

Main areas of operartion

We currently have business operations in 600+ cities across more than 65 countries worldwide and employ over 15,900 professionals.

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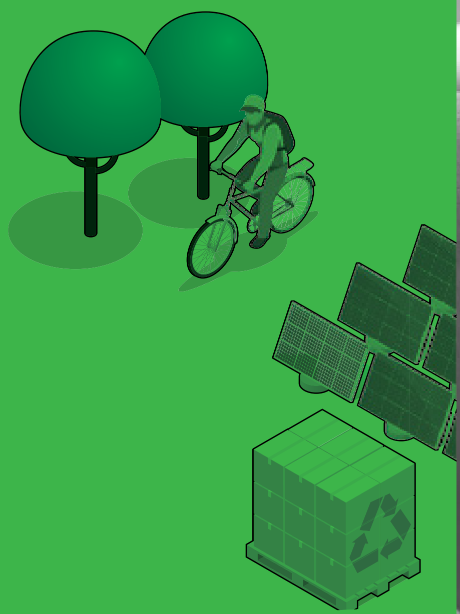
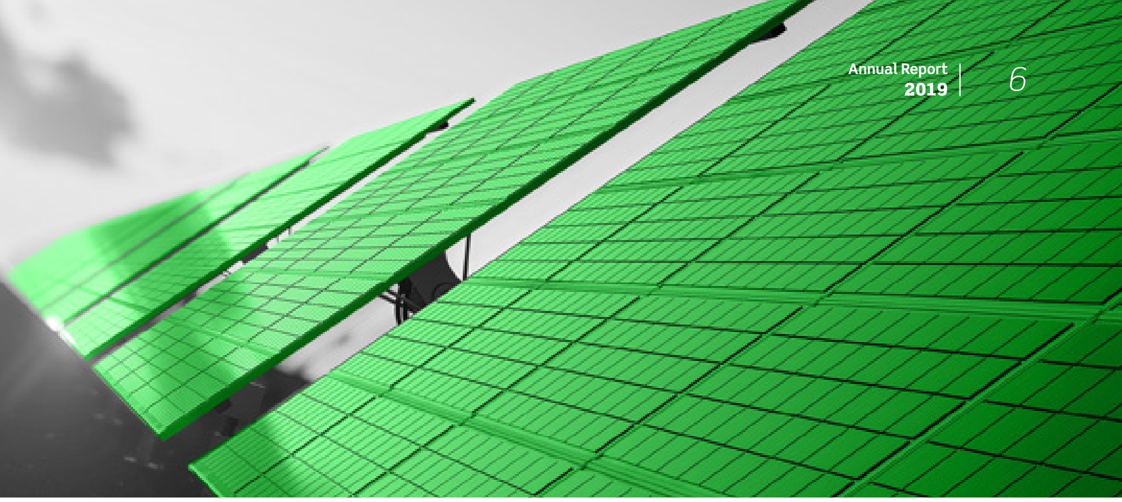
About Sustainability And This Report

02





It is our pleasure and pride to share with you our 10th integrated report and 14th sustainability report.

We have always aimed to maintain our pioneering approach to sustainability and its integration into our business and operations at all levels while fostering a conversation with our stakeholders about our value creation across different domains. We make conscious efforts to maintain our holistic, integrated, and transparent approach to sustainability.

Our core values drive our vision and sustainability efforts, it is the foundation of our activities, guiding our investment in our people and communities, augmenting our customer experience, encouraging innovation and entrepreneurship, and directing us towards socially and environmentally responsible practices.

Our approach to sustainability is ever-evolving allowing us to continuously enhance our accountability, as well as, the stewardship of our diverse capital flows while improving our understanding of the interdependent nature of these capital flows. This also supports us in upholding an integrated holistic approach to decision making and practices and maintaining our focus on creating value in the short, medium and long term.

> We are up to date with the present needs of our communities and environment while assessing and evaluating risks and impacts, and adopting new innovations, technologies, and emerging best practice. Our proactive approach ensures that we maintain our status as sustainability leaders always ahead of international norms whilst paving the way for better sustainability outcomes.

This report is an important part of this active effort to maintain open and transparent communication and engagement with our stakeholders, both internal and external.

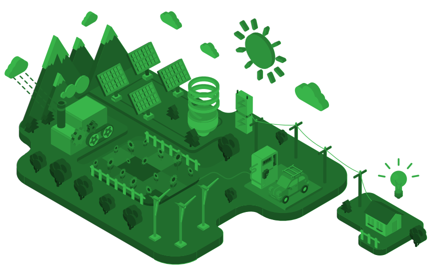
Additionally, this report is part of our internal measures to monitor operations and ensure that our operations and business practices are in line with our strategic vision. We report on an annual basis; our previous report was in 2018.

To that end, this report integrates our financial and sustainability information for 2019 and includes our Greenhouse gas emissions. Through this report, we also communicate our progress on our sustainability goals.

This is Aramex's 4th sustainability report in alignment with the GRI Sustainability Reporting Standards. We continue to be leaders in transitioning and adapting our reporting practices to the most up to date standards. This enables us to continue evolving monitoring and measurement of our value creation, capital flows, impacts, and our sustainability practices in a more effective, stakeholder-focused and comprehensive manner.

Furthermore, Aramex continues its efforts towards the achievement of the United Nations Sustainable Development Goals, especially in relation to Goals 4, 8, 13, and 17, while also contributing to other areas of the SDGs. This is a non-binding and voluntary initiative taken on Aramex's behalf driven by our belief of the value of this work.

This is the second year in which we are reporting according to the International Integrated Reporting Council (IIRC) Framework. Following this framework allows us to present the information in this report in a format that will improve accessibility, especially to investment communities. This approach allows us to focus on the connectivity and integration of our data across different domains. Most importantly, in utilizing this approach, we report our value creation across Six Capitals: Human Capital, Intellectual Capital, Social and Relationship Capital, Financial Capital, Manufactured Capital, and Natural Capital.



Our sustainability strategy sets out to maximize our value creation across the first five of these Capitals while minimizing negative impacts on Natural Capital and making efforts to utilize Natural Capital that is renewable and clean.

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

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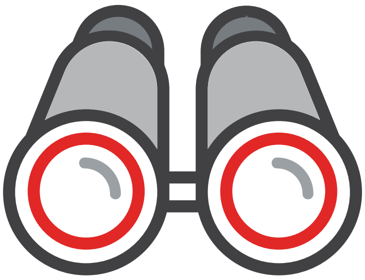
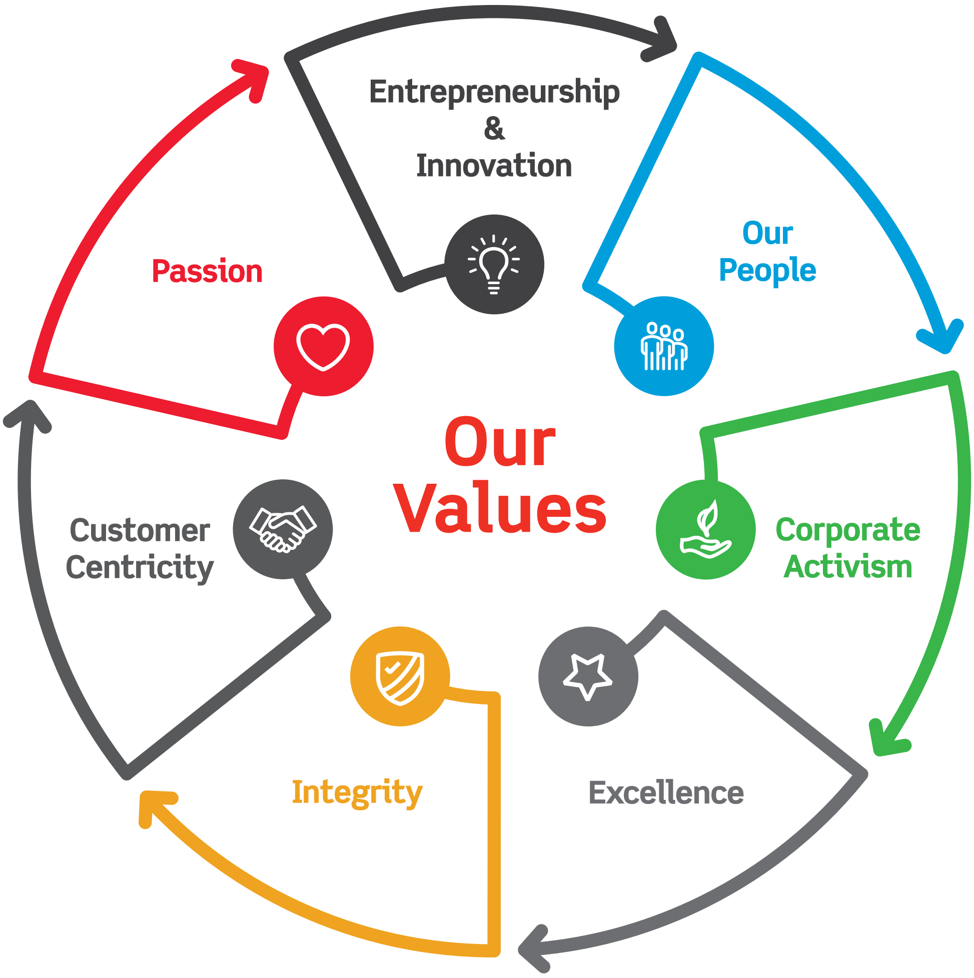
Our Vision
A seamless logistics and delivery experience - connecting the globe



Our Mission
Deliver flexible, innovative, reliable transport and logistics solutions

Our Values
We have identified seven key values which we believe differentiates Aramex as a compititor in the industry as well as Aramex as an employer of choice.

By endorsing these values we aim to drive the desired behaviour across our business.



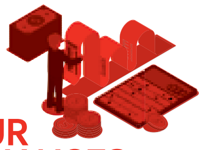
How We Create Value

OUR PEOPLE

98
Nationalities

15,929
Employees

Certified
Training Center



OUR FINANCES

AED 1,464,100,000
Share Capital

19%
Return on Equity (ROE)

OUR COMMUNITY

3
Stakeholder Engagement Sessions

98%
Sustainability Coverage

OUR ENVIRONMENT

22,854,060
Liters of Fuel

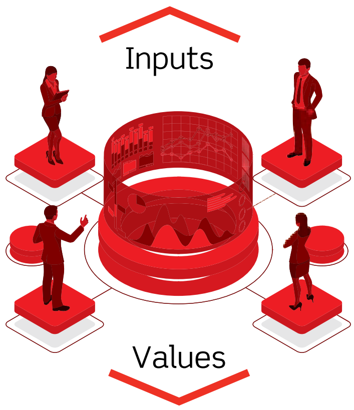
65,664,723
kWh Electricity

22%
Increase in Recycling

29%
Reduced Electricity per Shipment “compared to 2012 baseline”

22%
Reduced Fuel per Shipment “compared to 2012 baseline”

Business and Operations



6,366
Shipments per Employee

AED 1,202,026,000
Employee Benefits & Salaries

81%
of Total Employees Received Compliance

AED 5,743 Million
Total Assets

AED 5,246 Million
Total Revenues

120,000+
Direct Beneficiaries

130+
Stakeholders Attended Engagement Sessions

6,361,248 kWh
were produced by generating electricity through our solar farms in Amman & Dubai

42%
reduction of CO_2 per shipment “compared to 2012 baseline”

102-8, 102-12, 102-15, 103-1, 103-2, 103-3, 201-1, 201-2, 203-1, 203-2, 302-1, 302-4, 412-1, 413-1

Letter from the CEO

Dear Valued Stakeholders,

2019 marked another year of continuous growth for Aramex. We stayed on course executing on our business transformation strategy and focusing efforts on rolling out innovative solutions, streamlining our operations and restructuring our commercial strategy. Our ardent commitment enabled us to enhance efficiency levels across the network, handle strong growth in shipment volumes in our core markets, translating to ending the year with consistent financial performance and business growth despite several macroeconomic and industry specific headwinds.

Resilient financial performance and robust volume growth
For FY 2019 our net profit edged up 1% to AED 497.4 million, compared to AED 492.6 million we made last year. Our full year revenue increased by 3% to AED 5,246 million, compared to AED 5,086 million in FY 2018, however our operating margins have been impacted by the pressure on e-commerce pricing.

Also, we remain in a very strong cash position thanks to our prudent financial management; at the end of 2019 our total cash stood at AED 1 billion and free cash flow of AED 294 million.

In terms of our core business lines, International Express grew by 3% to AED 2,349 million in 2019, compared to AED 2,273 million in 2018, with strong contribution from USA, UK, Singapore and Saudi Arabia. Domestic Express grew by 5% to AED 1,108 million, compared to AED 1,051 million in 2018, driven by the rise in domestic e-commerce across GCC and Australia. Performance was negatively impacted by the strategic restructuring of our operations in India and foreign currency fluctuations; excluding these two factors, Domestic Express would have grown by 13% in 2019. Key driver of that growth was the very encouraging growth in shipment volumes which jumped 27% compared to 2018, namely driven by strong growth in Saudi Arabia and Egypt – and we expect growth momentum to be sustained in 2020.

As for our B2B segment, our star performer was our Logistics and Supply Chain Management operations which enjoyed an 18% increase to AED 355 million, compared to AED 302 million in 2018, due to the strong demand from traditional retailers for Aramex's warehousing and other value-added services across key markets. Our Freight Forwarding business declined by 2% to AED 1,138 million, compared to AED 1,164 million in 2018 due to continued regional economic uncertainty, although the Oil and Gas segment continues to be a key focus for us.

Growing in a shifting operating environment
On an industry level and within the region, especially the GCC and Egypt, there are opportunities for further market share expansion as we anticipate e-commerce to continue to fuel healthy growth in shipment volumes. While competition amongst last mile delivery players remains stiff, who we are competing against is changing. Initially encouraged by the potential to benefit from the boom in the regional e-commerce market, we have seen the number and types of market players grow. Aramex, however, is at a competitive advantage given we have the scale, the network and the resources to protect and expand our market share in our core markets, while remaining competitive with our prices.

Also, pertinent pressure is mounting on logistics and last mile service providers to offer faster, more reliable delivery solutions at more competitive prices, and those demands are more pronounced in the last mile delivery segment. As a result, the cost of doing business is rising and profit margins are being squeezed. That trend will not abate; we will continue to be faced with an evolving operating environment that requires us to handle higher volumes at lower prices.

In such a shifting landscape, profitability will increasingly depend on three major factors: 1) optimizing productivity through operational efficiency measures; 2) scaling both organically and inorganically; 3) diversifying revenue mix. Therefore, to continue to extract more value from our business lines we will intensify our efforts to become more digital at our core. We will further invest in productivity enhancing technologies that will simplify our processes, reduce inefficiencies and help us realize cost synergies.

Digitally fit, operationally lean
At the core of our business transformation strategy is our digital roadmap. Over the course of the year we strategically focused our efforts on reshaping Aramex's digital identity and building a technology infrastructure that enabled a higher service level to customers, more efficient processes to handle strong growth in shipment volumes and partial mitigation of impacts from pricing pressure, especially in our express business.

More specifically, in 2019 we expanded our cloud footprint through a partnership with Amazon Web Services (AWS). We built a data lake hosting big data infrastructure that leverages machine learning and artificial intelligence capabilities allowing us to digitize the end-to-end customer experience and solve some of the industry challenges. We also upgraded our technologies in our key sorting facilities in order to enhance efficiency and reduce transit times, thus enabling us to live up to our customers' expectations. We are also working on improving our customer digital touchpoints to ensure that instant customer interaction, real-time tracking and other key features are accurate and available 24/7.

Our innovation was not only about finding smarter technologies but also smarter solutions. For example, we introduced Aramex Fleet and Spot, which are zero-asset tech-driven models supporting our scalability efforts especially around peak demand periods, with plans to roll those out into more market in 2020.

Our efforts are paying off nicely. Today we are more digitally fit than we have ever been before which is enabling us to become more operationally agile and lean and drive efficiencies across all our business lines. I am proud to say that we are the dominant player in last mile delivery in the region, one of the most crucial and competitive legs of the delivery journey. Thanks to our investments in technology, expanding our operations in key core markets and other operational initiatives, we improved our last mile delivery infrastructure and operations, ultimately resulting in an enhanced service level on the ground and enabled us to handle the double-digit growth in Express shipment volumes.

Commercial ambitions

Our commercial transformation goals are focused on sustaining our healthy top line growth and diversifying our revenue mix. We integrate with our customers, stay close to the market and listen carefully to their evolving needs to remain agile and proactive in offering innovative solutions.

In 2019, we realigned our go-to-market strategy to emphasize diversification goals by doubling down on our primary revenue generating verticals: e-commerce, consumer retail and Oil & Gas. We strengthened our focus on customers to protect and further expand our market share in these verticals in which we are market leaders. We also targeted new verticals, such as Healthcare, Telecommunication, Automotive aftermarket & Aerospace.

Going forward we will continue to emphasize customer centricity as a core strategic lever that guides our commercial strategy with primary focus on markets in which we can create highest value.

Innovation is unlocked through creativity and collaboration

At Aramex, our employees are not only defined by their job titles, but they are recognized by their creative and flexible approach to problem solving, critical thinking, and ability to execute with focus, precision and passion. I want to thank my awesome team for helping Aramex truly transform. I am incredibly proud of everyone for believing in our ability to innovate and adapt to change and I encourage them to continue driving our transformation and reach key milestones.

For innovation to be at the core of our business transformation, it must be enabled by a culture that encourages creativity, entrepreneurial thinking and collaboration. This is Aramex's priority because each of us knows something that helps to create the whole and contribute to our collective achievements.

Leading the sustainability charge

While sustainability and green initiatives have recently become buzzwords in the media and risen to board room level concerns, Aramex has been actively taking serious steps to protect our planet and support our communities for over a decade. We have been a valued partner of the United Nations Global Compact since 2007 and in 2019 we continue to lead by example in the region, with the aim of maintaining that leadership position by seeking out renewable energy's so called "natural capital" in our operations to combat the degradation of the environment, especially in coordination with United Nations Sustainable Development Goal 13: Climate Action, and continuing to support our local communities through youth empowerment programs and offering mentorship and training to entrepreneurs.

Our target was to cut down our emissions per shipment by 20% in 2020 versus emission in 2016, and I am very happy that we have managed to reach this target by end 2019 through the adoption of sustainable transport and renewable energy usage. This resulted in a total reduction of our emissions from our 20% baseline in 2016 by an additional 20% at the end of 2019. Also, our electricity consumption per shipment fell by almost a third and our fuel consumption per shipment dropped by almost a quarter.

Expanding on our wider sustainability strategy and emphasis on utilizing renewable energy, we are operating two recently completed solar farms in Jordan and the United Arab Emirates. The 1.2MW solar farm in Amman powers 90% of the needs of Aramex Jordan while the 3.2MW facility in Dubai has reduced the consumption of the targeted warehouse by 60%. Both facilities have greatly reduced negative impacts on scope 1 and scope 2 emissions. In 2019, we started the building of another 3.2 MW solar farm on the rooftop of our second warehouse in Dubai, and this project is expected to produce energy that will cover more than 60% of the warehouse's needs. We expanded our waste management and recycling systems in our stations to cover over most of our global stations. On the Green Mobility front and in line with our strategy to transform to electric fleet where applicable, we have been running a fleet of 10 fully electric vans as part of our last mile operations in Amman, Jordan. We also started similar testing in Saudi Arabia, and soon we will be piloting these vehicles in the UAE.

To date, Aramex has supported over 3,600 entrepreneurs, startups and SMEs and we have supported hundreds of youth through scholarships, training, internships and specific skills enhancement programs within select industries.

Over the mid to long term we have set sustainability goals, including:

1. Increasing the number of beneficiaries of our sustainability initiatives by 5% every year
2. Maintaining our competitive position as a leader in sustainability
3. Actively aligning our business model with the sustainable development goals and the national agenda of the UAE and the countries where we operate by 2030
4. Building on the successful partnerships with all our stakeholders

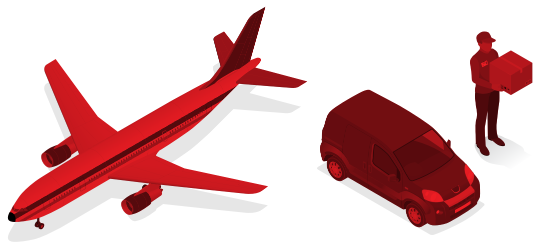
Trust enhances value

On a final note, on behalf of the Board of Directors, I would like to say thank you, our shareholders, for your unwavering trust that enables us to deliver more value to you. We will continue to remain focused on executing on our business transformation initiatives and look forward to a year filled with navigating emerging challenges, capturing greater opportunities, and building greater business and financial resilience.

Sincerely,
Bashar Obeid
Chief Executive Officer

Our Services

03

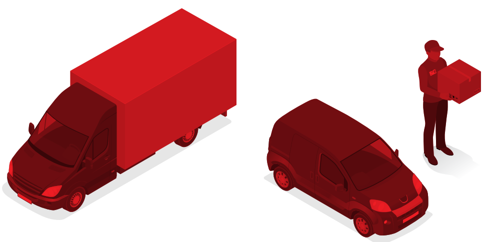


International Express Services

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

Throughout 2019, we invested in technologies that helped reduce transit times and improved delivery accuracy. We installed an advanced sorter system at our facility in New York to streamline sorting, processing and shipment transit times from North America to the Middle East region. We started the operations of the new sorter in Hong Kong which will improve our capacity to handle volume and improve our revenue capture.

We also invested into the growth of the business through physical capacity expansion on the ground, with the ultimate objective of improving the overall customer experience, handling more capacity more efficiently and at a lower cost. Over the course of the year, we embarked on setting up three new facilities in Saudi Arabia in response to increasing shipment volumes into and within the country. We started e-commerce clearance activities in Dammam Airport which opens new opportunities for direct connections into that airport. We launched the Riyadh Clearance Facility project which will be a combination of clearance gateway and a domestic hub for the Kingdom. To help prepare for Brexit repercussions, we launched a Larnaca (Cyprus) Hub for e-commerce into Europe as an alternative to London (UK) Hub.



Domestic Express Services

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

In anticipation of handling greater volume of shipment in our Domestic Express business, we underwent a series of operational enhancements, especially in the last mile delivery infrastructure to optimize operations, minimize inefficiencies and maximize revenue.

To better prepare us for double-digit growth in shipment volumes in our core markets, Forecasting, Capacity and Peak Planning in coordination with e-commerce customers, is now an integral part of the Domestic Express shipment operations. We started using forecasting tools which take into consideration the historical data, trends, new customers, and number of working days in order to anticipate the volumes expected during the peaks, preparing us to plan our ground operations and build our capabilities in advance.

The shift in our business model places a greater emphasis on the last mile. Therefore, there was a need to concentrate investment in upgrading our operations in that critical part of the shipment journey. As part of our efforts to enhance customer service and to accommodate the growing demand for more Pick-Up and Drop Off (PUDO) options, we launched Aramex Spot- an innovative last mile delivery solution across Saudi Arabia and the United Arab Emirates. The rollout of Aramex Spot comes as part of our commitment to strengthen our last mile capabilities while remaining committed to our asset light structure.

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

In line with the expansion plans for Saudi Arabia, we have expanded our physical infrastructure in key cities to get closer to end recipients, simplify the process which is enabling us to offer 24-hour transit time in Tier 1,2,3 areas. In Jeddah, we commenced work on a 20,000 SQM built-to-suit warehouse that will cover future expected growth. Our new hubs in Riyadh and Khobar are also helping to improve us in the ground operations.

Couriers make up a very important part of our operations, that is why we are working on courier efficiency through introduction of the control tower and new courier incentive scheme. Through continuous monitoring and live tracking for the ground couriers, and through introducing a proper incentive scheme that is completely dependent on efficiencies, we were able to increase courier productivity by 10% in KSA. We started rolling out the same system in other countries to realize these benefits.

We are also upgrading our operations in Oman and Kuwait to help us cater to the growth in e-commerce business in the GCC.

Shop & Ship

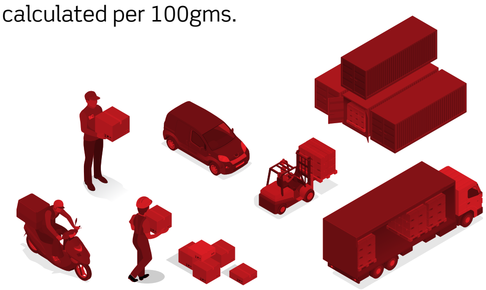
Shop & Ship (S&S) is the solution to international online shopping that is all about making online shopping and shipping easy. Once registered, members will receive 30 physical addresses in Australia, Canada, China, Cyprus, Egypt, France, Georgia, Germany, Greece, Hong Kong, India, Indonesia, Italy, Japan, Jordan, Lebanon, Malaysia, New Zealand, Pakistan, Singapore, South Africa, South Korea, Spain, Sri Lanka, Switzerland, Thailand, Turkey, UAE, UK, and USA.

The Service Is Available In Over 80 Countries Across The Globe

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

In 2019, the new Aramex Global Shopper (S&S in South Africa) App was introduced, enabling customers to pay shipping and customs charges with one click. An enhanced address capturing, and management features were added to the current S&S app simplifying the process of selecting delivery address and preferences.

Due to increased competition in core markets, in 2019, SNS has reviewed its selling prices and subscription fees in Bahrain, Qatar, Kuwait, Jordan keeping S&S ahead of its competitors. This was coupled by seasonal promotions to attract more subscribers to the service, and an extensive social media content calendar to enhance and increase engagement with our followers. Additionally, in November 2019, FREE FLEX Lifetime was launched in the UAE, making S&S the only service provider with rates calculated per 100gms.



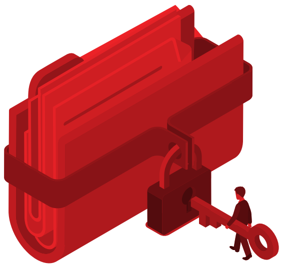
Integrated Logistics, Warehousing, And Supply Chain Management

Our end-to-end logistics solutions ensure the efficient transfer, storage, and distribution of products, and information throughout the supply chain - from the moment our customer's inventory leaves their suppliers or factories to the point at which it reaches retailers or end-users.

Our logistics centers are strategically located in key areas across the GCC, Middle East, North Africa, South & West Africa, Western Europe and Asia. Our logistics centers are powered by cutting-edge technology ensuring excellent security and constant real-time visibility.

In 2019, we continued to expand our network of warehouses with expansions in Jordan, Morocco, Libya and Oman to accommodate the growing demand of our customers in those countries, ensuring efficiencies and quality facilities and services. In February 2019, Aramex has commenced operations in the state-of-the-art Fulfilment Center acquired in 2018. The Fulfilment Center, located in DWC, is designed specifically for piece pick-and-pack operations that supports both B2B (especially retail replenishment) and B2C customers with online platforms. The Fulfilment Center is a 12,000 SQM facility, temperature controlled with a 5-level mezzanine storage system that can take up to 1.2M pieces (Fashion, Homeware, Consumer Electronics, and many more) with a daily throughput capacity of 150,000 pieces.

Technology has always been a key enabler in delivering service excellence; therefore, we have decided to rollout our best in market warehouse management system globally to all our Warehouses, providing customers across with the same visibility, enhanced functionality and dashboards. Additionally, we are continuously enhancing and upgrading functionalities of the warehouse management system to further provide efficiency, effectiveness and visibility to our customers.



Information Management Solutions (InfoFort)

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

InfoFort provides a complete transformative solution that allows customers to move from paper to digital content management; structure their information; capture, process and validate data; automate customized workflows; and deploy electronic and digital signatures using smart and secure mobile technologies for easier accessibility, compliance, and business continuity. In 2019, we have launched robotic process automation solutions to further enhance and contribute to sustainability not only as a business but also as a driving force of digitization in our society.

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

We have kept a close eye on our carbon footprint and continue to observe our office energy releases, water consumption and transport emissions. As well, we have continued to improve on our developed partnerships, that aim to enhance the skills of youth in our communities.

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

Healthcare Solutions

Aramex Healthcare Solutions are tailored to the needs of pharmaceuticals, laboratories, hospitals, research centers, and other health institutions. The solutions offer a wide range of logistics and transportation services that are compliant with industry and global standards, including temperature control, storage and handling, as well as training the employees managing the service.

Through Healthcare Solutions, Aramex maintains the quality of the content during transit from the moment our customer's inventory leaves the origin site, to the point at which it reaches the end destination site or end-user.

The healthcare solution has a strategic focus on pharmaceuticals and the life sciences sector.

Our commitment to providing excellent cold chain services across all fields of operations is taken to another level with multimodal freight services, temperature-controlled warehousing, compliant packaging, and Control Tower teams working around the clock to monitor and manage the daily operation.

Aramex Healthcare Solutions Offer:

- Full shipment visibility at all stages of the transportation process.
- Temperature controlled management.
- Lead time optimization.

Aramex's objectives go far beyond delivering cargo from point A to point B, as it seeks to participate in projects that build a better world by supporting scientific and business projects, and delivering vital products on time, and in excellent condition.

Country Highlights

Ireland:

In 2019, Aramex Ireland was awarded a pharmaceutical warehouse certification from HPRA (Health Products Regulatory Authority) for the storage and distribution of APIs (active pharmaceutical ingredients). In addition, the pharmaceutical warehouse is now compliant with the FMD (Falsified Medicines Directive). This is an EU directive that came into effect earlier this year, aiming to safeguard public health by protecting the pharmaceutical supply chain from infiltration by falsified (or counterfeit) medicines. The warehouse had a new computer system installed that allows to scan and authenticate any medicinal products that enter or exit the warehouse. Aramex Ireland also successfully implemented a frozen storage unit at -60°C, mainly targeting food bioscience companies storing frozen enzymes and cultures as well as numerous biopharmaceutical products.

Aramex Ireland secured a large deal with a global generic and specialty pharmaceuticals company to transport a newly FDA approved drug from Ireland into the US market, meeting the customer's transport needs.

Aramex Ireland also secured another large deal with a UK based pharmaceutical company for the transport of veterinary products by Airfreight and Ocean freight into the US market, New Zealand and Uganda markets.

The products require passive packaging using special thermal blankets to maintain the temperature during transport.

Egypt:

Aramex Egypt secured a deal with one of the world's largest pharmaceutical companies, transporting over the counter medicinal products from their warehouse in Cairo to hospitals in Egypt. Aramex signed a contract with a Swiss multinational healthcare company for the collection of Hepatitis B Category A infectious samples from local laboratories to a central laboratory in Cairo for diagnostic processing. Newly established heavy traffic from a local pharmaceutical production plant in Cairo to Basel, Switzerland for the exportation of generic drugs.

South Africa:

Aramex South Africa growth was contributed to the development of customized solutions for pathologists, research organizations, Universities around the country as well as companies undergoing compliance changes based on new SAHPRA regulations. The local governmental authority appointed Aramex for the local specimen collections from laboratories across South Africa to their main lab in Johannesburg for diagnostic processing.
The demand for 3PL warehousing is increasing at a rapid pace with the implementation of new regulatory health regulations for good storage practices, pharmaceutical and medical devices distributors. Aramex 3PL warehousing revenues increased in 2019 owning to the rising demand for health certifications enforced by the local regulatory authority.

Aramex signed a major 3PL contract signed with a local importer of medical devices, consumables and equipment for storage and distribution to hospitals around South Africa. The distributor faced a challenge with the new SAHPRA regulations which forced them to move towards compliant warehousing which their current facility did not meet.

Nigeria:

Looking at the lack of compliant temperature controlled pharmaceutical warehousing in Nigeria, Aramex established a bonded storage facility situated at Lagos Airport, targeting the temporary storage of inbound temperature sensitive medicinal products for local distribution. The warehouse allocates separate storage areas for cold and controlled room temperature products. The facility has been audited and approved by some of the leading pharmaceutical importers following which, deals were signed for large volume inbound storage, clearance and final distribution.

Netherlands:
Aramex signed a deal with one of the leading diagnostic and clinical trial operation service company supporting clinical and preclinical studies for drug and vaccine development for prevention and treatment of virus infections. The deal includes transportation and logistics services for biological samples collected from patients within the Middle East to their state-of-the-art diagnostics center in Rotterdam for clinical drug testing, and expert advice on development of antivirals and vaccines.

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

Network

1. Aramex continues to expand its service globally through partnership with GDP certified agents.
2. Participation in several health events (MedLab, Arab health and MedLab, 16th Annual Symposium on Diseases Relevant to SA as well as in the Pharma Industry Day at the North West University).

Customer related:
1. Cryogenic embryos transportation for IVF treatment in UAE.
2. Aramex signed an agreement with a major pharmaceutical company for the disposal of expired medicinal products through a subcontracted destruction facility based in Europe.
3. Aramex is the leading provider of clinical trials logistics services in the Middle East and Africa, managing biological shipments every day at all temperature ranges in more than 50 countries. Our services include lane mapping and validation, GDP compliant network, sourcing of compliant packaging and on-time same day collection and export.
4. Aramex helps patients around the world take part in clinical trial studies as part of Direct-to-Patient (DTP) services through its global network. Our customized DTP services include delivery of clinical trial material to patient's home, pickup and delivery of biological samples, data collection, meeting patients wherever they are, providing safe temperature-controlled transport of investigational medicinal products (IMP) for treatment accessibility and administration.
5. Aramex increased its market share within the Middle East and North Africa in the export of generic medication and import of active pharmaceutical ingredients (API) assisting pharmaceutical manufacturers and distributors in consultancy services to meet the industry's best practices, cutting through transit times while maintaining an unbroken cold chain during transport and storage, eliminating product loss while optimizing the cost of logistics spend.

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

Services and solutions:
- Temperature controlled transport and direct delivery
- GDP and GMP compliant warehousing
- Regulatory and customs knowledge
- Clinical trials & hospitals supply chain management
- Compliant packaging solutions
- Control tower team offering 24/7 monitoring

Freight Forwarding

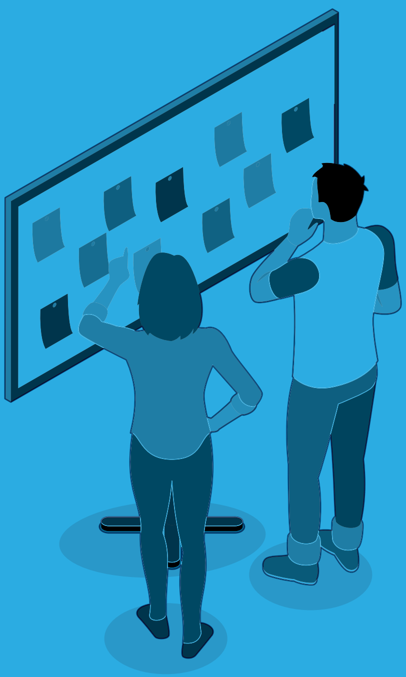
Aramex offers all kinds of shipping modes, be it Air, Land, Ocean, Rail, or any combination of the four. Our services range from port-to-port to full door-to-door solutions for all types of cargo. This is backed by an in-house brokerage service in almost all our locations worldwide, and a live tracking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

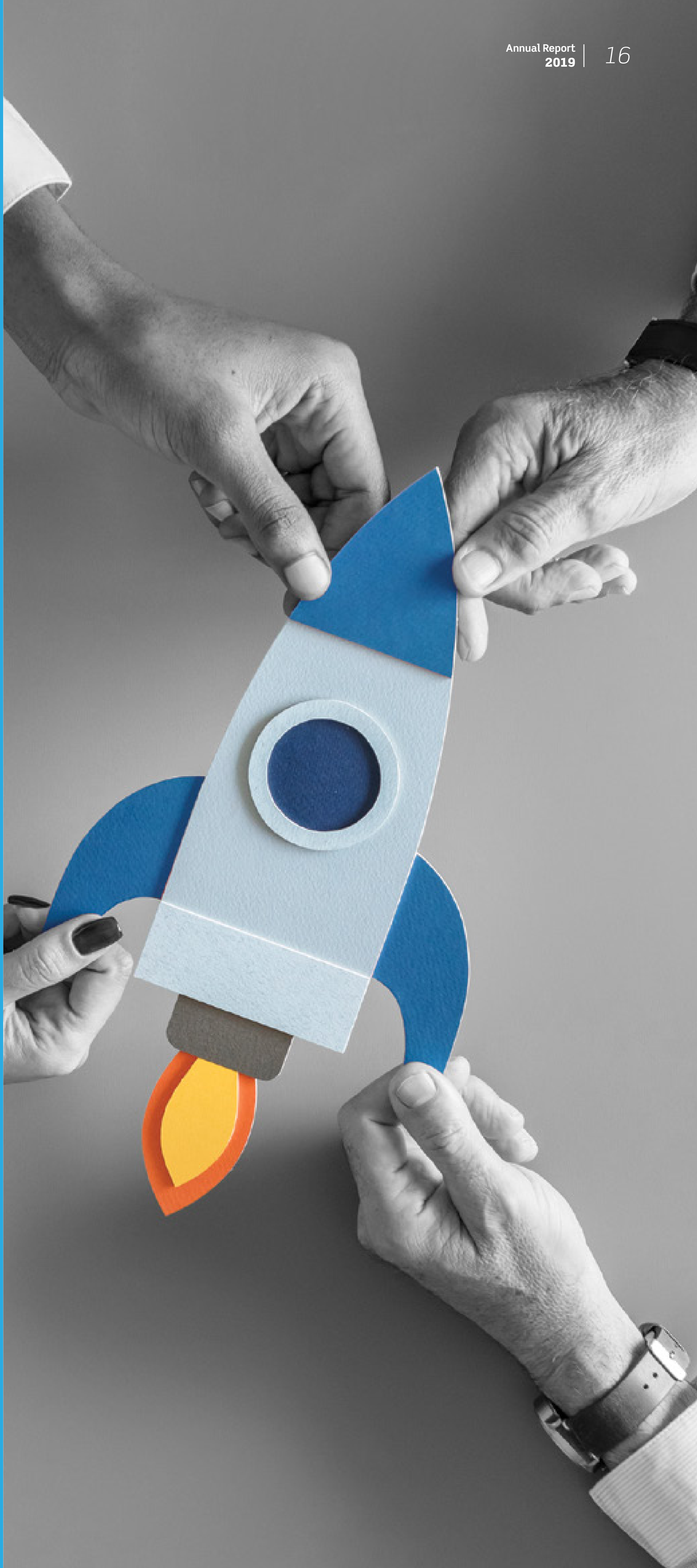
In addition to our traditional commodities handled and especially the oil and gas sector, Aramex has further developed the below verticals and solutions:
- Critical Cargo: Healthcare and Pharma, Aircraft on Ground (AOG) and On-Board Courier (OBC) services.
- Project Cargo: Break Bulk movement, Project Logistics, and Heavy Lift shipment.
- Chartering: Aircrafts and vessels.

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

Key Non-Financial Goals

04





Our Community

Beneficiaries

- Partner with international and national initiatives to increase number of beneficiaries by 5%
- Increase the number of startups and SMEs supported by 10%

Our Environment

- **Internal Awareness**
  - Awareness training program to 100% of our operations by 2020
- **Materials**
  - Expand waste management and recycling systems across stations

Performance

- Conduct fuel per shipment analsys for 6 pilot stations to reduce consumption
- 5% Carbon emissions reduction from our operations

Corporate Activism Engagement

- Conduct 3 sessions of stakeholder dialogue

Reach

- Continue supporting our initiatives in our core markets while expanding into new markets

Education and Empowerment

- Increase the number of beneficiaries by 10%

Active Citizenship Program

- Increase our volunteering activities across the network by 50%

Health and Safety

- Reduce the frequency rate and lost time injuries by 5%
- Ensure mechanisms in place to assure incidents are properly reported and recorded
- Building up internal safety campaigns focused on the health and safety of our employees and continuing to enhance the safety culture within Aramex

Governance

05

As a company listed in the Dubai Financial Market, Aramex's corporate governance practices are guided by the "The Chairman of Authority's Board of Directors' Resolution No. (7 R.M) of 2016 Concerning the Standards of Institutional Discipline and Governance of Public Shareholding Companies" and its amendments (the "SCA Governance Regulations").

Aramex is committed to applying the best governance practices derived from the Company's values, by having an effective management that is able to deliver on short-term and long-term commitments in a framework of oversight and transparency.

Aramex's board of directors strives to strengthen the company's position as a leader in corporate governance by implementing and upholding a firm governance framework. The majority of the board members, including its chairman, are independent non-executive directors.

As for the desireable characteristics of the members of the board of directors of Aramex, below is a description of the characteristics that the board evaluates when considering candidates for nomination as directors. The board reviews such characteristics periodically and performs any appropriate changes thereto.

Personal Characteristics

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

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

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

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

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

Core Competencies

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

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

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

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

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

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

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

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

Commitment to the Company

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

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

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

Team and Company Considerations

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

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

The current Aramex board of directors consists of the following members:

Mr. Abdullah M. Mazrui
Chairman

Mr. Mazrui is the chairman of the board of directors of Aramex. He is an independent non-executive member of the board and comes with many years of experience in the business sector. Mr. Mazrui has held a number of different strategic and critical positions, such as chairing the boards of Emirates and Tunisian Investment Bank and The National Investor. Mr. Mazrui also served as a director on the boards of (among several others) the Arab Investment Company, Abu Dhabi Investment Company, Gulf International Bank, UBAN International Limited, Etisalat, Union of Arab Banks, and the Federal National Council. He also served as the Managing Director and Chief Executive Officer of the National Bank of Abu Dhabi, and held the position of Managing Director of Investbank.

Mr. Mazrui held several prestigious memberships, including being a member of the Advisory Board of Insead. In addition to his position as chairman of Aramex, Mr. Mazrui currently acts as the chairman of Emirates Insurance Company, Mazrui International Company, the International School of Choueifat, Jashanmal National Company, and The National Catering Company. Also, Mr. Mazrui currently serves as a director of Investcorp Bank, Dun & Bradstreet, Depa United Group, and Allied Enterprises LLC.

Mr. Mazrui holds a Bachelor's degree (Honors) from Chapman University, California – USA.

Mr. Ahmed Al Badi
Director

Mr. Al Badi is an independent non-executive member of the board of directors of Aramex. He held numerous prestigious positions, including serving as the Acting Minister of Oil and Natural Resources as well as the Minister of Health in the United Arab Emirates. Mr. Al Badi served as the chairman of Emirates Petroleum, and the Federal Environmental Agency. Mr. Al Badi also served as the chairman of the Executive Committee of the Council of the Arab Ministers of Health, and the chairman of the Higher Committee on the Environment, as well as the president of the Forty Fifth World Health Assembly. He was also the deputy chairman of the board of the General Industrial Corporation. He held other significant positions, including directorships in each of the Abu Dhabi Commercial Bank, the Arab Investment Company, Abu Dhabi International Private Schools, Union National Bank, Abu Dhabi Council for Economic Development, and Board of Trustees of Emirates Foundation. Mr. Al Badi was also the director of the Treasury Department at the Abu Dhabi Investment Authority, as well as a deputy director in the Directorate of Finance and Administration of the Abu Dhabi Investment Authority.

Mr. Al Badi currently holds the following positions: Chairman at Belbadi Enterprises LLC and director of each of Emirates Insurance Company and Gulf Capital.

Mr. Al Badi holds a Bachelor's degree in International Relations from Lewis and Clark College, Portland, Oregon – USA.

Mr. Arif Alharmi Albastaki
Director

Mr. Albastaki is an independent non-executive member of the board of directors of Aramex. He brings with him a wealth of experience, having held the following positions: Chairman and board member of each of Emaar Industries & Investment, Amlak Finance and Real Estate Investment, and Emaar Financial Services LLC. Mr. Albastaki also served as a board member of Al Salam Bank, TECOM Group (in which he also chaired the Investment Committee and was the vice chairman of the Audit and Risk Committee), Awqaf & Minors Affair Foundation (in which he also chaired the Audit Committee and served as a member of the Investment Committee), as well as Amalak International for Finance & Real Estate Development (in which he also served as a member of the Executive Committee). He also held a number of key positions at HSBC Bank Middle East, Dubai Islamic Bank, ABN Amro Bank, and the National Bank of Fujairah.

Mr. Albastaki currently acts as the chairman of each of Emaar Industries & Investment and Amlak Finance and Real Estate Investment. In addition to the mentioned directorships, Mr. Albastaki is the Managing Director and Chief Executive Officer of Amlak Finance PJSC.

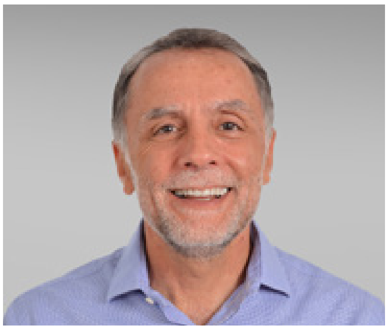
Mr. Albastaki holds a High Diploma in Banking & Finance from the Dubai Men's College, Higher Colleges of Technology, as well as a Masters of International Business from the University of Wollongong in Dubai.

Mr. Ayed Al Jeaid
Director

Mr. Al Jeaid is a non-independent non-executive member of the board of directors of Aramex. Mr. Al Jeaid's previous expertise includes the following prominent positions: Advanced Fighter Aircraft Instructor Fighter Pilot on (F15), Evaluation Officer of Fighter Aircraft (F-5), Chief Evaluation Section at F-5 Fighters Wing Aircraft, Chief (F-15) Evaluation Section, Planning Officer in the Department of Plans & Operations at RSAF HQ, Head of Planning Division of the Operation & Planning Department in the RSAF and Head of Air Force Group at Joint Operation and Theater of Operation during the Second Gulf War. Mr. Al Jeaid also was the Official Spokesman for Air Operation during the Second Gulf War, as well as the director of RSAF Operation Command Centre.

Currently, Mr. Al Jeaid holds the position of Chief Executive Officer at Makshaff Services Limited, and is also the chairman of each of the National Flight Services (NAS), National Aviation Ground Support (NAGS), Falcon Air Cargo Company (FECA), and Alhayah. He is also the Personal Assistant (PA) to HRH Prince Khaled Bin Sultan Bin Abdulaziz.

Mr. Al Jeaid holds a Bachelor's degree in Aviation from the King Faisal Aviation University in Riyadh in 31/07/1975, division 113- first in his promotion with honors and excellency. He also holds a Masters in Military Arts, Command & Staff College in Levinworth Kansas – USA.



Mr. Fadi Ghandour
Founder and Director

Mr. Ghandour is the founder of Aramex and a non-executive member of its board of directors. In addition to his directorship of Aramex, Mr. Ghandour served as the Chief Executive Officer of the company until he resigned from that post in 2013. He also served as a director of Abraaj Capital Group and Endeavor Global. Mr. Ghandour was a member of the Advisory Council of the MIT Media Lab, as well as a member of the Board of Trustees at the American University of Beirut (AUB). Currently, Mr. Ghandour is the executive chairman of Wamda Ventures DMCC, a venture capital fund and platform that supports and develops the entrepreneurial environment in the Middle East and North Africa.

Mr. Ghandour holds a Bachelor's degree in Political Science from The George Washington University – USA.

Mr. Mohamed Al Suwaidi
Director

Mr. Al Suwaidi is an independent non-executive member of the board of directors of Aramex. Mr. Al Suwaidi joined Aramex's board with extensive experience from a wide range of business segments. He previously served at the Union National Bank and the Abu Dhabi Executive Council. Currently, he chairs the Emirates Water and Electricity Company, and is the vice chairman of the Abu Dhabi Power Corporation. Mr. Al Suwaidi is a director of each of Emirates Global Aluminum, Mubadala Reinsurance, Guinea Alumina Corporation, and Suyadi CPC. He is also a director and member in certain boards and committees of Emirates Aluminum. Mr. Al Suwaidi is currently employed at Mubadala Investments.

Mr. Al Suwaidi holds a Bachelor's of Science degree in Accounting from the United Arab Emirates University – UAE.

Mr. Ramez Shehadi
Director

Mr. Shehadi is an independent non-executive member of the board of directors of Aramex. He brings with him a wealth of experience, which is reflected in his previous and current positions outside of Aramex. Mr. Shehadi held the following positions: Senior partner, executive vice president & managing director of Booz Allen Hamilton, Lead Partner at MENA Digital Practice Leader & Global Booz Digital Co-Leader at Booz & Company, co-founder and senior director of Product Development at eBreviate, senior associate in the Strategic IT Practice at A.T. Kearney, research associate at the Centre for Management of Technology & Entrepreneurship, mechanical engineer at Stone & Webster, and the co-founder of R&R Ventures. He was also a board member of the Young Arab Leaders.

Currently, Mr. Shehadi is a member of the Board of Trustees of Beirut Museum of Art, as well as an Advisory Board Member of the Stony Brook School. He is also an Active Endeavor Mentor as well as Young Presidents Organization Member of both the Emirates and Lebanon chapters. He is a fellow of the Aspen Institute's Middle East Leadership Initiative and the Aspen Global Leadership Network and serves as a moderator to both. Mr. Shehadi currently serves as the Managing Director of Facebook (MENA).

Mr. Shehadi holds a Bachelor's of Engineering in Mechanical Engineering from Rutgers University – USA, and a Masters of Applied Science in Industrial Engineering from the University of Toronto – Canada.

Dr. Wolfgang Baier
Director

Dr. Baier is an independent non-executive member of the board of directors of Aramex. He brings with him industry experience as he previously served as the Group Chief Executive Officer of Singapore Post Limited. He also served as the Chief Executive Officer (International) of Singapore Post Limited. Dr. Baier was a non-executive director at Singapore Post Limited and several of its affiliates in Asia, Europe, and the United States. He was also a partner in McKinsey & Company's Singapore office.

Dr. Baier is currently the Group Chief Executive Officer of Luxasia Pte Ltd and a board member of a Swiss company, DKSH.

Dr. Baier holds a Master's degree in Law from the University of Vienna – Austria, as well as a Master's degree in Business Economics – Universities of Exeter (UK) and Graz (Austria). He also holds a PhD in Law from the University of Vienna – Austria.

Aramex's governance framework is structured in accordance with the SCA Governance Regulations. In light of the said Regulations, the board of directors has formed the following committees in the exercise of its responsibilities: Nomination and Remuneration Committee, Audit Committee and Strategy Committee. The board may, from time to time, establish additional committees as necessary or appropriate.

Committee members are appointed by the board. Committees are formed of not less than three non-executive directors, at least two of which are independent directors, including one as committee chairman. The chairman of the board of directors may not be a member of these committees. Each committee has its own charter, which sets forth the purposes, goals and responsibilities of the committees as well as committee structure, operations and reporting to the board.

Nomination and Remuneration Committee

The Nomination and Remuneration Committee meets at least once a year, in compliance with the SCA Governance Regulations. The Nomination and Remuneration Committee assists the board in fulfilling its supervisory responsibilities for the independence of board members and in monitoring the integrity of human resources processes at Aramex.

The members of the Nomination and Remuneration Committee are:
1. Ramez Shehadi - Chairman
2. Arif Alharmi Albastaki - Member
3. Mohamed Al Suwaidi - Member

Audit Committee

The Internal Audit function is responsible for reporting critical concerns to the Audit Committee of the board through quarterly reporting. In 2019, all critical and major issues were reported to the Audit Committee and were adequately covered by management action plans for their prompt and effective resolution. The Audit Committee meets whenever necessary, but not less than once every quarter.

The members of the Audit Committee are:
1. Ahmed Al Badi - Chairman
2. Fadi Ghandour – Member
3. Mohamed Al Suwaidi - Member

Strategy Committee

The primary function of the Strategy Committee of the board of directors is to assist the board in carrying out its oversight responsibilities relating to the company's strategy on geographical expansions, the future of the industry, how integrators are evolving, potential acquisitions, the development of disruptive technologies and other key strategic transactions outside the ordinary course of the company's business. The Strategy Committee meets as necessary to enable it to fulfill its responsibilities and duties.

The members of the Strategy Committee are:
1. Mohamed Al Suwaidi - Chairman
2. Arif Alharmi Albastaki – Member
3. Fadi Ghandour – Member
4. Ramez Shehadi – Member
5. Wolfgang Baier – Member

As for the delegation of authority, Aramex has issued a "Delegation of Authority" policy that is published in the company's annual Corporate Governance Report. The overall objective of the said policy is to promote proper internal control over the authorization and execution of business transactions, as well as close monitoring of complex capital expenditure projects, and to facilitate and expedite business decision-making processes.

The Delegation of Authority policy was developed in a fashion that reflects the philosophy requiring that the decision-making authority be pushed down to the lowest practical organizational level thereby enabling employees at all organizational levels to have the decision-making authority needed to accomplish their assigned responsibilities. The said policy is combined with operating and financial policies, procedures and standards, and a formalized reporting mechanism.

As for matters related to conflict of interest and/or related party transactions, those are documented and reported in the annual Corporate Governance Report which is published on the company's website and on the Dubai Finanical Market. The said Corproate Governance Report is also reviewed and approved by the Securities and Commodities Authority prior to publishing.

As for the company's commitment to economic, environmental, and social sustainability, Aramex has since 2008 appointed a Chief Sustainability Officer, reporting directly to the company's Chief Executive Officer. Aramex's Chief Sustainability Officer is responsible for overseeing the company's sustainability efforts and intiatives, as well as implementing projects that strengthen the company's sustainability footprint.

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

102-5, 102-10, 102-11, 102-16, 102-18, 102-19, 102-20, 102-22, 102-23, 102-24, 102-26, 102-27, 102-28, 102-30, 102-31, 102-32, 102-33, 102-35, 102-36, 102-37, 206-1, 405-1, 419-1

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

The board sets the strategy related to economic, environmental and social impacts. These strategies are then delegated to the team for implementation. Through periodic updates from the Chief Sustainability Officer and Internal Audit, the board reviews the sustainability strategy and recommends amendments or changes where needed. Moreover, Aramex's executive management reviews and approves the Annual Sustainability Report.

As for Aramex's shareholders, following is the shareholders distribution as of December 31, 2019 (Individual, Company and Government) categorized into Local, GCC, Arab and Foreign:

Category	Individuals		Companies		Governments		Total	
	Number of Shares	Percentage of Shares	Number of Shares	Percentage of Shares	Number of Shares	Percentage of Shares	Number of Shares	Percentage of Shares
Local	173,730,521	11.8660%	329,742,910	22.5219%	35,229,431	2.4062%	538,702,862	36.7941%
GCC	29,646,158	2.0249%	221,195,454	15.108%	-	-	250,841,612	17.1329%
Arab	16,308,188	1.1139%	5,844,578	0.3992%	-	-	22,152,766	1.5131%
Foreign	11,818,432	0.8072%	640,584,328	43.7528%	-	-	652,402,760	44.56%
Total	231,503,299	15.812%	1,197,367,270	81.7819%	35,229,431	2.4062%	1,464,100,000	100%

Our People

06

Aramex believes that the strength and success of each member of our team is inherently vital for the success of our operations. From our recruitment and hiring processes, to professional development programs, and corporate working culture and environment, we are committed to empowering our people across all aspects of the organization. We are committed to creating value for the business and we do so by fostering a healthy working environment that empowers teams, develops inspirational leaders and encourages innovation and collaboration.

Enhancing the Basics

In 2019, we continued to build on the success of the previous year with an enhanced focus on our HR leadership capabilities to better support in attracting, retaining, and motivating our people across the network. Over the last year, the HR function was focused on strengthening our internal capabilities through a new HR Masterclass Series, Executive Coaching Certification, and the attraction of new HR Leaders. To that end, a new group of HR Leaders and Global Subject Matter Experts joined Aramex from leading organizations across the Middle East and the world. The newly formed leadership team is embracing the HR challenges and are geared to partner for success and are powered to WIN!

(Human Capital, Intellectual Capital)

This is part of our efforts to enhance our Human Capital, by improving our HR capabilities, we are able to ensure that we develop and support our employees' abilities to lead, manage, and collaborate, as well as. Build their loyalty towards Aramex. While also improving our Intellectual Capital, which allows us to build on our systems, procedures, and protocols.

Culture

Continuing our belief that people are our greatest asset, our 2019 strategy sought to re-affirm our corporate culture. In February 2019, we launched our new Mission, Vision and Values statements aimed at ensuring that every employee is aligned with our strategic direction and understands how our corporate values guide our actions and bind us together as Aramexians. Across many of our markets, we hosted Activation Campaigns to ensure that our employees understand our values and how these values should be at the forefront of our decision-making process. Furthermore, we partnered with McKinsey & Company to participate in an organizational health index (OHI) aimed at understanding organizational health and engagement drivers in our business. While the results of the OHI Survey positioned Aramex above the industry and sectoral average, our management team developed a robust plan designed to increase our overall organizational health by 2 points in less than one year. Throughout the calendar year, our team launched and/or supported numerous initiatives and programs aimed at driving leadership and shared vision, individual and organizational performance, and recognizing employees who live our values. Aramex values and showcases the Passion to Perform.

(Social and Relationship Capital, Human Capital)

We place importance on our corporate culture as part of the development and preservation of our Social and Relationship Capital, by which we aim to foster shared norms, values, and align our actions in accordance with our corporate culture and policies. Additionally, this alignment allows us to preserve our Human Capital in a way that will bolster our ethical values and corporate citizenship

Performance and Total Reward

Our 2019 total reward strategy aimed to understand the competitiveness of our compensation programs across the network. Aramex strives to ensure that our total rewards philosophy (base, allowances, short-term incentive and benefits) is competitive with companies within our sector and industry. Following the results of our comprehensive benchmarking initiative, our team worked to more closely align our compensation and business strategy by developing new salary scales for critical 'must-win' markets with the intention to expand this activity to other markets in 2020. Furthermore, in order to better support a high-performance culture, our team developed a new annual incentive program intended to differentiate performance through clearly defined key performance indicators / SMART objectives, which are closely aligned with our corporate strategy. In 2019, nearly 70% of employees using SuccessFactors entered KPIs into the Performance Management / Goal Management online Platform. By utilizing this Platform, we enabled our managers to follow up on their teams and objectives, while addressing changes and challenges in real-time. With a focus on continuous performance management, we were able to benefit from a more agile performance feedback cycle. Our team conducted numerous wellness activities, such as health screenings and awareness sessions on different health issues, aimed at better providing our employees with the knowledge to live and lead healthier lives.

(Human Capital, Intellectual Capital)

Monitoring, managing, and rewarding performance allows us to enhance both our Human and Intellectual Capitals by enhancing our employees' capacities and capabilities, enabling them to grow as leaders and motivating them to contribute to Aramex. Additionally, this enhances our organizational structure as part of our intellectual capital, by ensuring that employees are aware of how their performance is measured while providing them with feedback and support. This, in turn, allows them to better adhere to our organizational procedures and processes more effectively.

Talent and Employee Development

Employee development and training were very much on the strategic agenda, with a clear focus on our customer-facing roles in 2019, including Ground Couriers, Customer Service and Commercial Teams. These trainings have been a combination of bespoke blended learning programs, microlearning opportunities, as well as, collaborations with world-class training organizations. These training programs have enabled our teams to better serve our customers across all markets while being more responsive to the fast-paced and constantly changing nature of our industry.

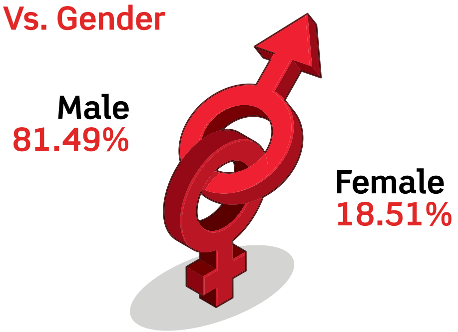
102-8, 201-3, 103-1, 103-2, 103-3, 401-1, 404-3

Furthermore, building on our aspiration to transform Aramex into the Middle East's predominate incubator of future leaders, we have restructured our talent management framework to better identify high performing and high potential talent through best in class third-party assessments. The combination of external assessments and the design of our new core and leadership competency framework will enable Aramex to better identify future leaders for succession planning, career path development, and overall stronger talent retention.

Region vs. Gender	Female	Male
Europe & North America	219	420
Far East	227	463
GCC	585	6,458
Levant	210	977
North Africa	399	2,407
Sub India	61	465
Sub Saharan Africa	553	973
Corporate - AGSO	507	454
Corporate - AAIL	75	144
Australia	113	219
Grand Total	**2,949**	**12,980**

In 2019, over 20 future Aramex leaders were identified and engaged in university programs with Harvard Business School, INSEAD, Wharton Executive Education, London Business School, IMD, MIT, Columbia University and Stanford Graduate School of Business. These leaders were supported through executive coaching to better prepare them as they took on more senior roles within Aramex.

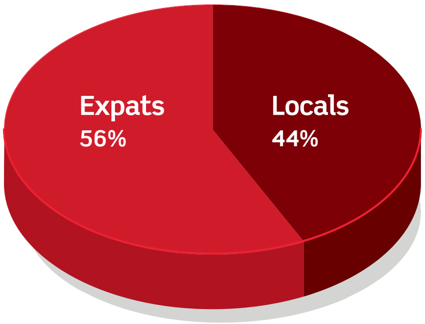
Team Vs. Gender



Team vs. Gender	Female	Male
Accounting and Finance	1.80%	4.28%
Administration	0.53%	0.55%
BIE	0.16%	0.20%
Contact Center	5.45%	2.12%
CRM & Marketing	0.05%	0.02%
Customer Service	1.55%	1.22%
Facilities	0.11%	1.34%
Health Safety and Security	0.00%	0.02%
HR	0.77%	0.57%
Internal Audit	0.01%	0.03%
Legal	0.09%	0.05%
Management	0.11%	0.73%
Operations	3.75%	61.08%
Shopping Services	0.21%	0.26%
Sustainability	0.01%	0.04%
Process Improvement	0.00%	0.05%
Projects	0.00%	0.02%
Commercial	3.18%	6.71%
Customer Experience	0.01%	0.02%
Digital	0.24%	1.54%
eCommerce	0.01%	0.00%
Marketing	0.04%	0.03%
Risk and Compliance	0.06%	0.04%
Shared Services	0.35%	0.53%
Strategy and PMO	0.03%	0.04%
Grand Total	**18.51%**	**81.49%**

Proportion of senior management hired from local community:

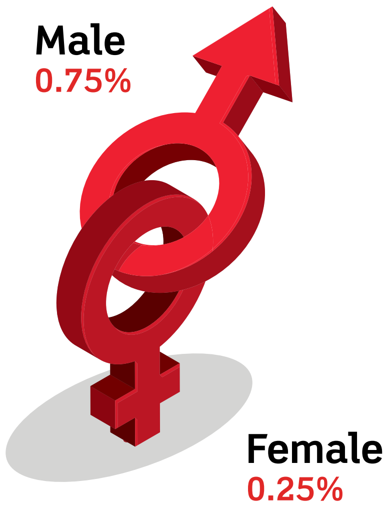
Expats Vs. Locals



We define local vs. expat based on the location of the employee (example, a Jordanian employee in Jordan is considered local, while a Jordanian employee in Dubai is considered expat) Our Senior management numbers reflect senior management of the global team.

Of our workforce, 15,929 are direct employees, and 410 are indirect employees*

Top Management



The number of female senior management members at Aramex has increased in 2019 as compared to previous years. Moreover, **the proportion of women in top management positions at Aramex exceeds the regional average.**

Additionally, we ensure that our remuneration is based on merit and that we do not discriminate on the basis of gender. Therefore, we ensure that our employees receive equal pay for equal pay. Please refer to the appendix on page 103.

Human Capital, Intellectual Capital
Continually developing our employee's knowhow and skills, while building on their talents allows us to enhance our tacit knowledge, improve our systems and procedures, as part of our Intellectual Capital. Relatedly, through these activities we are building our Human Capital, ensuring that we build loyalty while equipping our employees with the tools necessary to innovate and contribute to our operational and organizational success. As part of our investment in employee development, in 2019, our Total training hours were 78,520, which translates to 82% of the total number of employees

Given that our industry heavily relies on ground couriers and warehouse workers, and in many of our key markets, that profession is male dominated, our gender breakdown is as follows:

Gender	
Female	18.51%
Male	81.49%

Relatedly, the training hours are higher for males when including ground courier and warehouse workers.

The Total training hours by gender are broken into:

Females	Males
26,664	51,856

However, for administrative and corporate staff, the training hours per gender are broken down into:

Category	Hours	Percentage
Online Security	3,544	5%
Risk and Compliance	11,041.5	14%
Induction	12,730.5	16%
Functional Training	24,674	31%
Leadership Training	3,367	4%
Soft Skills	14,944.25	19%
Certifications	8,168.5	10%
Others	234	0.3%
Grand Total	**78,703.75**	**100%**

Talent Acquisition

Our 2019 Talent Acquisition Strategy focused on building our processes to better support in attracting world-class talent through the establishment of a new employer value proposition (EVP). The employer value proposition represents the values and culture which are embodied in our organization. Additionally, our Talent Acquisition team activated and launched our new recruitment portal designed to strengthen our presence in the online job market space, improving and enhancing the candidate, HR, and hiring manager experience. We launched a standardized process that delivers a consistent and positive experience for both internal talent movement and external hiring. Furthermore, our team launched a new internship program and finalized the design of the Aramex management trainee program which provides accelerated career paths and development for high potential local talent in the UAE and KSA. Furthermore, our team created and implemented a globally consistent interviewing and selection processes, incorporating new core and leadership competencies and new talent and leadership assessment tools.

Human Capital, Intellectual Capital

By building processes that help us attract talent, we are creating value in our Intellectual and Human Capitals. These processes improve the inherent organizational knowledge at Aramex regarding talent acquisition and management. By ensuring that we are acquiring and maintaining talented employees, we are able to build our Human Capital.

Employee Relations

In 2019, Aramex launched a new function for enabling positive and collaborative relationships between Aramex and its employees through effective Employee Relations Practices and the development and application of consistent HR Policies and Procedures.

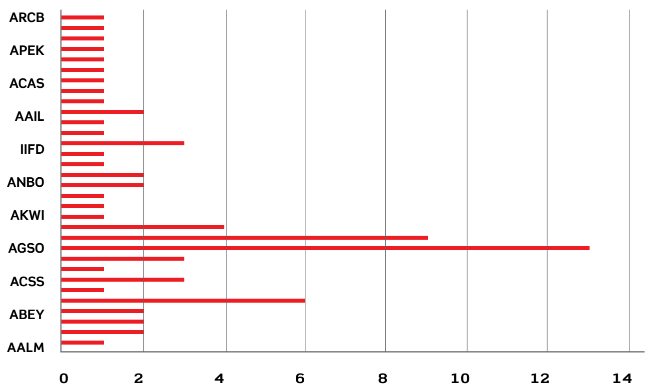
As a result of these changes, our organization is better able to:

- Facilitate effective resolution of conflict and foster collaboration and understanding between employees and managers
- Investigate and resolve employee grievances and concerns as they relate to HR matters, including those reported through our enhanced Whistleblowing Policy;
- Ensure that employment-related policies and procedures are being applied fairly to maintain full respect of the employee.

Listening and responding to the needs and concerns of our employees as indicated in the OHI Survey, at the local level, our team developed a new paternity leave policy to provide new Aramex fathers extra time to spend with their newborn children. This was initially applied to the UAE and since, it has been expanded to other markets in the GCC and Africa, where such a policy does not exist. We also ensure that we accommodate our new mothers, by providing maternity leave according to national standards, and ensuring new mothers have the flexibility upon returning to work to care for their children. In 2019, 71 of new mothers returned to work.

Maternity Leave

Figure 1 Maternity Leaves in 2019



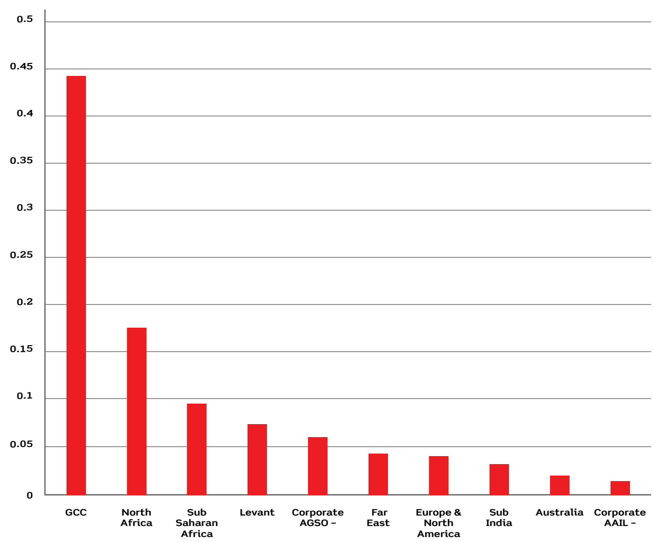
Additionally, and in line with our corporate activism values, the team launched a new Volunteering Policy for all employees across the global network which provides employees with paid time off to engage in volunteer activities that enhance and serve the communities in which we live and work. To read more about some of the resulting activities, refer to the sustainability section pages 41-48.

Social and Relationship Capital, Human Capital

People Insights and Analytics

In 2019, our Global People Insights and Analytics team leveraged the power of network-wide data to support the attraction and retention of talent across the organization. Today, Aramex is better able to use real-time data to keep a finger on the pulse of the organization through the tracking of key workforce measures including gender diversity, nationality, voluntary and involuntary turnover, annual leave usage and workforce ratios. This dashboard has enabled us to be more agile in our decision making and identify potential issues before they arise in order to deliver practical and market-based solutions. Furthermore, in 2019, we continued our journey with SuccessFactors where we improved the adoption of a unified HR system across all business units by onboarding newly acquired entities and migrating their data to the system. Most noticeably, our team ensured the successful rollout of the performance management and goal management system aimed at ensuring that our employees have clearly defined KPIs and objectives entered into the SuccessFactors platform.

Region



We are proud to have a diverse employee base, with 98 nationalities, while also ensuring that we empower local communities through recruiting local talents.

By keeping our finger on our organizational pulse, we can enhance our Human Capital, by ensuring that we retain talent, ensure that our HR practices are aligned with our value of empowerment, diversity, and inclusion. Additionally, by maintaining an agile and responsive approach to decision making and problem-solving, we make sure that we maintain healthy Social and Relationship Capital, nurturing shared values and trust among our internal stakeholders, who are also an extension of the organization and representatives to our external stakeholders.

All our employees are required to undertake different trainings based on their job requirements and their career development need, this includes senior management, as well as, all employee levels.

Health and Safety and Security

The health and safety of our employees are of critical importance across all our operations. To that end, Aramex is committed to maintaining consistent comprehensive safety measures and sound safety performance. The company and its subsidiaries continually strive to ensure the health and safety of all its employees, visitors and the public whilst also protecting the environment. Additionally, Aramex is committed to strictly comply with the specific health and safety regulations of each country where we operate, in addition to, adopting international best practices and continually improving the organization's health and safety standards.

Our Corporate Health and Safety Management System is supported by policies and procedures which serve as a framework for the handling of health and safety matters within our facilities and on day to day operations. Given that the global environment is rapidly changing; we regularly review our policies and procedures to ensure that they are up to date.

Safeguarding the occupational health and safety of our employees, contracted employees, and suppliers on our company premises and under the supervision of Aramex, is one of our core tasks. This entails preventing work-related accidents and occupational illnesses, assessing potential hazards, ensuring comprehensive risk management and creating an overall healthy working environment. Additionally, transportation and storage safety is a part of the Health and Safety Management System which is implemented across the network.

Transportation safety plays a key role both in the transportation of our products on public routes and in loading, unloading, classification, labeling, and packaging of materials, particularly of hazardous goods. Our handling and transportation requirements, which we actively ensure are implemented appropriately, ensure that the materials are handled and transported according to the applicable regulations and the potential hazards they pose. We define transport incidents as accidents that cause personal injury or significant damage to property, or environmental impact resulting from the release of substances, or leakage of hazardous goods. Given our extensive safety precautions and training activities, transport incidents are rare, and in 2019, Aramex did not experience any accidents involving contact with chemicals.

The vehicular standards have been the highest risk area recorded via the GPS control room and the journey management process has indicated this based on statistics received. We employed major improvements to our tracking and monitoring of the movement of Oil and Gas vehicles, this, along with the pre-trip inspections and revision of results indicated that the training and standards implemented are effective.

As part of the Aramex corporate structure enhancement, the health and safety function became part of the Compliance and Risk Team, this enabled the occupational health and safety function to involved in the processes of risk evaluation, which allowed the function to gain additional insights through this involvement in these processes.

During 2019, we continued to develop our corporate health programs by conducting Employee medical screening by approved external medical providers within the Middle East region. This allowed us to identify any trends of occupational health issues and address them, which in turn allowed us to progress towards our long-term health improvement goals. Additionally, there were no reported cases of occupational illness affecting employees working at our facilities throughout 2019.

All Aramex contractors shall by contractual agreement commit to comply with the procedures, policies, and responsibilities outlined in the Warehouse Health and Safety Management System. Therefore, they are expected to comply with all Aramex health and safety policies and associated requirements. At Aramex, we treat our contractors and suppliers just as we treat our own employees and maintain the same concern for their health, safety, and well-being. It is mandatory for contractors and suppliers who come to our facility to perform physical work to undergo the health and safety induction program and be included in the permit-to-work system. Furthermore, our incident reporting statistics also applied for all contractors and suppliers working for Aramex.

Despite overall good results in 2019, there is still room for improvement. Our goal in 2020 is to avoid any type of incident. With enhanced standards and even more commitment, we strive to continuously improve the already high safety level and our performance. We are working hard to create and maintain an active culture of safety and encourage employees to take personal responsibility for their actions.

Our main objectives for 2020 are to:

- Further reduce the frequency rate and lost time injuries by 5%
- Ensure mechanisms in place to assure incidents are properly reported and recorded
- Start building up internal safety campaigns focused on the health and safety of our employees and continuing to enhance the safety culture within Aramex

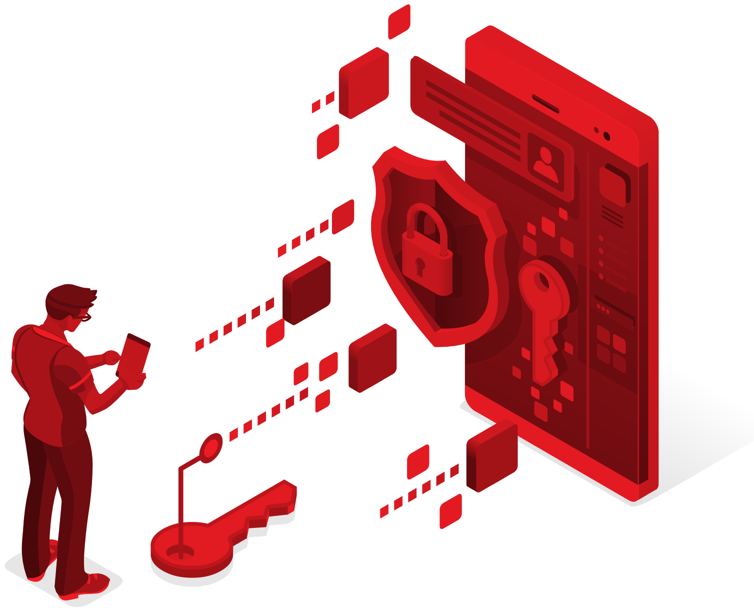
Our Health and Safety Stats for 2019 can be found below:

Total Number of Fatalities including non-occupational related	0
Total Number of Lost time injuries	98
Total Number of days lost	1,612
Total number of incidents resulted in minor or no injuries	773
Total number of incidents resulted in injuries	161
Total number of incidents	934
Total Number of employees	15,929
Total number of working days	4,249,572
Total number of man hours worked	33,996,576
Total number of man hours worked	33,370,728

Total number of vehicle related incidents resulted in minor or no injuries	578
Total Number of Vehicle related incidents resulted in injuries	70
Total Number of Vehicle related incidents resulted in Lost time injuries	63
Total number of vehicle related incidents	648
Total number of days lost due to vehicle incidents	1,244

Total number of WH & Office related incidents resulted in minor or no injuries	195
Total Number of WH & Office related incidents resulted in injuries	91
Total Number of WH & Office related incidents resulted in Lost time injuries	35
Total number of WH & Office related incidents	286
Total number of days lost due to WH & Office related incidents	368

Health and Safety Indicators		
Lost time Injury Frequency rate (LTIFR)	2.88	Aramex experienced 2.88 LTIs for every 1,000,000 hours worked over the past year
Lost time Injury Incident rate (LTIIR)	0.62	Aramex experienced 0.62 LTI's per hundred employees
Severity Rate (SR)	16.45	On an average each LTI resulted in 16.45 days off work
Lost time injury Rate (LTIR)	0.58	For every 100 employees, 0.58 employees has been involved in LTI
Vehicle related Lost days rate (LDR)	12.27	Aramex experienced 12.27 vehicle related lost days per million shipments
WH & Office related Lost days rate (LDR)	3.63	Aramex experienced 3.63 WH & Office related lost days per million shipments
Lost days rate (LDR)	15.90	Aramex experienced 15.90 lost days per million shipments
Accidents per million shipments	9.21	Aramex experienced 9.21 accidents per million shipments



Security

Security threats are changing rapidly, therefore, it is important to ensure that the security management system at Aramex is always ahead of threats, ensuring the protection of our assets, as well as, our partners' and customers' assets.

During 2019, we managed to grow the Safety and Security team by adding dedicated resources in Asia. In 2020 we set ambitions on the expansion of these efforts to Africa, Europe, and North America, whereby we plan to support the existing team members improve the Security standards and improve Aramex's policies and procedures on the day to day operations.

Many of our locations upgraded the security infrastructure to the latest technologies, moving from CCTV systems to cargo screening technologies. Furthermore, the security team worked very closely with local authorities to ensure shipment screening is carried out efficiently and that incidents, if any, are reported on time. TAPA Certification was a key achievement in 2019, many of our locations renewed the TAPA FSR -A Certification, additionally, a self-certification TAPA FSR level C was launched to ensure that Aramex facilities meet the highest security requirements set for logistics facilities. In continuation of our 2019 efforts, we plan to evaluate and start the journey for ISO 28001 (Security Management system for the supply chain standards) in 2020 starting with an evaluation of key location.

Transport security is a key component of our operations, in 2019 more vehicles were equipped with in-vehicle monitoring systems with the aim to use this technology to its full capacity, thus enabling us to monitor the truck and load, in addition to, providing customers with visibility to track their orders.
We aim to continue building on this momentum in 2020 with the following objectives:

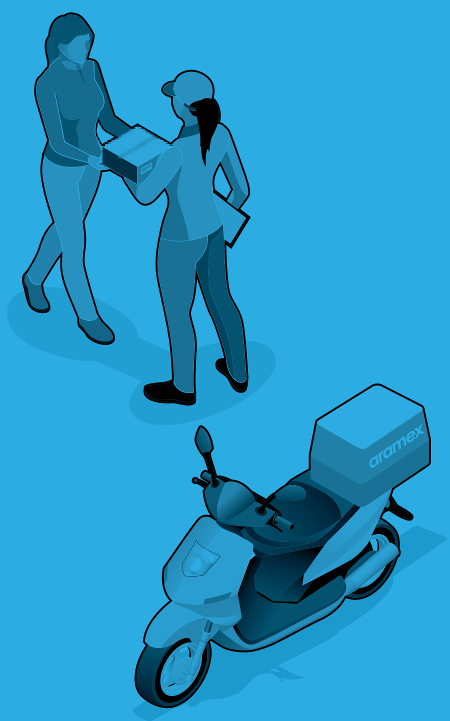
- Further reducing the number of missing shipments' claims
- Continue conducting annual security threat and risk assessments
- Enhance the cargo screening capabilities in key locations
- Plan for the TAP certification and ISO 28001 certification

Our Health, Safety, and Security efforts are in line with our commitment to make sure that we safeguard our Natural Capital ensuring that we do not cause any negative impacts due to the mishandling of hazardous material. As well, as making sure that we protect our employees, and adhere to the goal of providing decent work and maintaining a healthy working environment.

102-8

Our Customers

07



Social and relationship Capital, Intellectual Capital, Manufactured Capital, Human Capital

Ever since the first shipment delivery, we committed to deliver high quality services and innovative products to our customers. We ensure that with every business and operational decision we make that we holistically consider the customer experience.

Our customers are our partners in innovation and operations. To preserve this partnership, we actively embed our customer-centric culture across all Aramex procedures and transactions. This includes fostering customer engagement and maintaining open and accessible feedback channels. By actively listening to our customers' needs and concerns, we ensure that we invest in technologies and streamline processes to meet and exceed their expectations of service quality and safety.

In line with these efforts, we design and enforce policies, regulations and training that are specifically designed that we maintain ethical and professional conduct, ensuring that confidentiality and privacy of client information and communication is preserved, in each step of their transactions. We aim to create value for our customers by safeguarding their information and providing them with efficient services which is accessible and easy to use. Our customers are a critical part of our Social and Relationship Capital. Therefore, our customer-centric approach allows to invest in Intellectual and Manufactured Capital and continually build on our Social and Relationship Capital.

E-commerce and Digital Transformation

As the needs of our customers evolve along with introduction of new technologies and innovations which have transformed how logistics is done. As one of the largest providers of comprehensive logistics and transportation solutions, Aramex is committed to continually transform in response to industry updates. In the past few years, the value chain of logistics and shipping operations has expanded, so has our business model in order to maintain our pioneering position as business providers. Driven from a commitment to providing seamless and effective services, Aramex turned to Amazon Web Services (AWS) to support a digital transformation vision to enhance customer experience and digitize the end-to-end shipment journey. Using Big Data and technologies provided by the AWS solution, we are able to provide a complete picture of live transit operations in real-time.

The primary benefit of this transformation is the automation of transit time prediction, which would ultimately increase the accuracy of last mile deliveries. Given that most of our core markets lack proper address management systems with no reliable postal or zip codes, the process of providing accurate delivery time predictions and the need to manually check and confirm addresses, using Machine Learning models to calculate shipment transit times more accurately, customers can access this data in real-time through the website, mobile app and social media channels, including WhatsApp and others. This is expected to reduce inbound customer calls related to shipment tracking dramatically.

Aramex has deployed five use cases on Machine Learning, making it the biggest Machine Learning customer for AWS in the region.

"Today, we make around 450,000 predictions per day, with a 12.5 milliseconds average response time." says Sleeq.

This step is a result and an example of our active efforts to engaged with and listen to our customers to better understand how we can improve their experience.

E-commerce is a different product altogether, says Mohammed Sleeq, Aramex's Chief Digital Officer. "In the past 10 years, Aramex has digitally evolved to meet the demands and growth of e-commerce. Today, the way we conduct ourselves in the market is different, because e-commerce is different,"

This effort is an example of utilizing Intellectual Capital to better serve our customers and safeguard our Human and Social and Relationship Capitals.

Information Security

With more of our operations using digital processes, we are increasingly steadfast in our commitments to maintaining information security. We take our position as a trusted partner within our business ecosystem very seriously, we are trusted by our customers with their data, and in turn work diligently with our partners to uphold parallel levels of protection and compliance in order to provide secure services and products.

Therefore, Aramex positions Information Security as a core stake in our Digital Transformation underscoring our obligation to safeguarding the privacy, security and resilience of organizational and customer data.

Information security is a critical component of maintaining our intellectual and human capitals, as well as, the social and relationship capital that we build and maintain with our customers and communities.

Information Security Governance

In line with our commitment to safeguarding information security across all our services, operations, and partnerships, in 2018, Aramex established the information security governance Committee. The committee is chaired by top management. The roll of the committee is to ensure that all aspects of security are in line with our business objectives while preserving a balance between mitigating risk and operational activities. Therefore, the committee develops and implements policies and procedures which engage all our employees in security responsibilities, embedding security culture into the wider fabric of Aramex.

Infrastructure
As part of our information security governance, Aramex has an information security infrastructure based on the latest available technologies which protects confidential data across multiple layers (i.e. Cloud, Physical, Network, Application, Endpoint, User, and data). This infrastructure also incorporates analytics and machine learning capabilities, which in turn utilizes analytics to detect any anomalies.

Programs
Aramex developed and implemented a security program underpinned by an adaptive security architecture and certified by both ISO27001 and PCI DSS. The program guarantees a sustainable and continuous protection against existing and new cyber threats. A risk management framework, developed based on international best practices and continuous monitoring by our security operations, provides continuous improvements to the program.

Global Privacy Framework
We believe in a person's right of privacy and commit to protect all personal data in our custody; for that, Aramex has made a strategic decision to develop a data privacy management framework that complies with GDPR (General Data Protection Regulation) as our global fair and lawful processing of personal data which is applied not only in our EU operations, but for the whole network, with ability to localized whenever required to comply with local laws and regulations.

Engaging our employees and customers is critical for preserving information security, stemming from our belief that people are the "strongest component" in upholding confidentiality and integrity. Therefore, we enroll all our newly hired employees in a comprehensive awareness program, which is integrated into our learning management system, allowing us to follow-up with trainees upon completion of the course. Team members directly working on information security are continually offered opportunities to improve and develop their skills to ensure they are equipped to cope with the ever-changing risk landscape.

These efforts are part of our efforts to build and maintain trust with our customers and trust in our brand, as part of our Social and Relationship and Human Capital.

Corporate and Trade Compliance

Our diligent efforts towards building customer trust in our service and brand, continuous enhancement of our security measures, and adherence to our comprehensive Code of Conduct ensured that we did not receive any complaints in 2019 related to protection of our customers' private information.

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

Moreover, in 2019 we did not receive any fines, monetary or otherwise, for non-compliance with laws and regulations concerning the provision and use of products and services. Aramex is committed to complying with applicable import and export control laws and regulations involving the countries in which we do business. We submit accurate and complete import declarations to government authorities. We also use the utmost care in ensuring our compliance with import regulations regarding designated importer of record, import tariff classification, valuation, origin, duties and import tax payment, payment to the supplier, duty preference programs, temporary imports, bonded warehouse, duty drawback programs, and other factors that impact upon our activities. We also comply with all international and national embargo regulations.

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

Engaging With Our Customers

We aim to foster open communication our customers as we believe that customer feedback is critical to our forward progress and continual improvement in order to achieve higher levels of customer satisfaction. Therefore, we maintain different communication channels with our customers to provide efficient and responsive service updates, solutions, and interactions. These channels include, but are not limited to:

- Our Sales Teams and customer facing employees
- Websites and Mobile Apps
- WhatsApp for Business
- Contact Center
- Service Centers and Pickup Points
- Social Media Channels
- Aramex Delivery Representatives
- Surveys and Other Interaction Touchpoints

Digital Channels

As part of our continual efforts to better serve our customers, we take every opportunity to innovate and improve our technologies so that we are able to provide a seamless experience that utilizes smart technology and integrates our operations with our customers' preferred.

ClickToShip

In 2019, we continued enhancing the functionality of ClickToShip, a free desktop application that enables customers to manage their shipping needs even offline, and includes automated shipment preparation, pickup requests, rate calculation, shipment tracking, shipping addresses management, and bulk shipping and handling. ClickToShip is a useful and accessible tool for all our customers no matter the complexity of their shipping needs.

aramex.com

aramex.com is continually improving to provide a better user experience for all its visitors. Improvements to the website include a range of features and enhancements which address customers' business needs to offering relevant and targeted content to our customers in all geographies.

As part of these improvements, in 2019, the website was translated to 2 new languages, Dutch and Indonesian. In total, the website is now available in 7 languages. Furthermore, we included the following features:

1. A Business account registration section that allows customers to sign up for and complete their account registration process online with a few simple steps.
2. Major improvements were implemented on "My Shipments" page; our customers can now manage their shipments with Aramex all in one user-friendly page. This means the customers have complete visibility over their shipments, can perform multiple actions on them, whether individually or as bulk,

Additionally, multiple enhancements were undertaken to improve the overall user experience of the website.

In 2020, we are aiming to introduce additional enhancements to the user experience, design, and functionalities of the website. Furthermore, we plan to continue to translate the website to key languages, as well as, Localizing the content of the website to cater for the specific needs of our customers in all our geographical areas.

Mobile App

Our Aramex Mobile Application allows Aramex customers around the world to manage their entire delivery experience using just their mobile phones. In 2019, the application was translated to Arabic, which is the main language of one of our key geographical markets. We also undertook enhancements and improvements to the App's features and overall user experience. We are planning a new and revamped user experience in 2020 for a better customer journey.

Integration Tools

Two important components of Aramex's business integration toolset are Electronic Data Interchange (EDI) and Application Interface (API). These tools allow for a prompt and secure data exchange between the customer's systems and Aramex's InfoAXS system, which greatly enhances the digital efficiency and reduces technological burdens on our customers. Giving customers complete flexibility to customize their interactions with our systems and choose their preferences electronically, which instantly produces a tailored software component they can use to their business needs.

Customs Information Center

Our Customs Information Center is designed to take the complexity out of the customs process simplifying it for our customers. We are continuing to grow our center by actively engaging with concerned internal teams in each country and by maintaining our relationship with customs authorities around the world. Ensuring that we have and disseminate accurate and up to date information on customs information is important for ensuring that we maintain compliance across our operations and supply chain, while also streamlining processes for our customers ensuring ease of service provision.

As part of the Center's function, we support our customers by providing them with an option, via aramex.com, to contact a local customs expert who can offer support and guidance on customs clearance regulations.

Sales Support

With the aim of maintaining a strong relationship between our sales teams and our customers and in keeping with our corporate value of customer centricity, we continue to develop solutions that ensure that any and all interactions between our sales members and customer are efficient, effective and place the customer needs first.

Customer Experience Transformation

Customer experience and centricity are key elements in Aramex's overall strategy and corporate values. Business processes and technology developments in Aramex start with an Outside-In perspective, with the customer at the heart of it all. Business and technical teams work together to create seamless and enjoyable interactions throughout the different communication channels offered by Aramex.

As the customer landscape changes, we continually seek out innovations that will transform and enhance the customer experience, led relentlessly by passionate teams all over Aramex.

In 2020, there will be a lot of focus on innovative technologies coupled with a strong customer experience vision inspiring the company to deliver compelling customer journeys for individual and corporate customers.

WhatsApp for Business, Aramex Chatbot and Notifications

Customer communications are shifting from a simply informational format to communication that is actionable and conversational. The Aramex Chatbot is an interactive tool connected to multiple channels offering customers ease of tracking, communicating, locating branches, and delivery scheduling.

The Aramex Chatbot was introduced to WhatsApp in 2018, opening the door for instant communication and conversation. Interactions through this channel have made their mark on customer experience and had a great impact on delivery.

In 2019, great strides have been made in improving the customer experience and functionality of the Aramex Chatbot, giving consumers more control over the delivery cycle, schedule resulting in a smoother interaction with Aramex.

In 2020, we have several plans in place to ramp up the chatbot's conversational skills, responsiveness and overall capabilities.

Social Media
Social Media continues to be one of the most interactive channels of communication with our customers. We value these interactions and take them seriously, to that end
The Social Media team is constantly upscaling its technological and facilitative capacity to meet the demands of the communication traffic while upholding our target response rate below two hours.

A lot of enhancements are planned in 2020 to achieve the highest levels of customer experience across Social Media channels.

Contact Center
Our Aramex contact centers continue to meet and exceed the expectations of call centers, transforming them from mere call centers to houses of excellence with skilled agents able to seamlessly connect with customers from all over the globe. It remains one of the main channels of communication delivering customer updates and resolution to complex issues and liaising with internal functions to deliver a solid customer experience.

In 2019, we studied contact center interactions and determined new workflows for contact center calls. The new flows have been tested thoroughly through customer interviews and will be rolled out soon.

In 2020, new omnichannel solutions will be unraveled that enable our customers to navigate between phone, messaging Apps and much more. These solutions will have advanced capabilities in tracking, scheduling deliveries as well as many other features.

Customer Flow Management
Our queue system upgrade, piloted in the UAE in 2015, has now been extended to KSA, Qatar, Kuwait, Bahrain, Jordan and Egypt. The queue system has advanced reporting mechanisms that ensure the adherence to indicated serving and waiting times, as well as, the provision of tailored customer service and back office interactions hence reducing overall customer waiting times.

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

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

Aramex has plans in 2020 to upgrade the queue system and expand its reach across new service centers in the MENA region, as well as, create a seamless omnichannel experience when customers rotate between digital and physical interactions.

Points of Sale (POS)
The Point of Sale is one of the most effective tools to handle walk-in customers at retail outlets. POS optimizes the inbound and outbound handling processes by speeding up transactions and ensuring smooth digital integration with our systems while also capturing required customer information. This serves to reduce serving times for our customers and enhance their customer experience.

In 2019, a new web version of the POS has been developed to ease user access and increase proliferation across business units. Among the many benefits of this web version is the ability to support and handle peak season traffic. We are also able to extend this technology to our partners and franchisees. This solution will revolutionize customer interactions in Aramex service centers, raising the bar for customer support and further enhancing the customer experience.

The PoS web version will be rolled out systematically in 2020 across Aramex service centers in the MENA region.

Customer Communication and Support
Providing the customer with consistent and multiple communication channels that are correspond to the customer's journey is critical to facilitate effective and responsive communication. Aramex ensures that all communications goes through quality assurance phases and continues to support different aspects of day-to-day operations. We remain focused on improving several measures such as first case resolution (FCR), first acknowledgement time, and case closure, as well as, the quality of issue resolution.

Additionally, we collect customer feedback measurements related to their interactions with our support staff enriches the communication and highlights the areas of improvement for each business unit.

We also continue to provide customers with information that offers them faster solutions that they can find on their own time, these includes comprehensive FAQs, office location information, shipment tracking, and many other solutions and services.

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

Customer Service Certificates

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

Since then, and up to 2019, major locations across KSA, UAE, Kuwait, Bahrain, Qatar, Lebanon, Oman, Egypt, and Jordan offices have been certified base on the TISSE standard.

Mystery Shopping

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

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

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

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

In 2020, the courier experience rating will be included in the Mystery Shopping project to provide insights on the pick-up/ delivery experience.

Voice of the Customer

Surveys have become a staple in our customer experience ecosystem, representing a rich source of successful strategies, new ideas, opportunities for improvements, and customer retention.

Feedback and customers insights are captured through a multitude of channels including phone, in-app notifications, web and SMS. The broad spectrum of survey practices allows for insights across different points of the customer journey and in compliance with General Data Protection Regulation practices. With our core value of Customer Centricity in mind and Aramex's constant strategic focus on customer experience, a new program- "Voice of the Customer" has been developed and rolled out across the Aramex network. The program aims to reinforce our culture of customer centricity and embracing customers' feedback to tailor Aramex's products and services to customers' needs and expectations.

The program involves:

- **Insights and feedback captured from surveys**

In 2019, multiple surveys were conducted to collect feedback and measure a set of meaningful and consistent Key Performance Indicators (KPIs) related to various communication channels.

- **Focus on service recovery and closed loop processes**

Customer ratings are immediately shared with responsible parties to take actions on the ground, rectify issues, and close the loop by updating our customers of issue resolution.

- **Formal process for improvement**

Results are shared with key Aramex stakeholders continuously to conduct process improvements placing our customers at the center of process design and business improvement.

Customer Retention

We are proactive in our recruitment of new customers, while ensuring the retention of our existing customer base.

Number of Years using Aramex	Criteria	Customers	% of Customers
5 Years and more	Started during or Before 2015	43,857	39%
4	Started during 2016	10,317	9%
3	Started during 2017	20,355	18%
2	Started during 2018	16,833	15%
1	Started during 2019	19,766	18%

Sustainability

08

Since our founding, sustainability was a core component of our strategic direction and vision, positioning us as pioneers of corporate sustainability in the region and the world. And to this day sustainability is integrated into our operations at all levels. The Aramex sustainability strategy is fortified by an evidence-based, stakeholder-centric approach that is responsive to the needs of stakeholders and the dynamic changes occurring globally, regionally, and locally. Embedded in our approach is the proactive stewardship of the Six Capitals - 1) Natural, 2) Human, 3) Social and Relationship, 4) Manufactured, 5) Intellectual, 6) Financial.

The close monitoring of our operations allows us to understand and manage the flow of these capitals, their interdependencies, and their interaction with the greater economic, social, and environmental systems. By collecting this data and understanding these dynamics we can enhance our positive impacts on our communities and in turn manage and minimize any negative effects on the natural environment in the short, medium, and long term.

Therefore, through our holistic sustainability strategy, we strive to ensure that we assess our current performance with the forward-looking orientation and clear goals that we set for the long term. Our sustainability programs and projects follow a partnership and investment model as opposed to a philanthropic approach. We aim to foster longevity and commitment to our community relationships. Therefore, our approach to sustainability leverages several of our core capacities to create value across several of the capitals. In addition to utilizing our financial capital to invest in communities and the environment, our sustainability projects also employ our Intellectual, Social and Relationship, Human, and Manufactured Capital to deepen and broaden Aramex's impacts and enhance our value creation.

We deploy our intellectual, human, and financial capital to support youth, entrepreneurs, and environmental initiatives within our global sustainability strategy, thereby increasing shared value in Natural, Human, and Social and Relationship Capitals of the greater community, values which we believe will multiply many times over and accelerate community development.

We strive towards sustainability solutions of varying temporal and spatial scales, which extend beyond the immediate term and geographical borders. We have fostered a lasting partnership with the United Nations Global Compact, which, along with our commitment to the UN Sustainable Development Goals showcases are exemplary of our dedication to building a brighter and more sustainable future for all.

Our investment in local communities, support of entrepreneurs, and work on youth education and empowerment, along with our inclusive engagement with our stakeholders ensures that we are able to incorporate the United Nations Sustainable Development Goals in policy and practice in our operations and sustainability projects on the global, corporate, and local levels.

Each of our sustainability projects has a strong community focus and involvement, whereby community empowerment and engagement is a core and cross-cutting theme across all our sustainability activities. We also actively encourage active citizenship and volunteerism among our employees, whether through our active projects or their own. In addition to community engagement and active citizenship, we focus on the following three pillars of sustainability:

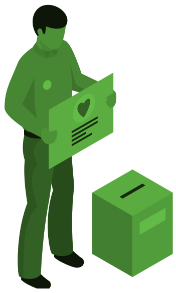
1. Youth Education and Empowerment
2. Supporting Entrepreneurs
3. Tackling Climate Change

We continually set goals for our sustainability activities, which include increasing our beneficiary base and our sustainability coverage as a percentage of our operations and geographical locations.

In 2019, we were able to reach 121,085 beneficiaries, resulting in a 55% increase in our beneficiary base from 2018 this increase came as a result of our partnerships in Egypt. This was possible thanks to 190 sustainability projects in 43 locations. Our sustainability coverage for 2019 was 98%.

This was achieved through a number of projects and partnerships which will be discussed in the following sections. To know more about our non-financial goals, please refer to page 17.

Community Engagement



As previously mentioned, engaging with and investing in our communities is an integral component of our sustainability. Being that communities are fundamental stakeholders for Aramex, their needs and interests drive our approach to community engagement.

Much of our community engagement involves the active participation of our employees, as part of our Aramex Active Citizens' program. While we engage with the communities through our different sustainability pillars, in this section we share some of the highlights from our community engagement activities.

In 2019, we had 67,630 community beneficiaries, including families, children, and women.

Our partnership with the Egyptian Clothing Bank

In 2018, we initiated a partnership with the Egyptian Clothing Bank, a non-profit, non-governmental organization with the aim of providing cover and clothing to all who are in need across Egypt. Aramex has supported in the collection, transportation, and distribution of donated clothing and blankets in different parts of Egypt.

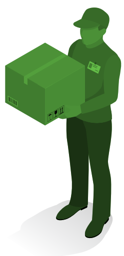
In 2019, through this partnership, whereby, Aramex provided transportation 115,400 pieces of clothing, 12950 thick family blankets, and 50,000 meters of donated fabric. These items were distributed among 40,000 university students and 22,950 families in Cairo, Alexandria, Minya, Sharkeya, and Qena.

Additionally, Aramex collected 8700 pieces of donated clothes in Cairo and Giza, which were distributed among 3841 underprivileged individuals, from university students, orphans, homeless, and the elderly.

This would not have been possible were it not for our employees' commitment to active citizenship.

We aim to continue building this partnership in the future.

Preparing and Distributing Food Boxes for Underprivileged Families in Lebanon

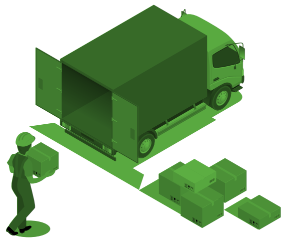


In the spirit of giving, Aramex Beirut supported in the preparation and distribution of 300 boxes of food for underprivileged families across the country. This activity was carried out in cooperation with the Lebanese red cross. These boxes included essential food items meant for the sustenance of a family of 5 for an entire month. This activity was part of the employees' active citizenship.

Medicines and Medical equipment Collection and Delivery in Kenya

For the last few years, we have partnered with Action in Focus, a local non-profit Non-governmental organization which aims to serve the poor, the needy and the suffering, while strengthening children, their families, and their communities. In 2019, we supported the organization's Better Together Masai Mara Medical Camp. The camp is meant to provide treatment to people who would not otherwise have access to these services or medicines. Aramex helped in the collection and the delivery of medicine and equipment to the medical camp, in which 2,400 people received free treatment. This partnership was supported through the active citizenship of our employees in Kenya, as well as, the utilization of our fleet.

Partnering with the Charity Committee for Orphans Care in KSA



In 2019, Aramex and the Charity Committee for Orphans Care in Riyad have signed an MOU whereby Aramex will provide the organization with pro bono transportation and logistical services that would allow them to collect and distribute aid and supplies to their beneficiaries.

These activities are exemplary of Aramex's utilization of its Human, Social and Relationship, and Manufactured Capitals to improve community welfare, which in turn further strengthens our Social and Relationship Capital and allows us to create additional value in that realm. Thanks to our global volunteering policy, all our employees are able to volunteer with their communities during working hours, ensuring that we are fostering active citizenship within our people.

Emergency Relief

In the unfortunate event that disasters or crises break out in our communities, Aramex has always been ready to leverage its resources and operations to provide emergency relief. Aramex recognizes that our Manufactured, Human, Social and Relationship, Intellectual, and Financial Capital distinctively position us to be able to act in support of affected communities during different emergency situations. To that end, we utilize our logistical infrastructure, fleets, warehouses, and information technology, as well as, our global networks, to collect, store, and deliver aid to affected communities, while enhancing recovery efforts and increasing resiliency.

Supporting communities affected by natural disasters in India

Our offices in India have been actively engaging with communities impacted by the flooding in the Western Maharashtra region by raising funds for supplies to be distributed among the affected individuals. Through the dedicated efforts of team members, supplies including food items, utensils, and hygiene products were distributed to 1500 people. This at times, involved employees wading through the floodwaters to reach affected families. This is an example of how, especially in times of crisis, Aramex and its people are willing to leverage their resources to support emergency relief efforts and recovery.

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Youth Education and Empowerment

Stemming from our belief of the important and transformational role that education and empowerment of youth play not only in the lives of the youth themselves but in their communities and the world at large, we have continually focused on including youth in our sustainability strategy. We believe that it is our role to leverage our Financial, Intellectual, Social and Relationship, and Human Capitals to support youth education and empowerment. This, in turn, creates value across these capitals in the localities and regions where Aramex is present, creating stronger more resilient societies and economies.

Furthermore, access to education, capacity building, and empowerment opportunities can help break the cycle of generational poverty and allow for upward social mobility. We have cultivated long-term commitments and investments to youth education and empowerment, which in turn resulted in amplified returns to our youth, and their communities, enhancing shared value creation, while also contributing to sustainable development.

Our commitment to this pillar of our sustainability manifests through different channels. We provide direct support through financial scholarships, in turn, we ask our beneficiaries to volunteer in their communities, as an extension of our active citizenship, while ensuring that they use their education to create value in their communities. We also provide youth with training and mentorship, whether through internships at our offices, providing hands-on training, mentorship on how to stand out in the job market, and build their career profiles.

Equally important, are our efforts to collaborate and form partnerships with local, regional, and global organizations and initiatives to support youth education and empowerment, especially in vulnerable and marginalized communities.

The efforts and activities that we at Aramex undertake in this pillar create and enhance value for the youth and their communities in the short, medium, and long-term. These efforts are becoming increasingly important given the present and future challenges that youth face due to economic, societal, and environmental changes.

In 2019, our Youth Education and Empowerment Activities yielded 44,177 beneficiaries, which included 44,120 students and 57 interns.

Highlights

Ruwwad

In 2019, 478 youth scholars in Ruwwad's Jordan, Lebanon, Egypt, and Palestine benefited from scholarships, and contributed more than 54,771 hours of community service through three key programs (Youth Organizing, Child Development, and Community Support) in Ruwwad's community centers, impacting the lives of children, women, youth and the community at large.

Since the establishment of Ruwwad in 2005, Ruwwad enabled a total of 1244 in Jordan, in East Amman/Jabal Al Natheef, Tafileh, and Al Beidha. Ruwwad also enabled 222 youth in Palestine, 275 youth in Tripoli in Lebanon and 386 youth in Ezbet Khairallah in Egypt, reaching a total of 2127 youth who became part of Ruwwad and benefited from the whole journey. Parallel to the volunteerism and community service track, Ruwwad conducts an enrichment program that focuses on dialogue, wellness, and business skills, which all enhance critical thinking, open-mindedness, and respect for diversity and pluralism.

On a yearly basis, Ruwwad across the four countries conducts more than 202 Dardashat (cultural enrichment) sessions and enhances youth business skills through IT courses, English, business ethics, CV writing, and job interviews, as well as professional communication. These are all facilitated by leaders from Aramex, and other key partner organizations.
This year, a total of 122 youth graduated; 44 youth in Jordan, 10 in Palestine, 10 in Lebanon and 58 in Egypt, after completing their education. All education scholarships offered in Jordan, Palestine, and Lebanon are university scholarships, whereas in Egypt they are vocational ones, as education in universities is free of charge.

The impact throughout 2019 transformed the lives of the 478 youth scholars benefiting from the scholarship fund and contributing their time to community service and enhanced the lives of more than 15,200 citizens in Jordan, Palestine, Egypt, and Lebanon.

In Ruwwad Jordan, 213 youth throughout 2019 operated safe spaces in three community centers in East Amman/Jabal Al Natheef, Al Tafileh, and Al Beidha, to enhance the education and development of 1257 children and 207 adolescents. Moreover, and through the 20,814 hours of community service these youth contributed; 316 families benefited from the Community Support Program.

The youth also launched 21 initiatives that affected the lives of 3033 people in Jordan, in addition to five empowering projects that benefited 1867 of the citizens in marginalized communities.

As for the Child Program, 600 children benefited from Summer clubs in East Amman/Jabal Al Natheef, Al Tafileh, and Al Beidha, focusing on nutrition, neuroplasticity, entrepreneurship for children, music, culture, heritage and embracing differences.

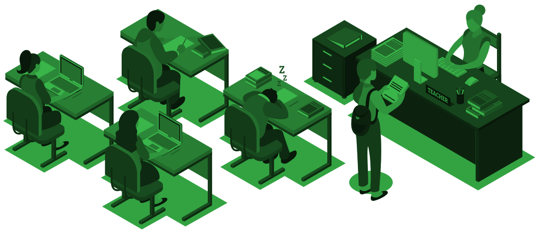
Ruwwad focuses on three tracks under the area of projects; the Employment Track, the Entrepreneurship Track, and the Community Protection Track.

Under the Rawabet Project in partnership with the Canadian organization "Equitas", 30 youth from East Amman participated in an extensive training program on the human rights-based approach to build their capacity to launch community actions addressing the social and economic rights in Jordan.
The youth launched 2 initiatives during 2019 on the issue of gender-based violence, specifically the problem of child marriage in the neighborhoods of Nathif and Mareekh. During implementation, youth conducted 15 training sessions with the female adolescents in Jabal Al-Nathif and Al-Mareekh and collaborated with community leaders, reaching out to a total of 1581 community members in the two neighborhoods.
Through the Economic Empowerment Project funded by Citi Foundation, Ruwwad provided 56 participants of unemployed youth graduates with the comprehensive Skills for Success—Employability Skills training program. A program that encompasses 28 total hours of training in English for the Workplace, interpersonal skills, and business ethics, to strengthen the youth competencies with the knowledge and skills needed to compete successfully for jobs in the labor market, Ruwwad completed the placement process of the youth participants in coordination with the partner companies and was successfully able to place 14 of them in 8 companies. Out of the 11 interns who completed their full internship period, 8 are currently in full-time jobs and another 3 are in part-time jobs.

In partnership with the Justice for Legal Aid Center, supported by the Open Society Foundation, Ruwwad launched the "Community Empowerment Project" in East Amman suburbs. The overall goal of the project is to improve community-based protection practices and provide life-changing legal and administrative assistance to children and families of refugees and host communities in the East Amman suburbs.

To date, this project entitled "Siraj" for child safety enabled 155 parents who sit on school parents' councils, gained better parenting skills, psychosocial support skills, and legal awareness.

"Siraj" is led by Ruwwad's Community Organizers. To date, 13 youth and scholars and women are mobilizing the activities of the project.



In Ruwwad Lebanon, 114 youth scholars contributed more than 12,960 community service hours, supporting the work of Ruwwad's programs and Ruwwad's kitchen. More than 37 women and youth benefited from psychosocial support, and more than 604 children participated in the ongoing activities conducted in Ruwwad, and from the outreach activities in 7 different schools. Ruwwad Lebanon continued reinforcing its relations with partners, therefore; 81 participants completed Phase two and phase three of the Pathways to Progress Project with Citi Foundation for youth economic enablement, 6 participants formed the start-up living city, they were supported under this program with an apprentice's stipend, professional guidance, and a possible investment grant.
As for the Network for Advancement and Work Acceleration Project "NAWAT", 77 beneficiaries completed the fifth cycle of the life skills training, 33 beneficiaries completed the vocational training on hospitality and quality control, and 32 beneficiaries completed the vocational training on Fundamentals of Education, moreover, a community walking tour in Tripoli took place, it targeted the women who fear entering the city center of Tripoli due to their position as religious minorities, the event included beneficiaries from a variety of program lines under the "NAWAT" project.

Atayeb Tarablos Kitchen prepared and sent daily Iftar meals to the residence of 62 families consisting of 331 individuals, furthermore, in partnership with the Danish Refugee Council to provide a number of paid cooking courses internships, 3 beneficiaries took part in a general cooking class, 1 beneficiary completed the cooking course and continued her internship with Atayeb Tarablos.

The Nagham Community Choir began practice sessions and has conducted a performance at the Rashid Karami International Fair at an event organized by the Danish Refugee Council. The choir brings together youth from the antagonistic neighborhoods of Tabbeneh and Jabal Mohsen, training them in collaborative singing techniques and wider musical skills. Over 40 youth took part in the sessions.

Six new initiatives were launched in 2019. These initiatives make use of the skills and experiences of the volunteers, and took place over an initial pilot phase of a 3-month period, culminating in a Summer Camp in which all initiatives took part in providing sessions to youth beneficiaries.

In Ruwwad Egypt, 95 youth contributed more than 15,200 hours in Ruwwad's different programs and in the community. These youth implemented 4 initiatives that touched the lives of 140 citizens. 480 children benefited from activities that focused on academic support, Arts literacy and sports in Ruwwad Ezbet Khairallah's Child Development Program. More than 284 individuals benefited from the services of the Community Support Program, including literacy, sports, and art.
Under the Business Enrichment Program, 8 Sessions took place in collaboration with Aramex and it covered the following topics (Time Management, Communication Skills, E-commerce, CV Writing Skills and Interviewing Skills), the sessions were attended by 29 scholars. The main purpose of these trainings is to support the youth in their transition to the job market after they graduate.

Furthermore, A five – year partnership agreement was signed with (Adef Institute) to support implementing “Adef Schools” project, the project aims to enhance students’ capabilities in the areas of (Film Making, Sound and Music, Digital Thinking skills, and Visual Expression).

Under the Child Program, a new learning unit called “Explorers” was implemented in 2019, with children from the age group (9 – 12), focusing on self-exploration and identifying personal goals. This was part of a collaboration with “Our Children” initiative within the “Khotwa” program where the youth get training on how to plan and implement their work with children using the inquiry-based learning methodology.

Under the Economic Empowerment Program, 30 women participated in a Copper Workshop in collaboration with “Frezena” company, through the workshop; the beneficiaries learned how to produce Copper products and to sell them and generate income to become economically empowered.

Ruwwad Ezbet Khairallah also conducted 7 computer lab workshops which helped to reach out to 127 children, focusing on 370 hours of computer skills training.

In Ruwwad Palestine, 56 youth contributed more than 5,797 hours in Ruwwad’s different programs and in the communities of Budrus, Neilin, Qibya, and Deir Qiddis. Through the work in Ruwwad’s Child Support Program, and through the partnership with 6 public schools in the villages, more than 4100 children benefited from the different activities including academic support, art, sports, literature, and Summer and Winter camps. The Winter camp in the five villages focused on heritage, traditional games, leadership, arts, and unleashing the creativity of children. The Summer camp across the villages focused on imagination, creativity, goal-setting, and self-expression.

Throughout 2019, Ruwwad Palestine conducted two main activities under the community program, The “Natouf Bazaar” which aims to economically support community-based businesses; the bazaar included 40 stations of local food products and handmade accessories, it was announced that the bazaar will be conducted twice per year in partnership and collaboration with “Dalia Community Foundation” and “Drosos”. Moreover, and in collaboration with the European Institute for Cooperation and Development, a business development training was conducted for 15 business entrepreneurs, which included all the topics related to managing a small project, marketing, and pricing, and legal awareness as well, follow up visits were conducted after the training to ensure that all the information provided during the training were absorbed by the entrepreneurs, and to provide an advanced guidance and mentorship.

Under the Youth Program, 15 scholars and graduates participated in a training in collaboration with the “Sounds of Change” institute, the training allowed youth to enhance the use of music in trainings, think in a creative way, and to extract interactive activities which can be used in upcoming trainings.

A support center was established in Qibya village, to provide ICT related services, photocopying, and printing services for university and school students.
As for the Child Program, Ruwwad Palestine distinguished the renovation works of Qibya library in collaboration with the “Palestine Bank” and “Give Palestine” Association, a storytelling room, and a video room that was added to the library’s services. The renovation works contributed to expanding the library’s activities and services, more children from different villages started to attend regularly to the library.

Partnership with AIN in Jordan

We have a longstanding partnership with the Arab Innovation Network, a volunteer-run initiative that aims to foster innovation in the Arab World by encouraging youth to direct their knowledge, skills, and resources towards industry-relevant innovation. In 2019, we trained 54 AIN students on sustainability and carbon footprint management and route optimization at our offices in Amman, Jordan. This training served to showcase how to approach sustainability and emissions management using our own real-life example. This training aims to foster an understanding of the importance of environmental and societal stewardship in business. 105 participants attended AIN workshop.

Skills @ Work Program in Ireland

For years, Aramex has provided on the job training for underprivileged youth in order to improve their chances of employment. This program, which is conducted in partnership with Business in the Community, a movement that aims to foster sustainable change in businesses. Through the Skills @ work program, students get a chance to conduct a site visit, discuss CV writing skills, undergo mock interviews, and share a Day in the Life insights with Aramex employees. In 2019, 14 students attended the program at Aramex, and 10 employees volunteered more than 4 hours of their day to support the program and conduct the sessions.

Partnership and Volunteering with Injaz

In 2019, we signed an MoU with INJAZ in 13 countries. INJAZ is a youth-centered non-profit which focuses on developing the youth’s skills in financial education, life skills, business and entrepreneurship, and employment. The organization has been a long-term partner of Aramex in several locations. Our employees routinely volunteer with Injaz to train the youth on important employment, entrepreneurship, and life skills. In Kuwait, our team hosted and mentored 50 girls who are striving to be entrepreneurs as part of the Junior Entrepreneurship Program at the American Creative Academy of Kuwait for girls.

Entrepreneurship

Entrepreneurship is an important component of our sustainability strategy. Startups and SME’s play a significant role in building a healthy economy through creating jobs, developing innovative solutions, and transforming the communities they are in. We also believe that startups and SME’s can be promotors of sustainability if they receive appropriate guidance on how to integrate sustainability and corporate citizenship into their core without sacrificing their business growth.

Driven by our own entrepreneurial beginnings, we understand the needs of startups and leverage our resources to support their development and growth. Our Startup Support Program is our principal entrepreneurship initiatives were born out of Aramex's previous SME program. The program provides dynamic support to startups in a number of ways. Firstly, startups are given access to competitive rates for Aramex's services. Secondly, startups receive mentorship on a number of topics and areas related to their business development and operations. Thirdly, startups receive guidance and advice on how to integrate sustainability into their business model as they build their businesses.

The startup support program exemplifies how Aramex utilizes its Intellectual, Human, Manufactured, and Financial Capitals to create value across its own capitals, enhance its own social and relationship Capital, while encouraging the protection of Natural Capital across different domains, and guiding startups on how to create value across their Capitals as well.

For many startups, the flow of Financial Capital and scare Human Capital resources slows down their development because they lack the support and economies of scale to maximize their efficiency. Aramex's Startup Support Program helps entrepreneurial organizations accelerate their growth and operate sustainably as they expand and mature by providing them more access to our Capitals, particularly our Financial, Human, and Social and Relationship Capitals. We implement this program directly, as well as, through strategic partnerships.

We increased the number of Startups and SMEs year over year reached by 13% to 3700 in 2019 coming from 16 countries mainly Egypt, KSA, and UAE.

Sports

At Aramex, we believe that sports have the ability to transform individuals into strong leaders that can contribute to their communities and give them a sense of meaning. Sports help build team spirit and foster a healthy sense of competition and ambition. Additionally, it contributes to healthier societies. We have always encouraged the development of sports activities in the localities in which we are located. Aramex's legacy with supporting sports includes some of the oldest established sports teams in countries like Jordan. Furthermore, sports contribute to community health and well-being.

Aramex continues to support the Al-Riyadi Basketball Club, which plays both in Jordan and at the regional level. In Addition to direct financial support, we provide administrative assistance to the club through its management team. Through our partnership, a training program for both girls and boys was set up to teach them how to play basketball.

Aramex has supported women athletes for years, recognizing the important contributions and talents of women athletes and inspiring young girls everywhere. In 2019, we continued to support Ruba Sayyegh and Rana Qubbaj, two Ju-Jitsu athletes as they participated in different international competitions.

Additionally, Aramex provided sponsorship for a youth soccer team from an underprivileged region in South Africa to compete in a tournament in the United States of America.

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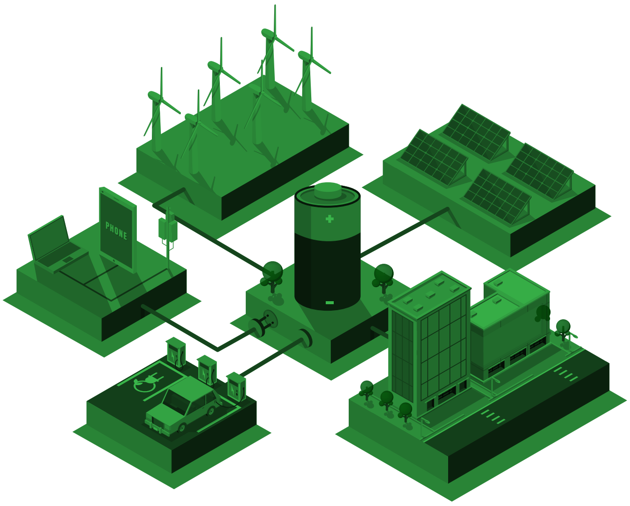
Aramex and tackling Climate Change



The world is at a critical point in time where we cannot take for granted the natural environment or ignore the imminent and serious threat of climate change. At Aramex, we have always been aware of our Natural Capital and our operational impacts on the environment. We continuously make a conscious effort to minimize any negative impacts we may have while encouraging and adopting innovative solutions that mitigate these impacts and safeguard the environment and our Natural Capital.

We fully recognize that we have the responsibility towards the natural environment and that by measuring and managing our environmental impacts, we are able to enhance our operations and business. More often than not, environmentally conscious practices embed increased operational efficiency, technological advances, and innovation.

To that end, we are committed to decreasing our consumption of natural resources, reducing our waste streams, and opting for the use of renewable and sustainable resources and energy sources. We ensure that we coordinate our environmental commitments and efforts with the Sustainable Development Goal 13 to combat the global specter of climate change.

Additionally, and in adherence to the UNGC Principles, we make efforts to apply a precautionary approach to environmental challenges. This involves systematically assessing, managing, and communicating risk related to the environment across our operations and to our stakeholders. Part of this is our measurement and assessment of our emissions (more details in the forthcoming sections and on page 83 and 84 which outline our reporting process). Furthermore, we collaborate with our Health and Safety and Compliance and Risk Management functions to ensure that environmental risks are included in our assessments and appropriately dealt with. Through this approach, we aim to prevent the occurrence of environmental risks, however, we are aware that some level of risk exists due to the nature of our operations. To mitigate that, we take concentrated efforts in safeguarding the environment, reducing our resource use, investing in green technologies, and properly recycling and managing our waste streams.

We continually work with our employees to increase their environmental awareness and actively involve them in our efforts. For several years, our employees have initiated and/ or participated in environmental activities, including Earth Day and Earth Hour. Furthermore, we conduct environmental awareness sessions with our newly inducted employees as part of their onboarding training sessions.

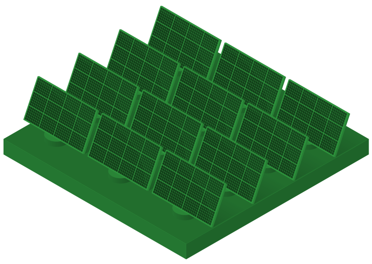
Manufacturing and Financial and Intellectual Capital to Safeguard Natural Capital

Employee Engagement Highlights

In 2019, our employees committed more than 300 volunteering hours to partake in environmental awareness activities. Our team in Algeria committed more than 60 hours of volunteering time to plant trees in the community for Earth Day. In Egypt, our team planted trees in one of Cairo's most marginalized communities for Earth Day, contributing a total of 150 hours of volunteering. In Bahrain, our team members gave more than 45 hours for a beach cleaning campaign, while more than 200 volunteers participated in Earth Day.

Renewable Energy Solar Farms

We are committed to using renewable energy in order to mitigate our environmental impacts. As part of this, we invested in two solar farms, located in Jordan and the United Arab Emirates, which are two key locations for our operational and administrative offices.



The 1.2MW solar farm in Amman powers 90% of the needs of Aramex Jordan while the 3.2MW facility in Dubai has reduced the consumption of the targeted warehouse by 60%.

These investments allow us to reduce our reliance on non-renewable energy sources, and in turn, decrease emissions resulting from the use of electricity (Scopes 1 and 2).

In 2019 Aramex UAE started the execution of another 3.2 MW solar farm to be located on the rooftop of one of its warehouses in Dubai Logistics City. The solar farm should produce enough energy to cover more than 60% of the warehouse's needs. This project in line with the UAE 2021 vision and the country's commitment to the 2030 Sustainable Development Agenda. We are dedicated to continually diversify our energy resources to include a mix of renewable and low emission sources, where the regulations permit, and the technology is available.

Sustainable Transport Electric Vehicles

In addition, to our efforts to reduce emissions from our facilities, we are also committed to finding solutions that reduce emissions from our transportation vehicles. These two goals go hand in hand, we use the excess power generated from our solar farm in Jordan to expand our electric vehicle fleet and utilize clean energy to charge them. Using this approach, we have been able to transform 15% of our fleet in Jordan to be fully self-powered using clean renewable energy. This is an important step in our journey to zero emissions from the operation and charging of our vehicles, a goal that we are swiftly moving towards.

In 2019, Aramex KSA tested electric vehicles, which is in line with the country's 2030 vision. We aim to expand the use of electric vehicles to other countries of operation where technology and regulations are in place. Our goal is to convert the majority of our fleet into fully electric vehicles in the coming 5 years.

Aramex is leading the way towards cleaner transportation vehicles in the region by encouraging technology exchange and testing. In many cases, Aramex leverages itself to be the first to test and adopt sustainable transport technologies in these countries.

Our Carbon Emissions

Continually and systematically measuring our carbon emissions allows us to manage and mitigate them effectively. It is this dedication to managing our emissions that we are proud to report that we have reached our 2020 targets for emissions reduction a year early. In 2019, we were able to cut down our emissions per shipment by 20% in comparison with the year 2016. This was achieved as a result of our adoption of renewable energy, sustainable transportation, and increasing operational efficiency.

This results in a total reduction of our emissions from our baseline in 2012 by around 40%. Adding to this our electricity consumption per shipment was reduced by 29% and our fuel consumption per shipment dropped down by 22%.

Year	2018	2019
Emissions ($tCO^{2}e$)		
Scope 1	49,903	56,769
Scope 2	30,911	42,501
Scope 3	606,088	651,747
Freight	387,910	390,745
Express	191,355	233,891
Commuting	26,011	26,522
Business Travel	633	589
Total Emissions	686,902	751,017

Year	2012	2019	Progress between 2012 and 2019
$KgCO_2$/ Shipment	13.00	7.50	-42%
Electricity/ Shipment	0.91	0.65	-29%
Fuel / Shipment	0.36	0.28	-22%
Electricity (kWh)	**35,033,613**	**65,664,723**	-
Fuel (Litres)	**13,750,488**	**22,854,060**	-
Total Emissions	516,291	751,017	45.5%

102-9, 102-12, 102-29, 103-1, 103-2, 103-3, 201-2, 203-2, 301-2, 302-2, 302-3, 302-4, 302-5, 305-1, 305-2, 305-3, 305-4, 305-5, 413-1

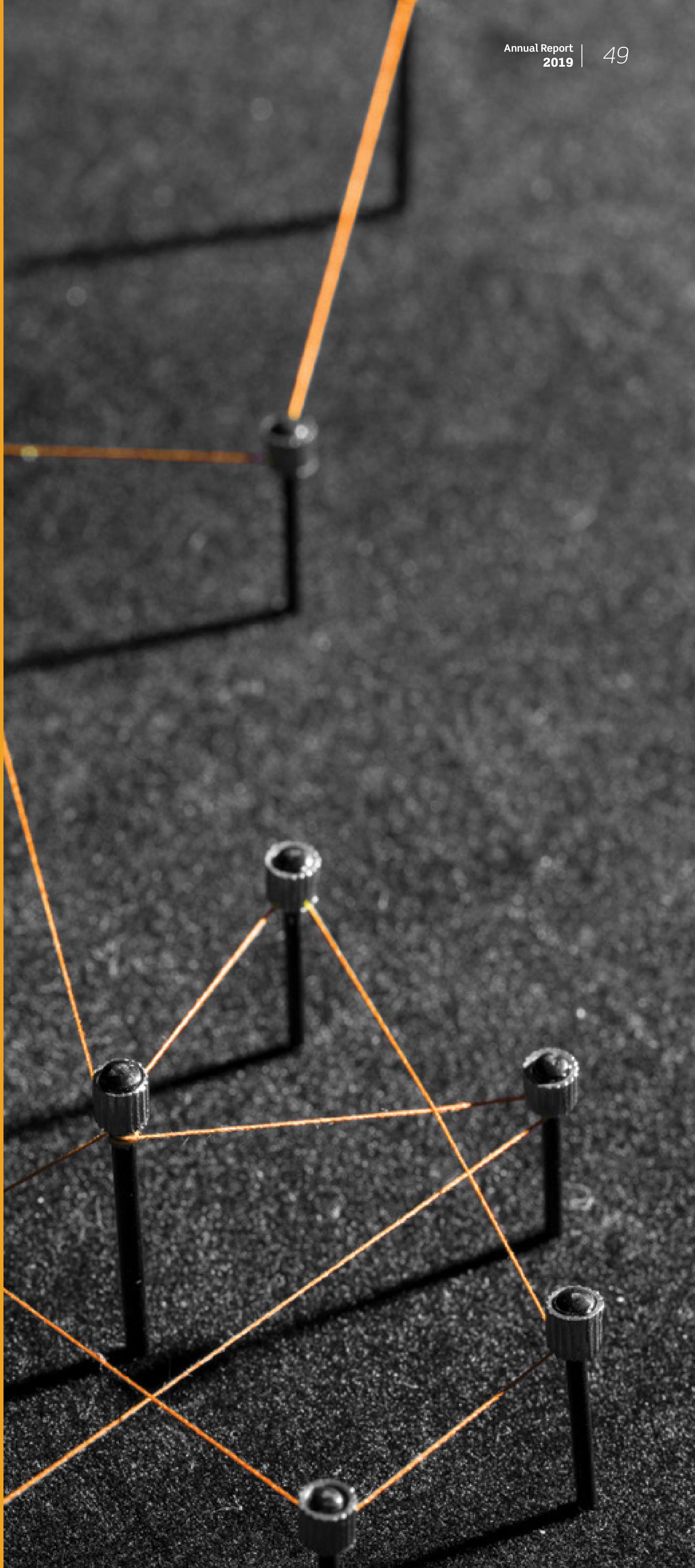
Sustainability Support, Advocacy, and Partnerships

Since the beginning, we recognized that in order for us to scale up the impact that our business and sustainability efforts and programs have, we need to foster partnerships, support organizations to integrate sustainability in their core operations, and advocate for improved regulations, access to technology, and transparency. Therefore, we actively build and maintain partnerships with different private, public, and civil organizations at different scales to leverage different capacities and collaborate using our Social and Relationship Capitals to address sustainability challenges, exchange knowledge, and develop best practices to enhance shared value creation in the short, medium, and long terms.

Global Partnerships	United Nations Global Compact; Caring for Climate; World Future Energy Summit; Paris2015 COP21·CMP11; seedstarsworld	Tackling issues that are global in scope such as climate change, international human and labor rights, and supporting reporting and accountability at highest level
Regional Partnerships	DFM; RTC; unicef; ACCELERATE SME; المنتدى العربي للبيئة والتنمية Arab Forum for Environment and Development AFED	Strengthening coordination across borders and connecting local networks on unique regional challenges and opportunities, especially in emerging markets
Local Partnerships	Jordan GBC Jordan Green Building Council; مجموعة أبوظبي للاستدامة Abu Dhabi Sustainability Group; INJAZ Egypt; غرفة دبي Dubai Chamber; رواد التنمية ruwwad; AMIDEAST أمديست	Partnering on and implementing initiatives that directly impact community beneficiaries and stakeholders and discovering best practices from carefully tracked activities

Stakeholder Engagement

09

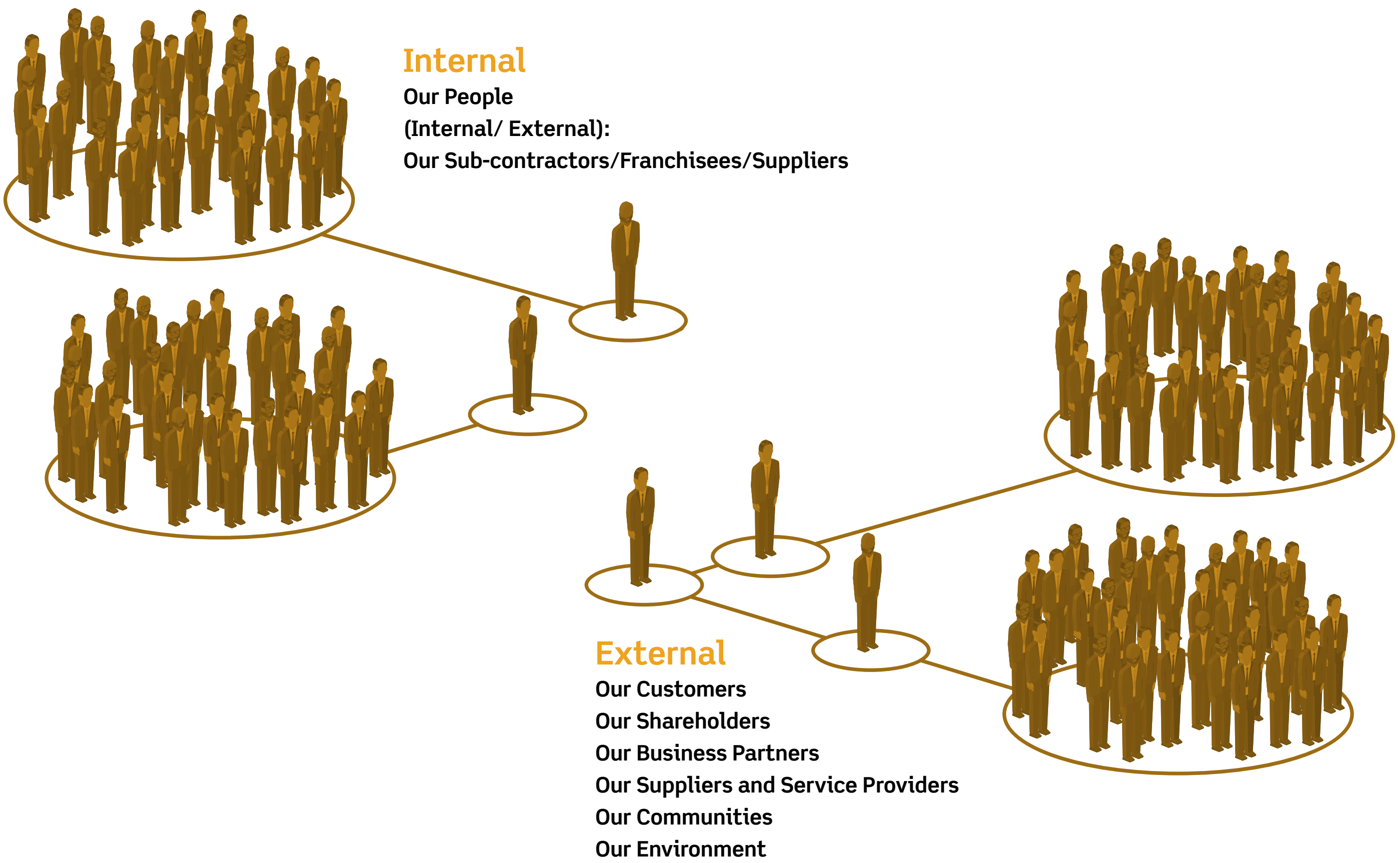


Stakeholder Engagement

Fostering an open and transparent engagement with our stakeholders is an essential component of our business practices and sustainability. This is in line with the well regarded and established international best practices of building a sustainable business as determined by the GRI Standards and the International Integrated Reporting Committee (IIRC) Framework.

As part of our stakeholder engagement efforts in 2019, we contracted Ernst and Young to conduct three stakeholder consultations in KSA, Oman, and Egypt. Each location represents an important market for Aramex. This group of stakeholders' consultations is the sixth that we have undertaken. Consultations occur on an annual basis and serve to identify and explore material issues and priorities from the perspectives of different stakeholders through honest conversation. These consultations are demonstrative of our commitment to enhancing our sustainability practices.

Who are our stakeholders?



These consultations, along with different stakeholder engagement efforts and communication channels give us insight into our stakeholders' interests, concerns, and needs so that we are able to respond appropriately while allowing us to improve the nature and quality of our relationship with stakeholders. This is a key mechanism for the enhancement, measurement, and maintenance of our Human and Social and Relationship Capital flows. The valuable data these channels provide allow us to better understand whether Financial, Intellectual, Manufactured, and Natural Capital have been employed in a way that provides benefits to employees, partners, and communities, in the short, medium, and long-term.

1. Background

1.1 Importance of stakeholder engagement

A well-defined stakeholder engagement strategy can drive organizations' strategic direction as well as operational excellence. Stakeholder engagement is considered as a global best practice that enables businesses to perform more sustainably. Linking the stakeholder engagement process with the organization's key objectives can inform the company on new services and processes to consider as well as manage potential risks, resulting in outcomes such as service and process improvements, and enhanced management of risk and reputation.

Benefits of stakeholder engagement include:

1. Understanding stakeholders' concerns and addressing their feedback
2. Building credibility and trust with different stakeholder groups
3. Improving organizations' accountability and risk management
4. Increasing efficiency and service delivery

Aramex has been engaging with its external and internal stakeholders through open sessions for the past six years, which demonstrates its continued commitment towards its stakeholders and sustainability journey. This dual-pathway of knowledge exchange increases stakeholder's awareness of Aramex's sustainability strategy and informs Aramex of stakeholders' concerns and interests.

In 2019, Aramex engaged a third-party to facilitate its stakeholder engagement sessions for three of its stations in the MENA region. The stations are in Jeddah, Muscat and Cairo. Aramex's internal and external stakeholders were invited to openly discuss their feedback on Aramex's sustainability efforts and initiatives in the region.

This report discusses the key highlights and feedback gathered during the stakeholder engagement sessions delivered in November 2019.

2. Scope and Stakeholders

2.1 Scope

The stakeholder engagement sessions consisted of four types of engagement. The session started with a group discussion attended by Aramex's internal and external stakeholders, to obtain feedback on Aramex's sustainability initiatives in the region and its business performance over the past year. The second activity involved focused sub-group discussions, where internal and external stakeholders were divided into groups to discuss one of the three pillars of sustainability in relation to Aramex. The third activity included individual meetings with senior internal stakeholders, to gain an understanding of the stations' performances. Finally, a closed session was delivered with Aramex's employees, to gather insights on their satisfaction levels, concerns and areas of improvement.

Station managers kicked-off the sessions with an introduction on Aramex's journey over the years in the region. A brief about Aramex's sustainability strategy and initiatives in the region was provided by Aramex's sustainability manager, which provided stakeholders with an update on Aramex's sustainability performance.

2.2 Stakeholders

The sessions were attended by Aramex's stakeholder groups and comprised of employees, clients, vendors, local community representatives, partners and government entities. A total of 102 stakeholders attended the engagement sessions in Jeddah, Muscat and Cairo.

As for internal stakeholders, a diverse group was present, and consisted of employees from different ranks, departments and nationalities. The employees' sample group in all sessions had both genders represented.

Number of stakeholders per session		
Jeddah	Muscat	Cairo
35	30	37

3. Sessions Insights

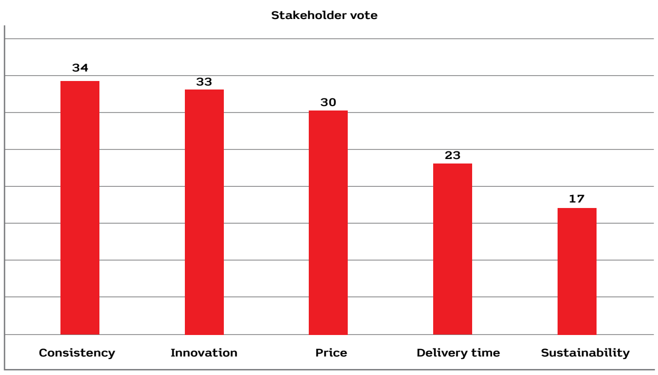
The sessions were kicked-off with an introduction by the station and sustainability managers, and a presentation was delivered by the third-party consultant outlining the objectives of the session, Aramex's material topics from its recent sustainability report, and provided insights on the Economic Social Governance (ESG) risks and trends for the logistics sector.

3.1 Jeddah, Muscat and Cairo General Feedback

Open discussions were delivered with Aramex's internal and external stakeholders. The objective was to understand their perception of Aramex's sustainability strategy and initiatives in the region, Aramex's success in communicating with its various stakeholders about its initiatives and to collect insights to improve Aramex's sustainable impact.

Stakeholders were presented with five terms to describe their relationship with Aramex; most stakeholders considered "consistency" as the term that resonates the most with respect to their relationship with Aramex.

The feedback collected from the stakeholders during Jeddah and Muscat sessions is as follows:



Terms suggested by stakeholders	Number of votes by stakeholders
Teamwork	15
Visibility	14
Credibility	12

Stakeholders, who attended Cairo's session, provided insights on how the presented terms describe Aramex and how they reflect Aramex's position in the Egyptian market.

Terms presented	Description
Delivery time	Improved due to the introduction of a better notification and communication system, 90% of deliveries are on time now
Price	Aramex is the preferred service provider in the market due to its competitive prices
Sustainability	Stakeholders did not know about Aramex's sustainability strategy in details, and was highlighted as an opportunity for Aramex to leverage on in the market
Consistency	Deliveries are becoming more consistent with higher client satisfaction rates
Innovation	More effort should be directed towards innovation; live tracking for freight deliveries was suggested
Terms suggested	**Description**
Integrity	Aramex has high integrity and it is considered as one of the main drivers for working with Aramex
Partnership	Collaborative approach to partnerships and high flexibility

In relation to the key highlights of Aramex's sustainability initiatives in the region that were shared by Aramex's sustainability manager during the sessions. Stakeholders were given an opportunity to provide feedback on Aramex's initiatives and propose new areas for consideration. These include the following:

- Build partnerships with schools to educate students and raise awareness on climate change and the importance of environmental management
- Provide additional support to SMEs through attractive prices and training programs to support their growth
- Build more partnerships with governmental entities and local communities to create a bigger impact
- Introduce EV vehicles to its fleet
- Expand the Ruwwad initiative in Jordan to other markets

The majority of the external stakeholders mentioned that they have not read Aramex's latest sustainability report and a few stakeholders were not aware of what those reports are. It was advised by stakeholders that Aramex can devote more effort in communicating its sustainability report and initiatives and should not limit its communication to business updates when engaging with external stakeholders.

3.2 Sub-group Sessions

Stakeholders had focused group discussions on the three pillars of sustainability in relation to Aramex. Topics discussed were:

- Strategy and client satisfaction
- Social performance
- Environmental performance

The below sub-sections represent the key insights compiled from the discussions.

Strategy and client satisfaction

Stakeholders were provided with a high-level overview of Aramex's strategic direction and based on their relationship and understanding of Aramex's business stakeholders shared their feedback and insights. The consensus of those discussions are presented below.

Jeddah's stakeholders feedback:
The strategy's direction is promising and ambitious, it is of paramount importance that Aramex recognizes the value of strengthening its position in the e-business market, as it has been consistently growing at a high rate. Additionally, Aramex should focus on improving its performance during high seasons as clients and customers are experiencing undesired delays. Aramex should also focus on differentiating itself from its peers and competitors by providing unique service offerings such as security of shipments and exceptional client experience.

Muscat's stakeholders feedback:
Stakeholders praised the fact that Aramex recognizes the importance of strengthening its position in the e-business and digital market. Moreover, new hubs should be developed in Asia and Africa as this will improve Aramex's presence in "high potential" markets and will enhance the connection between existing hubs.

Cairo's stakeholders feedback:
Based on the stakeholders' experience and Aramex's perseverance in the Egyptian market, the strategic direction of Aramex was considered sensible and achievable. Stakeholders mentioned that Aramex has been expanding in the most efficient way in the local market. However, the e-business and digital market have been growing enormously in Cairo, and Aramex should strengthen its position in this segment.

Insights and concerns
All stations agreed that Aramex should introduce increased security measures for the protection from cyber-attacks. Jeddah and Muscat stakeholders identified expanding services coverage, introducing a feedback mechanism to improve performance and providing more frequent updates to customers are the focus areas for Aramex. Cairo and Jeddah stakeholders were in agreement that Aramex should initiate an awareness campaign on Aramex's existing platforms such as Aramex's application.

Jeddah and Muscat clients mentioned that they were not being updated on shipments after normal working hours and the contact centers were not rectifying the issues promptly. Clients in Cairo highlighted the delays associated with invoices, and the communication gap that is experienced regarding updates and new procedures from Aramex.

Jeddah stakeholders emphasized that providing alternate payment options and having 24/7 customer service are important for them as clients. Whereas, Muscat stakeholders identified that developing an innovation excellence center and providing more support to SMEs should be high on the station's priority focus. As for Cairo stakeholders, they also highlighted innovation as an important aspect and that Aramex should initiate more partnerships with technology providers. In addition, it was proposed that Aramex should increase stakeholder engagement activities.

All stations were in agreement that Aramex should raise awareness on its sustainability initiatives and it was suggested to introduce a quarterly/monthly newsletter.

Social performance

Jeddah's stakeholders feedback:
Stakeholders mentioned that Aramex exhibits a "family like" work environment, treats its employees with respect and provides them with development opportunities through training programs. Neither the internal nor external stakeholders were fully aware of Aramex's social initiatives, it was noted that communication of these initiatives to all stakeholder groups should increase.

Jeddah stakeholders considered Aramex's social initiatives for people with special needs in the Saudi market to be highly impactful. Stakeholders commended the employment of women with hearing disabilities in the logistics team, and the aid that Aramex provides to ensure its facilities, such as football stadiums, are accessible for people with special needs.

Muscat's stakeholders feedback:
Stakeholders perceive Aramex as a company that treats its employees fairly and offers them development opportunities to improve their skills. Internal stakeholders were more aware about Aramex's sustainability initiatives than the external stakeholders due to word of mouth. An increased focus should be applied to communicate these initiatives to external stakeholder groups.

Aramex's sustainability champion in Muscat provided insights on Aramex's engagement with the Omani community, these were well-received by stakeholders as they positively impact the local community. Stakeholders mentioned that Aramex should continue with its social engagements such as blood donations, planting trees within municipalities and supportive initiatives to local SMEs. However, it was also highlighted that social initiatives that capitalize on Aramex's outreach and core business need to be evaluated and implemented to achieve long term social impacts.

Cairo's stakeholders feedback:
Stakeholders mentioned that Aramex is one of the top employers in Egypt, offering a stable and family-like work environment to its employees. Employees are provided adequate training and empowerment opportunities, Aramex is known for having the best trained couriers in the logistics market.

During the session, stakeholders learnt about the different initiatives the station engages in, these include the Ruwwad initiative, assisting people in need by partnering with local NGOs, Ozbet Khair Allah, the clothing bank initiative and providing mentoring opportunities to university students through collaborating with UNICEF protocol.

Insights
All stakeholders from the different sessions agreed that Aramex should provide training programs for the youth to prepare them for the jobs of the future. In addition, stakeholders suggested that more health and safety training sessions should be delivered to all Aramex's employees and contractors that are directly involved with Aramex's operations as a measure to increase its social contributions. Jeddah and Muscat stakeholders highlighted that additional support should be extended to SMEs and higher budgets should be allocated to CSR activities. Cairo stakeholders mentioned that the launch of a mentorship program to guide and support children with special needs should be considered by the station.

Environmental performance

All stakeholders were pleased to learn about Aramex's environmental initiatives and suggested that Aramex should include these initiatives in its various platforms of communication. Stakeholders from the different sessions expressed high interest in seeing hybrid and electric vehicles integrated into Aramex fleets and encouraged continuous increase of their percentage. In addition, stakeholders were appreciative of Aramex's environmental stewardship by using recycled material for its packaging and encouraged its efforts to reduce its carbon footprint by resourcing renewable energy from solar farms in certain countries of its operations.

All stakeholders agreed that Aramex should deliver awareness sessions to its clients, suppliers and employees to raise awareness and knowledge on environment issues. Jeddah and Cairo stakeholders endorsed that Aramex should increase the share of air-conditioned vehicles and conduct awareness campaigns to the local community about Aramex's packaging and waste handling to foster cooperation. Muscat and Jeddah stakeholders highlighted that Aramex should digitalize its operations to reduce the use of paper and hence improve the stations environmental footprint.

3.3 Individual Meetings

Individual meetings provided an understanding of Aramex's performance over the past year. These meetings offered both Aramex's internal and external stakeholders an opportunity to openly discuss Aramex's sustainability performance, challenges and areas for improvement.

A. Jeddah

Internal stakeholders: Individual meetings were held with senior internal stakeholders.

Perception of Aramex in the market and growth opportunities
In recent years, Aramex has become more technology driven and has placed more emphasis on employee interactions. Aramex is a leader in the B2C market, and it has a significant opportunity to invest and grow its presence in the B2B market.

Sustainability efforts and employee awareness
The station contributes to the local society through several initiatives such as employing women with hearing disabilities in the logistics team, and by supporting the development of facilities, such as football stadiums, to be accessible by people

with special needs. The station's senior internal stakeholders mentioned that employees should be more engaged in the decision making procress to increase their awareneess of Aramex's sustainability efforts.

Concerns and insights
Aramex internal stakeholders mentioned that additional hubs and offices have been added to decrease delivery transit time. Additionally, recruitment of bilingual couriers and provision of english courses to couriers are being considered to reduce communication issues with clients.

Aramex's senior internal stakeholder stated that the competition in Jeddah's market is high which requires innovative solutions to avoid a stressful work environment by endorsing automation. In his opinion Aramex should leverage on its strong regional presence and brand name to enhance collaboration between the exsiting MENA logistics hubs to offer better services at a competitive price.

External stakeholders: One-to-one discussions were held with two major corporations representing Aramex's clients in KSA.

Aramex's business and sustainability performance
Clients commented that Aramex's service has improved in the past years; frequent discussions with clients have led to improved problem solving.

Clients awareness of Aramex's sustainability initiatives was limited. However, clients expressed high interest in these initiatives and would appreciate regular updates, one of the clients stated their willingness to support Aramex with recycling initiatives.

Insights shared by clients for improvement
- Continue to integrate technology into operations
- Introduce real time vehicle tracking for shipments out for deliveries
- Conduct more frequent stakeholder engagement sessions
- Increase training of subcontractors and couriers
- Improve performance during the high season

B. Muscat
Internal stakeholders: Individual meetings were held with senior internal stakeholders.

Perception of Aramex in the market and growth opportunities
Aramex has been experiencing major changes in recent years, most notably, becoming more technology driven, increasing focus on employee interactions and enhancing regional efforts. In the Omani market, Aramex is not dominating yet, there are substantial opportunities for growth in the e-commerce market and oil and gas sector.

Sustainability efforts and employee awareness
Sustainability is embeded in the station's strategy and plays an important role in its decision making processes. Employees are involved in the various initiatives the station conducts such as blood donation campaigns, plantation of trees within municipalities and others, in addition the right tools are in place to raise employees' awareness about Aramex's sustainability and strategic direction.

Highlighted challenges for the Omani market
- Attracting and recruiting nationals for senior positions
- Infrastructure dependancy on negbouring countries

Concerns and insights
Internal stakeholders mentionted that in Oman clients do not face issues with transit times, additionally couriers are equipped with swipe machines to provide clients the convenience of card payments.

Muscat senior internal stakeholder considered recruiting nationals for senior roles is one of his main challenges, however he considered that this can be addressed by tailoring recruitment programs to nationals and offering attractive compensations and incentives. Senior internal stakeholder also mentioned that the global and local economic siutation might impact the station's agility, which in his opion raises the need to launch diverse services to increase sources of business. The internal stakeholders consider the appropriate response to high competition is investment in e-commerce and infrastructure to increase market share.

External stakeholders: One-to-one discussions were held two major corporations representing Aramex's clients and social partners in Oman.

Aramex's business and sustainability performance
Aramex's services have significantly improved over the past years and delivery times have continuously decreased, which are both important aspects for the client's relationship with Aramex. Additionally, the client expressed that communication channels are excellent with Aramex and that their feedback is well received and act upon. Aramex's partner mentioned that increased focus should be placed on social contributions, as Aramex has vast opportunities to create long-term social impacts by capitalizing on its existing assets and resources.

Insights for improvement
- Provide more air freight options
- Design and lead a social impact program that is scalable and has measurable impacts
- Increase communication with stakeholders on Aramex's sustainability initiatives
- Innovate products with social impact that are profitable and self-sustained
- Conduct frequent engagement sessions with the local community

C. Cairo

Internal stakeholders: Individual meetings were held with senior internal stakeholders.

Perception of Aramex in the market and growth opportunities
Aramex is constantly growing and adopting the latest technologies, and based on the internal staekolders it is a leader in the domestic market and is the only entity offering the Shop & Ship service. It was noted that frieght represents a valuable opportunity for Aramex as there is a high potential for business growth and it would expedite shipments.

Sustainability efforts and employee awareness
The station engages in various sustainability initiatives such as the Ruwwad Academy, hiring citizens with special needs, clothing bank, granting internship opportunities for univeristy students.

Most employees in the Cairo station had limited knowledge of Aramex's sustainability initiatives, extended focus is required to raise awareness on these initiatives internally.

Challenges faced in the Egyptian market
- Global Economic climate is forcing customers to cut costs, which is causing a pressure on prices and lower margins

Concerns and insights
Aramex internal stakeholders highlighted that additional hubs and offices have been added to decrease delivery transit time. In addition, WhatsApp and BOTS have been introduced to regulary notify clients about delivery updates. To further improve clients convenience, the addition of card payment is being considered by the station.

Cairo's senior internal stakeholder mentioned that the engagement between senior management members and employees is limited, and as a corrective action launching Q&A webcasts to address employees' inquiries and to increse interactions were done regularly.

External stakeholders: One-to-one discussions were held with two major corporations and the Egyptian Clothing Bank representing Aramex's clients.

Aramex's business and sustainability performance
Aramex has significantly improved over the past years, and the main areas of improvements observed by stakeholders were:
- Efficiency and accuracy of services has improved due to more streamlined planning
- Increased awareness of the latest legislations and early adoption of them
- Improved response to change and challenges by offering innovative solutions
- Enhanced proactivity leading to long-term partnerships and strong relationships with customers

One of the clients stated that sustainability is the main criterion in evaluating a supplier. While the other stakeholders mentioned that while sustianability is not a main criterion it is of added value.

Two of the stakeholders had limited awareness of Aramex's sustainability initiatives, and they encourage Aramex to communicate more on their initiatives. Stakeholders expressed their willingness to collaborate with Aramex on sustainability campaigns.

Insights for improvement
- Increase focus on automation and system integration – features like generating automatic reports and notifications on warehouses clearance of shipments are desired
- Provide instant updates regarding clearance confirmation electronically
- Include training on fragile packages for couriers to improve deliveries' handling
- Study the option of on-site card payments

3.4 Employees' Sessions

Closed discussions were held with Aramex's employees, in the absence of senior management, to share their levels of satisfaction, concerns and insights. The below provides an overview of the feedback compiled during the discussions.

A. Jeddah

Employees and work culture
Employees mentioned that career growth opportunities and valuable experience in their field of work are provided. The station's management team were praised on the professionalism of employees' concerns and feedback management. The open communication channel and high responsiveness of senior management have led to the enhancement of the work culture as per the employees feedback.

Employees considered their career paths are clear through the RISE system. In addition, it was mentioned that training requirements are systematically assigned based on an annual Training Need Analysis (TNA), to improve employees' performance and competency in specific areas.

Feedback on sustainability performance
It was suggested by the employees that Aramex should introduce a mandatory sustainability training for all employees, and conduct more social events such as women day, sports day, and others.

B. Muscat

Employees and work culture
Employees mentioned that they are proud to be part of Aramex's work culture, where the environment is family oriented, flexible and positively challenging. It was noted that this year the Muscat station had the highest employee satisfaction rate.

Employees indicated that career paths are assessed and clearly systamized through the RISE system. Performance reviews are conducted annually to identify high performers and areas for improvement. Employees were satisfied with the special training courses, the incentives provided to improve their performance and the reward system.

Feedback on sustainability performance
Employees suggested that Aramex should increase its support to SMEs in the market. It was also highlighted that campaigns to support woman empowerment and gender equality are of high importance for them. Additionally, the employees perceive that there is a need to educate and raise awareness on sustainability, either through a twitter page or by sending monthly newsletter.

C. Cairo

Employees and work culture
Employees stated that they are proud to be working for Aramex, where they feel supported, appreciated and have high exposure. Career paths are well understood by all employees from their first day.

Employees mentioned that there is potential for improvement in communication of structural and operational changes as they are not always shared timely.

Feedback on sustainability performance
The majority of employees were not well informed of Aramex's sustainability initiatives, HR employees were the only employees knowledgable of Aramex's sustainability strategy and initiatives.

Concerns and insights from the three stations
Employees in Cairo commented that the office location should be changed to a larger office with more break and green areas. It was also mentioned that an IQ test should be integrated into the hiring process.

With regards to transparency, stakeholders from Jeddah and Muscat are in agreement that communication channels are open and employees are updated with regards to any operational or structural changes. However, stakeholders from Cairo pointed out that communications are not always timely regarding changes and updates.

4. Summary

The sessions provided valuable insight into Aramex's sustainability and strategic direction in the region. Most of the external stakeholders had limited knowledge of the sustainability initiatives implemented in their respective markets, and some were not aware of Aramex annual sustainability reports. Aramex's contributions to local communities and the environment in the different markets were positively received, nonetheless, stakeholders advised that more strategic efforts should be considered to place Aramex in a leading position in the region in sustainability such as providing additional innovative products and conducting more frequent engagement sessions.

Based on the sessions, the two aspects that were most important to stakeholders' relationship with Aramex were consistency and innovation. Stakeholders main insights to Aramex were to build relationships with schools to raise students' awareness on climate change, increase support to SMEs, and introduce Electric Vehicles to its fleet. Stakeholders were in agreement that Aramex should increase communication of its sustainability initiatives through various platforms to achieve a wide outreach. Stakeholders are interested to collaborate with Aramex on sustainable initiatives.

Aramex has been growing in recent years and is becoming more technology driven as per the stakeholders feedback. Additionally, it has placed more emphasis on interacting with its clients and employees, to ensure that their needs are fulfilled. However, stakeholders mentioned that the e-commerce and digital markets have been consistently growing in the region over the recent years and Aramex should increase its efforts in this space. Introducing security measures from cyber-attacks, expanding service coverage and raising awareness of initiatives through quarterly/monthly newsletters were also highlighted by the stakeholders.

Aramex's social contributions in the region were presented by the sustainability manager to raise awareness on Aramex's efforts, the response to these were positive especially from suppliers that consider sustainability as a main criterion when selecting service providers. Stakeholders praised Aramex's environmental focus and mentioned that Aramex's environmental initiatives should expand across the MENA market. It was also suggested that Aramex should facilitate awareness sessions on environmental issues with local communities, suppliers and clients.

Employees stated that they are proud to be working at Aramex, which they consider as a family-oriented culture that fosters a positive environment. Continuous learning and development opportunities are provided to all employees as per the feedback received. Stakeholders appreciated the engagement sessions and the opportunity to learn about Aramex's regional and local sustainability strategy and initiatives. Stakeholders openly shared their feedback, concerns and insights to Aramex. The majority of stakeholders were not aware of Aramex's sustainability initiatives and they agreed that it would be valuable for Aramex to communicate more about its sustainability initiatives, and that more engagement sessions on various topics should be conducted by Aramex as a pioneer in the market. Stakeholders mentioned that these sessions present a competitive advantage for Aramex where it can improve its business by addressing stakeholders' feedback and interests.

Stakeholder Group	Communication Channel and Frequency	Priority Areas	Corresponding Actions from Aramex	Related indicators, capitals, and goals
Our People Aramex's diverse workforce is comprised of 15,929 direct and 410 indirect employees across the globe and Includes 98 nationalities.	• Continuous performance reviews through our Insights and Analytics Program, with a minimum of an annual review • Team meetings, conducted on a weekly or monthly basis • Quarterly senior Management meetings	• Job Security and Performance Management • Work environment • Employee Development and Training • Competitive Remuneration • Enhanced solutions and technology innovations to improve workflow	Refer to Our People Section page 26	Human, Intellectual, Social and Relationship Capital
Our Customers Aramex's boasts a customer base of over 100,000 which spans the Middle East, Africa, Europe, Asia, Australia and North America. Additionally, Shop and Ship serves over 809,000 customers.	• Social Media Channels, Email, WhatsApp • Sale team and Point of Sale interactions • Surveys Conducted at different frequencies according to clients' needs with a minimum of an annual survey	• Improving service efficiency by decreasing shipment time and ensuring transparent shipment tracking and introduce real time tracking • Continual adoption of technology and innovation to reduce transit time and cost • Providing additional language support • Increase awareness on sustainability activities	Refer to Our Customers Section page 34, Our Services Section page 11 and Sustainability Section page 40	Human, Intellectual, Social and Relationship Capital
Shareholders As of year-end 2019, Aramex had XX shareholders, with the largest individual shareholder owning less than 10 percent.	Annual meeting, updates through formal channels, and upon their need. Annual General Meetings. • Annual Reports • Quarterly Earnings Reports • Press releases • Online section for Investor Relations • Direct contact through the Investor Relations Office	Above average return on investments. • Effective and efficient governance • Outstanding corporate and brand reputation • Sustainable and long-term growth • High integrity and transparency	Read about our efforts in our Governance Section page 18.	Financial and Intellectual Capital
Business Partners	Ongoing negotiations, transactions and service provision. • Long-term business relationships with Aramex	• Accessibility of new business ventures with Aramex • Providing increasing value to partners • Preservation of ethical values	Read about our efforts in sections: Our Services and Our Customers Sections (pages 11 and 34), Startup program (page 45), Supplier evaluation and risk and compliance efforts (pages 78-79)	Financial and Intellectual Capital
Our Communities	Ongoing, through our sustainability projects and partnerships, as well as, through continuous assessment of the impact of our operations and sustainability efforts	• Ensuring positive social returns to the community • Preservation of human rights • Provision of employment opportunities and job creation • Reducing and mitigating any negative impacts resulting from operations	Read about our efforts in section: Sustainability Section page 40	Social and Relationship Capital
Our Environment	Ongoing, through our sustainability projects and partnerships, as well as, through continuous assessment of the impact of our operations and sustainability efforts	• Mitigating negative impacts • Encouraging and enhancing the adoption of environmentally technologies and innovations	Read about our efforts in section: Aramex tackling climate change page 46	Social and Relationship, Natural Capital

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

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

102-43, 102-47, 102-48, 103-1, 103-2, 103-3

Material Aspects			Materiality	Aspect Boundary	Notes on Materiality	Notes
Market Presence						
202	1	Ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation"	Material as determined through the process of internal assessments, stakeholder engagement, and current industry practices	Within our entire operations and outside the organization as it is related to our stakeholders, particularly employees, the governments and policies of the countries in which we operate	At Aramex, employee morale, satisfaction and retention is very important, since employees are an integral part of our success and the quality of our services. We aim to offer competitive wages to our employees - for our entry level employees, these are equal and often in excess of the local minimum wage. Our wages are important to our employees as well as other stakeholders as they are indicative of our impact on the community.	
Material Aspects						
202	2	Proportion of senior management hired from the local community at significant locations of operation	Material	Within our entire operations	We aim to employ members of the local communities in which we operate, as it is important to us that we have a healthy percentage of senior management hired from the local community, due to their understanding of the local market. Moreover, it is important for our stakeholders because it indicates our investment in the capacity of the communities in which we operate.	Aramex employs 44% local and 56% expat senior management in our global corporate operations. We have 17 grades and our top 3 grades are considered Senior Management. Moreover we define local vs. expat based on the location of the employee (example, a Jordanian employee in Jordan is considered local, while a Jordanian employee in Dubai is considered expat) Our Senoir management numbers reflect senior management of the global team.
Indirect Economic Impacts						
203	1	Development and impact of infrastructure investment and services supported	Immaterial		Since we are a light asset based company, we do not have significant investments related to infrastructure	
203	2	Significant indirect economic impacts, including the extent of impacts	Material	Within our entire operations and outside as it is related to the communities in which we work	Impacts our stakeholders and helps in the development of the communities in our areas of operations	

Material Aspects			Materiality	Aspect Boundary	Notes on Materiality	Notes
Procurement						
204	1	Proportion of spending on local suppliers at significant locations of operation	Material	Within our entire operations and outside, as it is related to our suppliers in the countries in which we operate	Impacts our stakeholders and helps in the development of the communities in which we are operating through our supply chain. The majority of our spending is on local suppliers - in fact, on average, 1.5% of our spending was on local suppliers in 2019.	
Environmental Aspects						
301	1	Materials used by weight or volume	Material	Within our entire operations and outside as it is related to the suppliers of our materials and the companies and municipalities that provide us with waste management and recycling services	In our operations, our degradable pouches are used for 99% of our shipments, making up a large proportion of the materials we use. Other materials include envelopes, labels, AWBs, canvas and bag tags. The amount of materials we use in our operations is important, due to the environmental impacts of these materials - especially since they are mainly made of plastics or paper.	
301	2	Percentage of materials used that are recycled input materials	Material	Within our entire operations and outside as it is related to the suppliers of our materials and the companies and municipalities that provide us with waste management and recycling services	Given that most of the materials we use in our operations are sourced from plastics (non-renewable) and paper, both have environmental impacts - it is important that we work to recycle these materials in order to reduce our environmental impacts.	65% of our Material used are Recycled

Material Aspects			Materiality	Aspect Boundary	Notes on Materiality	Notes
Energy						
302	1	Energy consumption within the organization	Material as determined through the process of internal assessments, stakeholder engagement, and current industry practices	Within our entire operations, except our franchisees	Our energy consumption is important to our operations since it has a direct impact on our environmental and carbon footprint. Therefore we are keen to monitor and manage energy consumption in order to reduce our operational cost and minimize our negative environmental impact	Our total energy consumption inside the organization is 65,664,723 kWh and 22,854,060 liters of fuel (1 liter = 38.7 mega joules - HHV Diesel 1 liter = 34.8 mega joules - HHV Gasoline)
302	2	Energy consumption outside of the organization	Immaterial		Given that we rely on third party suppliers, information regarding the energy consumed outside our organization is unavailable. However, using the GHG protocol, we account for the impact of the energy use outside our organization through our scope 3 emissions	Given that we rely on third party suppliers, information regarding the energy consumed outside our organization is unavailable. However, using the GHG protocol, we account for the impact of the energy use outside our organization through our scope 3 emissions
302	3	Energy intensity	Material	Within our entire operations, except our franchisees	This is an important measure of our energy footprint, since the energy intensity per shipment is a strong indicator of how this footprint relates to the context and growth of our operations. Energy intensity gives our stakeholders a better understanding of how our energy consumption is related to our operations.	
302	4	Reduction of energy consumption	Material	Within our entire operations, except our franchisees	The amount of reductions in our energy consumption is an important measure of our environmental and efficiency initiatives.	
302	5	Reductions in energy requirements of products and services	Immaterial		Because we report on our overall energy and emissions trends and consumption	

Material Aspects			Materiality	Aspect Boundary	Notes on Materiality	Notes
Water						
303	1	Total water withdrawal by sources	Material	Within our entire operations, except our franchisees	Our use of water is restricted to municipal use. However, given that water is important and exceedingly scarce, we make sure to measure our consumption	we consumed 11,526,200 M3 and all our water comes from Municipality sources
303	2	Water sources significantly affected by withdrawal of water	Immaterial		Because our water consumption is strictly for municipal use and we withdraw and discharge water through municipal system	
303	3	Percentage and total volume of water recycled and re-used	Immaterial	Within our entire operations, except our franchisees, outside as it is related to the municipalities and companies that provide us with services related to water re-use and recycling	Our use of water is restricted to municipal use. However, given that water is important and exceedingly scarce, we make sure to re-use and recycle our water wherever possible.	
Biodiversity						
304	1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Immaterial		Not applicable, since we ensure that we do not lease or own land adjacent to protected or high biodiversity areas	
304	2	Description of significant impacts of activities, products and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas	Immaterial		We are a service oriented company. Therefore, we do not manufacture products – the pouches we use for our services are degradable	
304	3	Habitats protected or restored	Immaterial		We were not involved in any habitat protection or restoration activities	
304	4	Total number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk	Immaterial		Not applicable, since we ensure that our operations are not in areas with protected or endangered species	

Material Aspects			Materiality	Aspect Boundary	Notes on Materiality	Notes
Emissions						
305	1	Direct Greenhouse Gas (GHG) emissions (Scope 1)	Material as determined through the process of internal assessments, stakeholder engagement, and current industry practices	Within our entire operations, except our franchisees	Due to environmental impacts	Our Carbon footprint baseline year is 2012
305	2	Energy indirect Greenhouse Gas (GHG) emissions (Scope 2)	Material as determined through the process of internal assessments, stakeholder engagement, and current industry practices	Within our entire operations (100% financially controlled)	Due to environmental impacts	Our Carbon footprint baseline year is 2012
305	3	Other indirect Greenhouse Gas (GHG) emissions (Scope 3)	Material as determined through the process of internal assessments, stakeholder engagement, and current industry practices	Inside our operations as it is related to our business-related travel. Outside our operations as it is related to our suppliers, our employees commuting	Due to environmental impacts	Our number of employees grew by 1.5%. Therefore, our commuting footprint grew by the same. We calculate our commuting footprint using a bi-annual employee survey, produced as per the GHG protocol
305	4	Direct Greenhouse Gas (GHG) emissions intensity	Material	Within our entire operations, except our franchisees, outside as it is related to our scope 3 emissions	Due to environmental impacts	
305	5	Reduction of Greenhouse Gas (GHG) emissions	Material	Within our entire operations, except our franchisees	Due to environmental impacts	
305	6	Emissions of ozone- depleting substances (ODS)	Immaterial		We do not emit any ODS	
305	7	NOx, SOx and other significant air emissions	Material	Within our entire operations, except our franchisees	NOx and SOx have negative environmental and health impacts. Given that they are a by-product of the burning of fossil fuels, it is important to measure and report on the amount our operations produce. We use the GHG protocol tools to measure our NOx and SOx. Our efforts to reduce our GHG emissions are also aimed at reducing our NOx and SOx emissions	We only report our NOx and SOx as other emissions are negligible. Our total NOx and SOx emissions for 2019 were 34,970 tons measured using the GHG protocol and Climate Registry tools.

102-9, 102-29, 102-31, 102-43, 102-47, 102-48, 103-1, 103-2, 103-3, 305-1, 305-2, 305-3, 305-4, 305-5, 305-6, 305-7

Material Aspects			Materiality	Aspect Boundary	Notes on Materiality	Notes
Effluents and Waste						
306	1	Total water discharge by quality and destination	Immaterial		Because our water consumption is strictly for municipal use and we withdraw and discharge water through municipal system	
306	2	Total weight of waste by type and disposal method	Material	Within our entire operations and outside as it is related to the suppliers of our materials and the companies and municipalities that provide us with waste management and recycling services	Due to environmental impacts	
306	3	Total number and volume of significant spills	Material		Did we encounter any spills?	
306	4	Weigh of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basal Convention Annex I, II, III, and VIII and percentage of transported waste shipped internationally	Immaterial		Aramex is handling hazardous waste, there are strict policies and procedures in place for this, to safegaurd health and safety	
306	5	Identity, size, protected status and biodiversity value of water bodies and related habitats significantly affected by the organization's discharges of water and run-off	Immaterial		All of our water is discharged through municipal sewage systems	

102-43, 102-47, 102-48, 103-1, 103-2, 103-3, 306-1, 306-2, 306-3, 306-4, 306-5

Material Aspects			Materiality	Aspect Boundary	Notes on Materiality	Notes
Products and Services						
301	3	Percentage of products sold and their packaging materials that are reclaimed by category	Immaterial		We do not sell any product - the pouches which make up 99% of our packaging material are degradable	
Compliance						
307	1	Monetary value of significant fines & total number of non-monetary sanctions for non-compliance with environmental laws and regulations	Material	Within our entire operations	This is important to our operations and to our stakeholders	We didn't receive any monetary fines or sanctions for non-compliance with environmental laws and regulations
Transport Supplier Environmental Assessment						
308	1	Percentage of new suppliers that were screened using environmental criteria	Material	Outside our operations as it is related to our supply chain	This is important to our operations and to our stakeholders	
308	2	Significant actual and potential negative environmental impacts in the supply chain and actions taken	Material	Outside our operations as it is related to our supply chain	This is important to our operations and to our stakeholders	

102-9, 102-29, 102-31, 102-43, 102-47, 102-48, 103-1, 103-2, 103-3, 307-1, 308-1, 308-2

Material Aspects			Materiality	Aspect Boundary	Notes on Materiality	Notes
Environmental Grievance Mechanisms						
103	2	Number of grievances about environmental impacts filed, addressed and resolved through formal grievance mechanisms	Material	Within and outside our operations as it is related to our supply chain	This is important to our operations and to our stakeholders. We received no grievances in 2019.	
Social Labor Practices and Decent work Employment						
401	1	Total number and rates of new employee hires and employee turnover by age group, gender and region	Material	Within our entire operations, except franchisees	Direct impact on our business and stakeholders, especially employees	We are rolling out our ERP system - once it is in place we will be able to report on turnover
401	2	Benefits provided to full- time employees that are not provided to temporary or part-time employees, by significant locations of operations	Immaterial		Throughout 2019, we did not have any part-time employees.	
401	3	Return to work and retention rates after parental leave, by gender	Material as determined through the process of internal assessments, stakeholder engagement, and current industry practices	Within our entire operations, except franchisees	Employee retention is important to us because we aim to provide a comfortable and unique working environment for our employees, investing in them and their capacity. Moreover, in Aramex we seek to provide flexibility for our female employees to encourage their return to work after maternity leave.	

102-8, 102-9, 102-29, 102-31, 102-43, 102-47, 102-48, 103-1, 103-2, 103-3, 307-1, 401-1, 401-2, 401-3

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

102-8, 102-9, 102-29, 102-31, 102-41, 102-43, 102-47, 102-48, 103-1, 103-2, 103-3, 402-1, 403-1, 403-2, 403-3, 403-4

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

Material Aspects			Materiality	Aspect Boundary	Notes on Materiality	Notes
Supplier Assessment for Labor Practices						
414	1	Percentage of new suppliers that were screened using labor practices criteria	Material	Outside our operations as it is related to our supply chain	Labor rights are important to us – we strive to ensure that all of our employees and workforce have their rights as per national and international laws and regulations. To that end, we began screening our suppliers so that we could align our supply chain to our principles and standards	
414	2	Significant actual and potential negative impacts for labor practices in the supply chain and actions taken	Material	Within and outside our operations as it is related to our supply chain	It is important to act on any violations we find while evaluating our supply chain for labor rights. In 2019, our screening did not raise any red flags related to labor practice violations	
Labor Practices Grievance Mechanisms						
103	2	Number of grievances about labor practices filed, addressed and resolved through formal grievance mechanisms	Material	Within and outside our operations as it is related to our supply chain	We make an effort to ensure that we protect the labor rights of all of our workforce. Therefore, we ensure that we have a clear labor rights policy, along with a whistleblowing system to report any concerns or grievances – whether related to our operations or those of our suppliers, in order to remedy any issues immediately	
Human Rights Investment						
412	3	Total number & percentage of significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	Material	Outside our operations as it is related to our supply chain	Human rights are vital to us and we strive to uphold human rights principles in all our operations. Therefore, we evaluate our suppliers' compliance with international laws and conventions related to human rights to ensure there are no violations in our supply chain. Human rights violations can impact our operations and stakeholders negatively, which is why we track and prevent any violations	
412	2	Average hours of training per year per employee – by gender and by employee category	Material	Within our operations, except franchisees	In order to ensure human rights are upheld, we make sure that we communicate their importance to our employees and how they relate to our code of conduct. We make sure that we keep our employees informed in order to avoid any violations	
Non-discrimination						
406	1	Total number of incidents of discrimination and corrective actions taken	Material	Within our operations, except franchisees	We aim to provide a comfortable working environment for our employees. Therefore, we ensure that our stakeholders are aware of the channels available to report any discrimination cases in order that we may be able to investigate and remedy them.	

102-8, 102-9, 102-29, 102-31, 102-43, 102-47, 102-48, 103-1, 103-2, 103-3, 406-1, 412-2, 412-3, 414-1, 414-2

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

102-8, 102-9, 102-29, 102-31, 102-41, 102-43, 102-47, 102-48, 103-1, 103-2, 103-3, 407-1, 408-1, 409-1, 410-1, 411-1

Material Aspects			Materiality	Aspect Boundary	Notes on Materiality	Notes
Assessment						
412	1	Total number and percentage of operations that have been subject to human rights reviews or impact assessments	Material	Within our operations	Within our operations Human rights are vital to us. We strive to uphold human rights in all of our operations and therefore assess our operations' compliance with international laws and conventions related to human rights to ensure there are no violations in our supply chain operations. Human rights violations can impact our operations and stakeholders negatively – this is why it is important for us to keep track of them and prevent them. In 2018, we conducted a Human Rights Impact Assessment, you can find details in our 2018 Annual Report	
Supplier Human Rights Assessment						
414	1	Percentage of new suppliers that were screened using human rights criteria	Material	Within and outside our operations as it is related to our supply chain	Direct impact on our business, stakeholders and supply chain	All high-risk vendors undergo a due diligence process that is managed internally using our Code of Conduct and questionnaire and externally through a reputable independent provider. As a result, the Compliance team managed to clear 95% of our active database (customers and vendors
414	2	Significant actual and potential negative human rights impacts in the supply chain and actions taken	Material	Within and outside our operations as it is related to our supply chain	Direct impact on our business, stakeholders and supply chain	Our 2018 Human Rights Impact Assessment ensured that there are no negative impacts that are not addressed or mitigated in our operations or supply chain
Human Rights Grievance Mechanisms						
103	1	Number of grievances about human rights impacts filed, addressed and resolved through formal grievance mechanisms	Material	Within and outside our operations as it is related to our supply chain	Given that we place high value on human rights, we ensure that our stakeholders are aware of the channels available to report any discrimination cases in order for us to investigate and remedy them	We have no such grievances in 2019

102-8, 102-9, 102-29, 102-31, 102-43, 102-47, 102-48, 103-1, 103-2, 103-3, 412-1, 413-1, 413-2, 414-1, 414-2

Material Aspects			Materiality	Aspect Boundary	Notes on Materiality	Notes
Society Local Communities						
413	1	Percentage of operations with implemented local community engagement, impact assessment and development programs	Material as determined through the process of internal assessments, stakeholder engagement, and current industry practices	Inside and outside our operations in the countries where we are able to have projects on the ground. The percentage is calculated from operations that have projects on the ground in relation to all operations where we are able to have sustainability projects.	Aramex strives to have a positive impact in all areas in which we operate, as we believe it is vital to engage with local communities and empower them. Our social and sustainability initiatives impact the communities' well-being and enhances our relationships with our stakeholders	In 2019, 98% of our operations had implemented community and/ or sustainability programs or porjects. We report on different categories of beneficiaries. Our community beneficiaries exclude children, students, startups and interns (whic are account for separately),
413	2	Operations with significant actual or potential negative impacts on local communities	Immaterial		Given the nature of our operations, we do not operate any factories or manufacturing facilities that pose health risks, nor do we mine or extract resources, ensuring that our operations do not pose any negative social impacts and have mechanisms in place to report any issues or concerns.	
Anti-Corruption						
205	1	Total number and percentage of operations assessed for risks related to corruption and the significant risks identified	Material	Within our entire operations	Corruption can have significant legal and financial implications, as well as a negative impact on our stakeholders and on the areas in which we operate. This is why Aramex's compliance and internal audit functions are dedicated to the reduction of risks related to corruption	
205	2	Communications and training on anti-corruption policies and procedures	Material	Within our entire operations	Corruption can have significant legal and financial implications, as well as a negative impact on our stakeholders and on the areas in which we operate. This is why Aramex's compliance and internal audit functions are dedicated to the reduction of risks related to corruption and to ensuring that our employees are trained and aware of our code of conduct and anti-corruption policies. We also have a whistleblowing policy and mechanism in place to report any incidents.	
205	3	Confirmed incidents of corruption and actions taken	Material	Within our entire operations	Due to the importance of keeping our operations corruption- free we have formal channels to report any cases, along with a comprehensive procedure to investigate and take action against perpetrators	

102-43, 102-47, 102-48, 103-1, 103-2, 103-3, 205-1, 205-2 , 413-1, 413-2

Material Aspects			Materiality	Aspect Boundary	Notes on Materiality	Notes
Public Policy						
415	1	Total value of political contributions by country and recipient/ beneficiary	Material	Within our entire operations	As we do not affiliate ourselves with any political or governmental system, we have a strict policy against giving political contributions to governments	
Anti-competitive Behavior						
206	1	Total number of legal actions for anti-competitive behavior, anti-trust and monopoly practices and their outcomes	Material	Within our entire operations	Direct impact on our business and stakeholders	In 2019, we did not have any legal actions for anti-competitive behavior, anti-trust or monopoly practices filed against us”
Compliance						
419	1	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	Material	Within our entire operations	Direct impact on our business and stakeholders	In 2019, we didn't receive any fines or non-monetary sanctions for non-compliance with laws and regulations, since we did not face any issues of non-compliance
Supplier Assessment for Impacts on Society						
414	1	Percentage of new suppliers that were screened using criteria for impacts on society	Material	Outside our operations as it is related to our supply chain	It is in line with our values and sustainability to ensure that our supply chain does not carry negative social impacts. Therefore, we began evaluating our suppliers on matters related to our code of conduct, which include social issues such as human, labor and child rights	All high-risk vendors undergo a due diligence process that is managed internally using our Code of Conduct and questionnaire and externally through a reputable independent provider. As a result, the Compliance team managed to clear 95% of our active database (customers and vendors
414	2	Significant, actual and potential negative impacts on society in the supply chain and actions taken	Material	Outside our operations as it is related to our supply chain	Direct impact on our business and stakeholders	All high-risk vendors undergo a due diligence process that is managed internally using our Code of Conduct and questionnaire and externally through a reputable independent provider. As a result, the Compliance team managed to clear 95% of our active database (customers and vendors

102-9, 102-29, 102-31, 102-43, 102-47, 102-48, 103-1, 103-2, 103-3, 206-1, 414-1, 414-2, 415-1, 416-1, 416-2

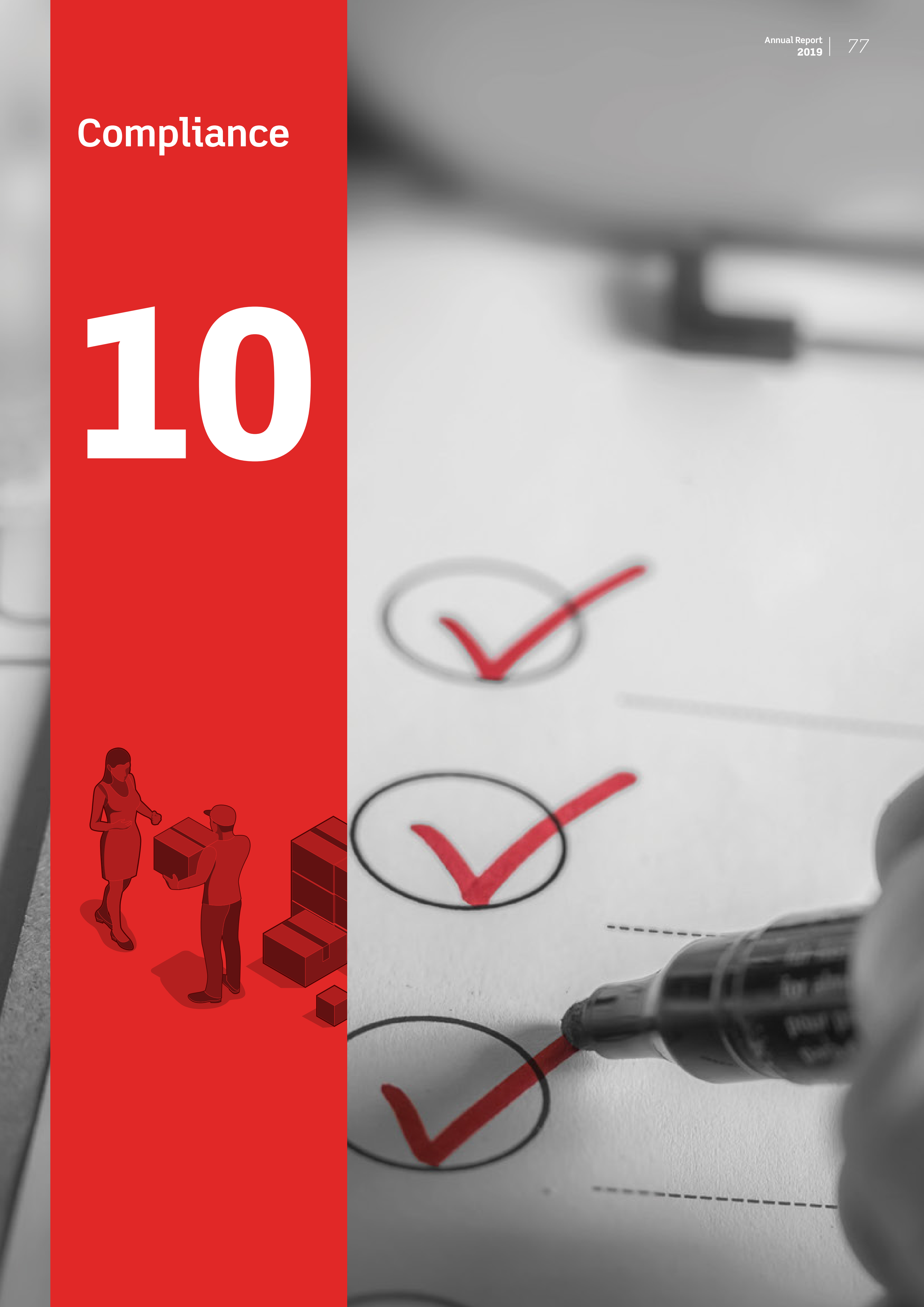
Material Aspects			Materiality	Aspect Boundary	Notes on Materiality	Notes
Grievance Mechanisms for Impacts on Society						
103	2	Number of grievances about impacts on society filed, addressed and resolved through formal grievance mechanisms	Material	Within and outside our operations as it is related to our supply chain	Direct impact on our business and stakeholders	High-risk vendors undergo a due diligence process that is managed internally using our Code of Conduct and questionnaire and externally through a reputable independent provider.
Product Responsibility Customer Health and Safety						
416	1	Percentage of significant product and service categories for which health and safety impacts are assessed for improvement	Immaterial		We do not produce any products or services that require health and safety impact assessment	
416	2	Total number of incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services during their life cycle, by type of outcomes	Immaterial		We do not produce any products or services that require health and safety impact assessment	

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

Material Aspects			Materiality	Aspect Boundary	Notes on Materiality	Notes
Marketing Communications						
102	2	Sale of banned or disputed products	Material	Within our entire operations and outside as it relates to the international and national laws and regulations	We have strict policies against the sale or transportation of banned or disputed product and we have controls to ensure shipment contents	
417	3	Total number of incidents of non- compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion and sponsorship, by type of outcomes	Material	Outside our organization as it is related to international and national laws and regulations	Direct impact on our business and stakeholders	We had no such incidents in 2019
Customer Privacy						
418	1	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	Material	Within our organization and outside as it is related to our customers	Directly impacts our customers and our business	"In 2019 we did not have any cases"
Socio-economic Compliance						
419	1	"Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services"	Material	Within our organization and outside as it is related to our customers and international and national laws and regulations	Direct impact on our business and stakeholders	

Compliance

10



At Aramex, maintaining a culture of respect, honesty, and integrity in all procedures and interactions is of utmost importance. To that end, our Risk and Compliance program strives to ensure that each employee is trained on how to recognize, avoid, and report any situations or dealings that might compromise integrity.

The program is endorsed by Aramex leadership and management and integrated across all functions and levels. The program's reporting structure guarantees that the Risk and Compliance function direct access to the leadership team and Audit Committee, in turn further empowering the Risk and Compliance team. Additionally, the program provides the tools and training necessary to ensure that each employee is fully aware of their responsibility to act with integrity and transparency when preforming their different duties or representing the company. Furthermore, the robustness of the program ensures that we have the appropriate mechanisms needed to uphold Aramex's culture while rooting actions and decision making in our values of fairness, honesty, and the promotion of dignity for all people.

Central to our compliance function is the Aramex Code of Conduct, which guides the way in which we operate and interact with our stakeholders. Promoting the following principles:

- Accountable, transparent, respectful, fair, and professional business practices.
- Reliability and integrity of financial and operational information.
- Safeguarding of assets, whether physical or intellectual
- Compliance with laws, regulations, policies, procedures, and contracts.
- Healthy and sustainable growth of our business.
- Incorporation of compliance into day-to-day operations in every aspect of the business (i.e. culture, people, communication, policies, procedures, governance, and strategy).
- Safe, equitable, secure, fair and healthy working conditions.

In line with these principles, we have a number of policies set in place which correspond to different important aspects of our business and operations. These policies are:

- Trade compliance
- Improper gifts, entertainment, and payments
- Conflict of interest
- Confidentiality
- Anti-Money laundering
- Due Diligence
- Aramex Anti-Corruption Policy
- Legal Licensing
- Sanctioned Countries Bank Transactions Policy
- Human and labor rights
- Non-discrimination and equal opportunity
- Political contributions and involvement
- Charitable donations and sponsorships

Each of these policies is intended to strengthen our corporate culture while maintaining up-to-date practices with regards to applicable laws and regulations.

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

The Code of Conduct and related policies and documents are easily accessible within Aramex.

Our Code of Conduct is also accessible externally via our website, via the following link:
https://dotcomaramexprod.blob.core.windows.net/default/docs/default-source/latest-docs/aramex_code_of_conduct.pdf

To ensure the Aramex Code of Conduct is well understood and applied, the Risk & Compliance team continues to hold annual employee training awareness, both classroom and online-based. As of the end of 2019, **81%** of the total Aramex workforce has been trained. Additionally, we have introduced a form for the declaration of Conflict of Interest, which we request our employees to acknowledge and sign. Since its introduction in 2019, **84%** of our employees have submitted signed forms as of December 31, 2019.

Total Headcount*	Class-Room Training	Online Only Training	Total Trained	%
14,465	3946	7757	11703	81%

*headcount as of 1.1. 2019

We continue to align our Code of Conduct with international and national regulations and standards, which include (but are not limited to):

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

Compliance and risk management is an ever-evolving process that requires continuous learning and assessment. We continually evaluate new or ongoing compliance challenges or risks and ensure that our program continues to advance and progress. Therefore, we periodically review and update our policies and procedures based on our assessments and on international and national trends and advancement.

In 2019, we have upheld and enhanced the evaluation processes of our suppliers' compliance-related issues including human and labor rights, anti-corruption and anti-bribery, as well as, our Code of Conduct and social and environmental criteria. Also, we

continue to perform risk assessments for vendors. Moreover, based on our vendors' risk assessment, we have put in place a due diligence process to be conducted by a third-party reputable provider for all high-risk vendors. This is conducted alongside our in-house screening process.

Therefore, all high-risk vendors undergo a due diligence process that is managed internally using our Code of Conduct and questionnaire and externally through a reputable independent provider. As a result, the Compliance team managed to clear 95% of our active database (customers and vendors).

To the best of our knowledge, there have been no cases of human rights, child labor or compulsory and forced labor violations within our supply chain. Additionally, in 2019, we did not have any human rights, forced or child labor grievances or concerns related to our operations. Furthermore, we are not aware of any concerns of human rights, forced or child labor violations related to our suppliers and did not receive any through our formal grievance channels, nor did we identify or receive any complaints of negative social impacts due to our operations or in our supply chain. We did not identify any issues of significant negative impacts on the environment beyond the emissions that result from the use of airlines, sea lines, and road freight to transport our shipments and provide services to our clients. We account for these impacts along our supply chain through the calculation of our scope 3 carbon footprint as we are actively working to reduce our emissions and environmental impacts. Read more about our environmental commitments on pages 17, 46-47.

Trade Compliance Initiatives

We are committed to continually strengthening our trade compliance control environment throughout our network. In the past 5 years, we have expanded the compliance function to provide extensive support on a range of related issues to the Aramex network, this includes supporting in high-risk evaluations, and advising the business teams on various strategies, as well as, enhancing our sanctions and denied party screening programs. Our trade compliance program is capable of adapting to the ever-changing risks in global markets and has allowed us to support and protect our customers' interests.

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. Additionally, the whistle-blowing system accommodates for external concerns and complaints from the general public. External and Internal concerns and complaints can be reported by submitting an e-mail to: Whistleblowing@aramex.com. Also, all reported grievances are dealt with in the same manner.

The Risk and Compliance function ensures that cases reported on the Aramex whistleblowing system are handled in a timely manner. An investigation is conducted into each case, the process of which involves an internal committee review details of the report and give a decision which is then communicated to the relevant party by the HR representative. The involved parties have the right to appeal within 10 working days from the decision date.

From 2020, we will begin reporting on the number of cases reported via whistleblowing.

Our Risk and Compliance structure and its related procedures and policies including our Code of Conduct are critical for the flow of our Capitals and the creation of value across our operations. This is especially important in terms of our Intellectual Capital, which includes our organizational and tacit knowledge, systems, procedures, and protocols. as well as our Human Capital, by which we are better able to align our people's capabilities and competencies with our governance and compliance frameworks, approach to risk mitigation, and our Code of Conduct. Our efforts to manage Risk and Compliance also enhance our Social and Relationship Capital by maintaining trust with our stakeholders and safeguarding our brand reputation.

Additionally, we adhere to the UNGC Principle 10: to fight corruption in all its forms including extortion and bribery.

By upholding our values and code of conduct and fighting corruption, we are also able to contribute to the SDG Goal 8 of decent work and economic growth.

102-9, 102-15, 102-16, 102-17, 102-29, 102-30, 102-33, 102-34, 102-56, 103-1, 103-2, 103-3, 202-1, 203-1, 203-2, 205-1, 205-2, 205-3, 206-1, 307-1, 308-1, 308-2, 408-1, 409-1, 410-1, 412-1, 412-2, 412-3, 414-1, 414-2

Associations and Certifications

11

Associations and Certifications

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

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

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

Reporting Process

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This is our **10th** integrated report and **14th** sustainability report. This report has been prepared in accordance with the GRI Standards: Comprehensive option and the International Integrated Reporting (IIR) Council Standards.

We follow a robust and focused reporting process to ensure comprehensive coverage of the numerous aspects of our operations and management techniques. This process provides us with a tool to measure and monitor how our operations create, extract, and transform value across the 6 Capitals. In so doing, Aramex is continuously honing and enhancing its precise instruments for monitoring and improving operations, mitigating risk, and safeguarding community and environmental health.

Determining Our Priority Issues

Our priority issues are identified through a rigorous and hands-on approach which is underpinned by three central facets that inform our identification and understanding of priority issues:

1 Our operations and their impact

2 Stakeholder engagement and feedback

3 Sustainability strategy and context

By taking these three facets and the interaction between them, we are able to identify the material elements and systematically report on these elements and establish appropriate boundaries to our reporting. This process enables us to collect the breadth and depth of data that then enables us to understand and capture how our various value creation activities impact communities and the environment. In doing so, we remain responsive to our communities and stakeholders, and continue to produce sustainable financial returns, while considering our short- and long-term value creation.

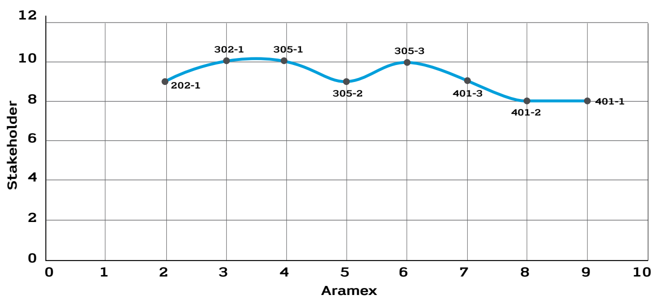
We define material and priority issues as both ones that have a substantial impact on our operations and any aspects or issues that in turn might be impacted by our activities.

Materiality

We continually make a conscious effort to identify our key stakeholder groups and to engage with them effectively. In order to achieve this, we utilize diverse and tailored tools to seek and collect feedback on our materiality, sustainability, and reporting. By engaging with our stakeholders, we are able to identify material aspects through global, regional, and local contexts and approach material issues from multiple perspectives. Additionally, we also conduct internal discussions and assessments and keep up with industry standards and strategic direction in order to determine materiality of each indicator.

Once we receive feedback, it is carefully mapped as it relates to areas of our operations and sector. We make painstaking efforts to ensure that no stakeholder group is neglected when we assess our impact and identify our material issues. This is process is a critical element of our holistic approach to sustainability and value creation. This process of conducting materiality assessments is repeated annually. Our materiality matrix is found below:

Materiality matrix: Ranking of Material Indicators



Our approach allows us to nurture and grow our Human, Intellectual, Manufactured, and Financial Capitals while also being able to preserve and protect Natural Capital and build Social and Relationship Capital in the greater communities.

To know more about how we engaged with these capitals, look for the following icons throughout the report. For more details on our stakeholder engagement activities, please refer to the stakeholder engagement section, page 49.

Our identified material aspects relate to elements which are critical to our success. Therefore, we ensure that our systems, processes, and corporate culture is continuously evaluated and improved upon, while also fostering an integrated approach to sustainability to reduce negative impacts and contributes positively toward sustainable development.

Once we determine our material aspects through the aforementioned three facets, we then assess the boundaries of each of these material aspects by mapping our operations and where each aspect and its impacts occur. Aspect boundaries are either within or outside our organization or relevant for both.

For internal aspects related to our operations, the boundaries include all entities across our geographical location, except our franchisees. while the financial data presented includes our proceeds from franchises, it does not include human resource or emissions data. External aspect boundaries related to aspects occurring within or outside of our operations, occur across all geographical locations.

Ensuring the Quality of Our Sustainability Reporting
In order to maintain the quality of our reporting, we follow a combination of GRI and IIRC Reporting Principles for defining quality which include:

GRI

- **Balance:** We maintained balance in our reporting by evaluating our performance based on material issues and future targets, presenting both our positive performance, as well as, focus areas that require improvement and re-evaluation.
- **Comparability:** We have provided year-on-year data and followed the GRI reporting framework wherever appropriate, this allows for comparability of our performance in key areas across the years.
- **Accuracy:** We aim to reach and maintain the greatest accuracy in our data, and always clearly identify where estimations or limitations in our published figures exist.
- **Timeliness:** We have been committed to reporting our sustainability performance on an annual basis.
- **Clarity:** Throughout the report, we ensure that we clearly illustrate and explain our sustainability performance and related projects. We also measure our yearly progress against the targets established by previous reports.
- **Reliability:** This report has undergone third- party assurance, according to the parameters expressed in the assurance statement.

IIRC

- In our report, we maintained a clear **Strategic focus** and **future orientation** in relation to our operations and activities.
- We worked to ensure that **Connectivity of information** is clear, by highlighting value creation across all our operations and activities and showcasing the six capitals and the dynamics within them.
- We maintained open and strong **Stakeholder relationships** both by utilizing stakeholder feedback as key aspects of this report's materiality, and by setting a plan to disseminate this report along with information on our operations and activities to our stakeholder.
- We ensured that we consider **Materiality** by evaluating priority and material aspects.
- To maintain **Conciseness**, we only reported on material issues and referred to where more information can be found where relevant.
- **Reliability and completeness**
- **Consistency and comparability:** We have provided year-on-year data and followed the GRI Standards wherever appropriate, this allows for comparability of our performance in key areas across the years. Additionally, Throughout the report, we ensure that we clearly illustrate and explain our sustainability performance and related projects. We also measure our yearly progress against the targets established by previous reports.

Measuring and Managing Our Green House Gas (GHG) Emissions:
This is the ninth consecutive year in which we report on our annual GHG emission. Details on our emissions can be found on page 46. When measuring and calculating our carbon footprint we adhered to the principles of the Green House Gas (GHG) Protocol accounting tool developed by World Business Council for Sustainability Development (WBCSD) and World Resources Institute (WRI). We utilize an operational control approach to measure our emissions.

Reporting boundaries: Unless otherwise indicated, the data in this report covers all of our operations in all relevant geographic regions. The only exceptions being our franchise operations--while the financial data presented includes our proceeds from franchises, it does not include human resource or emissions data from franchisees. In certain cases, we report on material aspects in our significant locations of operation.

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

While this business model keeps us agile, we often are forced to rely on estimates and data provided by suppliers for our scope three emissions, that is emissions that take place outside our company as a direct result of our operations. Due to this, we are often limited by the data provided by our suppliers, however, we work diligently with our suppliers and partners to ensuring and improving accuracy and completeness of all data collected.

At present, our fuel consumption calculations (from which emissions are derived) include only fuel used in our owned and leased vehicles.

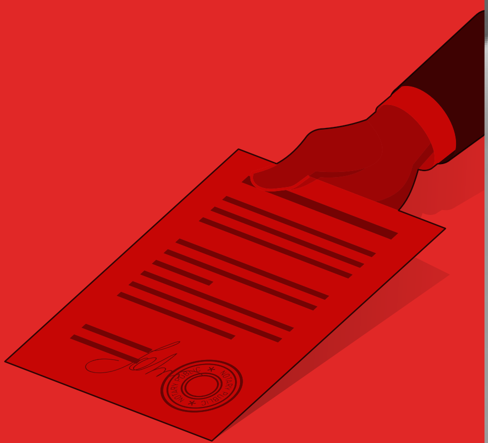
Data Measurement Techniques: Unless otherwise stated, indicators provide global coverage, subject to the reporting boundaries and limitations outlined above.

We strive to provide accurate and comprehensive data and therefore have different controls, data collection processes, and management systems in place. However, despite our efforts, the precision of different indicators may vary.

Data measurement necessarily involves some level of estimation. Wherever estimations have been made, we have provided an explanation, including the level of accuracy and approach to data collection used to produce the relevant indicator.

Disclosures on Management Approaches

13



Maximizing positive economic, social, and environmental outcomes across the Six Capitals is a responsibility shared by all employees from the individual employee up through the Board of Directors and with scope ranging from internal operations out through the external areas of influence in our value chain worldwide.

Economic matters are handled by our Chief Executive Officer, Chief Financial Officer, Chief Operating Officer, Vice President of Legal Affairs, and Chief Risk and Compliance Officer in an ethical and sustainable manner which includes compliance with major national and international norms and legislation such as the World Economic Forum's Partnering Against Corruption Initiative (PACI), UK Bribery Act, US Foreign Corruption Practice Act (FCPA), International Labor Organization (ILO), UN Declaration on Human Rights, and others. More information on financial targets and our outlook for 2020 can be found in the CEO letter on page 9, while information on grievance mechanisms such as our whistleblowing system can be found on page 79. Social, environmental, and external economic matters are equally as important to Aramex as our internal profitability. Internal social impacts on the workforce and Human Capital are managed by the Chief Human Resources Officer (CHRO) guided by our Code of Conduct and HR policies that govern areas such as equal remuneration for women and men, protecting diversity, compulsory labor, and allowing the right of collective bargaining. Respect for human and labor rights is also achieved by meeting or exceeding all local and international standards and norms and verifying this through a human and labor rights impact assessment with external auditors to ensure both policy and practice are aligned.

With oversight from the Sustainability Committee of the Board of Directors, the Chief Sustainability Officer manages sustainability programs, which set out to reduce negative and increase positive impacts on environmental, external economic, and external social areas linked to Aramex. These areas work to build on Social and Relationship Capital as well Natural Capital.

These programs are centered around three Pillars:

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

To create value in Social and Relationship Capital in our communities, we budget 1% of pre-tax profit each year for sustainability projects across our network. These projects include the Startup Support Program, which supports innovative startups and helps accelerate development in their communities. We also support and sponsor our employees in sports events to promote good health and boost company morale. In addition, we form partnerships with NGOs and other socially driven organizations in sustainability and community projects and partnerships to assist in the development of our communities and meeting their needs. These partnerships are always apolitical and areligious. For more on sustainability including goals and targets please refer to pages 17, 41-48.

» To ensure that our impacts on communities are positive, we budget 1% of pre-tax profit each year for sustainability projects across our network.
» Social, environmental, and external economic matters are equally as important to Aramex as our internal profitability.

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

Whistleblowing Policy

Aramex's whistleblowing policy provides guidelines to Board Members, employees, customers, and other stakeholders to report any cases of possible fraud, irregularities or grievances related to our code of conduct or the economic, social, and environmental performance of Aramex. The policy is critical to maintaining trust in our stakeholders and accountability within our governance, and it creates value in our Human Capital and Social and Relationship Capital. For external concerns and complaints, we have a dedicated email address to which the general public can report any issues, which will then be dealt with by the same mechanism as internal complaints Cases that are reported by Aramex's whistleblowing system are dealt with immediately by an independent committee that investigates each case through to a conclusion. Once the investigation is complete, the HR representative will discuss the results of the investigation with the complainant and any other concerned parties. Should any parties be dissatisfied, they have the right to appeal within ten working days from the date of the investigation being completed.

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

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

GRI Content Index

GRI Materiality Disclosures Aramex PJSC Apr 2020 Service

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

		Disclosure Title	Page number / notes	Omission	External Assurance
GRI 101: Foundation 2016					
General Disclosures					
GRI 102: General Disclosures 2016	102-1	Name of the organization	1		
	102-2	Activities, brands, products, and services	4, 12, 13, 14, 15, 35, 36, 38, 39, 74, 75, 76		
	102-3	Location of headquarters	4		
	102-4	Location of operations	4		
	102-5	Ownership and legal form	4, 21		
	102-6	Markets served	4		
	102-7	Scale of the organization	4		
	102-8	Information on employees and other workers	8, 27-33, 50-57, 66-71		
	102-9	Supply chain	47, 50, 57, 60, 61, 63, 65-69, 70, 71, 73, 79		
	102-10	Significant changes to the organization and its supply chain	9, 10, 12, 13, 14, 15, 21, 22, 23		
	102-11	Precautionary Principle or approach	24, 25, 46, 86		
	102-12	External initiatives	6, 8, 9, 10, 38-48, 50, 51, 52, 53-57		
	102-13	Membership associations	81		
	102-14	Statement from senior decision-maker	9, 10		
	102-15	Key impacts, risks, and opportunities	8, 9, 10, 17		
	102-16	Values, principles, standards, and norms of behavior	7, 19, 24, 25, 78, 79		
	102-17	Mechanisms for advice and concerns about ethics	78, 79		

102-55

We are a member of the GRI Community and support the mission of GRI to empower decision makers everywhere, through GRI Sustainability Reporting Standards and its multi-stakeholder network, to take action towards a more sustainable economy and world.

		Disclosure Title	Page number / notes	Omission	External Assurance
General Disclosures					
GRI 102: General Disclosures 2016	102-18	Governance Structure	19-25		
	102-19	Delegating authority	19-25		
	102-20	Executive-level responsibility for economic, environmental, and social topics	24, 25		
	102-21	Consulting stakeholders on economic, environmental, and social topics	41, 42, 50-57, 83, 84		
	102-22	Composition of the highest governance body and its committees	19-24		
	102-23	Chair of the highest governance body	19-24		
	102-24	Nominating and selecting the highest governance body	24		
	102-25	Conflicts of interest	19		
	102-26	Role of highest governance body in setting purpose, values, and strategy	19-25		
	102-27	Collective knowledge of highest governance body	19-25		
	102-28	Evaluating the highest governance body's performance	19-25		
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	102-30	Effectiveness of risk management processes	24, 31, 32, 78, 79		
	102-31	Review of economic, environmental, and social topics	17, 24, 25, 41, 58-76		
	102-32	Highest governance body's role in sustainability reporting	24, 25		
	102-33	Communicating critical concerns	24, 25, 78, 79, 86		
	102-34	Nature and total number of critical concerns	78, 79		
	102-35	Remuneration policies	24, 29, 135		
	102-36	Process for determining remuneration	24		
	102-37	Stakeholders' involvement in remuneration	24, 56		
	102-38	Annual total compensation ratio	81		

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		Disclosure Title	Page number / notes	Omission	External Assurance
General Disclosures					
GRI 102: General Disclosures 2016	102-39	Percentage increase in annual total compensation ratio	24		
	102-40	List of stakeholder groups	50, 57		
	102-41	Collective bargaining agreements	67, 70		
	102-42	Identifying and selecting stakeholders	50, 51, 83, 84		
	102-43	Apporach to stakeholder engagement	41, 50-57, 75, 83, 84, 86		
	102-44	Key topics and concerns raised	50-57		
	102-45	Entities included in the consolidated financial statements	4		
	102-46	Defining report content and topic Boundaries	6, 83, 84		
	102-47	List of material topics	58-76, 83, 84		
	102-48	Restatements of information	9, 10, 83, 84		
	102-49	Changes in reporting	6, 83, 84		
	102-50	Reporting period	6, 83, 84		
	102-51	Date of most recent report	2018		
	102-52	Reporting cycle	6, 83, 84		
	102-53	Contact point for questions regarding the report	Raji Hattar, Chief Sustainability Officer Raji.Hattar@aramex.com		
	102-54	Claims of reporting in accordance with the GRI Standards	83, 84		
	102-55	GRI content index	87-100		
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		Disclosure Title	Page number / notes	Omission	External Assurance
Material topics					
GRI 200 Economic Standard Series					
Ecnomic Performance					
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	8-10, 58-76, 83, 84, 86		
	103-2	The management approach and its components	8-10, 58-76, 83, 84, 86		
	103-3	Evaluation of the management approach	8-10, 58-76, 83, 84, 86		
GRI 201: Economic Performance 2016	201-1	Direct economic value generated and distributed	8-10, 58, 111		
	201-2	Financial Implications and other risk and opportunities due to climate change	9, 10, 46, 47, 58		
	201-3	Defined benefit plan obligations and other retirement plans	8, 9, 10, 58		
	201-4	Financial asssitance received from government	58		
Market Presence					
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	59, 83, 84, 86		
	103-2	The management approach and its components	59, 83, 84, 86		
	103-3	Evaluation of the management approach	59, 83, 84, 86		
GRI 202: Market Presence 2016	202-1	Ratios of standard entry level wage by gender compared to local min wage	29, 59, 103		Yes
	202-2	Proportion of senior management hired from the local community	29, 59		Yes
Indirect Ecnomic Impacts					
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	8-10, 45, 46, 83, 84, 86		
	103-2	The management approach and its components	8-10, 45, 46, 83, 84, 86		
	103-3	Evaluation of the management approach	8-10, 45, 46, 83, 84, 86		
GRI 203: Indirect Economic Impacts 2016	203-1	Development and impact of infrastructure investment	8-10, 12-15, 59		
	203-2	Significant indirect economic impacts	8, 46, 47, 60		

		Disclosure Title	Page number / notes	Omission	External Assurance
Material topics					
GRI 200 Economic Standard Series					
Procurement Practices					
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	78, 79, 83, 84, 86		
	103-2	The management approach and its components	78, 79, 83, 84, 86		
	103-3	Evaluation of the management approach	78, 79, 83, 84, 86		
GRI 204: Procurement Practices 2016	204-1	Proportion of spending on local suppliers	60		
Anti-corruption					
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	78, 79, 83, 84, 86		
	103-2	The management approach and its components	78, 79, 83, 84, 86		
	103-3	Evaluation of the management approach	78, 79, 83, 84, 86		
GRI 205: Anti-corruption 2016	205-1	Operations assessed for risks related to corruption	72, 78, 79		
	205-2	Communication and training on anti-corruption policies and procedures	72, 78, 79		
	205-3	Confirmed incidents of corruption and actions taken	72, 78, 79		
Anti-competitive Behavior					
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	78, 79, 83, 84, 86		
	103-2	The management approach and its components	78, 79, 83, 84, 86		
	103-3	Evaluation of the management approach	78, 79, 83, 84, 86		
GRI 206: Anti-competitive Behavior 2016	206-1	Total number of legal actions for anti-competitive, anti-trust, and monopoly practices	24, 78, 79, 72, 73		

		Disclosure Title	Page number / notes	Omission	External Assurance
Material topics					
GRI 300: Environmental Standard Series					
Materials					
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	60-64, 83, 84, 86		
	103-2	The management approach and its components	60-64, 83, 84, 86		
	103-3	Evaluation of the management approach	58-76, 78, 79, 83, 84, 86		
GRI 301: Materials 2016	301-1	Materials used by weight or volume	60		
	301-2	Percentage of materials used that are recycled input materials	60		
	301-3	Percentage of products sold and their packaging materials reclaimed by category	60		
Energy					
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	41, 46, 47, 58-76, 83, 84, 86		
	103-2	The management approach and its components	41, 46, 47, 58-76, 83, 84, 86		
	103-3	Evaluation of the management approach	41, 46, 47, 58-76, 83, 84, 86		
GRI 302: Energy 2016	302-1	Energy consumption within the organization	8, 47, 61		Yes
	302-2	Energy consumption outside the organization	47, 61		
	302-3	Energy Intensity	47, 61		
	302-4	Reduction of energy consumption	8, 47, 61		
	302-5	Reductions in energy requirements of products and services	47, 61		
Water					
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	62		
	103-2	The management approach and its components	62		
	103-3	Evaluation of the management approach	62		
GRI 303: Water 2016	303-1	Total water withdrawal by sources	62		
	303-2	Water sources significantly affected by withdrawal of water	62		
	303-3	Water recycled and reused	62		

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		Disclosure Title	Page number / notes	Omission	External Assurance
Material topics					
GRI 300: Environmental Standard Series					
Biodiversity					
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	62		
	103-2	The management approach and its components	62		
	103-3	Evaluation of the management approach	62		
GRI 304: Biodiversity 2016	304-1	Operational sites owned, leased, managed in, or adjacent to protected areas and areas of high biodiversity outside protected areas	62		
	304-2	Description of significant impacts of activities, products, and services on biodiversity	62		
	304-3	Habitats protected or restored	62		
	304-4	Number of IUCN Red List species in operational areas	62		
Emissions					
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	46, 47, 63		
	103-2	The management approach and its components	46, 47, 63		
	103-3	Evaluation of the management approach	46, 47, 63		
GRI 305: Emissions 2016	305-1	Direct GHG emssions scope 1	46, 47, 63		Yes
	305-2	Energy indirect GHG emissions scope 2	46, 47, 63		Yes
	305-3	Other indirect GHG emissions scope 3	46, 47, 63		Yes
	305-4	Direct GHG emssions intensity	46, 47, 63		
	305-5	Reduction of GHG emissions	46, 47, 63		
	305-6	Emissions of ozone-depleting substances (ODS)	63		
	305-7	Nitrogen Oxides (NOx), Sulfur Oxides (SOx), and other significant air emissions	63		

		Disclosure Title	Page number / notes	Omission	External Assurance
Material topics					
GRI 300: Environmental Standard Series					
Effluents and Waste					
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	62		
	103-2	The management approach and its components	62		
	103-3	Evaluation of the management approach	62		
GRI 306: Effluents and Waste 2016	306-1	Total water discharge by qulaity and destination	64		
	306-2	Total weight of waste by type and disposal method	64		
	306-3	Total number and volume of significant spills	64		
	306-4	Transport of hazardous waste	64		
	306-5	Water bodies affected by water discharges and/ or runoff	64		
Environmental Compliance					
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	46, 47, 83, 84, 86		
	103-2	The management approach and its components	46, 47, 83, 84, 86		
	103-3	Evaluation of the management approach	46, 47, 83, 84, 86		
GRI 307: Environmental Compliance 2016	307-1	Non-compliance with environmental laws and regulations	65, 66, 78, 79		
Supplier Environmental Assessment					
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	83, 84, 86		
	103-2	The management approach and its components	83, 84, 86		
	103-3	Evaluation of the management approach	83, 84, 86		
GRI 308: Supplier Environmental Assessment 2016	308-1	Percentage of new suppliers that were screened using environmental criteria	65, 78, 79		
	308-2	Negative environmental impacts in the supply chain and actions taken	65, 78, 79		

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		Disclosure Title	Page number / notes	Omission	External Assurance
Social Topics					
GRI 400: Social Standard Series					
Employment					
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	27-30, 78, 79, 83, 84, 86		
	103-2	The management approach and its components	27-30, 78, 79, 83, 84, 86		
	103-3	Evaluation of the management approach	27-30, 78, 79, 83, 84, 86		
GRI 401: Employment 2016	401-1	New employee hires and employee turnover	28, 29, 30, 66		
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	30, 66		
	401-3	Parental leave	30, 66		Yes
Labor/Management Relations					
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	67, 83, 84, 86		
	103-2	The management approach and its components	67, 83, 84, 86		
	103-3	Evaluation of the management approach	67, 83, 84, 86		
GRI: 402: Labor Management Relations 2016	402-1	Minimum notice periods regarding operational changes	67		
Occupational Health and Safety					
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	67, 83, 84, 86		
	103-2	The management approach and its components	67, 83, 84, 86		
	103-3	Evaluation of the management approach	67, 83, 84, 86		
GRI 403: Occupational Health and Safety 2016	403-1	Workers representation in formal joint management-worker health and safety committees	31, 32, 67		
	403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	31, 32, 67		Yes
	403-3	Workers with high incidence or risk of diseases related to their occupation	31, 32, 67		
	403-4	Health and Safety topics in formal agreements with unions	31, 32, 67		

		Disclosure Title	Page number / notes	Omission	External Assurance
Social Topics					
GRI 400: Social Standard Series					
Training and Education					
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	27-29, 83, 84, 86		
	103-2	The management approach and its components	27-29, 83, 84, 86		
	103-3	Evaluation of the management approach	27-29, 83, 84, 86		
GRI 404: Training and Education 2016	404-1	Average hours of training per year per employee by gender and employment category	28, 29, 68, 78		
	404-2	Programs for skills managment and lifelong learning	28, 29, 68, 78		
	404-3	Percentage of employees receiving regular performance and career development reviews	28, 29, 68, 78		
Diversity and Equal Opportunity					
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	28, 29, 83, 84, 86		
	103-2	The management approach and its components	28, 29, 83, 84, 86		
	103-3	Evaluation of the management approach	28, 29, 83, 84, 86		
GRI 405: Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees	20-23, 28, 29, 68		
	405-2	Ratio of basic salary and remuneration of women to men by category	68		
Non-discrimination					
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	69, 78, 79, 83, 84, 86		
	103-2	The management approach and its components	69, 78, 79, 83, 84, 86		
	103-3	Evaluation of the management approach	69, 78, 79, 83, 84, 86		
GRI 406: Non-discrimination 2016	406-1	Total number of incidents of discrimination and corrective actions taken	69		

		Disclosure Title	Page number / notes	Omission	External Assurance
Social Topics					
GRI 400: Social Standard Series					
Freedom of Association and Collective Bargaining					
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	70, 78, 79, 83, 84, 86		
	103-2	The management approach and its components	70, 78, 79, 83, 84, 86		
	103-3	Evaluation of the management approach	70, 78, 79, 83, 84, 86		
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1	Operations and suppliers identified where freedom of association and collective bargaining may be at risk	70		
Child Labor					
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	70, 78, 79, 83, 84, 86		
	103-2	The management approach and its components	70, 78, 79, 83, 84, 86		
	103-3	Evaluation of the management approach	70, 78, 79, 83, 84, 86		
GRI 408: Child Labor 2016	408-1	Operations and suppliers identified at significant risk for incidents of child labor	70, 78, 79		
Forced or Compulsory Labor					
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	70, 78, 79, 83, 84, 86		
	103-2	The management approach and its components	70, 78, 79, 83, 84, 86		
	103-3	Evaluation of the management approach	70, 78, 79, 83, 84, 86		
GRI 409: Forced or Compulsory Labor 2016	409-1	Operations and suppliers identified with significant risk of incidents of forced or compulsory labor	70, 78, 79		
Security Practices					
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	31, 32, 70, 78, 79, 83, 84, 86		
	103-2	The management approach and its components	31, 32, 70, 78, 79, 83, 84, 86		
	103-3	Evaluation of the management approach	31, 32, 70, 78, 79, 83, 84, 86		
GRI 410: Security Practices 2016	410-1	Percentage security personnel trained in human rights policies and procedures	70, 78, 79		

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		Disclosure Title	Page number / notes	Omission	External Assurance
Social Topics					
GRI 400: Social Standard Series					
Rights of Indigenous Peoples					
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	70, 83, 84, 86		
	103-2	The management approach and its components	70, 83, 84, 86		
	103-3	Evaluation of the management approach	70, 83, 84, 86		
GRI 411: Rights of Indigenous Peoples 2016	411-1	Incidents of violations involving rights of indigenous peoples	70		
Human Rights Assessment					
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	71, 78, 79, 83, 84, 86		
	103-2	The management approach and its components	71, 78, 79, 83, 84, 86		
	103-3	Evaluation of the management approach	71, 78, 79, 83, 84, 86		
GRI 412: Human Rights Assessment 2016	412-1	Operations that have been subject to human rights reviews or impact assessments	8-10, 71, 78, 79, 83, 84, 86		
	412-2	Employee training on human rights policies and procedures	69, 78, 79		
	412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	69, 78, 79		
Local Communities					
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	72, 78, 79, 83, 84, 86		
	103-2	The management approach and its components	72, 78, 79, 83, 84, 86		
	103-3	Evaluation of the management approach	72, 78, 79, 83, 84, 86		
GRI 413: Local Communities 2016	413-1	Operations with local community engagement, impact assessments, and development programs	8, 41-48, 72		Yes
	413-2	Operations with significant actual and potential negative impacts on local communities	72		

		Disclosure Title	Page number / notes	Omission	External Assurance
Social Topics					
GRI 400: Social Standard Series					
Supplier Social Impacts					
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	71, 78, 79, 83, 84, 86		
	103-2	The management approach and its components	71, 78, 79, 83, 84, 86		
	103-3	Evaluation of the management approach	71, 78, 79, 83, 84, 86		
GRI 414: Supplier Social Impacts 2016	414-1	Percentage of new suppliers that were screened using labor practices criteria	71, 78, 79		
	414-2	Negative social impacts in the supply chain concerning labor and actions taken	71, 78, 79		
Public Policy					
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	73, 78, 79, 83, 84, 86		
	103-2	The management approach and its components	73, 78, 79, 83, 84, 86		
	103-3	Evaluation of the management approach	73, 78, 79, 83, 84, 86		
GRI 415: Public Policy 2016	415-1	Total value of political contributions by country and recipient/beneficiary	9, 10, 19, 73		
Customer Health and Safety					
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	74, 78, 79, 83, 84, 86		
	103-2	The management approach and its components	74, 78, 79, 83, 84, 86		
	103-3	Evaluation of the management approach	74, 78, 79, 83, 84, 86		
GRI 416: Customer Health and Safety 2016	416-1	Assessment of the health and safety impacts of product and service categories	74		
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	74		

		Disclosure Title	Page number / notes	Omission	External Assurance
Social Topics					
GRI 400: Social Standard Series					
Marketing and Labeling					
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	75, 78, 79, 83, 84, 86		
	103-2	The management approach and its components	75, 78, 79, 83, 84, 86		
	103-3	Evaluation of the management approach	75, 78, 79, 83, 84, 86		
GRI 417: Marketing and Labeling 2016	417-1	Requirements for product and service information and labeling	36, 75		
	417-2	Incidents of non-compliance concerning product and service information and labeling	36, 75		
	417-3	Incidence of non-compliance concerning marketing communications	36, 75		
Customer Privacy					
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	35, 36, 76, 83, 84, 86		
	103-2	The management approach and its components	35, 36, 76, 83, 84, 86		
	103-3	Evaluation of the management approach	35, 36, 76, 83, 84, 86		
GRI 418: Customer Privacy 2016	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	35, 36, 76		
Socio Economic Compliance					
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	76, 78, 79, 83, 84, 86		
	103-2	The management approach and its components	76, 78, 79, 83, 84, 86		
	103-3	Evaluation of the management approach	76, 78, 79, 83, 84, 86		
GRI 419: Socio Economic Compliance 2016	419-1	Non compliance with laws and regulation in the social and economic area	19, 24, 35, 36, 76		

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United Nations Global Compact Principles	
Marketing and Labeling	**Section**
Human Rights	
Principle 1	Our People, Sustainability, Compliance, Disclosures on Management Approaches, Human Rights Impact Assessment
Principle 2	Our People, Sustainability, Compliance, Disclosures on Management Approaches, Human Rights Impact Assessment
Labor Standards	
Principle 3	Our People, Sustainability, Compliance, Human Rights Impact Assessment
Principle 4	Our People, Sustainability, Compliance, Human Rights Impact Assessment
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SUSTAINABLE DEVELOPMENT GOAL 4 Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all.	Youth Education and Empowerment
SUSTAINABLE DEVELOPMENT GOAL 8 Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all	Our People, Entrepreneurship
SUSTAINABLE DEVELOPMENT GOAL 13 Take urgent action to combat climate change and it's impacts	Our Environmental Commitment
SUSTAINABLE DEVELOPMENT GOAL 17 Strengthen the means of implementation and revitalize the global partnership for sustainable development	Sustainability Partnerships, Support, Advocacy

Appendix

RATIOS OF STANDARD ENTRY LEVEL WAGE BY GENDER AT SIGNIFICANT LOCATIONS OF OPERATION		
Country	**Local Currency/Month**	**Ratio (Female To Male Wage)**
Jordan (JOD)		
Entry Level		
Female	300	1.25
Male	240	1
5-Years' Experience		
Female 566.09 (Jod) 1.03	551	1
Male 551.94 (Jod) 1	1	1
United Arab Emirates (AED)		
Entry Level		
Female	2400	1
Male	2980	1.24
5-Years' Experience		
Female	3600	1
Male	5900	1.6
South Africa (ZAR)		
Entry Level		
Female	7095	1
Male	7095	1
5-Years' Experience		
Female	12047	
Male	12047	
Netherlands (Euro)		
Entry Level		
Female	20168	1
Male	20168	1
5-Years' Experience		
Female	500	1.25
Male	438	1
Bahrain (BHD)		
Entry Level		
Female	300	1
Male	250	1.2
5-Years' Experience		
Female	500	1.14
Male	438	1
Hong Kong (HKD)		
Entry Level		
Female	1200	1.14
Male	1050	1
5-Years' Experience		
Female	15000	1
Male	15000	1
Egypt (EGP)		
Entry Level		
Female	3500	1
Male	4000	1.14
5-Years' Experience		
Female	6200	1
Male	6720	1.08

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Independent Assurance Statement

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Building a better working world

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Independent Assurance Statement

01 April 2020

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

The Aramex 2019 Sustainability Report has been prepared as a part of the Integrated Report ("the report") by the management of Aramex, who are responsible for the collection and presentation of the information reported. Our responsibility, in accordance with Aramex management's instructions, is to provide a limited level of assurance on selected sustainability information presented in the Report. Our responsibility in performing our assurance activities is to the management of the Company only. We do not accept or assume any responsibility for any other purpose or to any other person or organization. Any reliance as such on a third party may place the entirety of the Report at its own risk. This assurance statement should not be taken as a basis for interpreting the Company's overall sustainability performance, except for the aspects outlined in the scope below.

Scope of Assurance

The scope of our assurance covers the following:

- Data and information relating to the Company's sustainability performance for the period 1 January 2019 to 31 December 2019, specifically the sustainability performance indicators listed below for the Company's two selected sites, i.e., Cairo (Egypt) and Dubai (UAE);

Topic	Description
202-01	Ratios of standard entry level wage by gender compared to local minimum wage
202-02	Proportion of senior management hired from the local community
305-01	Direct (Scope 1) GHG emissions
305-02	Energy indirect (Scope 2) GHG emissions
305-03	Other indirect (Scope 3) GHG emissions
305-07	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions
403-02	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities
404-01	Average hours of training per year per employee

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

Building a better working world

Level of Assurance and Criteria used

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

Our Approach and Methodology

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

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

Our Assurance Team

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

Our Independence

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

Limitations of Assurance

The assurance scope excludes:

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

Observations

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

- The Company engaged their internal and external stakeholders by conducting workshops in Saudi Arabia, Egypt and Oman. This was done to enhance the engagement and involvement of their stakeholders and to identify the material sustainability issues. The company is encouraged to continue this practice and extend it to other significant areas of operation.
- Differences were identified at Cairo station with respect to the data collection method used for fuel consumption. To ensure consistency and data reliability, the company is encouraged deploy a more systematic process.

Our Conclusion

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

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

For Ernst & Young

Waddah Barkawi
Office Managing Partner

Our Performance

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ARAMEX PJSC AND ITS SUBSIDIARIES

REPORT OF THE DIRECTORS' AND CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2019

ARAMEX PJSC AND ITS SUBSIDIARIES

REPORT OF THE DIRECTORS' AND CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2019

Contents

aramex (PJSC) ارامكس (ش م ع)

Dear Valued Shareholders,

2019 was another good year for Aramex. We continued to innovate and streamline our operations to enhance efficiency levels across the network, achieve consistent financial performance and grow the business.

Aramex's 2019 Full Year Revenue increased by 3% to AED 5,246 million, compared to AED 5,086 million in Full Year 2018. Net Profit increased 1% to AED 497.4 million, compared to AED 492.6 million made in the year ago period. We are pleased with our performance that comes amid continuous global economic uncertainty and pricing pressure on our core business prompted by shifting dynamics of the industry.

Over the course of the year, we strategically focused our efforts on upgrading our operations and deepening our commitment to building a digital infrastructure that enables a higher service level to customers, more efficient processes to handle strong growth in shipment volumes and partial mitigation of impacts from pricing pressure, especially in our express business. We invested heavily in the last mile operations, one of the most critical and competitive stages of the delivery journey. This has enabled us to become the leaders in last mile in our core markets.

Another key focus area for us during 2019 was the commercial transformation, a strategic step to accelerate the growth in our B2B business lines across different verticals such as fashion retail, telecommunications, manufacturing, chemicals and healthcare, to ensure higher diversification in our revenue mix.

Moving forward, we remain committed to enhancing our operational efficiencies and the overall customer experience through a number of strategic investments in ground operations and the latest digital technologies. We will be focused on accelerating our business transformation roadmap across different areas to realize higher synergies and lower cost of doing business on the ground. We will also accelerate the commercial restructuring process while prioritizing the B2B segment, to ensure we have a well-diversified revenue mix.

Worth noting here that the consolidated financial statements discloses related party transactions and balances in Note 34. All transactions are carried out as part of our normal course of business and in compliance with applicable laws and regulations. To the best of our knowledge, the consolidated financial statements fairly presents, in all material respects, the consolidated financial position, results of operation and consolidated cash flows of the Group as of, and for, the year ended 31 December 2019.

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

Sincerely yours,

A. Mazrui
Abdullah M. Mazrui
Chairman
Aramex PJSC

aramex (PJSC)
PO Box 95946, Dubai - UAE
ارامكس (ش م ع)

Bashar Obeid
Chief Executive Officer
Aramex PJSC

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

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INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF ARAMEX PJSC

Report on the audit of the consolidated financial statements

Opinion
In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Aramex PJSC (the "Company") and its subsidiaries (together referred to as the "Group") as at 31 December 2019, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

What we have audited
The Group's consolidated financial statements comprise:
- the consolidated statement of financial position as at 31 December 2019;
- the consolidated statement of income for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

Basis for opinion
We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence
We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the ethical requirements that are relevant to our audit of the consolidated financial statements in the United Arab Emirates. We have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

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

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

Our audit approach

Overview

Key audit matter
- Revenue recognition
- Impairment of goodwill
- Adoption of IFRS 16 - leases

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

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

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

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

Key audit matters (continued)

Key audit matter	How our audit addressed the key audit matter
Revenue recognition The Group focuses on revenues as a key performance measure and as a driver for growth and expansion. Due to the materiality of the amounts involved, diversity of the Group's geographical footprint, and susceptibility of such revenues to overstatement/ understatement and fraud risk, we assess revenue recognition as a key audit matter.	Our audit procedures performed in relation to revenue recognition include: • Considered the appropriateness and tested the consistency of the Group's revenue recognition policies; • Assessed the compliance of such policies with the applicable International Financial Reporting Standards; • Reviewed the control environment and tested internal controls over the completeness, accuracy and occurrence of revenue recognised; • Obtained a representative sample of transactions and tested their occurrence, accuracy and recognition; • Selected a sample of transactions before and after the year end to verify recognition in the current reporting period; • Performed substantive analytical procedures to identify inconsistencies and/or unusual movements during the year; and • Assessed the adequacy of the Group's disclosures in the consolidated financial statements in connection with revenue recognition.
Impairment of goodwill	
As at 31 December 2019, the Group has goodwill of AED 1,128 million (Note 8). As required by IAS 36 – Impairment of Assets, the Group is required to annually test goodwill for impairment. Management's assessment process is complex and highly judgemental, and is based on assumptions, specifically the discount rate and the growth rate estimates which are affected by expected future market or economic conditions. Any changes in assumptions could result in impairment of the goodwill. Accordingly, we consider goodwill impairment to be a key audit matter.	Our audit procedures performed in relation to the assessment impairment of goodwill include: • Involvement of PwC internal valuation experts to support us in assessing the assumptions and methodologies used by the Group, in particular, those relating to discount rates and forecasted revenue growth for the cash generating units; and • Assessing the adequacy of the disclosures about those assumptions, in the consolidated financial statements of the Group, to which the outcome of the impairment test is most sensitive, that is, those that have the most significant effect on the determination of the recoverable amount of goodwill.

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

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

Key audit matters (continued)

Key audit matter	How our audit addressed the key audit matter
Adoption of IFRS 16 – Leases The Group has adopted and applied the new principles and accounting policies as provided by IFRS 16 – 'Leases with effect from 1 January 2019, using modified retrospective approach where the lessee shall recognise the cumulative effect of initially applying this Standard as an adjustment at the transition date (1 January 2019). As at 31 December 2019, in the consolidated statement of financial position, the right of use assets are carried at AED 854 million which represents 15% of the total assets. Management's assessment process in determining the incremental borrowing rate and the extension/termination option is highly judgmental, and is based on management assumptions and business plans. In light of the new lease standard, the Group changed its accounting policy to account for the lease agreements (Note 2.24). The impact of the new standard adoption at the transition date is disclosed in (Note 41) of the consolidated financial statement.	Our audit procedures performed in relation to the adoption of IFRS 16 – Leases include: • Considered the appropriateness and tested the consistency of the Group's accounting policies for leases; • Assessed the compliance of such policies with the applicable International Financial Reporting Standards; • Verified on a sample basis, the accuracy of the lease data by agreeing the sample of lease data to the original contract and the assumptions used to determine the estimates are appropriate; • Used PwC internal specialist to assess on a sample basis that management's assessment on the incremental borrowing rate (IBR), lease term and the extension/termination options within lease contracts are appropriate; • Verified on a sample basis, the calculation of the lease liabilities and the right of use assets are appropriate; and • Assessed the adequacy of the Group's disclosures in the consolidated financial statements in connection with the right of use assets and related lease liabilities.

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

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

Other matter
The consolidated financial statements of the Group for the year ended 31 December 2018 were audited by another auditor, who expressed an unmodified opinion on those consolidated financial statements on 27 February 2019.

Other information
The directors are responsible for the other information. The other information comprises of the Report of the Directors' (but does not include the consolidated financial statements and our auditor's report thereon), which we obtained prior to the date of this auditor's report, and the Group's Annual Report, which is expected to be made available to us after the date of this auditor's report.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the Group's Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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Independent auditor's report to the shareholders of Aramex PJSC (continued)

Report on other legal and regulatory requirements

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

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

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

(iii) the Group has maintained proper books of account;

(iv) the financial information included in the Report of the Directors' is consistent with the books of account of the Group;

(v) Notes 12, 13, and 14 to the consolidated financial statements disclose the Group's investments in shares during the year ended 31 December 2019;

(vi) Note 34 to the consolidated financial statements discloses material related party transactions, and the terms under which they were conducted;

(vii) based on the information that has been made available to us, nothing has come to our attention which causes us to believe that the Group has contravened during the year ended 31 December 2019 any of the applicable provisions of the UAE Federal Law No. (2) of 2015 or in respect of the Company, its Articles of Association which would materially affect its activities or its consolidated statement of financial position as at 31 December 2019; and

(viii) as disclosed in Note 30 to the consolidated financial statements, the Group has made social contributions during the year ended 31 December 2019.

PricewaterhouseCoopers
1 March 2020

برايس ووترهاوس كوبرز
ص.ب: ١١٩٨٧
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P.O. Box 11987
Dubai, U.A.E.
PricewaterhouseCoopers

Rami Sarhan
Registered Auditor Number 1152
Abu Dhabi, United Arab Emirates

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 31 December 2019

	Notes	2019 AED'000	2018 AED'000
ASSETS			
Non-current assets			
Property, plant and equipment	6	**1,005,085**	949,715
Right of use assets	7	**854,112**	-
Goodwill	8	**1,128,337**	1,124,695
Other intangible assets	9	**214,241**	211,193
Investment in joint ventures and associates	12,13	**26,631**	22,856
Financial assets at fair value though other comprehensive income	14	**32,656**	53,787
Deferred tax assets	15	**7,359**	6,323
Other non-current assets		**5,536**	5,877
		3,273,957	2,374,446
Current assets			
Accounts receivable, net	16	**1,196,466**	1,140,664
Other current assets	17	**272,323**	352,512
Margins and bank deposits	18	**260,740**	9,554
Cash and cash equivalents	18	**739,318**	827,105
		2,468,847	2,329,835
TOTAL ASSETS		**5,742,804**	**4,704,281**
EQUITY AND LIABILITIES			
Equity			
Share capital	19	**1,464,100**	1,464,100
Statutory reserve	20	**367,095**	314,515
Foreign currency translation reserve	20	**(398,720)**	(371,217)
Reserve arising from acquisition of non-controlling interests	20	**(335,186)**	(324,745)
Reserve arising from other comprehensive income items	20	**272**	10,252
Retained earnings	21	**1,519,928**	1,316,764
Equity attributable to equity holders of the Parent		**2,617,489**	2,409,669
Non-controlling interests		**15,053**	22,137
Total equity		**2,632,542**	**2,431,806**
LIABILITIES			
Non-current liabilities			
Interest-bearing loans and borrowings	22	**157,636**	200,822
Lease liabilities	7	**673,020**	17,996
Employees' end of service benefits	23	**146,983**	140,167
Deferred tax liabilities	15	**49,515**	51,298
		1,027,154	410,283
Current liabilities			
Accounts payable	24	**266,814**	290,638
Lease liabilities	7	**189,849**	16,070
Bank overdrafts	25	**151,204**	120,463
Interest-bearing loans and borrowings	22	**582,510**	302,197
Employees' benefit liability	27	**-**	45,678
Income tax provision	15	**86,995**	66,325
Other current liabilities	26	**805,736**	1,020,821
		2,083,108	1,862,192
Total liabilities		**3,110,262**	2,272,475
TOTAL EQUITY AND LIABILITIES		**5,742,804**	4,704,281

To the best of our knowledge, the consolidated financial statements fairly presents, in all material respects, the consolidated financial position, results of operation and consolidated cash flows of the Group as of, and for, the year ended 31 December 2019.

Abdullah Al Mazrui
(Chairman)

Bashar Obeid
(Chief Executive Officer)

Nadia Abu Sara
(Chief Financial Officer)

The notes on pages 119 to 173 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF INCOME
For the year ended 31 December 2019

	Notes	2019 AED'000	2018 AED'000
Continuing operations			
Rendering of services	28	**5,245,540**	5,086,055
Cost of services *	29	**(2,467,557)**	(2,319,430)
Gross profit		**2,777,983**	2,766,625
Selling and marketing expenses		**(204,055)**	(207,823)
Net impairment loss on financial assets	16	**(28,999)**	(26,957)
Administrative expenses	30	**(884,663)**	(920,828)
Other operating expenses	31	**(1,014,904)**	(932,307)
Other income, net	32	**4,488**	5,986
Operating profit		**649,850**	684,696
Finance income		**12,133**	9,046
Finance expense		**(83,800)**	(27,649)
Share of results of joint ventures and associates	12,13	**4,470**	3,956
Loss on disposal of a joint venture	12	**-**	(45,665)
Profit before tax from continuing operations		**582,653**	**624,384**
Income tax expense	15	**(81,573)**	(100,393)
Profit for the year from continuing operations		**501,080**	523,991
Discontinued operations			
Profit after tax for the year from discontinued operations	11	**-**	811
Profit for the year		**501,080**	524,802
Attributable to:			
Equity holders of the Parent			
Profit for the year from continuing operations		**497,400**	492,148
Profit for the year from discontinued operations		**-**	487
		497,400	492,635
Non-controlling interests			
Profit for the year from continuing operations		**3,680**	31,843
Profit for the year from discounted operations		**-**	324
		3,680	32,167
		501,080	524,802
Earnings per share attributable to the equity holders of the Parent:			
Basic and diluted earnings per share from continuing operations	35	**AED 0.340**	AED 0.336

* Cost of services excludes salaries and benefits, vehicle running and maintenance, depreciation of property, plant and equipment, right of use assets and other expenses incurred for rendering of services which are presented under other operating expenses.

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME
For the year ended 31 December 2019

	Notes	2019 AED'000	2018 AED'000
Profit for the year		**501,080**	524,802
Other comprehensive income, net of tax:			
Other comprehensive income to be reclassified to the			
consolidated statement of income in subsequent periods:			
Gain on debt instruments at fair value through other comprehensive income	14	**733**	-
Exchange differences on translation of foreign operations		**(38,500)**	(69,034)
		(37,767)	(69,034)
Other comprehensive income not to be reclassified to the			
consolidated statement of income in subsequent periods:			
(Loss)/gain on equity instruments at fair value through			
other comprehensive income	14	**(7,152)**	10,252
Other comprehensive loss for the year, net of tax		**(44,919)**	(58,782)
Total comprehensive income for the year		**456,161**	466,020
Attributable to:			
Equity holders of the Parent		**463,478**	434,582
Non-controlling interests		**(7,317)**	31,438
		456,161	466,020

The notes on pages 119 to 173 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2019

	Share Capital AED'000	Statutory reserve AED'000	Foreign currency translation reserve AED'000	Reserve arising from acquisition of non controlling interests AED'000	Reserve arising from other comprehensive income items AED'000	Retained earnings AED'000	Total AED'000	Non-controlling interests AED'000	Total AED'000
For the year ended									
31 December 2019									
At 1 January 2019	1,464,100	314,515	(371,217)	(324,745)	10,252	1,316,764	2,409,669	22,137	2,431,806
Profit for the year	-	-	-	-	-	497,400	497,400	3,680	501,080
Other comprehensive loss	-	-	(27,503)	-	(6,419)	-	(33,922)	(10,997)	(44,919)
Total comprehensive income for the year	-	-	(27,503)	-	(6,419)	497,400	463,478	(7,317)	456,161
Directors' fees paid (Note 21)	-	-	-	-	-	(3,640)	(3,640)	-	(3,640)
Transfer of gain on disposal of equity investments at fair value through other comprehensive income to retained earnings	-	-	-	-	(4,026)	4,026	-	-	-
Dividends of subsidiaries	-	-	-	-	-	-	-	(2,053)	(2,053)
Non-controlling interests	-	-	-	-	-	-	-	2,286	2,286
Remeasurements of post-employment benefit obligations	-	-	-	-	465	(465)	-	-	-
Acquisition of non-controlling interest (Note 5)	-	-	-	(10,441)	-	-	(10,441)	-	(10,441)
Dividends to shareholders (Note 21)	-	-	-	-	-	(241,577)	(241,577)	-	(241,577)
Transfer to statutory reserve (Note 20)	-	52,580	-	-	-	(52,580)	-	-	-
At 31 December 2018	1,464,100	367,095	(398,720)	(335,186)	272	1,519,928	2,617,489	15,053	2,632,542

The notes on pages 119 to 173 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2019

	Share capital AED'000	Statutory reserve AED'000	Foreign currency translation reserve AED'000	Reserve arising from acquisition of non-controlling interests AED'000	Reserve arising from other comprehensive income items AED'000	Retained earnings AED'000	Total AED'000	Non-controlling interests AED'000	Total AED'000
For the year ended 31 December 2018									
At 1 January 2018	1,464,100	269,181	(302,912)	(43,584)	-	1,113,313	2,500,098	18,964	2,519,062
Impact on adoption of IFRS 9	-	-	-	-	-	(1,222)	(1,222)	267	(955)
At 1 January 2018 (restated)	1,464,100	269,181	(302,912)	(43,584)	-	1,112,091	2,498,876	19,231	2,518,107
Profit for the year	-	-	-	-	-	492,635	492,635	32,167	524,802
Other comprehensive (loss)/income	-	-	(68,305)	-	10,252	-	(58,053)	(729)	(58,782)
Total comprehensive income for the year	-	-	(68,305)	-	10,252	492,635	434,582	31,438	466,020
Directors' fees paid (Note 21)	-	-	-	-	-	(3,980)	(3,980)	-	(3,980)
Dividends of subsidiaries	-	-	-	-	-	-	-	(17,039)	(17,039)
Non-controlling interests	-	-	-	-	-	-	-	2,096	2,096
Acquisition of non-controlling interest (Note 5)	-	-	-	(281,161)	-	-	(281,161)	(13,589)	(294,750)
Dividends to shareholders (Note 21)	-	-	-	-	-	(238,648)	(238,648)	-	(238,648)
Transfer to statutory reserve (Note 20)	-	45,334	-	-	-	(45,334)	-	-	-
At 31 December 2018	**1,464,100**	**314,515**	**(371,217)**	**(324,745)**	**10,252**	**1,316,764**	**2,409,669**	**22,137**	**2,431,806**

The notes on pages 119 to 173 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 31 December 2019

	Notes	2019 AED'000	2018 AED'000
OPERATING ACTIVITIES			
Profit before tax from continuing operations		**582,653**	624,384
Profit before tax from discontinued operations	11	**-**	811
Profit before tax		**582,653**	625,195
Adjustment for:			
Depreciation of property, plant and equipment	6	**108,303**	116,305
Depreciation of right of use assets	7	**220,722**	-
Amortisation of other intangible assets	9	**4,294**	4,672
Provision for employees' end of service benefits	23	**28,109**	27,624
Net impairment loss on financial assets	16	**28,999**	26,957
Net finance expense		**24,706**	18,603
Finance costs – lease liability		**46,960**	-
Employees' benefit plan expense	27	**1,702**	15,803
Share of results of joint ventures and associates	12,13	**(4,470)**	(3,956)
Loss on sale of property, plant and equipment	32	**2,419**	17
Loss on disposal of the discontinued operations	11	**-**	109
Loss on disposal of a joint venture	12	**-**	45,665
		1,044,397	876,994
Working capital adjustments:			
Accounts receivable		**(128,801)**	(275,479)
Accounts payable		**(23,822)**	23,907
Other current assets		**13,279**	(50,371)
Other current liabilities		**81,630**	39,006
Net cash flows generated from operating activities before employees' end of service benefit, employees' benefit liability paid and income tax paid		**986,683**	614,057
Employees' end of service benefits paid	23	**(20,464)**	(26,658)
Employees' benefit plan paid	27	**(47,380)**	-
Income tax paid	15	**(58,923)**	(92,922)
Net cash flows generated from operating activities		**859,916**	494,477
INVESTING ACTIVITIES			
Purchase of property, plant and equipment	6	**(159,506)**	(171,432)
Proceeds from disposal of property, plant and equipment		**9,315**	3,530
Financial assets at fair value though other comprehensive income		**15,181**	-
Interest received		**12,133**	9,046
Net cash disposed from sale of a subsidiary	11	**-**	(235)
Acquisition of non-controlling interests		**(293,808)**	-
Purchase of intangible assets	9	**(6,856)**	-
Other non-current assets		**898**	(4,237)
Margin deposits		**(1,719)**	(631)
Fixed deposits		**(249,466)**	(3,314)
Loan granted to joint venture		**(557)**	-
Investments in joint ventures and associates		**752**	(1,426)
Dividends received from an associate		**-**	625
Proceeds from disposal of a joint venture	12	**-**	73,452
Net cash flows used in investing activities		**(673,633)**	(94,622)
FINANCING ACTIVITIES			
Interest paid		**(68,684)**	(27,649)
Proceeds from loans and borrowings		**734,518**	55,045
Repayment of loans and borrowings		**(448,380)**	(80,543)
Principal elements of lease payments		**(213,984)**	-
Dividends paid to non-controlling interests		**(1,728)**	(17,039)
Dividends paid to former shareholder	5	**(10,441)**	-
Non-controlling interests		**1,961**	2,671
Directors' fees paid		**(3,640)**	(3,980)
Dividends paid to shareholders		**(241,577)**	(238,648)
Net cash flows used in financing activities		**(251,955)**	(310,143)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		**(65,672)**	89,712
Net foreign exchange difference		**(52,856)**	(7,507)
Cash and cash equivalents at 1 January	18	**706,642**	624,437
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	18	**588,114**	706,642

Non-cash transaction: Non-cash transactions are disclosed in Note 42.

The notes on pages 119 to 173 form an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
At 31 December 2019

1. General information

Aramex PJSC (the "Parent Company" or "Company") was established as a Public Joint Stock Company on 15 February 2005 and is registered in the Emirate of Dubai, United Arab Emirates under the UAE Federal Law No 2 of 2015. The consolidated financial statements of the Company as at 31 December 2019 comprise the Parent Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities").

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

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

The Parent Company's registered office address is Building and Warehouse No. 3, Umm Rammool, Dubai, United Arab Emirates.

The consolidated financial statements was authorised for issue by the Board of Directors on 1 March 2020.

2. Summary of significant accounting polices

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

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

The consolidated financial statements have been prepared under a historical cost basis, except for financial assets at fair value through other comprehensive income at fair value and defined benefit pension plans that have been measured the present value of future obligations using the Projected Unit Credit Method. The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. Apart from the accounting policy changes resulting from the adoption of IFRS 16, Leases, effective from 1 January 2019, these policies have been consistently applied to all the periods presented. Refer to Notes 2.24, 7 and 41 for the application of IFRS 16. The principal accounting policies applied to leases until 31 December 2018 are disclosed in Note 2.24.

2.2. Changes in accounting policies

New and revised IFRS applied in the preparation of the consolidated financial statements

The following new and revised IFRS, which became effective for annual periods beginning on or after 1 January 2019, have been adopted in these consolidated financial statements. The application of these revised IFRS, except where stated, have not had any material impact on the amounts reported for the current and prior periods.

IFRS 16, 'Leases' - This standard replaces the current guidance in IAS 17 and is a far reaching change in accounting by lessees in particular. Under IAS 17, lessees were required to make a distinction between a finance lease and an operating lease. IFRS 16 now requires lessees to recognise a lease liability reflecting future lease payments and a 'right-of-use asset' for virtually all lease contracts. The IASB has included an optional exemption for certain short-term leases and leases of low-value assets; however, this exemption can only be applied by lessees.

For lessors, the accounting remains mainly unchanged. However, as the IASB has updated the guidance on the definition of a lease (as well as the guidance on the combination and separation of contracts), lessors will also be affected by the new standard. At the very least, the new accounting model for lessees is expected to impact negotiations between lessors and lessees. Under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The impact of the IFRS 16 on this consolidated financial statements of the Group has been disclosed in Note 41.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
At 31 December 2019

2. Summary of significant accounting polices (continued)

2.2. Basis of consolidation (continued)

(b) **Amendment to IFRS 9, 'Financial instruments' –** The amendment permits more assets to be measured at amortised cost than under the previous version of IFRS 9, in particular some prepayable financial assets. The amendment also confirms that modifications in financial liabilities will result in the immediate recognition of a gain or loss. The amendment did not have a material impact of the Group's consolidated financial statements.

(c) **IFRIC 23 Uncertainty over Income Tax Treatments –** The interpretation address the determination of taxable profit (tax loss) tax bases, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12. It specifically considers:

- Whether tax treatments should be considered collectively;
- Assumptions for taxation authorities;
- The determination of taxable profit (tax loss), tax bases, unused tax losses, and tax rates; and
- The effect of changes in facts and circumstances.

The interpretation did not have a material impact of the Group's consolidated financial statements.

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

The amendments also clarified that, in applying IFRS 9, an entity does not take account of any losses of the associate or joint venture, or any impairment losses on the net investment, recognised as adjustments to the net investment in the associate or joint venture that arise from applying IAS 28 Investments in Associates and Joint Ventures.

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

(e) IFRS 11 Joint Arrangements' - A party that participates in, but does not have joint control of, a joint operation might obtain joint control of the joint operation in which the activity of the joint operation constitutes a business as defined in IFRS 3.

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

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

New and revised IFRS issued but not yet effective and not early adopted

(a) Amendments to IFRS 3 - This amendment revises the definition of a business. According to feedback received by the IASB, application of the current guidance is commonly thought to be too complex, and it results in too many transactions qualifying as business combinations.

This standard will be effective for annual periods beginning on or after 1 January 2022.

(b) Amendments to IAS 1 and IAS 8 - These amendments to IAS 1, 'Presentation of financial statements', and IAS 8, 'Accounting policies, changes in accounting estimates and errors', and consequential amendments to other IFRSs: i) use a consistent definition of materiality throughout IFRSs and the Conceptual Framework for Financial Reporting; ii) clarify the explanation of the definition of material; and iii) incorporate some of the guidance in IAS 1 about immaterial information.

This standard will be effective for annual periods beginning on or after 1 January 2022.

The Group is currently assessing the impact of these standards, and amendments on the future consolidated financial statements of the Group and intends to adopt them, if applicable, when they become effective.

2. Summary of significant accounting polices (continued)

2.3. Basis of consolidation

Subsidiaries

The consolidated financial statements comprise of the financial statements of the Company and its subsidiaries as at 31 December 2019 and 31 December 2018. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group:

- power over an investee,
- is exposed, or has rights, to variable returns from its involvement with the investee, and
- the ability to use its power over the investee to affect the amount of the investor's returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Group, other vote holders and other parties;
- rights raising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns and previous shareholders' meetings.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and/or ceases when the Group loses control over the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss of each component of other comprehensive income is attributable to the owners of the Group and to the non-controlling interests. Total comprehensive income of subsidiaries is attributable to the owners of the Group and to the non-controlling interest even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of the subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intragroup assets, liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Changes in the Group's ownership interest in existing subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to shareholders of the Parent.

When the Group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognised in consolidated statement of income. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified the consolidated statement of income.

2.4 Property, plant and equipment

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2019

2. Summary of significant accounting policies (continued)

2.4 Property, plant and equipment (continued)

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

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

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

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

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

* The leasehold improvements range represents the shorter between the lease term and the useful life of the asset.

2.5 Business combinations and goodwill

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:
- fair values of the assets transferred;
- liabilities incurred to the former owners of the acquired business;
- equity interests issued by the Group;
- fair value of any asset or liability resulting from a contingent consideration arrangement; and
- fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets with any acquisition-related costs are expensed as incurred.

The excess of the consideration transferred, amount of any non-controlling interest in the acquired entity, and acquisition-date fair value of any previous equity interest in the acquired entity over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in the consolidated statement of income as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value, with changes in fair value recognised in the consolidated statement of income.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2019

2. Summary of significant accounting policies (continued)

2.5 Business combinations and goodwill (continued)

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in the consolidated statement of income.

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

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

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

2.6 Other intangible assets

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

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

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

Intangible assets with finite lives are amortised over their economic lives which are between 1 to 15 years.

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

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

2. Summary of significant accounting policies (continued)

2.7 Investments in associates and joint arrangements

(i) Associates
Associates are all entities over which the Group has significant influence but not control or joint control. This is generally the case where the Group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting (Note 2.7 – iii), after initially being recognised at cost.

(ii) Joint arrangements
Under IFRS 11 Joint Arrangements investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement. The Group has only joint ventures.

Joint ventures
Interests in joint ventures are accounted for using the equity method (Note 2.7 – iii), after initially being recognised at cost in the consolidated statement of financial position.

(iii) Equity method

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

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

Where the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

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

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

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

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

2.8 Prepaid agency fees

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2019

2. Summary of significant accounting policies (continued)

2.9 Impairment of non-financial assets

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

Disclosures for significant assumptions	Note 4
Goodwill	Note 8
Other intangible assets	Note 9

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

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

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

Impairment losses of continuing operations, are recognised in the consolidated statement of income in expense categories consistent with the function of the impaired asset.

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

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

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

2.10 Cash and bank balances

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

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents includes cash on hand, deposits held with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2019

2. Summary of significant accounting policies (continued)

2.11 Accounts receivable

Accounts receivable are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

Accounts receivable are amounts due from customers for services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets. Accounts receivable are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the accounts receivable with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

The Group's accounts receivable are subject to the expected credit loss model. The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all accounts receivable. To measure the expected credit losses, accounts receivable have been grouped based on shared credit risk characteristics and the days past due.

Accounts receivable are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group, and a failure to make contractual payments for a period of greater than 365 days past due.

Impairment losses on accounts receivable are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

2.12 Financial assets

Financial assets are classified as follows:
- those to be measured subsequently at fair value (either through OCI or through profit or loss), and;
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in the consolidated statement of income or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

(a) Classification

(i) Investments at fair value through other comprehensive income
Investments at fair value through other comprehensive income, are those which are designated as such or do not qualify to be classified as designated at fair value through profit or loss or amortised cost. Investments at fair value through other comprehensive income include certain equity and debt instruments. These investments may be sold in response to needs for liquidity or changes in interest rates, exchange rates or equity prices. Financial assets at fair value through other comprehensive income comprise:

Equity securities which are not held for trading, and which the Group has irrevocably elected at initial recognition are recognised in this category. These are strategic investments and the Group considers this classification to be more relevant.

Debt securities where the contractual cash flows are solely principal and interest and the objective of the Group's business model is achieved both by collecting contractual cash flows and selling financial assets.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2019

2. Summary of significant accounting policies (continued)

2.12 Financial assets (continued)

(a) Classification (continued)

(ii) Financial assets at amortised cost

Financial assets at amortised cost are non-derivative financial assets with fixed or determinable payments. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period.

The Group classifies its financial assets as at amortised cost only if both of the following criteria are met:

- the asset is held within a business model whose objective is to collect the contractual cash flows, and
- the contractual terms give rise to cash flows that are solely payments of principal and interest.

(b) Initial recognition and subsequent measurement

The Group recognises on the trade date the regular way purchases and sales of financial assets which is the date on which the Group commits to purchase or sell the asset.

At initial recognition the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in the consolidated statement of income.

(i) Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in the consolidated statement of income and presented in other income. Impairment losses are presented as separate line item in the consolidated statement of income.

FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in the consolidated statement of income. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to the consolidated statement of income and recognised in other income. Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other income and impairment expenses are presented as separate line item in the consolidated statement of income.

FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in the consolidated statement of income and presented net within other income in the period in which it arises.

(ii) Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to the consolidated statement of income following the derecognition of the investment. Dividends from such investments continue to be recognised in the consolidated statement of income as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised in other income in the consolidated statement of income as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2019

2. Summary of significant accounting policies (continued)

2.12 Financial assets (continued)

(ii) Equity instruments (continued)

(c) Derecognition of financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised where:
- the Group's rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and
- either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

On disposal of equity investments, any related balance within the FVOCI reserve is reclassified to retained earnings.

2.13 Impairment and uncollectibility of financial assets

The Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For accounts receivable, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables, see Note 3.1 for further details.

2.14 Loans and borrowings and other financial liabilities

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

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

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance costs in the consolidated statement of income.

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

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

2.15 Accounts payable and accruals

These amounts represent unsettled liabilities for goods and services provided to the Group prior to the end of financial year. These amounts are unsecured and are usually paid within 60 days of the date of recognition. Trade and other payable are presented as current liabilities, except those whose payment is due after 12 months of the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2019

2. Summary of significant accounting policies (continued)

2.16 Provisions

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

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

2.17 Employees' end of service benefits

(i) Short-term obligations
Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the consolidated statement of financial position.

A provision is made for the estimated liability for employees' entitlement to annual leave and leave passage as a result of services rendered by eligible employees up to the reporting date. The provision relating to annual leave and leave passage is considered as a current liability.

(ii) Other long-term employee benefit obligations
In some countries, the Group also has liabilities for long service end of service benefits that are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. These obligations are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period, using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period of high-quality corporate bonds with terms and currencies that match, as closely as possible, the estimated future cash outflows. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in the consolidated statement of comprehensive income.

The provision for employees' end of service benefits, disclosed as a long-term liability, where their respective labour laws require providing indemnity payments upon termination of relationship with their employees. The provision relating to end of service benefits is disclosed as a non-current liability.

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

Cash-settled transactions
The cost of cash-settled transactions is measured initially at fair value at the grant date using a binomial model, further details of which are given in Note 27. This fair value is expensed over the period until the vesting date with recognition of a corresponding liability. The liability is remeasured to fair value at each reporting date up to, and including the settlement date, with changes in fair value recognised in employee benefits expense.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2019

2. Summary of significant accounting policies (continued)

2.18 Financial liabilities

Initial recognition and measurement

The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value and in the case of loans and borrowings fair value of the consideration received less directly attributable transaction costs.

The Group's financial liabilities include amounts lease liability, interest-bearing loans and borrowings and trade and other payables.

(a) Subsequent measurement
The measurement of financial liabilities depends on their classification as loans and borrowings:

After initial recognition, loans and borrowings are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in the consolidated statement of income when the financial liabilities are derecognised as well as through the amortisation process.

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

2.19 Social security

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

2.20 Revenue recognition

The Group recognises revenue from contracts with customers based on five step model as sets out in IFRS 15 - Revenue from contracts with customers:

- Step 1: Identify the contract(s) with a customer;
- Step 2: Identify the performance obligations in the contract;
- Step 3: Determine the transaction price;
- Step 4: Allocate the transaction price to the performance obligations in the contract; and
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

Revenue is measured based on the consideration to which the Group expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control of a product or service to a customer.

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2019

2. Summary of significant accounting policies (continued)

2.20 Revenue recognition (continued)

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

Express and shop 'n' ship services revenue
The Group provides courier and express to businesses and private customers. Delivery occurs when the packages have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the end user, and either the end user has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

Freight forwarding revenue
The Group transportation services to businesses and private customers. Delivery occurs when the packages have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the end user, and either the end user has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

Revenue from logistics and document storage services
The Group provides logistics and documentation storage services to customers. Delivery of service occurs when the contractual terms of agreement are satisfied, and either the end user has accepted the services in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

All the contracts and work orders include a single deliverable, and does not include an integration service and could not be performed by another party. It is therefore accounted for as a single performance obligation.

2.21 Interest income

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

2.22 Borrowing costs

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

2.23 Taxes

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2019

2. Summary of significant accounting policies (continued)

2.23 Taxes (continued)

Deferred tax

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

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

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

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

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

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

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

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

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

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

Sales tax

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2019

2. Summary of significant accounting policies (continued)

2.24 Leases

The Group leases various lands, buildings, warehouses and vehicles. Rental contracts are typically made for fixed periods of 6 months to 10 years, but may have extension options as described below.

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases containing immaterial non-lease component for which the Group is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets are not used as security for borrowing purposes.

From 1 January 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:
- Fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payment that are based on an index or a rate;
- Amounts expected to be payable by the lessee under residual value guarantees;
- The exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group:
- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received,
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group, which does not have recent third party financing, and
- makes adjustments specific to the lease, ie, term, country, currency and security.

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to the consolidated statement of income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right of use assets are initially measured at cost comprising the following:
- The amount of the initial measurement of lease liability.
- Any lease payments made at or before the commencement date less any lease incentives received.
- Any initial direct costs, and
- Restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2019

2. Summary of significant accounting policies (continued)

2.24 Leases (continued)

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in the consolidated statement of income. Short-term leases are leases with a lease term of 12 months or less.

Extension and termination options are included in a number of property and equipment leases across the Group. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor.

Previous accounting policy adopted for the year ended 31 December 2018

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

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

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

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

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

2.25 Cash dividend

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

2.26 Earnings per share

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

2.27 Discontinued operations

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2019

2. Summary of significant accounting policies (continued)

2.27 Discontinued operations (continued)

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

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

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

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

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

Or

- Is a subsidiary acquired exclusively with a view to resale

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

Additional disclosures are provided in Note 11. All other notes to the financial statements include amounts for continuing operations, unless otherwise mentioned.

2.28 Offsetting financial instruments

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

2.29 Fair value of financial instruments

The fair value of financial instruments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business on the consolidated statement of financial position date. For financial instruments where there is no active market, fair value is determined using valuation techniques. Such techniques may include using recent arm's length market transactions, reference to the current fair value of instruments that are substantially similar, discounted cash flow analysis or other valuation models.

2.30 Amortised cost of financial instruments

Amortised cost is computed using the effective interest method less any provision for impairment and principal repayment or discounts. The calculation takes into account any premium or discount on acquisition and includes transaction costs and fees that are an integral part of the effective interest rate.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2019

2. Summary of significant accounting policies (continued)

2.31 Current versus non-current classification

The Group presents assets and liabilities in the consolidated statement of financial position based on current/non-current classification. An asset as current when it is:
- Expected to be realised or intended to sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:
- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

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

2.32 Foreign currencies

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

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

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

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2019

3. Financial risk management

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign currency risk, price risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance as well as policies covering specific areas.

The Group's risk management is predominantly controlled by a central treasury and credit department under approved policies.

(a) Market risk

(i) Foreign currency risk

Foreign currency risk is the risk that the fair value of future cash flows of financial instruments will fluctuate because of changes in foreign currency exchange rates.

The Group is exposed to currency risk mainly on purchases and sales that are denominated in a currency other than the respective functional currencies of the Group entities, primarily the United States Dollar (USD), Euro (EUR), Egyptian Pound (EGP), Sterling (GBP), South African Rand (ZAR), Turkish Lira (TRY) and the Indian Rupee (INR). The currencies in which these transactions are primarily denominated are Euro, USD, ZAR, TRY and GBP. The Parent Company and a number of other Group entities' functional currencies are either the USD or currencies that are pegged to the USD. As a significant portion of the Group's transactions are denominated in USD, this reduces currency risk. The Group also has currency exposures to currencies that are not pegged to the USD.

Significant portion of the Group's trade payables and all of its foreign currency receivables, denominated in a currency other than the functional currency of the respective Group entities, are subject to risks associated with currency exchange fluctuation. The Group reduces some of this currency exposure by maintaining some of its bank balances in foreign currencies in which some of its trade payables are denominated.

The following table demonstrates the sensitivity to a reasonably possible change in the AED exchange rate, with all other variables held constant, of the Group's profit before tax (due to changes in the fair value of monetary assets and liabilities).

	Changes in currency rate to AED %	Effect on profit before tax AED'000
2019		
EUR	+10	(853)
INR	+10	442
GBP	+10	711
EGP	+10	(794)
TRY	+10	(138)
ZAR	+10	25
2018		
EUR	+10	2,083
INR	+10	(404)
GBP	+10	380
EGP	+10	408
TRY	+10	1,075
ZAR	+10	(13)

The effect of decreases in exchange rates are expected to be equal and opposite to the effects of the increases shown.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2019

3. Financial risk management (continued)

3.1 Financial risk factors (continued)

(a) Market risk (continued)

(i) Foreign currency risk (continued)

(ii) Price risk

The Group is not exposed to price risk because as the Group has not invested in listed securities.

(iii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group is exposed to interest rate risk on its interest bearing liabilities which carry variable interest rates (bank overdrafts, notes payable and term loans).

The Group in not exposed to interest rate risk on its interest bearing assets, as the term deposits are carry a fixed interest rate with the respective financial institutes.

The sensitivity analysis calculates the effect of a reasonably possible movement in the interest rate on the consolidated statement of income:

	2019 AED'000	2018 AED'000
Variable rate instruments		
+100 bps	(7,473)	(2,669)
- 100 bps	7,473	2,669

(b) Credit risk

The Group is exposed to credit risk, which is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to meet an obligation.

Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables. Individual risk limits are based on management's assessment on a case-by-case basis. The utilisation of credit limits is regularly monitored.

Risk management

The Group's policy is to place cash and cash equivalents with reputable banks and financial institutions.

The Group trades only with recognised, creditworthy third parties in addition to establishing credit limits for customers' balances. Receivable balances and credit limits are monitored on an ongoing basis with the result of discontinuing the service for customers exceeding certain limits for a certain period of time. The Group earns its revenues from a large number of customers spread across different geographical segments. However, geographically 65% percent of the Group's trade receivables are based in Middle East and Africa. Credit risks limited to the carrying values of financial assets in the consolidated statement of financial position.

At 31 December 2019 the Group had 5 customers (2018: 5 customers) that accounted for approximately 34% (2018: 37%) of all the receivables outstanding.

The Group's investments in debt instruments are considered to be low risk investments. The credit ratings of the investments are monitored for credit deterioration.

Security

For some receivables the Group may obtain security in the form of guarantees, deeds of undertaking or letters of credit which can be called upon if the counterparty is in default under the terms of the agreement.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2019

3. Financial risk management

3.1 Financial risk factors (continued)

(b) Credit risk (continued)

Risk management (continued)

Impairment of financial assets

The Group has three types of financial assets that are subject to the expected credit loss model:

- trade receivables,
- debt investments carried at FVOCI, and
- cash and bank balances

Trade receivables

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The loss allowance for trade receivables is based on assumptions about risk of default and expected loss rates.

The expected loss rates are based on the roll rates of receivables over a period of 12 quarter before 31 December 2019 or 1 January 2019 respectively and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current factors affecting the ability of the customers to settle the receivables.

On that basis, the loss allowance as at 31 December 2019 and 31 December 2018 was determined as follows for trade receivables:

	Between current - 90 days past due	Between 90 - 180 days past due	Between 180 - 270 days past due	Between 270 - 365 days past due	More than 365 days past due	Total
31 December 2019						
Expected loss rate	1%	12%	42%	50%	100%	8%
Gross carrying amount - trade receivables in AED'000	1,118,248	83,563	24,127	12,795	62,225	1,300,958
Expected credit loss in AED'000	15,778	10,076	10,053	6,360	62,225	104,492
Carrying amount in AED'000	1,102,470	73,487	14,074	6,435	-	1,196,466
31 December 2018						
Expected loss rate	2%	12%	45%	69%	79%	7%
Gross carrying amount - trade receivables in AED'000	1,070,829	75,412	20,491	22,350	36,793	1,225,875
Expected credit loss in AED'000	22,239	9,108	9,306	15,335	29,223	85,211
Carrying amount in AED'000	1,048,590	66,304	11,185	7,015	7,570	1,140,664

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2019

3. Financial risk management

3.1 Financial risk factors (continued)

(b) Credit risk (continued)

Impairment of financial assets (continued)

Trade receivables (continued)

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either but not limited to the following main criteria are generally not recoverable.

- when there is a breach of financial covenants by the counterparty; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above analysis, the Group considers that potential default may occur when a financial asset is more than 365 days after invoice issuance date unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Trade receivables are written off where there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group, and a failure to make contractual payments for a period of greater than 365 days past due.

Impairment losses on trade receivables are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

Debt investments carried at FVOCI

All of the entity's debt investments at FVOCI are considered to have low credit risk, and the loss allowance recognised during the year was therefore limited to 12 months' expected losses. Management consider 'low credit risk' for listed bonds to be an investment grade credit rating with at least one major rating agency. Other instruments are considered to be low credit risk where they have a low risk of default and the issuer has a strong capacity to meet its contractual cash flow obligations in the near term.

Cash and bank balances

While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents, the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions. Management aims to maintain flexibility in funding by keeping committed credit lines available.

The management is confident that the current assets are sufficient to cover the current liabilities of the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2019

3. Financial risk management

3.1 Financial risk factors (continued)

(c) Liquidity risk (continued)

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the reporting period to the contractual maturity date.

	Less than 3 months AED'000	3 - 12 months AED'000	Between 1 and 2 years AED'000	Between 2 and 5 years AED'000	Over 5 years AED'000	Total contractual cash flows AED'000	Carrying amount AED'000
31 December 2019							
Interest-bearing loans and borrowings	158,313	433,444	152,761	6,432	255	751,205	740,146
Lease liabilities	71,560	143,963	168,166	228,253	527,223	1,139,165	862,869
Bank overdrafts	151,894	-	-	-	-	151,894	151,204
Accounts payable and other current liabilities	1,131,250	-	-	-	-	1,131,250	1,131,250
	1,513,017	577,407	320,927	234,685	527,478	3,173,514	2,885,469
31 December 2018							
Interest-bearing loans and borrowings	148,990	165,852	55,021	153,481	1,758	525,102	503,019
Lease liabilities	5,237	12,938	13,484	5,659	-	37,318	34,066
Bank overdrafts	120,986	-	-	-	-	120,986	120,463
Accounts payable and other current liabilities	1,339,858	-	-	-	-	1,339,858	1,339,858
	1,615,071	178,790	68,505	159,140	1,758	2,023,264	1,997,406

3.2 Capital risk management

The Group's objectives when managing capital are to safeguard its ability to continue as a going concern in order to provide returns for its shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The gross debt to equity ratio increased following the adoption of IFRS 16 'Leases. Both net debt and gross assets increased following the recognition of right-of-use assets and lease liabilities on 1 January 2019. See Note 41 for further information.

Loan covenants
Under the terms of the major borrowing facilities, the Group is required to comply with the certain financial covenants. The Group has complied with these covenants as of the end of the reporting period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2019

3. Financial risk management

3.3 Fair value estimation

Fair values of financial instruments
The Group uses the following hierarchy for determining and disclosing the fair value of assets and liabilities by valuation technique:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2: Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.
Level 3: Techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

During the year ended 31 December 2019 and 2018, there are no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

As at 31 December 2019, items measured at fair value have been measured at level 3 valuation techniques for an amount of AED 32,656 thousand (2018: AED 53,787 thousand), the movement in level 3 is disclosed in Note 14.

Level 3 valuations are reviewed on a quarterly basis by the Group's valuation team. The valuation team considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques. In selecting the most appropriate valuation model the valuation team performs back testing and considers which model's results have historically aligned most closely to actual market transactions. In order to value level three equity investments, for the year ended 31 December 2019, the Group utilized the same approach as the prior year to obtain the recent transaction price as a fair value measurement of the investment.

4. Key estimates and judgments

Provision for expected credit losses of trade receivables
Measurement of ECLs is a significant estimate that involves determination methodology, models and data inputs. Details of ECL measurement methodology are disclosed in Note 3.1. The following components have a major impact on credit loss allowance: definition of default, probability of default ("PD"), exposure at default ("EAD"), and loss given default ("LGD"). The Group regularly reviews and validates the models and inputs of the models to reduce any differences between expected credit loss estimates and actual credit loss experience.

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type and rating, and coverage by letters of credit and other forms of credit insurance).

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

Useful lives of property and equipment
The Group's management determines the estimated useful lives of its property, plant and equipment for calculating depreciation. This estimate is determined after considering the expected usage of the asset or physical wear and tear. Management reviews the residual value and useful lives annually and future depreciation charge would be adjusted where the management believes the useful lives differ from previous estimates.

Goodwill impairment
The impairment test is based on the "value in use" calculation. These calculations have used cash flow projections based on actual operating results and future expected performance, refer to Note 8 for the additional key assumptions used in calculating the goodwill impairment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2019

4. Key estimates and judgments (continued)

Provision for tax

The Group reviews the provision for tax on a regular basis. In determining the provision for tax, laws of particular jurisdictions (where applicable entity is registered) are taken into account. The management considers the provision for tax to be a reasonable estimate of potential tax liability after considering the applicable laws and past experience.

End of service benefits

In determining the appropriate discount rate, management considers the interest rates of corporate bonds in the respective currency with at least AA rating, with extrapolated maturities corresponding to the expected duration of the defined benefit obligation. The underlying bonds are further reviewed for quality, and those having excessive credit spreads are removed from the population of bonds on which the discount rate is based, on the basis that they do not represent high quality bonds.

The mortality rate is based on publicly available mortality tables for the related countries. Future salary increases are based on expected future inflation rates for the respective country.

Useful lives of intangible assets with finite lives

The Group's management determines the estimated useful lives of its intangible assets with finite lives for calculating amortisation. This estimate is determined after considering the expected pattern of consumption of future economic benefits embodied in the asset. Management reviews the amortisation period and amortisation method for an intangible with a finite life at least each financial year end and future amortisation charges will be adjusted where the management believes the useful lives differ from previous estimates.

Intangible assets with indefinite lives

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable, refer to note 9 for the additional key assumptions used in calculating the impairment of the intangible assets with indefinite lives.

Lease extension, termination options and incremental borrowing rate

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). Potential future cash outflows exceeding the lease term have not been included in the lease liability because it is not reasonably certain that the leases will be extended (or not terminated).

The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee. During the year ended 31 December 2019, no significant events or significant change in circumstances occurred that caused the management to reassess the lease term.

Management has determined the IBR based on the rate of interest per territory that the Group would have to pay to borrow over similar borrowing characteristics for the respective Group entity. Accordingly, management has decided to use a discount rate depending the Group entities credit portfolio by making adjustments specific to the lease, (ie, term, country, currency and security) as the IBR for discounting future lease payments.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2019

5. Acquisition of non-controlling interests

1. Acquisition of Additional Interest in Aramex Tanzania Ltd. during 2018 –Tanzania

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

Following is a schedule of additional interest acquired in Aramex Tanzania Ltd. – Tanzania during the year ended 31 December 2018:

	AED'000
Waiver of debt to acquire additional non-controlling interests	1,017
Carrying value of the additional interest in Aramex Tanzania Ltd	488
Difference recognised as a reserve from acquisition of non - controlling interests	1,505

2. Acquisition of additional interest in Tal Saudi Arabia for Commerce and Contracts Co. Ltd. during 2018 - Tal Saudi Arabia

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

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

	AED'000
Consideration payable to non-controlling shareholders	244,796
Settlement of debt to acquire additional non-controlling interests	49,012
Subsequent dividends distribution for 2018 profits*	10,441
Less: carrying value of the additional interest in Tal Saudi Arabia for Commerce and Contracts Co. Ltd	(14,152)
Difference recognised as a reserve from acquisition of non-controlling interests	290,097

* During the year ended 31 December 2019, the Group paid an amount of AED 10,441 thousand to the former shareholder in connection with the above acquisition transaction which resulted an adjustment to the reserve arising from the acquisition of non-controlling interest.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2019

6. Property, plant and equipment

2019	Land AED'000	Leasehold improvements AED'000	Buildings AED'000	Furniture And fixtures AED'000	Warehousing racks AED'000	Office equipment AED'000	Computers AED'000	Vehicles AED'000	Capital work in progress AED'000	Total AED'000
Cost										
At 1 January 2019	85,600	103,743	531,121	44,026	90,854	206,560	282,625	141,665	41,747	1,527,941
Additions	56	23,717	36,926	4,842	17,795	41,925	35,429	13,183	29,633	203,506
Transfers	485	12,298	16,537	3,064	990	5,784	8,795	-	(47,953)	-
Disposal	-	(9,785)	-	(4,265)	(2,515)	(17,867)	(11,913)	(11,785)	-	(58,130)
Reclassification to Right of use assets	-	-	-	-	-	-	-	(61,463)	-	(61,463)
Exchange differences	1,674	(769)	2,666	(67)	1,160	697	1,101	772	-	7,234
At 31 December 2019	**87,815**	**129,204**	**587,250**	**47,600**	**108,284**	**237,099**	**316,037**	**82,372**	**23,427**	**1,619,088**
Depreciation:										
At 1 January 2019	-	59,108	107,368	26,270	37,532	113,764	149,025	85,159	-	578,226
Charge for the year	-	12,412	18,342	4,568	7,117	18,768	38,203	8,893	-	108,303
Disposals	-	(6,925)	-	(3,273)	(1,307)	(14,772)	(11,509)	(8,610)	-	(46,396)
Reclassification to Right of use assets	-	-	-	-	-	-	-	(28,264)	-	(28,264)
Exchange differences	-	(427)	474	(83)	328	499	731	612	-	2,134
At 31 December 2019	**-**	**64,168**	**126,184**	**27,482**	**43,670**	**118,259**	**176,450**	**57,790**	**-**	**614,003**
Net book value:										
At 31 December 2019	**87,815**	**65,036**	**461,066**	**20,118**	**64,614**	**118,840**	**139,587**	**24,582**	**23,427**	**1,005,085**

As at 31 December 2018, property, plant and equipment included vehicles with a net book value of AED 33.2 million that have been obtained under finance leases. As at 1 January 2019, the Group has adopted IFRS 16 and accordingly, have reclassified these assets to the right of use asset (Note 41).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2019

6. Property, plant and equipment (continued)

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2019

6. Property, plant and equipment (continued)

Depreciation charge for the year is allocated as follows:

	2019 AED'000	2018 AED'000
Administrative expense (Note 30)	**66,994**	71,645
Other operating expenses (Note 31)	**41,309**	44,660
	108,303	116,305

7. Leases

Right of use assets

	Land AED'000	Buildings AED'000	Equipment AED'000	Motor vehicles AED'000	Total AED'000
Cost:					
At the beginning of the year *	187,169	550,899	21,308	120,295	879,671
Additions	23,530	133,562	4,104	85,820	247,016
Reclassification	(1,344)	19,234	(17,890)	-	-
Disposals	-	(19,999)	(994)	(29,322)	(50,315)
Exchange differences	-	(3,834)	(220)	(20)	(4,074)
At the end of the year	209,355	679,862	6,308	176,773	1,072,298
Accumulated depreciation:					
At the beginning of the year*	-	-	-	28,264	28,264
Charge for the year	9,410	145,469	1,905	63,938	220,722
Reclassification	(1,344)	1,344	-	-	-
Disposals	-	(9,480)	(577)	(21,294)	(31,351)
Exchange rate difference	2	731	23	(205)	551
At the end of the year	8,068	138,064	1,351	70,703	218,186
Net book value:					
At 31 December 2019	201,287	541,798	4,957	106,070	854,112
At 1 January 2019	**187,169**	**550,899**	**21,308**	**92,031**	**851,407**

Depreciation charge for the year is allocated as follows:

	2019 AED'000	2018 AED'000
Administrative expense (Note 30)	**78,355**	-
Other operating expenses (Note 31)	**142,367**	-
	220,722	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2019

7. Leases (continued)

Lease liabilities

	Future minimum lease payments AED'000	Interest AED'000	Present value of minimum lease payments AED'000
2019			
Within one year	215,523	25,674	189,849
After one year	923,642	250,622	673,020
Total	**1,139,165**	**276,296**	**862,869**
2018			
Within one year	18,175	2,105	16,070
After one year	19,143	1,147	17,996
Total	**37,318**	**3,252**	**34,066**

* As at 31 December 2018, the Group only recognised lease assets and lease liabilities in relation to leases that were classified as 'finance leases' under IAS 17 Leases. The assets were presented in property, plant and equipment and the liabilities as part of the Group's borrowings. For adjustments recognised on adoption of IFRS 16 on 1 January 2019, please refer to Note 41.

Lease liabilities measured at present value were unwound during the year ended 31 December 2019 for an amount of AED 46,960 thousand where a portion amounting to AED 11,749 thousand was unpaid as of 31 December 2019.

8. Goodwill

	2019 AED'000	2018 AED'000
At 1 January	**1,124,695**	1,164,088
Exchange differences	**3,642**	(39,393)
At 31 December	**1,128,337**	1,124,695

The Group performed its annual impairment test on 31 December 2019 and 2018. The Group considers the relationship between its market capitalisation and its book value among other factors, when reviewing for indicators of impairment. As at 31 December 2019, the market capitalisation of the Group was above the book value of its equity. The recoverable amounts of the cash generating units have been determined based on a value in use calculation using cash flow projections from financial forecast approved by board of directors covering a five year period.

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

	2019 AED'000	2018 AED'000
Express shipping	**271,641**	268,189
Freight forwarding	**169,038**	166,891
Domestic shipping	**485,736**	487,624
Logistics	**75,392**	74,434
Documents storage	**117,343**	118,370
Publication and distribution	**9,187**	9,187
	1,128,337	1,124,695

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2019

8. Goodwill (continued)

Key assumptions used in value-in-use calculations and sensitivity to changes in assumptions

The calculation of the value-in-use is most sensitive to the following assumptions:

Transaction volumes – based on average annual growth rate over the five-year forecast period; based on past performance and management's expectations of market development. The terminal value was determined using the fifth year projections adjusted by incorporating the weighted average cost of capital (WACC) and the growth rate.

Discount rates – Discount rates represent the current market assessment of the risks specific to each cash generating unit, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Group and its operating segments and is derived from its WACC for the industry which ranges between 10.37% to 13.25% (2018: ranges between 9.7% to 12.8%). The WACC takes into account both debt and equity. The cost of equity is derived from the expected return on investment by the Group's investors. The cost of debt is based on the interest-bearing borrowings the Group is obliged to service. Segment-specific risk is incorporated by applying individual beta factors. The beta factors are evaluated annually based on publicly available market data. Adjustments to the discount rate are made to factor in the specific amount and timing of the future tax flows in order to reflect a pre-tax discount rate.

Growth rate estimates – Growth rate used of 3.3% (2018: 3.8%) is based on actual operating results and future expected performance based on current industry trends and including long-term inflation forecasts for each territory.

Sensitivity to changes in assumptions

Management believes that no reasonably possible change in any of the above key assumptions would cause the carrying value of the unit to materially exceed its recoverable amount.

9. Other intangible assets

Cost:	Customer lists and other intangible assets with definite useful life AED'000	Franchises with indefinite useful life* AED'000	Other intangible assets AED'000	Total AED'000
At 1 January 2018	67,459	191,153	-	258,612
Exchange differences	-	(10,389)	-	(10,389)
At 31 December 2018	67,459	180,764	-	248,223
Additions	-	-	6,856	6,856
Exchange differences	-	486	-	486
At 31 December 2019	**67,459**	**181,250**	**6,856**	**255,565**
Amortisation and impairment:				
At 1 January 2018	32,358	-	-	32,358
Amortisation	4,672	-	-	4,672
At 31 December 2018	**37,030**	**-**	**-**	**37,030**
Amortisation	4,294	-	-	4,294
At 31 December 2019	**41,324**	**-**	**-**	**41,324**
Net book value				
At 31 December 2019	**26,135**	**181,250**	**6,856**	**214,241**
At 31 December 2018	**30,429**	**180,764**	**-**	**211,193**

* Intangible assets acquired through a business combination. These assets have indefinite useful lives and are tested for impairment annually as they represent an operational system used by the Group entities which is considered to have indefinite useful life.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2019

9. Other intangible assets (continued)

The Group performed its annual impairment test on 31 December 2019 and 2018. The Group considers the relationship between its market capitalization and its book value among other factors, when reviewing for indicators of impairment. As at 31 December 2019, the market capitalization of the Group was above the book value of its equity. The recoverable amounts of the cash generating units have been determined based on a value in use calculation using cash flow projections from financial forecast approved by board of directors covering a five year period.

Key assumptions used in value-in-use calculations and sensitivity to changes in assumptions

The calculation of the value-in-use is most sensitive to the following assumptions:
Transaction volumes – based on average annual growth rate over the five-year forecast period; based on past performance and management's expectations of market development. The terminal value was determined using the fifth year projections adjusted by incorporating the weighted average cost of capital (WACC) and the growth rate.

Growth rate estimates – Growth rate used of 2.5% - 2.6% (2018: 2.5% - 2.6%) is based on actual operating results and future expected performance based on current industry trends and including long-term inflation forecasts for each territory.

Discount rates – Discount rates represent the current market assessment of the risks specific to each cash generating unit, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Group and its operating segments and is derived from its weighted average cost of capital (WACC) for the industry of 8.5% – 10.5% (2018: 9.4% – 9.5%). The WACC takes into account both debt and equity. The cost of equity is derived from the expected return on investment by the Group's investors. The cost of debt is based on the interest-bearing borrowings the Group is obliged to service. Segment-specific risk is incorporated by applying individual beta factors. The beta factors are evaluated annually based on publicly available market data. Adjustments to the discount rate are made to factor in the specific amount and timing of the future tax flows in order to reflect a pre-tax discount rate.

Sensitivity to changes in assumptions
Management believes that no reasonably possible change in any of the above key assumptions would cause the carrying value of the unit to materially exceed its recoverable amount.

10. Non-controlling interest

As at 31 December 2019 and 2018, there were no subsidiaries with material non-controlling interest to the Group.

11. Discontinued operation

Disposal of Aramex Botswana Limited
On 1 February 2018, the Group disposed of 100% of its interest in Aramex Botswana Limited. The cash outflows generated from the sale of the discontinued operation during 2018 have been presented in the consolidated statement of cash flows as part of the investing Aramex Botswana Limited segment is no longer presented in the segment note.

The results of Aramex Botswana Limited for the period are as follows:

	2018 AED '000
Rendering of services	145
Cost of services	(103)
Gross profit	**42**
Less: overheads	(138)
Operating loss	**(96)**
Add: other income	992
Less: expenses	(85)
Profit before tax	811
Income tax expense	-
Net profit	**811**

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At 31 December 2019

11. Discontinued operation (continued)

Disposal of Aramex Botswana Limited (continued)

The major classes of assets and liabilities of Aramex Botswana Limited as at 1 February 2018 are as follows:

	2018 AED '000
Assets	
Property, plant and equipment	387
Trade receivables	194
Other current assets	210
Cash and cash equivalents	235
	1,026
Liabilities	
Trade payables	221
Other current liabilities	375
Other non-current liabilities	321
	917
Net assets directly associated with the disposal group	109
Cash flow on sale:	
Consideration received	-
Cash included as cash and cash equivalents at 1 February 2018 in the statement of cash flows	(235)
Net cash outflow	(235)
The net cash flows incurred by Aramex Botswana Limited are as follows:	
Operating	32
Investing	(1)
Net cash outflow	31
Loss on disposal of discontinued operation:	
Consideration received	
Net assets directly associated with disposal group	(109)

12. Investment in joint ventures

The details of the investments in joint ventures are as follows:

	Ownership percentage		Country of incorporation	Nature of activity	Book value	
	2019 %	2018 %			**2019 AED'000**	2018 AED'000
Aramex Sinotrans Co. LTD	**50%**	50%	China	Express, freight and logistics services	**15,348**	11,453
Aramex Global Solutions*	**-**	-	Singapore	Express, freight and Domestic services	**-**	-
Others	**-**	-			**-**	-
					15,348	11,453

* During 2018, the Group disposed of its 60% interest in Aramex Global Solutions for a consideration of AED 73,452 thousand accordingly, a loss amounting to AED 45,665 thousand was recognised on the Group's consolidated statement of income.

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At 31 December 2019

12. Investment in joint ventures (continued)

The joint ventures are accounted for using the equity method in the consolidated financial statements.

Summarised financial information of the joint ventures, based on their IFRS financial statements, are set out below:

	2019			
	Aramex Sinotrans Co. LTD AED'000	Aramex Global Solutions AED'000	Others AED'000	Total AED'000
Non-current assets	**5,779**	**-**	**59,240**	**65,019**
Current assets*	**68,641**	**-**	**17,667**	**86,308**
Non-current liabilities	**(2,863)**	**-**	**(61,527)**	**(64,390)**
Current liabilities**	**(40,860)**	**-**	**(15,380)**	**(56,240)**
Equity	**30,697**	**-**	**-**	**30,697**
Proportion of the Group's ownership	**50%**	**-**		
Carrying amount of the investment	**15,348**	**-**	**-**	**15,348**

* The current assets of Aramex Sinotrans Co. Ltd include cash at banks amounted to AED 38,704 thousand, accounts receivable amounted to AED 22,120 thousand and other current assets amounted to AED 7,817 thousand.

** The current liabilities of Aramex Sinotrans Co. Ltd include, accruals amounted to AED 13,041 thousand, trade payables amounted to AED 19,064 thousand, other current liabilities amounted to AED 7,295 thousand, tax provisions amounted to AED 792 thousand and lease liability of AED 668 thousand.

	2018			
	Aramex Sinotrans Co. LTD AED'000	Aramex Global Solutions AED'000	Others AED'000	Total AED'000
Non-current assets	2,027	-	40,470	42,497
Current assets*	64,404	-	16,606	81,010
Non-current liabilities	-	-	(49,885)	(49,885)
Current liabilities**	(43,525)	-	(7,191)	(50,716)
Equity	22,906	-	-	22,906
Proportion of the Group's ownership	50%	-	-	-
Carrying amount of the investment	11,453	-	-	11,453

* The current assets of Aramex Sinotrans Co. Ltd include cash at banks amounted to AED 12,630 thousand, accounts receivable amounted to AED 47,329 thousand and other current assets amounted to AED 4,445 thousand.

** The current liabilities of Aramex Sinotrans Co. Ltd include, accruals amounted to AED 17,603 thousand, trade payables amounted to AED 23,226 thousand, other current liabilities amounted to AED 1,391 thousand and tax provisions amounted to AED 1,305 thousand.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2019

12. Investment in joint ventures (continued)

Summarised statement of profit or loss of the joint ventures:

	2019			
	Aramex Sinotrans Co. LTD AED'000	Aramex Global Solutions AED'000	Others AED'000	Total AED'000
Revenue	225,557	-	20,335	245,892
Cost of sale	(183,606)	-	(8,667)	(192,273)
Administrative expenses	(26,672)	-	(10,104)	(36,776)
Other expense	(2,227)	-	(2,031)	(4,258)
Profit/(loss) before tax	13,052	-	(467)	12,585
Income tax	(3,326)	-	-	(3,326)
Profit/(loss) for the year	9,726	-	(467)	9,259
Group's share of profit/(loss) for the year	4,863	-	(233)	4,630

	2018			
	Aramex Sinotrans Co. LTD AED'000	Aramex Global Solutions AED'000	Others AED'000	Total AED'000
Revenue	173,540	339,576	21,889	535,005
Cost of sale	(133,226)	(316,864)	(8,698)	(458,788)
Administrative expenses	(26,027)	(27,923)	(12,848)	(66,798)
Other (expense)/income	(531)	2,862	(1,296)	1,035
Profit before tax	13,756	(2,349)	(953)	10,454
Income tax	(1,297)	(3,405)	-	(4,702)
Profit/(loss) for the year	12,459	(5,754)	(953)	5,752
Group's share of profit/(loss) for the year	6,229	(3,453)	(776)	2,000

The joint ventures had no contingent liabilities or capital commitments as at 31 December 2019 and 2018.

13. Investment in associates

The details of the investments in associates were as follows:

	Ownership percentage		Country of incorporation	Nature of activity	Book value	
	2019 %	2018 %			2019 AED'000	2018 AED'000
Linehaul Express Australia Pty Ltd	26.4%	26.4%	Australia	Domestic services	138	216
WS One Investment LLC	25%	25%	UAE	Express services	10,483	10,715
Aramex Thailand Ltd	49%	49%	Thailand	Logistics and transportation	662	472
					11,283	11,403

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2019

13. Investment in associates (continued)

The associates are accounted for using the equity method in the consolidated financial statements. The following table illustrates the summarized financial information of the Group's investments in associates:

	2019			
	Linehaul Express Australia PTY Ltd AED'000	WS One Investment LLC AED'000	Aramex Thailand Ltd AED'000	Total AED'000
Non-current assets	565	25,397	392	26,354
Current assets	6,100	19,942	3,156	29,198
Non-current liabilities	-	(70)	(1,274)	(1,344)
Current liabilities	(6,142)	(3,337)	(924)	(10,403)
Equity	523	41,932	1,350	43,805
Proportion of the Group's ownership	26.4%	25%	49%	-
Group's share	138	10,483	662	11,283
Carrying amount of the investment	138	10,483	662	11,283

	2018			
	Linehaul Express Australia PTY Ltd AED'000	WS One Investment LLC AED'000	Aramex Thailand Ltd AED'000	Total AED'000
Non-current assets	5,847	20,868	1,371	28,086
Current assets	46	25,397	204	25,647
Non-current liabilities	(5,073)	(3,337)	(610)	(9,020)
Current liabilities	-	(70)	(1)	(71)
Equity	820	42,858	964	44,642
Proportion of the Group's ownership	26.4%	25%	49%	-
Group's share	216	10,715	472	11,403
Carrying amount of the investment	216	10,715	472	11,403

	2019			
	Linehaul Express Australia PTY Ltd AED'000	WS One Investment LLC AED'000	Aramex Thailand Ltd AED'000	Total AED'000
Revenue	29,650	-	6,845	36,495
Cost of sale	(28,761)	(925)	(3,787)	(33,473)
Administrative expenses	(1,176)	-	(2,978)	(4,154)
Other income	-	-	222	222
(Loss)/profit before tax	(287)	(925)	302	(910)
Income tax	-	-	-	-
(Loss)/profit for the year	(287)	(925)	302	(910)
Group's share of (loss)/profit for the year	(76)	(232)	148	(160)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2019

13. Investment in associates (continued)

	2018			
	Linehaul Express Australia PTY Ltd AED'000	WS One Investment LLC AED'000	Aramex Thailand Ltd AED'000	Total AED'000
Revenue	28,887	36,704	4,609	70,200
Cost of sale	(28,485)	(20,711)	(2,743)	(51,939)
Administrative expenses	(386)	(6,819)	(2,812)	(10,017)
Other income	-	-	248	248
Profit/(loss) before tax	16	9,174	(698)	8,492
Income tax	-	-	-	-
Profit/(loss) for the year	16	9,174	(698)	8,492
Group's share of profit/(loss) for the year	4	2,294	(342)	1,956

The associates had no contingent liabilities or capital commitments as at 31 December 2019 and 2018.

14. Financial assets at fair value through other comprehensive income

At 31 December 2019, the Group designated investments disclosed in the following table as equity and debt securities at FVOCI. The FVOCI designation was made because the investments are expected to be held for strategic purposes rather than with a view to profit on a subsequent sale, and there are no plans to dispose of these investments in the short or medium term.

	Ownership percentage				Book value	
	2019 %	2018 %	**Country of incorporation**	**Nature of activity**	**2019 AED'000**	2018 AED'000
Unquoted equity financial assets						
Grab a Grub Services Pvt Ltd	**-**	22.34	India	B2B logistics provider	**-**	12,805
What 3 Words Ltd	**2.04**	2.51	UK	Global addressing systems	**15,241**	15,241
Jamalon Inc.	**7.49**	9.73	British Virgin Islands	Online book retail	**6,481**	8,253
Flirtey Tech Pty Ltd.	**1**	1	USA	Drone Technology	**74**	74
Tu Share Pty Ltd	**4.21**	4.21	Australia	Courier service provider to small businesses	**6,630**	6,611
Mawarid Technology LLC	**1.56**	1.56	UAE	Technology Solutions	**-**	7,306
Unquoted equity financial assets						
Cell captive			South Africa	Insurance	**733**	-
Shippify Inc			USA	Food delivery	**1,102**	1,102
Gutechno Logistics Private Ltd			India	Local delivery solutions	**1,844**	1,844
Cash Basha			British Virgin Islands	Online shopping platform	**551**	551
					32,656	53,787

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2019

14. Financial assets at fair value through other comprehensive income (continued)

For equity instruments at fair value through OCI, gains and losses on these financial assets are never recycled to the consolidated statement of income. Dividends are recognised as other income in the consolidated statement of income when the right of payment has been established. Equity instruments designated at fair value through OCI are not subject to impairment assessment. During 2019 and 2018, the Group invested in and disposed of certain shares and securities for strategic and commercial purposes as shown in the following table:

	2019 AED'000	2018 AED'000
As at 1 January	**53,787**	41,766
Purchases	**-**	1,851
Disposals	**(15,181)**	-
Gain from revaluation of debt instruments	**733**	-
Net (loss)/gain from revaluation of equity instruments	**(7,152)**	10,252
Exchange differences	**469**	(82)
	32,656	53,787

15. Income tax

The major components of income tax expense for the years ended 31 December 2019 and 2018 are:

Consolidated statement of income

Consolidated income statement	2019 AED'000	2018 AED'000
Current income tax expense	**84,801**	103,510
Deferred tax	**(3,228)**	(3,117)
Income tax expense reported in the consolidated statement of income	**81,573**	100,393

Deferred tax relates to the following:	2019 AED'000	2018 AED'000
Provision for expected credit losses	**3,570**	3,661
Impact of adoption of IFRS 9	**-**	(7)
Provision for expected credit losses	**3,570**	3,654
Impact of adoption of IFRS 16	**2,270**	-
Depreciation	**(8,579)**	(8,141)
Employees' end of service benefits	**3,206**	4,738
Net operating losses carried forward	**2,399**	1,903
Intangible assets with indefinite useful life	**(51,945)**	(52,058)
Others	**6,923**	4,929
	(42,156)	(44,975)
Recognised as follows:		
As deferred tax assets	**7,359**	6,323
As deferred tax liabilities	**(49,515)**	(51,298)
	(42,156)	(44,975)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2019

15. Income tax (continued)

Reconciliation of deferred tax liability, net:

Reconciliation of deferred tax liability, net:	2019 AED'000	2018 AED'000
As of 1 January	**(44,975)**	(50,289)
Impact of adoption of IFRS 9	**-**	(7)
As of 1 January	**(44,975)**	(50,296)
Deferred tax assets	**3,228**	3,117
Foreign exchange	**(409)**	2,204
As of 31 December	**(42,156)**	(44,975)

Reconciliation between accounting profit and taxable profit:

Reconciliation between accounting profit and taxable profit:	2019 AED'000	2018 AED'000
Accounting profit before income tax	**582,653**	624,384
Non-deductible expenses	**17,461**	48,547
Taxable profit	**600,114**	672,931
Income tax expense reported in the consolidated statement of income	**81,573**	100,393
Effective income tax rate	**14.00%**	16.08%

Movements on income tax provision were as follows:

Movements on income tax provision were as follows:	2019 AED'000	2018 AED'000
At 1 January	**66,325**	58,834
Income tax expense for the year	**84,801**	103,510
Income tax paid	**(58,923)**	(92,922)
Foreign exchange	**(5,208)**	(3,097)
At 31 December	**86,995**	66,325

In some countries, the tax returns for certain years have not yet been reviewed by the tax authorities. In certain tax jurisdictions, the Group has provided for its tax exposures based on the current interpretation and enforcement of the tax legislation in the jurisdiction. However, the Group's management is satisfied that adequate provisions have been made for potential tax contingencies.

Aramex PJSC is registered in the United Arab Emirates of where there is a zero corporate income taxation. Income tax appearing in the consolidated statement of financial position represents the income tax provision of Group's subsidiaries as of 31 December.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2019

16. Accounts receivable

Movements on income tax provision were as follows:

	2019 AED'000	2018 AED'000
Accounts receivables	**1,300,958**	1,225,875
Less: allowance for expected credit losses	**(104,492)**	(85,211)
	1,196,466	1,140,664

Geographic concentration of trade receivables as of 31 December is as follows:

	2019 %	2018 %
Middle East and Africa	**68**	65
Europe	**8**	7
North America	**4**	3
Asia and others	**20**	25

As at 31 December 2019, trade receivables at nominal value of AED 104,492 thousand (2018: AED 85,211 thousand) were impaired. Movement on expected credit losses was as follows:

	2019 AED'000	2018 AED'000
At 1 January	**85,211**	63,263
Impact of adoption of IFRS 9	**-**	948
At 1 January	**85,211**	64,211
Charge for the year, net	**28,999**	26,957
Amounts written-off	**(6,885)**	(3,115)
Foreign exchange	**(2,833)**	(2,842)
At 31 December	**104,492**	85,211

See Note 3.1b on credit risk of trade receivables, which explains how the Group manages and measures credit quality of trade receivables that are neither past due nor impaired.

17. Other current assets

	2019 AED'000	2018 AED'000
Prepaid expenses	**43,290**	61,505
Advances to suppliers	**69,941**	83,555
Refundable deposits	**37,202**	38,556
Withholding tax	**29,607**	29,100
Other receivables *	**92,283**	139,796
	272,323	352,512

* As at 31 December 2019, the Group had other receivables amounting to AED 92,293 thousand (2018: 139,795 thousand) that mainly represent stationary, supplies and other accruals.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2019

18. Cash and bank balances

	2019 AED'000	2018 AED'000
Cash and cash equivalents	**739,318**	827,105
Margins and bank deposits *	**260,740**	9,554
	1,000,058	836,659

Long-term deposits are held with local and foreign banks. These are long-term in nature with an original maturity of more than three months at an effective interest rate ranging between 2.6% - 2.8% per annum (2018: 2.6% - 2.8% per annum).

Included in cash at banks are amounts totalling AED 581,975 thousand (31 December 2018: AED 452,971 thousand) of cash held at foreign banks abroad and amounts totalling approximately AED 192,513 (2018: AED 186,306 thousand) of cash on delivery collected by the Group on behalf of customers, the same balance was recorded as trade payable and other current liabilities on the consolidated statement of financial position.

* Margins and bank deposits consist of margin deposits of AED 7,960 thousand (2018: AED 6,241 thousand) and long-term deposits with maturities greater than 3 months of AED 252,780 thousand (2018: AED 3,313 thousand).

For the purpose of the statement of cash flow, cash and cash equivalents consist of:

	2019 AED'000	2018 AED'000
Cash and cash equivalents	**739,318**	827,105
Less: bank overdrafts (Note 25)	**(151,204)**	(120,463)
	588,114	706,642

19. Share capital

	2019 AED'000	2018 AED'000
Authorised, issued and paid up capital 1,464,100,000 ordinary shares of AED 1 each (2018: 1,464,100,000 ordinary shares of AED 1 each)	**1,464,100**	1,464,100

20. Reserves

Statutory reserve

In accordance with the Company's Articles of Association and the UAE Federal Law No. (2) of 2015, 10% of the net profit for each year is required to be transferred to a statutory reserve. Such transfers may be ceased when the statutory reserve equals half of the paid-up share capital of the applicable entities. This reserve is non-distributable except in certain circumstances. The consolidated statutory reserve reflects transfers made post-acquisition for subsidiary companies together with transfers made by the Parent Company. It does not, however, reflect the additional transfers to the consolidated statutory reserves which would be made if the retained post-acquisition profits of the subsidiaries were distributed to the Parent Company.

Foreign currency translation reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of the consolidated financial statements of foreign subsidiaries.

Reserve arising from acquisition of non-controlling interests

The reserve represents the difference between the consideration paid to acquire non-controlling interests and the carrying amount of those interests at the date of acquisition.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2019

20. Reserves (continued)

Reserve arising from other comprehensive income items

Reserve arising from other comprehensive income items comprise of the following reserves:

Fair value reserve of financial assets at fair value through other comprehensive income

The fair value reserve of financial assets at fair value though other comprehensive income is used to record the differences arising from the fair valuation of the Group's financial assets at fair value through other comprehensive income.

	2019 AED'000	2018 AED'000
At 1 January	**10,252**	-
Net (loss)/gain from revaluation	**(6,419)**	10,252
Transfer of gain on disposal of equity investments at fair value through other comprehensive income to retained earnings	**(4,026)**	-
At 31 December	**(193)**	10,252

Remeasurements of post-employment benefit obligations

The remeasurements of post-employment benefit obligations is used to record the differences arising between the end of service benefits recorded in accordance with the local law requirements and the actuarial valuation performed at the end of the reporting period in accordance with IAS 19.

	2019 AED'000	2018 AED'000
At 1 January	**-**	-
Remeasurements of post-employment benefit obligations	**465**	-
At 31 December	**465**	-

21. Retained earnings

Dividends

At the Annual General Meeting of the shareholders held on 10 April 2019, the shareholders approved a cash dividend of 16.5% (dividends per share amount to AED 0.165) for the performance of the year ended 31 December 2018 (31 December 2017: cash dividend of 16.3% and dividends per share amount to AED 0.163) of the issued and paid up capital amounting to AED 1,464,100 thousands (31 December 2018: AED 1,464,100 thousands).

Directors' fees paid

Directors' fees of AED 3,640 thousand representing remuneration for attending meetings and compensation for professional services rendered by the directors for the year 2018 were paid in 2019 (2018: AED 3,980 thousand representing remuneration for attending meetings and compensation for professional services rendered by the directors for the year 2017 were paid in 2018).

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At 31 December 2019

22. Loans and borrowings

	2019 AED'000	2018 AED'000
Non-current		
Term loans (a)	**156,425**	199,944
Notes payable	**1,211**	878
	157,636	200,822
Current		
Term loans (a)	**579,944**	299,693
Notes payable	**2,566**	2,504
	582,510	302,197

(a) Term loans

Syndicated loan

On 23 April 2019, Aramex PJSC entered into a new 5 year revolving credit facility agreement with a syndicate of banks comprising of HSBC Bank Middle East Limited, CITIBANK, N.A, Emirates NBD Bank PJSC, First Abu Dhabi Bank PJSC and DBS Bank LTD (DIFC Branch). The rate of interest on each loan for each interest period is the percentage rate per annum which is aggregate of the applicable margin and LIBOR. The total limit of this facility is USD 200 million (equivalent to AED 735 million), the total balance utilized as at 31 December 2019, amounted to USD 150 million (equivalent to AED 551 million). The purpose of this facility is to fund capital expenditure and working capital requirements including permitted acquisitions. The loan is secured by corporate guarantee extended by Aramex PJSC, Aramex Abu Dhabi LLC, Aramex Emirates LLC, Aramex International LLC,Aramex Hong Kong, Limited, Aramex Int'l Egypt for Air & Local Services (Egypt) and Aramex Saudi Limited company

HSBC loan (1)

During 2016, Aramex Fastway entered into a 5 year term loan agreement with HSBC Bank Australia for a total amount of AED 108 million (AUD 39.6 million) bearing annual interest rate of AUD (BBSY) plus a margin of 1.5% p.a. The term loan is repayable in 20 consecutive quarterly instalments; the first instalment was due on 30 June 2016. The purpose of this facility is to finance new acquisitions. The loan is secured by corporate guarantee extended by Aramex PJSC.

HSBC loan (2)

During 2016, Aramex New Zealand entered into a 5 year term loan agreement with HSBC Bank New Zealand for a total amount of AED 115 million (NZD 44.2 million) bearing annual interest rate of NZD (BKBM) plus a margin of 1.5% p.a. The term loan is repayable in 20 consecutive quarterly instalments; the first instalment was due on 30 June 2016. The purpose of this facility is to finance new acquisitions. The loan is secured by corporate guarantee extended by Aramex PJSC.

There were several financial covenants attached to the interest-bearing loans and borrowings. The Group's subsidiaries complied with financial covenants as of 31 December 2019.

Others

Term loans also include a number of loans obtained by Group with a balance of AED 19 million to finance their operating activities. These loans carry interest at commercial rates, are repayable in regular installments and are subject to covenants consistent with the Group's borrowing policies. The loans are secured by corporate guarantees extended by various Group's subsidiaries.

The principal instalments payable after 2020 for long-term loans as of 31 December 2019 are as follows:

Year	AED'000
2021	**150,481**
2022	**2,359**
2023	**1,906**
2024 thereafter	**1,679**
	156,425

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23. Employees' end of services benefits

Movements on provision for employees' end of service benefits were as follows:

	2019 AED'000	2018 AED'000
Provision as at 1 January	**140,167**	140,553
Provided during the year (Note 33)	**28,109**	27,624
Paid during the year	**(20,464)**	(26,658)
Discontinued operations	**-**	(64)
Exchange differences	**(829)**	(1,288)
Provision as at 31 December	**146,983**	140,167

24. Accounts payable

Accounts payable mainly include payables to third party suppliers against invoices received from them for line haul, freight services, handling and delivery charges.

25. Bank overdrafts

The Group maintains overdrafts and lines of credit with various banks.

Aramex Tunisia has outstanding overdrafts from Citi Bank of AED 305 thousand as at 31 December 2019 (2018: AED 515 thousand) and with Arab Bank of AED 898 thousand as at 31 December 2019 (2018: AED 907 thousand).

Aramex Algeria SARL has outstanding overdrafts from Citi Bank of AED 11,559 thousand as at 31 December 2019 (2018: AED 8,351 thousand).

Aramex International LLC has outstanding overdrafts from HSBC of AED 51,416 thousand as at 31 December 2019 (2018: AED 62,434 thousand).

Aramex Special Logistics has outstanding overdraft from Citi Bank of AED 86,480 thousand as at 31 December 2019 (2018: AED 44,452 thousand).

Aramex Emirates LLC has outstanding overdrafts from Arab Bank of nil as at 31 December 2019 (2018: AED 3,804 thousand).

Aramex Kenya Limited has outstanding overdraft from Citibank of AED 546 thousand as at 31 December 2019 (2018: AED nil).

These overdraft facilities are secured by corporate guarantees extended by various Group's subsidiaries.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2019

26. Other current liabilities

	2019 AED'000	2018 AED'000
Accrued expenses	**402,158**	401,618
Deferred revenue	**28,296**	37,926
Sales tax and other taxes	**53,992**	44,104
Customers' deposits	**14,567**	10,402
Social security taxes payable	**7,271**	6,086
Claims	**27,924**	20,178
Consideration payable to non-controlling shareholders	**-**	293,808
Others *	**271,528**	206,699
	805,736	1,020,821

* As at 31 December 2019, the Group has had other liabilities related mainly to cash on delivery collected by the group on behalf of the customer, amounting to AED 192,513 thousand (2018: AED 132,400 thousand) (Note 18).

27. Employees' benefit liability

In February 2014, a total of 37,000,000 phantom shares were granted to senior executives under a long term incentive plan. The exercise price of the options of AED 3 was equal to the market price of Aramex shares on the date of grant. The fair value at grant date was estimated using the binomial pricing model, taking into account the terms and conditions upon which the options were granted. The contracted life of each option granted is six years. The awards will be settled in cash.

In 2015, the plan was modified but the number of phantom shares subject to the plan remained the same. The new plan has non-market vesting conditions and variable exercise prices depending on the Group's performance. According to the modified plan, the value of exercise price will be based on achieved certain performance targets for the Group over the remaining three year period of the plan contractual life.

The Group settled in cash the employees' benefit liability during the first quarter of 2019.

Movements on provision for employees' benefits liability were as follows:

	2019 AED'000	2018 AED'000
At 1 January	**45,678**	29,875
Employees benefit plan expense for the year	**1,702**	15,803
Paid during the year	**(47,380)**	-
At 31 December	**-**	45,678

28. Rendering of services

	2019 AED'000	2018 AED'000
International express	**2,349,132**	2,272,688
Freight forwarding	**1,138,328**	1,163,756
Domestic express	**1,108,326**	1,051,319
Logistics	**354,953**	301,801
Publications and distribution	**11,364**	11,101
Others*	**283,437**	285,390
	5,245,540	5,086,055

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At 31 December 2019

29. Cost of services

	2019 AED'000	2018 AED'000
International express	**953,658**	795,893
Freight forwarding	**875,222**	869,293
Domestic express	**478,897**	516,696
Logistics	**104,615**	81,424
Publications and distribution	**6,258**	5,718
Others	**48,907**	50,406
	2,467,557	2,319,430

During the year ended 31 December 2019 and 2018, the cost of services mainly included costs related to the line haul and subcontractors directly related to transportation of parcels.

30. Administrative expenses

	2019 AED'000	2018 AED'000
Salaries and benefits	**425,395**	444,050
Depreciation of right of use assets (Note 7)	**78,355**	-
Depreciation (Note 6)	**66,994**	71,645
Repairs and maintenance	**66,990**	48,530
Communication expenses	**53,957**	44,718
Professional fees	**36,783**	31,418
Travel expenses	**20,779**	24,640
Insurance and security	**20,106**	21,136
Government fees and taxes	**19,533**	19,089
Utilities	**14,246**	15,273
Entertainment	**8,504**	9,710
Printing and stationary	**7,055**	7,727
Vehicle running expenses	**4,239**	6,424
Corporate social responsibility*	**3,318**	2,983
Sponsorship	**191**	208
Rent	**-**	103,307
Others	**58,218**	69,970
	884,663	920,828

* These amounts are paid to accredited well-known institutions that management has reviewed individually and is comfortable that they comply with international ethical regulations.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2019

31. Other operating expenses

	2019 AED'000	2018 AED'000
Salaries and benefits	**599,094**	574,054
Depreciation of right of use assets (Note 7)	**142,367**	-
Vehicle running and maintenance	**74,472**	104,246
Depreciation (Note 6)	**41,309**	44,660
Government fees and taxes	**38,241**	37,458
Supplies	**36,999**	31,997
Communication expenses	**9,950**	8,958
Rent	**-**	71,048
Others	**72,472**	59,886
	1,014,904	932,307

32. Other income, net

	2019 AED'000	2018 AED'000
Exchange (loss)/gain	**(5,580)**	2,345
Loss on sale of property, plant and equipment	**(2,419)**	(17)
Miscellaneous income	**12,487**	3,658
	4,488	5,986

33. Staff costs

	2019 AED'000	2018 AED'000
Salaries and allowances	**1,156,884**	1,156,947
End of service benefits (Note 23)	**28,109**	27,624
Other employees' benefits	**17,033**	14,132
	1,202,026	1,198,703

Staff costs are allocated as follows:

	2019 AED'000	2018 AED'000
Administrative expenses (Note 30)	**425,395**	444,050
Selling expenses	**177,537**	180,599
Other operating expenses (Note 31)	**599,094**	574,054
	1,202,026	1,198,703

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2019

34. Related party transactions

Certain related parties (directors, officers of the Group and companies which they control or over which they exert significant influence) were suppliers of the Company and its subsidiaries in the ordinary course of business. Such transactions were made on substantially the same terms as with unrelated parties.

Transactions with related parties included in the consolidated statement of income are as follows:

	Companies controlled by the directors	
	2019 AED'000	2018 AED'000
Rent expense	**-**	1,157

Key management compensation
Compensation of the key management personnel, including executive officers, comprises the following:

	2019 AED'000	2018 AED'000
Salaries and other short term benefits	**14,112**	7,941
Board remuneration	**3,640**	3,980
End of service benefits	**147**	1,434
	17,899	13,355

Directors' fees paid were disclosed in Note 21.

Employees' benefit plan
Senior executives of the Group were granted phantom shares as detailed in Note 27.

Significant subsidiaries of the Group include:

Aramex Fastway Holdings PTY Ltd.
Aramex Jordan Ltd.
Aramex India Private Limited, India
Aramex International Egypt for Air and Local services (S.A.E), Egypt
Aramex Bahrain S.P.C
Aramex Emirates LLC, UAE
Aramex Ireland Limited
Aramex South Africa PTY Ltd.
Aramex Hong Kong Limited
Aramex Saudi Limited Company
Aramex International Hava Kargo Ve Kerye Anonim Sirketi
Aramex International Logistics Private Ltd.
Aramex (UK) Limited

All of the above subsidiaries are 100% owned by the Parent Company.

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At 31 December 2019

34. Related party transactions (continued)

The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year in the normal course of business. The outstanding balances as at 31 December 2019 and 2018, are included in Notes 16 and 24:

		Sales to related parties AED'000	Cost from related parties AED'000	Amounts owed by related parties* AED'000	Amounts owed to related parties** AED'000
Associates:	**2019**	**662**	**1,647**	**-**	**586**
	2018	468	1,127	-	193
Joint ventures in which the parent is a venture:	**2019**	**75,444**	**1,176**	**24,519**	**4,919**
	2018	51,491	1,258	19,408	2,747
Companies controlled by directors and shareholders:	**2019**	**145,601**	**-**	**32,804**	**6,892**
	2018	143,583	-	26,744	3,053

* These amounts are classified as accounts receivable.
** These amounts are classified as accounts payable.

35. Earnings per share

	31 December 2019	31 December 2018
Profit attributable to shareholders of the Parent (AED'000)		
Profit for the year from continuing operations	**497,400**	492,148
Profit for the year from discontinued operations	**-**	487
	497,400	492,635
Weighted average number of shares during the year (shares)	**1,464 Million**	1,464 Million
Basic and diluted earnings per share from continuing operations (AED)	**0.340**	0.336

As of 31 December 2019, basic and diluted earnings per share from discontinued operations amounted to nil (2018: AED nil).

36. Operating lease commitments

The future aggregate minimum lease payments under non-cancellable operating leases for the investment properties' land are as follows:

	2019 AED'000	2018 AED'000
Within one year	**-**	164,969
After one year but not more than five years	**-**	278,258
More than five years	**-**	257,528
	-	700,755

The Group has implemented IFRS 16 as at 1 January 2019, and therefore, the above non-cancellable operating leases have become rights of use assets as per the requirements of the standard.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2019

37. Segmental information

For management purposes, the Group is organised into five operating segments:
- International express: includes delivery of small packages across the globe to both, retail and wholesale customers.
- Freight forwarding: includes forwarding of loose or consolidated freight through air, land and ocean transport, warehousing, customer clearance and break-bulk services.
- Domestic express: includes express delivery of small parcels and pick up and deliver shipments within the country.
- Logistics: includes warehousing and its management distribution, supply chain management, inventory management as well as other value-added services.
- Other operations: includes catalogue shipping services, document storage, airline ticketing and travel, visa services, and publication and distribution.

Management monitors the operating results of the operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on gross profit.

Transfer prices between operating segments are on an arm's (length basis in a manner similar to transactions with third parties.

The following table presents revenue and profit information for each of the Group's operating segments for the years ended 31 December 2019 and 2018, respectively.

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At 31 December 2019

37. Segmental information (continued)

	International express AED'000	Freight forwarding AED'000	Domestic express AED'000	Logistics AED'000	Others AED'000	Elimination AED'000	Total AED'000
Year ended 31 December 2019							
Revenue							
Third party	**2,349,132**	**1,138,328**	**1,108,326**	**354,953**	**294,801**	**-**	**5,245,540**
Inter-segment	**1,012,352**	**267,200**	**1,045**	**6,982**	**14,315**	**(1,301,894)**	**-**
Total revenues	**3,361,484**	**1,405,528**	**1,109,371**	**361,935**	**309,116**	**(1,301,894)**	**5,245,540**
Timing of revenue recognition							
Goods transferred at a point in time	**3,361,484**	**1,405,528**	**1,109,371**	**361,935**	**241,806**	**(1,301,894)**	**5,178,230**
Services transferred overtime	**-**	**-**	**-**	**-**	**67,310**	**-**	**67,310**
Total revenues from contracts with customers	**3,361,484**	**1,405,528**	**1,109,371**	**361,935**	**309,116**	**(1,301,894)**	**5,245,540**
Gross profit	**1,395,475**	**263,106**	**629,429**	**250,338**	**239,635**	**-**	**2,777,983**
Year ended 31 December 2018							
Revenue							
Third party	2,272,688	1,163,756	1,051,319	301,801	296,491	-	5,086,055
Inter - segment	892,255	238,687	1,369	6,307	17,719	(1,156,337)	-
Total revenues	3,164,943	1,402,443	1,052,688	308,108	314,210	(1,156,337)	5,086,055
Timing of revenue recognition							
Goods transferred at a point in time	3,164,943	1,402,443	1,052,688	308,108	245,926	(1,156,337)	5,017,771
Services transferred overtime	-	-	-	-	68,284	-	68,284
Total revenues from contracts with customers	3,164,943	1,402,443	1,052,688	308,108	314,210	(1,156,337)	5,086,055
Gross profit	1,476,795	294,464	534,623	220,378	240,365	-	2,766,625

Transactions between stations are priced at an arm's length basis. All material intra group transactions have been eliminated on consolidation. The Group does not segregate assets and liabilities by business segments and, accordingly, such information is not presented.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2019

37. Segmental information (continued)

Geographical segments

The business segments are managed on a worldwide basis, but operate in four principal geographical areas, Middle East and Africa, Europe, North America, Asia and others. In presenting information on the geographical segments, segment revenue is based on the geographical location of customers. Segments assets are based on the location of the assets.

Revenues, assets and liabilities by geographical segment are as follows:

	2019 AED'000	2018 AED'000
Revenues		
Middle East and Africa	**3,185,209**	3,079,972
Europe	**556,665**	578,887
North America	**203,304**	140,570
Asia and others	**1,300,361**	1,286,626
	5,245,539	5,086,055
Assets		
Middle East and Africa	**4,072,466**	3,376,583
Europe	**464,800**	411,935
North America	**143,290**	64,185
Asia and others	**1,062,248**	851,578
	5,742,804	4,704,281
Non - current assets*		
Middle East and Africa	**1,548,449**	924,424
Europe	**95,853**	59,120
North America	**50,742**	5,776
Asia and others	**437,681**	248,231
	2,132,725	1,237,551
Liabilities		
Middle East and Africa	**2,266,702**	1,688,909
Europe	**130,037**	89,020
North America	**60,682**	16,428
Asia and others	**652,838**	478,118
	3,110,259	2,272,475

* Non-current assets for this purpose consist of property, plant and equipment, other intangible assets, right of use assets, financial assets at fair value through other comprehensive income and investments in joint ventures and associates. Goodwill is allocated to business segments (Note 8).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2019

38. Commitments and contingencies Geographical segments

Guarantees

	2019 AED'000	2018 AED'000
Letters of guarantee	**146,348**	121,922

Capital commitments

As at 31 December 2019, the Group has capital commitments of AED 40.1 million (2018: AED 30.7 million) towards purchase/construction of property, plant and equipment.

Legal claims contingency

The Group is a defendant in a number of lawsuits amounting to AED 136,454 thousand representing legal actions and claims related to its ordinary course of business (2018: AED 24,128 thousand). The management and its legal advisors believe that the provision recorded of AED 11,182 as of 31 December 2019 is sufficient to meet the obligations that may arise from the lawsuits (2018: AED 11,199 thousand).

39. Financial instruments by category

	2019 AED'000	2018 AED'000
Financial assets at fair value though other comprehensive income		
Equity instruments	**28,426**	**50,290**
Debts instruments	**4,230**	3,497
	32,656	53,787
Financial assets at amortised cost		
Trade and other receivables (excluding prepayment, advances to suppliers and withholding tax)	**1,325,951**	1,319,016
Margins and bank deposits	**260,740**	9,554
Cash and cash equivalence	**739,318**	827,105
	2,326,009	2,155,675
Financial liabilities at amortised cost		
Bank overdrafts	**151,204**	120,463
Lease liabilities	**862,869**	34,066
Interest-bearing loans and borrowings	**740,146**	503,019
Trade and other payables (excluding deferred revenue)	**1,131,250**	1,339,858
	2,885,469	1,997,406

For the purpose of financial instruments disclosure, non-financial assets amounting to AED 142,837 thousand (2018: AED 174,160) have been excluded from trade and other receivables. Non-financial liabilities amounting to AED 28,296 thousand (2018: AED 37,926) have been excluded from trade and other payables.

The fair values of the Group's financial assets and financial liabilities carried at amortised cost at the end of reporting period approximate their carrying values. The fair values of the Group's loans and borrowings approximate the carrying amount, as the interest on the borrowings are provided based on the market rates.

40. Reclassification of comparative figures

Comparative figures were reclassified to match the current presentation of the consolidated financial statements. Management believes that the current presentation provides more meaningful information to the readers of the consolidated financial statements. The net impact on the consolidated statements of income, comprehensive income and cash flows is nil.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2019

41. Changes in accounting policies

This note explains the impact of the adoption of IFRS 16 Leases on the Group's financial statements.

The Group has adopted IFRS 16 Leases retrospectively from 1 January 2019, but has not restated comparatives for the 2018 reporting period, as permitted under the specific transition provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening consolidated statement of financial position on 1 January 2019. The new accounting policies are disclosed in Note 2.24.

IFRS 16 replaces IAS 17, which covers accounting for finance and operating leases. As of 31 December 2018, the Group only recognised lease liabilities in relation to leases that were classified as 'finance leases' under IAS 17.

On adoption of IFRS 16, the Group has recognised lease liabilities and associated right of use assets in relation to contracts that have been concluded as leases under the principles of IFRS 16. The liabilities were measured at the present value of the remaining lease payments, discounted using the incremental borrowing rate as of 1 January 2019. The associated right of use assets are measured at the amount equal to the lease liability, adjusted by the amount of any prepayments and accrued lease liabilities relating to that lease recognised in the consolidated statement of financial position as at 1 January 2019.

The Group has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the Group relied on its assessment made applying IAS 17 and Interpretation 4 Determining whether an Arrangement contains a Lease.

The following table shows reconciliation of operating commitments and finance lease liabilities under IAS 17 to lease liability under IFRS 16 as on 1 January 2019:

	1 January 2019 AED "000"
Operating lease commitments disclosed as at 31 December 2018 (Note 36)	**700,755**
Discounted using the Group's incremental borrowing rate	**(86,013)**
Add: finance lease liabilities recognised as at 31 December 2018	**34,066**
(Less): short-term leases recognised on a straight-line basis as expense	**(5,333)**
Add: adjustments as a result of a different treatment of extension the termination options	**198,373**
Add: adjustments relating to changes in the index or rate affecting variable payments	**10,441**
Lease liability recognised as at 1 January 2019	**852,289**
Of which are: Current lease liabilities	**187,808**
Non-current lease liabilities	**664,481**

The change in accounting policy affected the following items in the consolidated statement of financial position on 1 January 2019*:

	1 January 2019 AED "000"
Property and equipment - decreased by	**(33,182)**
Right of use assets - increased by	**851,407**
Prepayments - decreased by	**(17,662)**
Other liabilities and accruals - decreased by	**(16,527)**
Lease liabilities - increased by	**(817,090)**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At 31 December 2019

41. Changes in accounting policies (Continued)

In applying IFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:
- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics;
- the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application;
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease; and
- the election, by class of underlying asset, not to separate non-lease components from lease components, and instead account for each lease component and any associated non-lease components as a single lease component.

* The aforementioned change in the accounting policy for IFRS 16 represents a non-cash transaction excluded from cash flow statements for year ended 31 December 2019 (Note 42).

IFRS16 impact on segment disclosures and earnings per share

Adjusted EBITDA, segment assets and segment liabilities for December 2019 all increased as a result of the adoption of IFRS 16 and the related change in accounting policy.

The following segments were affected by the change in policy:

	Impact on EBITDA AED "000"	Segment assets AED "000"	Segment liabilities AED "000"
Middle East and Africa	146,718	600,071	591,148
Europe	12,897	43,078	45,183
North America	6,188	25,893	28,056
Asia and others	41,158	185,070	198,482
	206,961	854,112	862,869

Earnings per share decreased by AED 0.006 per share for the year ended 31 December 2019.

During the year ended 31 December 2019, there was no impact on the gross profit related to IFRS 16 adoption.

42. Non-cash transactions

	2019 AED'000	2018 AED'000
Right of use assets (i)	**851,407**	-
Lease liability (i)	**817,090**	-
Unwinding lease liability (ii)	**11,749**	778
Disposal of right of use assets (Note 7)	**18,964**	-
Property and equipment (iii)	**44,000**	-
Accrued interest on borrowings	**3,367**	148
Settlement of debt and other current assets to acquire additional non-controlling interests (Note 5)	**49,012**	-

(i) Upon the adoption of IFRS 16, right of use asset was measured at the amount equal to the lease liability of AED 817,090 thousand, adjusted by the amount of prepayments of AED 17,662 thousand, other liabilities and accruals of AED 16,527 thousand and the net book value of the finance lease previously recognised under IAS 17 amounting to AED 33,182 thousand totalling to the right of use asset of AED 851,407 thousand at the date of adoption (Note 41).

(ii) After the adoption of IFRS 16, lease liability measured at present value was unwound during the year ended 31 December 2019 where a portion amounting to AED 11,749 thousand was unpaid as of 31 December 2019.

(iii) During the year ended 31 December 2019, the Group had received non-cash consideration from a customer as settlement of trade receivables for an amount measured at fair value amounting to AED 44,000 thousand.

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