Aramex Annual Report 2017

aramex
delivery unlimited

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About Aramex

About Aramex

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

Our 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.

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.

We currently have business operations in over **604 cities** across **73 countries** worldwide and employ **over 17,170** professionals. Factoring in the **40 alliances** we have with leading international express and logistics providers, as part of the Global Distribution Alliance (GDA), our network expands to more than **12,000 offices** and **66,000 employees** across **240 countries.**

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. By acquiring or partnering with domestic-focused logistics companies that have strong local networks, 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"** platform is active in over **140 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 operation

Significant areas of operation

Sustainability coverage

Algeria
Australia
Azerbaijan
Bahrain
Bangladesh
Bermuda
Botswana
Bulgaria
Cambodia
Canada
China
Comoros
Cyprus
Czech Republic
Egypt
Eritrea
Ethiopia
France
Georgia
Germany
Ghana
Great Britain
Hong Kong
India
Indonesia
Iran
Iraq
Ireland
Jordan
Kenya
KSA
Kurdistan
Kuwait
Lebanon
Libya
Liechtenstein
Madagascar
Malaysia
Maldives
Malta
Mauritius
Mayotte
Monaco
Morocco
Nepal
Netherlands
New Zealand
Nigeria
Oman
Palestine
Qatar
Réunion
Seychelles
Singapore
Slovakia
South Africa
Sri Lanka
Sudan
Switzerland
Syria
Tanzania
Thailand
Tunisia
Turkey
UAE
Uganda
UK
Ukraine
USA
Vietnam

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About Sustainability And This Report

About Sustainability and This Report

We are pleased to share with you our 8th Integrated Report and 12th Sustainability Report. Evident since our founding, we have continued to lead our sector and the region in sustainability through constantly improving, innovating, and strategizing our approach. Our core values have always been the engine of our sustainability, driving us to invest in, and empower our people, enhance customer experience and encourage innovation and entrepreneurship, and always opt for socially and environmentally responsible practices

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

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

This year is the second year in which we are reporting according to the Global Reporting Initiative (GRI) Standards. We continue to be pioneers in the transition to these Standards, which we hope will enable us to continue enhancing our sustainability efforts in a more effective, stakeholder-focused and comprehensive manner. In addition to continuing our GRI Standards reporting, we conducted a Total Impact Assessment to measure the total monetary value of all of our impacts, economically, socially and environmentally, and became the first multinational in the MENA region to conduct an expansive externally validated Human Rights Audit of our operations and suppliers. In addition to this, Aramex continues to further support the United Nations Sustainable Development Goals with a particular emphasis on UNSDGs 4, 8, 13, and 17.

How We Create Value

Our People

82
Nationalities

17,170
Employees

certified
training center

Our Finances

AED 1,464,100,000
Share Capital

17.4%
Return on Equity (ROE)

Our Community

Stakeholder
engagement sessions

97%
Sustainability coverage

Our Environment

18,572,869
Liters of fuel

51,446,142
Kw electricity

17%
Increase in recycling

Inputs

Business and Operations

Values

4,880 Shipments
per employee

Generating electricity through our solar farm
in Amman, Jordan

12,449,000 AED
Employee benefits and Salaries

64%
of total employees received compliance Training

AED 4,404 million
Total Assets

AED 4,721 million
Total Revenues

60,000+ Direct
beneficiaries

350+ stakeholders
attended engagement sessions

20%
Reduced electricity per shipment
*compared to 2012 baseline

26%
Reduced fuel per Shipment

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Letter from our CEO

Dear Valued Shareholders,

In the 24 years I have been with Aramex, I have never seen technology be as disruptive to business operating models as it has been in the last few years; change is happening at an unprecedented pace, and yet we continue to grow as a company.

We ended 2017 with some very strong numbers: a near double-digit growth in our revenue to AED 4,721 million and solid expansion in our bottom line to reach AED 435.4 million. We have achieved such growth because our foresight helped us anticipate change, our innovative culture helped us come up with more creative solutions, and our adaptability helped us to capture rising opportunities and to overcome emerging obstacles across all verticals of the logistics and supply chain management industry.

We ended 2017 with some very strong numbers: a near double-digit growth in our revenue to **AED 4,721 million** and solid expansion in our bottom line to reach **AED 435.4 million**

International & Domestic Express - Delivering growth

In 2017, our International Express business grew by an impressive 19% to AED 2,007 million on the back of the strong growth in cross-border e-commerce. Our Domestic Express business witnessed a 4% expansion from 2016 to AED 1,022 million, thanks in large part to our operations in Africa and Asia-Pacific – which are both promising core markets.

E-commerce has been the driver of growth in our Express business for the last few years, and we continue to treat this segment as high-growth because the outlook is so promising. We believe the exponential growth in regional and international e-commerce volumes will spill into 2018 – and beyond – encouraging us to maintain our focus on servicing this sector.

Having said that, as the e-commerce landscape evolves and e-retailers' demands from delivery providers changes, so too must the level of service we offer them. This is why in 2018, we want to improve our last-mile delivery to achieve a high level of service excellence straight through to the doorstep of the package recipient. This will be achieved by expanding our capacity, simplifying complex operational processes by upgrading our technology tools, and upskilling our people. It will also reflect positively on our financials as it will ultimately reduce costs, support margins and expand our bottom line.

Freight Forwarding, Logistics & Supply Chain Management – More opportunities to come

Our Freight Forwarding business saw a 2% increase in top-line growth to AED 1,157 million. The expansion was owed to the growth in the oil and gas business in the GCC, coupled with robust performance in Africa and Asia. Our Logistics and Supply Chain Management operations also performed well. Excluding the impact of currency conversion, particularly from the Egyptian Pound, this business line would have grown by 6%.

We believe there is significant room to successfully expand our market share in the B2B segment in the coming years. We plan on investing in additional resources and technologies in 2018 to expand our offerings to existing customers and to acquire new ones across all continents and all industries. As we build up those capabilities, we will benefit from cost savings – by eliminating the need to outsource to a third party – and our acceleration into this business line will reflect positively on our top-line by broadening our revenue mix.

Partnerships, alliance and franchising – Focusing on service excellence
While our core markets - the GCC, wider Middle East, Africa and Asia-Pacific - will continue to command the majority of our operating capital, capital expenditure, and manpower, we are also focusing on improving our services to other markets, primarily by forging strategic partnerships with the best companies in the industry.

In 2018, we will also actively evaluate and consider acquisition opportunities that will enable us to further expand our footprint, improve our capabilities, and enhance our portfolio of product lines. Moreover, our geographical expansion in Africa and Asia is proceeding according to plan, primarily driven by acquisitions and partnerships with qualified and competent franchisees.

As part of our **"Delivering Good"** platform, 2017 saw tremendous progress in Sustainability initiatives.

Sustainability – Delivering good for future generations
Aramex continues to be an active corporate citizen and a leading United Nations Global Compact partner. As part of our "Delivering Good" platform, 2017 saw tremendous progress in sustainability initiatives. Through our solar projects in Jordan and the UAE, the introduction of all-electric, emissions-free vehicles, and the LEED certification of our warehouses, we have continued to reduce our Greenhouse Gases (GHG) per shipment from our 2012 baseline by 31%. In 2018, we plan to continue investing in clean technologies across our operations and infrastructure, as well as reduce our waste output and expand our recycling initiatives. We will also publish our first-ever "Total Impact Assessment" to measure the total value we contributed to our communities through our operations, partnerships, and initiatives.

Over the past year, we continued to develop effective partnerships with communities, social entrepreneurs, governments, NGOs, and corporations worldwide. Our strategy remains in line with the United Nations' Sustainable Development Goals, focusing on increasing economic growth, access to quality education and fair employment, and taking steps to mitigate climate change and its impacts globally. We also continue to adhere to the United Nations Global Compact by communicating our progress annually. Furthermore, in line with our goal of responsible corporate governance and to live up to our commitment to Universal Human Rights, we initiated the region's first Human and Labor Rights Audit at the corporate and operational levels, applying the highest levels of due diligence by local and international axioms.

Our people, our pride
I have had the privilege to work with some of the best people across all functions of the company, and I consider Aramex employees my family. I want to thank them for their diligent work, innovative mind and strong work ethic – collectively they have allowed us to meet our targets. Moving forward, we will reward talent, upskill employees across all functions, and harness a performance-driven culture. I believe that although we are a technology-driven company, we are also a human-built service provider – and it is mastering this unique blended approach that will ensure we deliver service excellence.

Positioning for the future, today
The company has been undergoing a business transformation for the last twelve months. But today, we are accelerating our transformation, and we will see changes being reflected both in terms of our operations and our financial performance.

The overarching goal of this transformation is to achieve and continually surpass a high level of service excellence. At the heart of this transformation is a company-wide digital transformation that will enable us to simplify processes across all products and service offerings. It also includes enhancing our non-operational processes. This will allow us to become better at what we do, faster at how we do it, and more profitable in the long run.

With the support of our shareholders, I firmly believe that Aramex will be leaner, stronger, and is on a journey to deliver the best experience to all of its stakeholders.

Sincerely,

Bashar Obeid

04
Our Services

Our Services

International Express Services

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

Aramex continues to focus on operational efficiencies through process automation. In addition to the recent five Sortation systems installed in the UK, India, and Singapore, 2017 also saw new implementations in Dubai's domestic operations and in Dubai international hub. In 2018, we will continue to have initiatives in Kingdom of Saudi Arabia and Hong Kong to upgrade our operations.

As we continued to expand our Express network across the globe, this year we welcomed new franchisees in Liberia, Gabon, Benin, Mali, Namibia, Kazakhstan, and Democratic Republic of the Congo (DRC or Congo - Kinshasa). We also signed agreements with a number of franchisees, and we expect them to be operational in the first quarter of 2018. These are Republic of the Congo (Congo – Brazzaville), Ivory Coast, Mozambique, and Malawi.

E-Commerce business remains a major strategic focus for Aramex; we will continue to enhance our delivery and customer service capacities as well as our network-serviced destinations across the globe. Our network capacities are continuously adjusted to cater for the growth of our e-Commerce business and we are currently testing innovative new technologies to leverage capacity through a variable business model.

Domestic Express Services

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

Throughout 2017, we continued to enhance the technology and navigation tools used by our couriers, shifting from handheld scanners to smartphones powered by new software compatible with Android and iOS.

As part of our strategy to manage capacity through a variable business model, we partnered up with a number of delivery startups and various individuals worldwide to optimize our last-mile delivery solutions. In 2017, 40% of our global last-mile deliveries were crowdsourced to our delivery partners. We have also leveraged our investment in the global addressing system, "**what3words**" to reach more customers in off-the-grid locations.

We continue to improve the address capturing experience for our customers, using both desktop and mobile mapping tools integrated with global map providers such as "Here" and "what3words". Using these interfaces, in addition to the "MyAddress" platform launched in 2015, Aramex customers are able to pinpoint their exact location and select a delivery/pickup time when they place their service request.

Moreover, we have launched our (AI)-enabled Chatbot on Facebook Messenger. Named "Aramex Bot", this feature enables personalized, scalable conversations with customers about shipment-related queries and different service offerings. It provides users with a convenient way to easily find the nearest Aramex location, track shipments and share preferred delivery location. It also enables customers in the UAE to schedule a delivery for personalized shipments and e-Commerce parcels. The Chatbot service will soon be available to all Aramex customers across the Middle East.

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 world-class security and constant real-time visibility.

In 2017, we continued to expand our network of warehouses with a new logistics facility in Algeria to accommodate the needs of our customers in the country, ensuring efficiencies and quality facilities and services. Our logistics operations in Libya and Iran were also launched in 2017, including warehousing and delivery services with the first customers on-board in both countries.

We also continued to expand our service offering and served industry segments. Building on our healthcare solutions, we launched hospital logistics management services in Saudi Arabia this year, which include supply chain services compliant with the specific industry regulations and best practices.

Technology has always been a key enabler in delivering service excellence; we have launched the latest version of our warehouse management system in our Dubai facility, benefiting from the advanced features on technical and business levels. This upgrade will be planned for other logistics centers in 2018.

Freight Forwarding

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

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

- Critical Cargo: Healthcare and Pharma, Aircraft on Ground (AOG) and On-Board Courier (OBC) services.

- Project Cargo: The official launch of our project cargo division has had major successes in Break Bulk movement, Project Logistics, and Heavy Lift shipment. Additionally we have been able to offer innovative Project Cargo Handling solutions to completely manage several high-value project cargoes, ensuring timely delivery of our clients' valuable goods with extremely high services at minimum competitive costs.

- Chartering: The launch of a virtual chartering team and has been able to secure tens of charters across the globe.

- Rail: The introduction of a rail service from China to Europe with two stops for Aramex, one in the Netherlands and one in Ireland to cover the full EU.

On the technological front, Aramex has launched its "unique" Freight Quotation System that enables its salespeople to quote freight globally within minutes.

In addition, we have started our INTTRA integration system that would allow us to reduce shipment documentation processes and enhance tracking capabilities.

Healthcare Solutions

Aramex Healthcare Solutions are tailored to the needs of pharmaceuticals, laboratories, hospitals, research centers, and other health institutions.

The solutions offer a wide range of logistics and transportation services that are compliant with industry and global standards; including preserved temperature control, storage and handling, as well as the training of the employees managing the service.

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

In 2017, Aramex implemented several initiatives to drive the growth of these specialized solutions:

1. Developed global healthcare SOPs compliant with international requirements and regulations.
2. Created a control healthcare tower to service its global customers and monitor compliance with the SOP.
3. Introduced live temperature monitoring and tracking services.
4. Offered a wide range of temperature-controlled packaging.
5. Identified global healthcare focused partners that are also compliant with global healthcare regulation to ensure end-to-end service fulfillment to customers.
6. Launched two new services, Aramex Envoy and Hospital Logistics Management in the Middle East.
7. Collaborated with the Arab Innovation Network Annual Conference (AIN) in launching a competition to develop a special type of packaging for our market. The competition was successful, and are currently studying the possibility of manufacturing the presented solution.

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

Information Management Solutions (Infofort)

InfoFort, a wholly owned Aramex subsidiary, is the leading Data and Information Management 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.

InfoFort has continued its digital transformation strategy and added more vertical and industry specific solutions such as, insurance claims management, VAT Compliance, accounts payable, and others. In addition to further developing its Business Intelligence, Analytics and Visualization solutions that enable customers to connect, interact with and analyze data, these solutions allow end users to make critical business decisions by automatically identifying relationships through intuitive dashboards and reports.

InfoFort's mission is to lead the innovation in digital transformation solutions that enable organizations in emerging markets to automate, digitize, and modernize. This is driven by a higher purpose to enable and contribute to better information governance and economic progress and growth through unlocking the value and potential of data.

InfoFort
Secure Information Management Solutions

Shop & Ship

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

pay shipping fees per 100 grams only

Shop & Ship continued its global expansion in 2017 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 such as Australia, Georgia, Indonesia, Egypt, Jordan, and Lebanon. Moreover, the service was also made available in several new destinations.

Shop & Ship announced a new annual membership plan, FLEX, in 2017. FLEX is the new flexible means to shop and ship from any of the 24 S&S origins around the world. Members now get the flexibility to pay shipping fees per 100 grams only plus loads of amazing benefits and great value for money.

In terms of sponsorship, Shop & Shop collaborated once again with "Red Bull Car Park Drift", providing unparalleled support to the organizer and all drifters. Starting from and ending in Kuwait, the competition was held across several countries in the MENA region, passing through Kuwait, Egypt, Lebanon, Mauritius, Bahrain, Tunisia, Jordan, Oman, Morocco, Qatar, and UAE.

05 Key Non-Financial Goals

Key Non-Financial Goals

Our People

Human Resources Management System
- Expand the adoption of our HRMS in the rest of the network
- Expand Human Resources Shared Services (HRSS) across more countries in the network

Code of Conduct Training
- Ethical business and compliance training across network

Implement Online Education Practices
- Expand and improve the on-line learning management system at Aramex

Human and Labor Rights
- Expand the Human and Labor Rights Audit to other stations

Health and Safety

Training
- Continue the delivery of job specific health and safety along with e-learning development and enhancment for safety

Polices and Procedures
- Update emergency evacuation plans and conduct emergency drills
- Update Health, Safety, and Security related policies and manuals

Performance
- Reduce accidents per shipment by 10%
- Reduce lost time frequency rate by 10%
- Reduce lost time injuries per Million Shipment by 10%
- Introduce the monthly health and safety reporting system based on shipments
- Increase level of safety awareness and compliance by introducing a number of safety campaigns
- Re-implementat annual Security Risk assessments and grade facilities according to assessment scoring

Our Customers

Deliveries
- Optimize services to ensure timely deliveries

Technology
- Continue investment in service delivery technology

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

Customer Engagement
- Upgrade our social media engagement and reporting

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

Technology
- Continue investment in service delivery technology

Supply Chain

Support local business
- Increase startup and SME support and continue to source from local suppliers and SMEs across our network

Ethical procurement and sustainable supply chain
- Continue updating and strengthening our supplier management and pre-qaulification processes
- Expand Human and Labor Rights, Environmental Compliance, as well as general compliance with international and local laws and regulations
- Conduct a Human and Labor Rights audit of 3 suppliers

Sustainability

Our Community

Beneficiaries

- Partner with international and national initiatives to increase number of beneficiaries by 5% compared to 2017 target

Entrepreneurship

- Increase the number of startups and SMEs supported by 5%

Our Environment

Internal Awareness

- Expand the delivery of the environment awareness training program to 20% of our operations by 2020

Materials

- Expand waste management and recycling systems across stations

Performance

- Conduct carbon footprint analysis with a third party

Corporate Activism

Engagement

- Conduct 4 sessions of stakeholder dialogue

Reach

- Expand corporate activism into emerging markets where we have expanded

Education and Empowerment

- Increase the number of beneficiaries by 5%

06 Governance

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Governance

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

Aramex's nine-member board of directors strives to cement the company's position as a leader in corporate governance by implementing and upholding its Charter and Corporate Governance Guidelines. Four of the Board members (44%), including its Chairman, are independent non-executive directors, five members are non-independent non-executive directors.

The current Aramex Board of Directors consists of the following members:

Mr. Abdullah M. Mazrui
Chairman

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

Mr. Fadi Ghandour
Founder and Director

Mr. Mohamed Alabbar
Director

Mr. Hussein Hachem
Director

Mr. Ahmed Al Badi
Director

Mr. Mohamed Al Suwaidi
Director

Mr. Ayed Al Jeaid
Director

Mr. Ramez Shehadi
Director

Composition of the highest governance body

Member	Position	Independence	non-execs	Gender	Age	Tenure	National-ity	Other Commitments
Mr. Abdullah M. Mazrui	Chairman	Independent	Non-Executive	Male	65	Since Inception	Emirati	Chairman (2 Company boards) Director (2 Company boards) Director (1 Council board) Director (1 Initiative board)
Ms. Christine Holgate, Representing Australia Post Transaction Services Pty Ltd	Vice Chairman and Director	Non-Independent	Non-Executive	Female	54	2017	British	Chairman (1 Council board) Director (1 Company board) CEO (1 Company)
Mr. Mohamed Alabbar	Director	Non-Independent	Non-Executive	Male	61	2017	Emirati	Chairman (3 Company boards) Director (2 Company boards)
Mr. Fadi Ghandour	Founder and Director	Non-Independent	Non-Executive	Male	58	2005	Jordanian	Director (2 Company boards) Director and CEO (1 Company)
Mr. Hussein Hachem	Director	Non-Independent	Non-Executive	Male	48	2011	Canadian	Director (1 Company board)
Mr. Ahmed Al-Badi	Director	Independent	Non-Executive	Male	61	Since Inception	Emirati	Chairman (1 Company board) Director (2 Company boards)
Mr. Ayed Al Jeaid	Director	Non-Independent	Non-Executive	Male	61	Since Inception	Saudi	None
Mr. Mohamed Al Suwaidi	Director	Independent	Non-Executive	Male	35	2016	Emirati	None
Mr. Ramez Shehadi	Director	Independent	Non-Executive	Male	46	2017	Canadian	None

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

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

Board of Directors Selection Process

Board of Directors

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

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

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

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

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

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

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

Personal Characteristics

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

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

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

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

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

Core Competencies

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

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

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

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

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

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

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

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

Commitment to the Company

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

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

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

Team and Company Considerations

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

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

Board Committees

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

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

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

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

In order to avoid conflict of interest within the Board

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

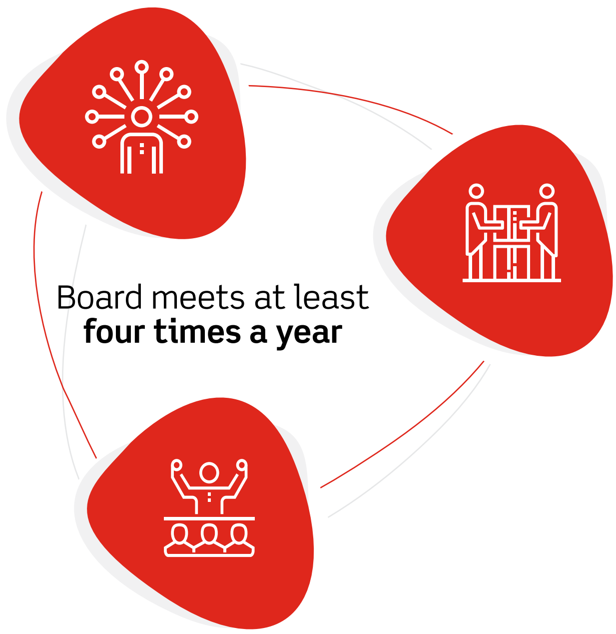
- Any Board member having an interest in conflict with that of the company, in respect of certain transactions presented to the Board for consideration and approval, shall have to report it to the Board. Such report must be documented in the meeting minutes, whereby the Director concerned is excluded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

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

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

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

The Board meets at least four times a year in accordance with the Corporate Governance Code of the Securities and Commodities Authority (SCA) and the Commercial Companies Law, and shareholders are entitled to raise issues with the Board during the Annual General Meeting. Three standing committees – the Audit Committee, the Nomination and Remuneration Committee and the Strategy Committee – have their own charters that stipulate their responsibilities and tasks.
The Nomination and Remuneration Committee meets at least once a year. This is in compliance with the corporate governance code of the Securities and Commodities Authority (SCA). The Committee assists the Board in fulfilling their supervisory responsibilities for the independence of Board Members and in monitoring the integrity of human resources processes at Aramex. The Committee also monitors policies relating to remunerations, benefits, incentives and bonus salaries to the board members and employees - and ensures that remunerations and privileges granted to the executive management are rational and proportionate with the performance of the Company. Additionally, the Committee determines the required core competencies at executive management level and the corresponding selection criteria.



The Board of Directors will:

- Review, evaluate and approve, on a regular basis, long-term plans for the company
- Review, evaluate and approve the company's budget and forecasts.
- Review, evaluate and approve major resource allocations and capital investments in accordance with the company's Delegation of Authority Matrix.
- Review the financial and operating results of the company.
- Director tasks shall include: to participate in the meetings of the board of directors and to provide independent opinion on strategic matters, policy, performance, accountability, resources, basic appointments and activity criteria.
- The company shall work on implementing an environmental and social policy to benefit local communities.

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

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

The Board sets the strategy for risk management and due diligence procedures related to economic, environmental and social impacts. These strategies are then delegated to the team for implementation. Through periodic updates from the CSO, internal audit and compliance team, the Board reviews the sustainability strategy and recommends amendments or changes where needed.

Moreover, Aramex Executive management reviews and approves the annual sustainability report. Since 2013, we have initiated the structuring of a risk management function with major focus on compliance risk; in addition, the company is able to rely on risk assessments prepared by the internal audit function.

Review, evaluate and approve

Participate in the meetings of the board of Directors

Review financial and operating results

Environmental and social policy

Precautionary Principle

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

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

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

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

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

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

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

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

Each year the company's shareholders receive the Board's recommendation regarding the remuneration to be paid to the company's directors. For the year ending in December 31, 2017, the company's shareholders approved the Board's recommendation that directors would receive **4,410,000 AED** in total. In order to automatically succeed in placing an item on the Board's agenda, a shareholder must possess a holding of at least 10% of the company's shares.

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

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

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

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

During 2017, Aramex did not face any anti-competition or anti-trust legal actions.

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

Aramex policy dictates that the company shall not accept any funds from governments or political parties, and no such funds were received during 2017; neither did the company lend its support to any political party or movement.

- The internal audit function is responsible for reporting critical concerns to the Audit Committee of the Board through quarterly reporting. In 2017, all critical and major issues were reported to the Audit Committee, and were adequately covered by management action plans for their prompt and effective resolution.

- The Audit Committee of the Board will report the activities and findings of the internal audit function to the Board of Directors.

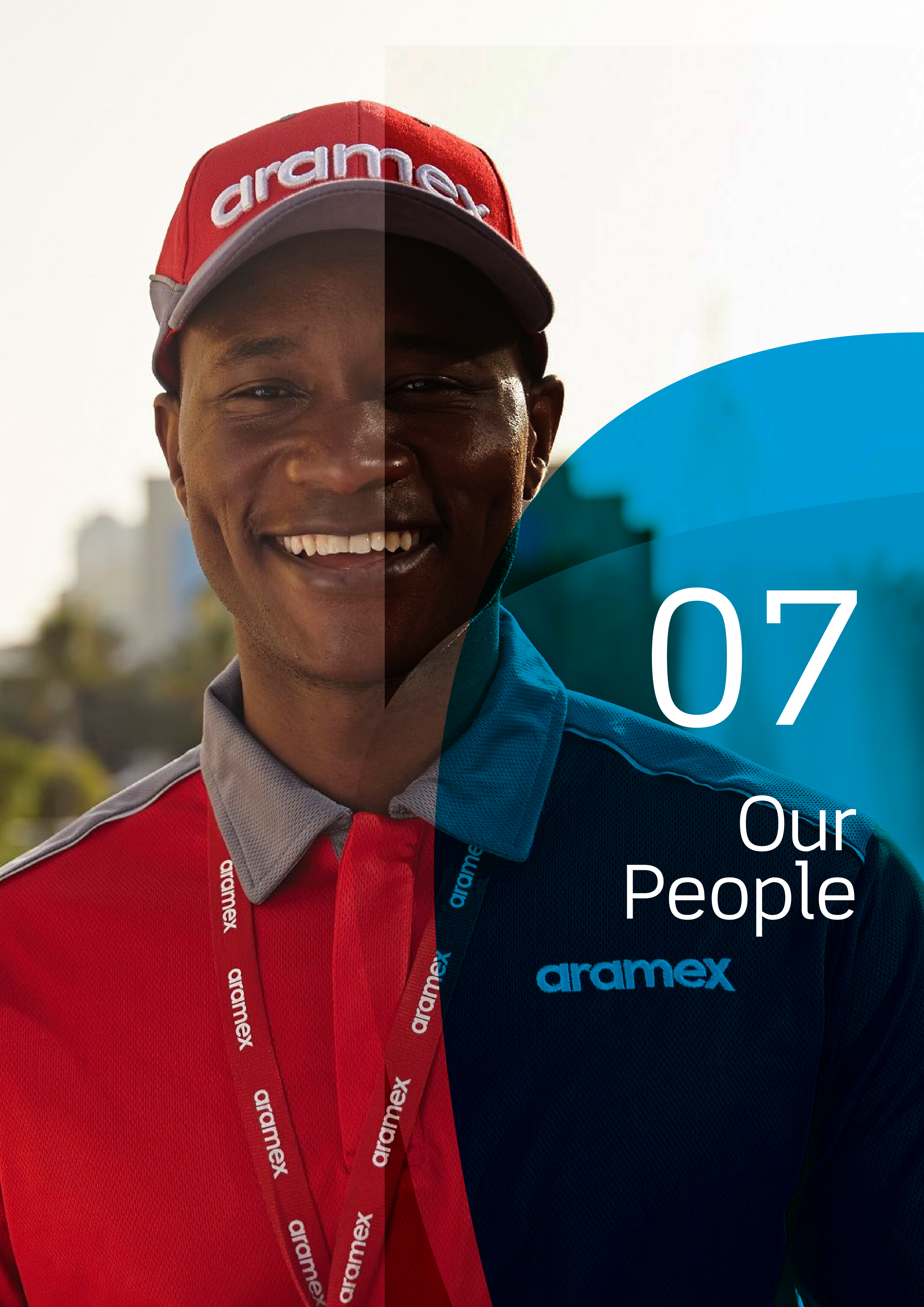
- The internal audit is an independent, objective assurance and consulting activity designed to add value and improve Aramex's operations. It helps Aramex to accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

- The scope of internal auditing encompasses, but is not limited to, the examination and evaluation of the adequacy and effectiveness of Aramex's governance, risk management and internal controls process, as well as the quality of performance in carrying out assigned responsibilities to achieve Aramex's stated goals and objectives.

- The internal audit function continuously follows up with management with regards to the implementation of the agreed- upon action plans to resolve the findings, issues and concerns of the internal audit.

- The internal audit function reports on a quarterly basis on the status of management's action plan implementation.

The internal audit function sets out a three-year internal audit plan to cover the network as a whole based on a risk assessment that is approved by the Audit Committee.



07 Our People

Our People

Empowering People

HR Activities in 2017

The year 2017 was bursting with successful milestones for HR relating to the implementation of new SAP SuccessFactors & SAP Payroll systems.

In addition to this, we established our in-house HR Shared Services Center. Moreover, we engaged HR personnel across the network in establishing 2018 Workforce planning activity.

HR Systems

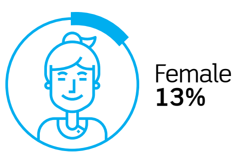
The latest HR direction is moving beyond automating processes, reducing costs, and complying with building value-based relationships with every member of the workforce at all levels of the business.

Our aim is to empower every manager and leader at all levels to manage his or her human resources within the best practice of the industry and operating culture. We are seeing HR not as a “system of records” but as the core where the organization comes together to transform how we at Aramex manage our business through our people to achieve our goals and objectives in a successful manner.

In May 2017 we had all countries live on Employee Central (part of SAP Success Factor module) giving Aramex the opportunity to manage its HR administration locally while supporting the business globally with localized compliance.

In October 2017, we also went live with a global recruitment and applicant tracking system across the network, giving us accessibility and visibility on talents all over the globe.

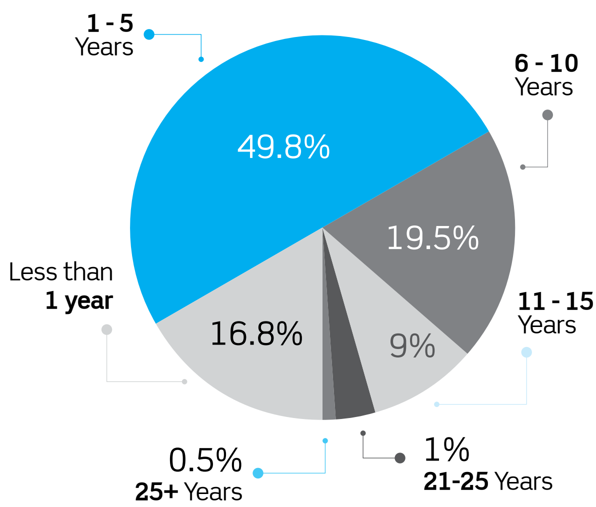
Top Management



Our New **Goal and Performance Management** system went live globally in December 2017 giving our managers and employees the necessary tools to develop goals instantly with recommendations from the Goal Library of more than 500 SMART (Specific, Measurable, Attainable, Realistic, and Timely) objectives. Coupled with the implementation of **the Continuous Performance Management**, managers are given tools to follow up on their teams’ objectives, address changes and challenges in real time instead of waiting until the end of year appraisal.

We successfully implemented the unified Payroll in United Arab Emirates while rolling it across the network starting from January 2018 for KSA and Jordan, which will simplify and increase HR operation efficiency while leveraging on Hardware efficiency with better visibility on global employees view.

Years of Service



Workforce Planning

The Global HR team liaised with all HR personnel across the network on setting a Workforce Plan for 2018 that includes strategic guidance and organizational operational plan to be capable of supporting Aramex's 2018 vision of growth through capitalizing on the diversity of a global workforce.

This activity also determined what combinations of skill sets and knowledge are required to achieve our objectives.

Human Resources Shared Services (HRSS)

Delivering services through integrated, multifunctional teams co-located in service lines. Each service line carries out transactional processes, covering all the steps associated with a particular type of HR service in a streamlined and timely manner.

The PRO, Payroll & HR Helpdesk have been superseded by the following service lines covering Onboarding, Separation, benefits, entitlements, allowances and government relations: Pay & Benefits, HR Administration, Onboarding & Separation and Government Relations.

HRSS now entirely covers the UAE and KSA and there is a plan to expand services to other Countries in 2018.

Learning & Development

In 2017, Aramex adopted a visionary forward thinking and technologically driven approach towards learning. With the organization's strategic direction towards the promotion and adoption of technology, Aramex has invested heavily in creating up-to date blended learning solutions for all its employees.

Female training accounted for **65%** of all training hours in Aramex.

Learning Management System

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

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

Leadership & Management Training Menu

The Global Learning Team has also designed 20 brand new Management Courses as well as a series of other development programs for non-managers. Our courses are mapped to an international level.

Furthermore, we delivered courses to the Leadership teams in the Customer Service and Contact Centers among others courses conducted in the regions.

Leadership Development with Singularity University

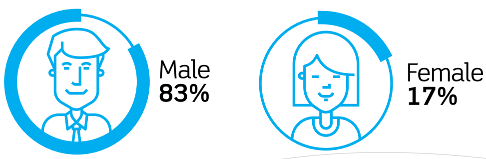
In July 2017, we had 31 members of the Aramex Senior Leadership Team who completed an Exponential Leadership Program with the Singularity University in Silicon Valley, California, US. The program, which focused on futuristic businesses and exponential technologies, took place on NASA premises and aimed at helping our leaders in fostering the corporate innovation journey.

Aramex Orientation Re-Brand

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

The new content and structure of this onboarding program is scheduled for delivery in January 2018.

Gender



E-Learning

We are pleased to report that the usage of E-Learning has increased considerably and can report that in 2017 our LYNDA platform has had:

Total active users: 490
Total Hours viewed: 1,208 Learning Hours
Videos Viewed: 19,978
Certificate of completion: 511 courses

These numbers indicate a high user adoption rate and a great return on investment. We will continue to encourage the use of our online platforms to support our employees for a seamless learning journey.

Learning Summit & Train the Trainer

Aramex hosted a Global Learning Summit and Train the Trainer with all trainers across the network in August 2017. The aim of this event was to re-align all learning teams across the globe on standards of learning and our priorities moving forward. The event included a 3-day Train the Trainer of the Success Factors Learning Management System, and was extremely beneficial in terms of exchange and peer learning.

As a result of this event, the Learning Community across the network has become more engaged and proactive in sharing their learning journey and adopting best practices from each other. A series of training and development activities have been scheduled to take us forward in 2018.

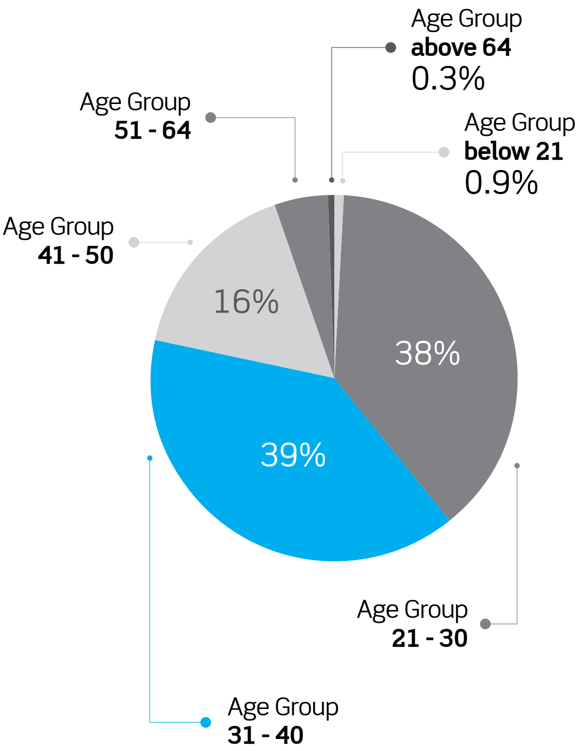
Learning Team Ethos

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

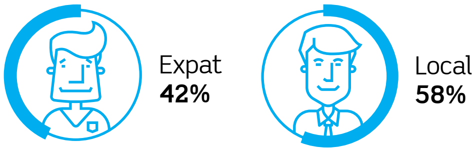
Our initiatives aim to continue facilitating knowledge sharing, improving employee engagement and creating a culture of learning.

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

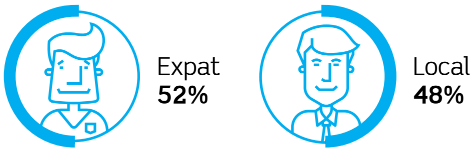
Age



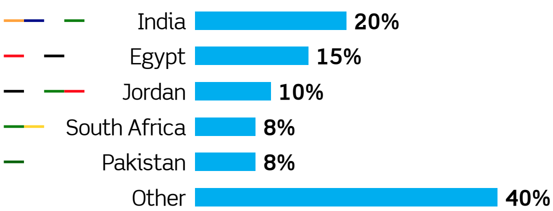
Expats vs Locals



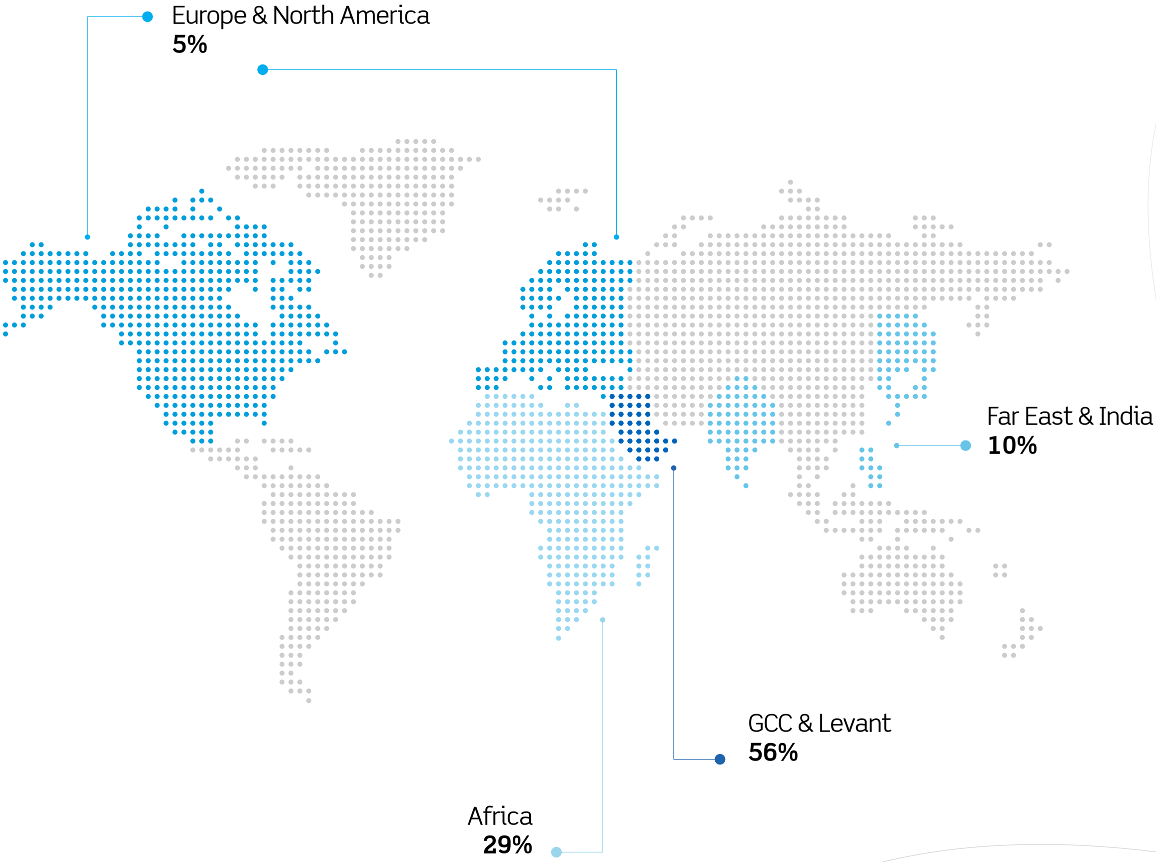
Top Management Local vs Expats



Nationality



Regions



The Aramex Innovation Center (RedLab):

RedLab continues to provide a platform, resources and support for innovation within Aramex. Since its launch in 2014, with the aim of leveraging our collective resources to bring innovative ideas to life, the RedLab team has received an abundant amount of ideas from employees, with a significant amount explored and tested.

Alongside the **Intrapreneurship program**, we have expanded the scope of work to include other streams including:

Research and development to explore emerging technologies that are expected to have an impact on the logistics industry such as Block Chain and 3D printing and defining potential applications and opportunities.

Open Innovation: In addition to fostering internal innovation, we launched an open innovation competition to exploit the external knowledge of University students, alongside hosting the winning students from Egypt in an internship program to work on developing their solution for the business innovation challenge.

Innovation Centres: Aramex Innovation centers are part of REDLAB strategy to build collaborative environment and spaces in key technology hubs and business areas. We are working on establishing the first Aramex innovation center in Amman, which is expected to launch in 2018.

redlab
aramex Innovation Center

Intrapreneurship program

Research and development

Open Innovation

Innovation Centres

Occupational Health and Safety

Aramex believes that providing a healthy working environment and encouraging our employees to keep themselves healthy throughout their careers is not only a duty but also a value for the company.

We are highly committed to continuously reviewing the risk analysis for all our activities and processes, understanding that a complete knowledge of activity risks is the most important way to keep our people safe. Most of these initiatives are designed to increase awareness, a proactive and positive attitude, and a behavioral change to achieve a safer work environment.

Throughout the year, our efforts focused on promoting awareness on health and the prevention of illnesses. There were no reported cases of occupational illness affecting employees working in our facilities in 2017.

During the year we continued to develop our corporate health programs by conducting external medical screening of employees by approved medical providers within the ME region. This made good progress towards our long-term health improvements goals.

In 2017, we worked on strengthening and launching a number of initiatives, and are proud to see improvements in our performance indicators.

We have established a monthly communications package to reinforce the safety messages using different media platforms, including posters and cartoons to continue to raise awareness throughout the company.

- **Site Specific Induction Program:** Aramex is committed to ensuring that all staff and contractors receive adequate information, instruction, training, and supervision to enable them to work with minimum risk to their own or other people's health and safety. A person must have a site-specific induction before starting any kind of work at Aramex. It is important to make ensure that people are aware of the specific procedures and rules for the workplace.

- **Behavioral Based Safety Program:** Behavioral observation is a tool used to improve safety performance and enhance employee engagement. A Behavior Based Safety program is intended to enable company employees to record safety observations, most importantly, halting work that is unsafe. The observation report card can also be used for reporting Near Miss, Hazard ID, and Health, safety and Environmental events.

- **HSE Recognition program:** Based on the observations reported using the Observation Report Card / Suggestions, staff are recognized based on the suggestions and critical observations reported which could result in incidents. This program aims to promote HSE culture within the company.

- **Health screening:** Employee health screening is used to describe a range of checks and tests that help identify risks to health and improve wellbeing among staff. They have the potential to benefit both employees and the organizations they work for. They offer lasting benefits to employees.

- **Journey Management:** A Journey Management Plan is typically a set process that is followed for planning and undertaking road transport journeys in compliance with HSE requirements, with the goal of arriving safely. At Aramex, the trucks used for oil and gas sector have to comply with Journey Management standard. Scheduled journeys are planned carefully to avoid night driving and those times of day when falling asleep is most likely. This program will also ensure compliance to local legal restrictions on driving time and distances.

- **Journey authorization for ONG Trucks:** All trucks utilized for Oil and Gas sector and land transportation have to go through an appropriate journey authorization form evaluating the level of risk by considering the distance, weather conditions, route condition, vehicle condition, means of communication, driver alertness, and importantly the number of hours slept within the last 24 hours. If the evaluation of the trip is at minimal risk, the Journey Manager can approve the trip and if results at high risk, the Operation Manager has to approve the trip by adding appropriate measures required to bring the trip level to acceptable risk.

- **Pre-trip briefing:** The Journey Manager has to hold a pre-trip briefing with drivers discussing the cargo, point of loading / unloading, selection of route, potential driving hazards, setting estimated time of arrival by considering break time, and speed limit and transit checkpoints. These briefings are documented with the point of discussion held with the drivers.

- **Post-trip analyses:** Upon completion of each Oil and Gas sector journey, the GPS team will extract a drivers HSE report for that specific trip and the HSE representative will analyze the trip considering the journey's risk factors such as over speeding, un-authorized stops, adherence to break schedules etc., and will develop a plan to improve driver behavior.

- **Permit-to-work System:** All non-routine work and high risk work activities such as mechanical lifting, working at height carried out by Aramex staff and all works carried out by contractors are subject to obtain a work permit system by providing the method statement of the specific tasks. HSE representatives evaluate the risks involved in each task and if the risk are controlled and acceptable the permits to carry out the task is approved. This will ensure that all tasks carried out by an Aramex facility is safely handled.

- **HSE Alerts & Circulars:** HSE department circulates HSE alerts and circulars based on any incidents reported regardless of how minor it is. These incidents are investigated and the corrective actions and preventive measures are circulated among the staff to ensure such incidents are prevented from recurrence.

- **Workplace air quality and noise monitoring:** To comply with local regulations, workplace air quality and noise measurements are monitored in order to avoid workplace occupational diseases.

First Aid

A trained first aider can save lives. To ensure that first aid can be administered in the case of a medical emergency, 5% of our employees are qualified first aiders who hold a nationally recognized certification in first aid.

All near-miss incidents could have led to someone being injured. It is our aim to investigate every single one of these incidents and ensure that preventive initiatives are put in place to prevent recurrence. In 2017, our hazard/ observation reporting was noticeably weak, with this we aim to promote awareness and encourage active participation in hazard/ observation reporting programs in 2018. The majority of first aid incidents reported were due to the mishandling of tools by the contractors working for us.

We understand that many injury and illness cases without lost time have the potential to lead to lost time. Identifying and managing the circumstances in which these incidents occur ultimately reduces the overall risk of having a serious accident, lost time injuries, illnesses, or even fatalities. We will continue to actively engage our employees on accident prevention training and workshops and will relentlessly pursue continuous improvement. Continuing management commitment and a rigorous application of safety systems and procedures, combined with ongoing training, have led to a reduction in injury and illness.

All significant incidents without lost time, accidents with lost time and relevant near misses are investigated. The level and extent of the investigation reflect the seriousness or potential impact of the event. Suitable processes and criteria (e.g., risk/potential consequences, learning potential) are put in place to ensure that investigations are carried out adequately.

Despite overall satisfactory results in 2017, there is always room for improvement. Our goal in 2018 is to avoid any type of incident. With enhanced standards and even more commitment, we strive to continuously improve the high safety level of our performance. We are working hard to promote an active culture of safety, whereby employees are encouraged to take personal responsibility for their actions.

Our goal in 2018 is to avoid any type of incident. With enhanced standards and even more commitment, we strive to continuously improve the high safety level of our performance.

Health and Safety Statistics

Total Number of fatalities including non occupational related	2
Total Number of lost time injuries	83
Total Number of days lost	1,003
Total number of incidents resulted in minor or no injuries	846
Total number of incidents resulted in injuries	137
Total number of incidents	983
Total Number of shipments	70,492,926
Total Number of employees	14,446
Total number of working days	3,857,082
Total number of man hours worked	30,856,656
Total number of vehicle related incidents resulted in minor or no injuries	623
Total Number of vehicle related incidents resulted in injuries	55
Total Number of vehicle related incidents resulted in Lost time injuries	45
Total number of vehicle related incidents	678
Total number of days lost due to vehicle incidents	683
Total number of Warehouse & Office related incidents resulted in minor or no injuries	223
Total Number of Warehouse & Office related incidents resulted in injuries	82
Total Number of Warehouse & Office related incidents resulted in Lost time injuries	38
Ttoal number of Warehouse & Office related incidents	305
Total number of days lost due to Warehouse & Office related incidents	320

Health and Safety Indicators

Lost time Injury Frequency rate (LTIFR)	2.69	Aramex experienced 2.69 LTIs for every 1,000,000 hours worked over the past year
Lost time Injury Incident rate (LTIIR)	0.57	Aramex experienced 0.57 LTI's per hundred employees
Severity Rate (SR)	12.08	On an average each LTI resulted in 12 days off work
Lost time injury Rate (LTIR)	0.54	For every 100 employees, 0.54 employees has been involved in LTI
Vehicle related Lost days rate (LDR)	9.69	Aramex experienced 9.69 vehicle related Lost days per million shipments
Warehouse & Office related Lost days rate (LDR)	4.54	Aramex experienced 4.54 Warehouse & Office related lost days per million shipments
Lost days rate (LDR)	14.23	Aramex experienced 14.23 lost days per million shipments
Accidents per million shipments	13.94	Aramex experienced 13.94 accidents per million shipments

08

Our Customers

Our Customers

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

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

Engaging our customers:

In order to improve our services, guarantee customer satisfaction and understand our customer's needs, customer feedback is gathered through different channels, including:

- Customer Management Teams, Business Development Teams as well as Management
- Websites (aramex.com/ShopandShip.com)
- Contact Centers
- Customer Relationship Management system
- Retail Outlets
- Social Media Channels

At Aramex, our policies, regulations, and training are designed to ensure that our employees act ethically and maintain professionalism, ensuring confidentiality and privacy of all related communications and information while responding to client needs.

We are diligent in ensuring that our customers have trust in our services and brand, and therefore, we employ information security measures, along with a comprehensive Code of Conduct to safeguard our customers' privacy and information. Our strict adherence to these policies guaranteed that we did not receive any complaints in 2017 related to protection of our customers' private information.

Customer Applications

Utilizing technology for faster, easier and accurate processing has long been a cornerstone of our innovation culture and solutions offered to our customers. We provide smart IT solutions that allow for integration between customer systems and our operations. These include:

ClickToShip

A free desktop application that enables customers to manage their shipping needs offline. For a regular Aramex customer, ClickToShip automates shipment preparation, pick-up requests, calculating shipping rates, shipment tracking, and managing shipping addresses. ClickToShip helps customers handle and manage bulk shipping.
To make ClickToShip more accessible and user-friendly to our customers worldwide, we have upgraded the application this year to recognize three new languages: Chinese, Russian and Georgian. Additional languages and enhancements will follow in 2018.

Sales App

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

Integration Tools

In technical language, Aramex offers Electronic Data Interchange (EDI) and Application Programming Interface (API) tools to integrate a customer's site with Aramex's online InfoAXS site giving them a seamless workflow process. These tools work in the background and in real time and process input information and produce an output.

aramex.com

2017 witnessed a complete revamp of aramex.com. The revamped website comes with a variety of new features that enhance the overall customer experience. Here are some highlights:

- The site has been designed to be responsive; offering an optimal viewing experience, with easier reading and navigation with a minimum of resizing, panning, and scrolling. These features are available across a wide range of devices, from mobile phones to desktop computer monitors.
- aramex.com is built on a new Content Management System (Sitefinity) that makes managing our website a more positive, empowering and usable experience.
- New and improved features introduced include: My Dashboard, Rate Calculator, Ship (one page for all shipping modules), Find Office (map view/direction using GPS) and many more.
- We have also developed an online help tool that provides detailed information about any feature on the website. (aramex.com Help System)

We have also added more content to aramex.com that is visible in our Customs Information Center. We continue to add and update needed information and actively engage with concerned internal teams in each country to maintain our relationship with customs authorities worldwide. This comes as part of our continual efforts to ensure compliance across our operations and supply chain.

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

Retail Outlets

Our queue system upgrade, which was piloted in the UAE in 2015, has proven to be a great mechanism to manage customer flow in our retail outlets. In addition to measures related to serving and waiting times, adherence to service levels, the new system has enabled smoother interactions and the reduction of overall time spent by customers in our outlets.

In 2018, Aramex will further invest in and expand its retail outlets as part of its efforts to meet the increased demand of its e-commerce business along with the provision of more options that are convenient for consumers to collect their parcels.

The system is swiftly integrated with key locations in our KSA, Oman, Kuwait, and Jordan operations, and continues to be pivotal in the renovation of our retail outlets' concept. It 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 operation managers to tune in to the latest updates and keep track of customer serving and waiting times, including travel between locations. It also supports a bird's eye view of management and other teams to unravel pain points, focus on resolving problems, and provide concurrent actionable insights, rather than historical data. More locations are planned in 2018.

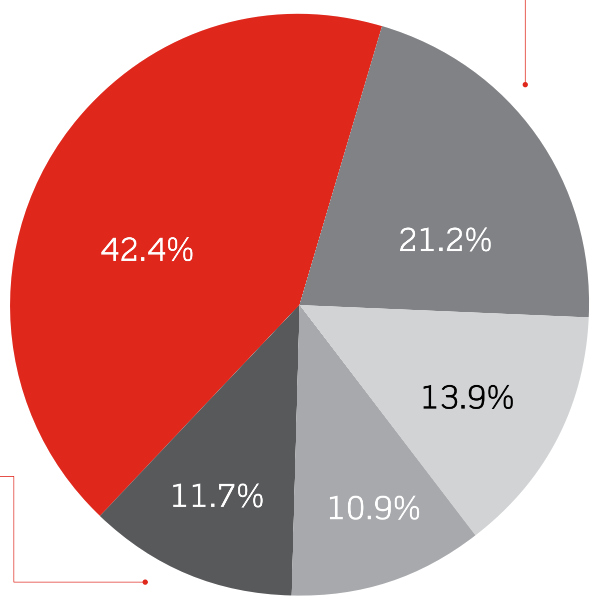
Customer Retention

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

Points of Sale (POS)

We continue to deploy automated point of sale units in retail outlets to speed up customer transactions and ensure smooth computerized integration with our systems. This has resulted in reduced serving times for our customers and enabled our customer service teams to focus on customer experience thus delivering a better service. An additional measure has been developed to ensure a seamless cycle between the customer service and accounting teams and streamlines some internal functions.

POS is currently deployed in major locations in the Levant, GCC, and North Africa, and is considered an essential tool in our retail outlets. In 2018, we have plans to extend POS deployment to additional outlets and ensure full coverage of retail outlets.



09 Sustainability

Sustainability

The Aramex approach to sustainability is underpinned by a stakeholder-driven and evidence-based strategy that is responsive to the needs of all stakeholders and is proactive in its continual improvement. Through our stakeholder engagements, adoption of best practices, and leadership in sustainability, we critically evaluate our economic, social, and environmental impacts. We identify initiatives that enhance our positive impacts in the community while minimizing the negative impacts. Sustainability is an integral part of Aramex and is a key component that drives the decisions we make.

As a part of our strategy of leading in sustainability, we keep our focus on being investors and partners in the community rather than a mere philanthropic entity. This strategy allows us to engage directly and meaningfully while leveraging our financial, business, and operational capacities to maximize our impacts in the community. We view our programs and activities as active exchanges with society, guided by effective communication, strategic partnerships and employee involvement.

An integral part of our mission to positively influence the well-being of the international community is our commitment to the United Nations Sustainable Development Goals. From local to corporate levels we align our strategy with the Sustainable Development Goals in policy and in practice. We demonstrate this in our recruitment and employment model, our investment in promising entrepreneurs and local communities, youth education and empowerment programs, high impact environmental initiatives, and inclusive engagement with all of our stakeholders.

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

102-12, 102-21, 102-29, 102-31 ,102-43

In 2017, we continued our focus on our three pillars of sustainability:

1. Youth Education and Empowerment
2. Supporting Entrepreneurs
3. Commitment to Environment and Climate Change

In 2017, we increased our number of student beneficiaries by **15%** and provide a **97%** overall sustainability coverage of our operations.

We completed a **1.2MW Solar Farm** in Amman and have initiated a fleet upgrade to all EV vehicles to make Jordan operations **100% renewable and emissions free in the near future.** We have also started constructions of the first phase of what will be a **3.2 MW Solar Farm** in Dubai.

Community Engagement

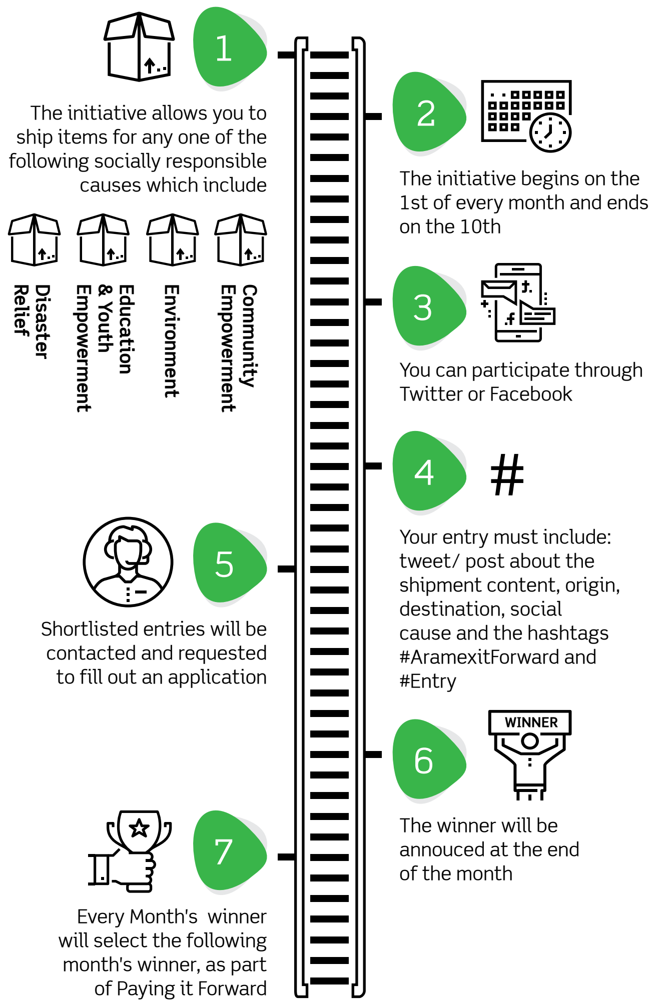
The communities in which we operate are integral stakeholders for Aramex and their needs and interests are the cornerstone of our community engagement. In our outreach, we continue to support youth, entrepreneurs, and environmental initiatives within our global sustainability strategy. We believe that the investments we make in our communities in time, financial support, and human resources produce a shared value that multiplies many times over and helps accelerate community development.

In 2017, we had over **60,000** community beneficiaries

Aramex it Forward

In 2017 we continued our Aramex it Forward initiative, incubated and Launched by RedLab in 2016, to support the shipping needs of 8 NGO and civil society organizations with socially beneficial missions that specialize in disaster relief, youth and community empowerment, education, and environment. The initiative's scheme used social media to encourage organizations to apply monthly to win a free shipment and each winner would then be part of the committee to select the subsequent month's winner. The initiative connects individuals and organizations who share the goals of sustainability and community empowerment.

How Aramex it Forward works



Youth Education and Empowerment

SUSTAINABLE DEVELOPMENT GOALS

Sustainable Development Goal 4

Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all.

One of the greatest drivers of positive social change is an empowered and educated youth. Education and empowerment act as catalysts that break cycles of poverty and stagnation. Education and empowerment advocate sustainable development, prosperity, and innovation. As the youth continue to comprise a significant portion of the population in our areas of operations, we strongly emphasize Youth Education and Empowerment as one of our three Pillars of Sustainability. To achieve our goal of having an empowered and educated youth, we partner with a variety of local and international organizations and institutions on initiatives that support our vision, especially in underserved communities. In addition to these partnerships, we provide direct support for youth education and empowerment through financial scholarships, training, and mentorship. We recognize that in a world of ever increasing and rapidly accelerating complexity, youth in our communities need the support today to thrive in the economy, society, and environment of tomorrow.

Education

In 2017, we reached **2,162 student** beneficiaries through our programs.

Highlights from Ruwwad: Our Flagship Youth Education and Empowerment Program

In 2017 Ruwwad enabled 178 youth in Jordan, 69 in Palestine, 158 in Egypt and 115 in Lebanon to access university and college education, in exchange for more than 81,000 community service hours across the region.

In Jordan, the youth operated safe spaces in six community centers to enhance the education and development of **3043** children and **533** adolescents. Ruwwad Jabal Al Natheef launched a huge school dropout campaign in partnership with ILO to bring **150** students back to schools.

Ruwwad also launched the Harvest campaign which aims to educate **500** parents in East Amman/Al Nathif area on better parenting and child safety practices, for the purpose of protecting children from all forms of violence and abuse. Following Ruwwad's Day 2017 which took place in Al Beidha, the little Bedouin village in the South of Jordan, Ruwwad launched in partnership with the youth a tourism initiative called "Mayyel Al Beidha", and introduced the Bedouin cultural heritage as part of the child program in Shams al Beidha library. In Tafileh, the youth launched **15** initiatives in the areas of tourism in marginalized areas, arts for children and adolescents, voluntary work and best utilization of resources. Jordan celebrated its graduation of 25th of November. With the graduation of **50** youth scholars, and 26 champion volunteers receiving certificates of appreciation, the grassroots leaders from East Amman Jabal Al Natheef, Al Beidha and Tafileh presented the accomplishments of each center.

In Egypt, 3547 individuals participated in Ruwwad activities, of which **359** youth in the scholarships fund and youth activities, in addition to **2133** child in the different programs under the child program. **755** participated in the community support program, in addition to **300** external volunteers Aramex team delivered the business skills training where 40 youth benefitted. **1150** academic support sessions took place, and **439** arts sessions were conducted. Ruwwad Egypt also worked in five public schools in the neighborhoods, which helped reaching out to more than **1500** child in these schools. **100** individuals benefitted from **240** literacy sessions, and **11** community-led initiatives where launched with the participation of more than **270** individual from the neighborhood, and **30** women were trained on handicraft. In **2017**, the big celebration of the five years of work in Ruwwad Egypt took place in Ruwwad's Day. Moreover, Ruwwad Egypt established a theatre, and more than five workshops and theatre shows for Al Ezbeh residents.

In Palestine, Ruwwad worked on developing the cultural enrichment component, through better organizing the weekly meetings, and arranging for a series of activities that aim to enhance self-learning and dialogue skills. In **2017**, Ruwwad team started holding the meetings bi-monthly in each village, and one meeting was held for all scholars from villages. Moreover, field visits to different villages and cities started taking place, and youth scholars started initiatives lead by them, such as Ramadan initiative. The **69** youth scholars in the five villages (Budrus, Shiqba, Neilin, Qibya and Deir Qiddis) worked with **1500** child in Ruwwad centers and through outreach to schools.

In Lebanon, 2017 was a year of partnerships Ruwwad reinforced its relations with partners, namely French Embassy, Citigroup, Microsoft, ICRC, Oxfam, INJAZ, Care International, Do Trust Organization, the Ministry of Social Affairs and the Ministry of Education. Ruwwad's partnership with the French Embassy through the PISCCA program allowed Ruwwad to incorporate ICT skills and English and French languages into the process of applying for scholarships.

The women of Atayeb Tarablos kitchen began to make a return on the initial investment, with its profits now supporting the scholarship fund, supplementing the scholarship fund with another source of fund.

The **115** youth scholars supported Ruwwad operations throughout the year, working with and reaching out to almost **800** children. **20** Youth scholars also with background in business served as junior consultants for **15** microbusinesses supported by Ruwwad's Micro-Equity Venture Fund.

Regional Numbers:

	Palestine	Lebanon	Egypt	Jordan	Total
Number of scholarship recipients since establishment	175	229	265	1,109	1,778
New Scholars accepted in 2017	20	33	64	33	
Youth Scholars throughout 2017	69	115	158	178	
Enrichment Dardashat sessions 2017	88	40	38	70	
Number of youth graduates since establishment	60	60	167	735	
Graduated 2017	10	17	39	50	
Child beneficiaries (outreach & repeats)	1,500	778	2,133	3,043	7,454
Number of community program beneficiaries 2017	0	697	755	1,006 Help Desk 771 Jeeran Station	
Number of Women Benefited from Ruwwad Programs	0	184	401	193	

Entrepreneurship

SUSTAINABLE DEVELOPMENT GOALS

Sustainable Development Goal 8

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

Since our founding, one of the keys to the success of Aramex has been the adoption of entrepreneurship as a strategy, mindset, and a constantly evolving practice. We recognize that under the right conditions, an economic ecosystem that supports entrepreneurship is not only a driver of business, but also a powerful force for socio-economic development. It is with this reason; we retain Entrepreneurship as one of our three Pillars of Sustainability to unleash the transformative potential of the entrepreneurs innovating in the communities where we operate to ensure that Aramex creates a path of shared success and prosperity along with our community stakeholders.

Startup Support Program

Our flagship Entrepreneurship initiative is our Startup Support Program, formerly the SME Program. The Startup Support Programs focuses on helping dynamic entrepreneurial organizations by providing access to competitive rates, mentorship, and sustainability integration support. This program helps entrepreneurial organizations accelerate their growth and operate sustainably as they expand and mature. We implement this program directly as well as through strategic partnerships.

2,862 Number of **Startups and SMEs** reached in 2017

In 2017, Aramex expanded its partnership with Seedstars World to host high impact startup competitions in eight different countries in five geographical regions reaching 200 startups. Aramex provided judges for competitions, startup mentors, and logistics prize money to trailblazing startups from emerging markets. Aramex also minted a new partnership with Thomson Reuter's Accelerate SME platform, which fosters a community of startups and SMEs who through the platform gain access to the discounted rates on products and services that are normally only reserved for organizations operating at economies of scale.

Entrepreneurship Powerhouse

Aramex Egypt complimented its explosive business growth in the last few years with an equally impressive impact in the dynamic Egyptian startup ecosystem. Aramex Egypt took a leading role in organizing, funding, and implementing the **Startup Weekend** and **TechneSummit** events in Egypt. The events attracted hundreds of innovative startups and young people, including a significant percentage of women, who gained new skills, support, empowerment, and ideas to bring back to their communities.

Aramex Startup Support Program

aramex

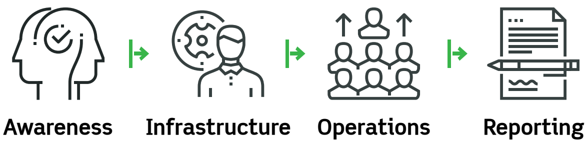
Our Environmental Commitment

Sustainable Development Goal 13

Take urgent action to combat climate and its impacts.

Intro

A clean, vibrant, and productive ecosystem and environment are essential not only to business, but to the overall health of the planet itself. Aramex takes its role very seriously in environmental stewardship. For Aramex, 2017 saw the implementation of groundbreaking innovation and investment in renewable energy technology and environmentally friendly practices.



Solar Farms

In 2017, we completed construction and activated our 1.2MW solar array at Amman Station, providing enough renewable electricity for all operations in Jordan. In addition, construction began on Dubai's 3.2 MW installation, which is set to be completed in 2018. These investments will greatly reduce our negative environmental impact, particularly on scope 1 and 2 emissions.

Electric Vehicles

As part of our integrated approach to sustainability, we recognize how one investment in environmentally friendly technology when properly implemented can have an immense effect on subsequent investments that generate more value while further reducing negative effects. In the case of our 1.2 Megawatt solar array in Amman, we seized the opportunity presented by excess power generation to upgrade our fleet of courier vehicles to full electric. This means that not only is our Amman Station self-sufficient in clean power generation, but our electric vehicles boast both zero emissions when operating and zero emissions when charging.

Based on our investments in solar, EV vehicles, LEED certification, and clean smart technology, we have been able surpass our original targets for the reduction of GHG emissions for 2020 and have set Year 2016 as our new benchmark for further reductions in emissions, fuel consumption, and electricity per shipment. Sox and NOx emissions will also use Year 2016 as a baseline reference.

Amman Solar system saved Aramex **355.3tCo2** during 2017

Year	2016	2017
Emissions (tCO2e)		
Scope 1	49,264	50,005
Scope 2	30,241	33,671
Scope 3	534,477	579,371
Freight	387,230	369,244
Express	122,645	185,167
Commuting	23,777	24,062
Business Travel	825	898
Total Emissions	613,982	663,047

Year	2016	2017	Diff between 2016 and 2017
KgCo2/ Shipment	10.2	9.4	-8%
Electrcity/ Shipment	0.78	0.73	-6%
Fuel/ Shipment	0.30	0.26	-13%
Electrcity	46,625,615	51,446,142	-
Fuel	18,198,325	18,572,869	-
Total Nox and Sox in Ton	24,855	25,171	1%
Total Emissions	613,982	663,047	-

Sustainability Support, Advocacy, and Partnerships

SUSTAINABLE DEVELOPMENT GOALS

Sustainable Development Goal 17

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

Aramex continues to cultivate meaningful partnerships in sustainability with private, public, and civil society institutions from the grassroots to the international level. We work collaboratively across a wide spectrum of actors and sectors, because that is what it takes to tackle the challenges and capitalize on the opportunities involved in sustainability and sustainable development in today's world. The breadth and depth of these partnerships allow us to maximize our impacts, effectively leverage our resources, and share knowledge to collectively develop best practices in sustainability.

In 2017, we directly implemented or partnered on over 100 projects and programs in 97% of our countries of operation to reach **over 60,000 beneficiaries.**

Global Partnership	United Nations Global Compact; Caring for Climate; World Future Energy Summit; GRI; Paris2015 COP21·CMP11; seedstarsworld	Tackling issues that are global in scope such as climate change, international human and labor rights, and supporting reporting and accountability at highest level
Regional Partnerships	DFM; RTC; unicef; Accelerate SME; 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 للإستدامة Abu Dhabi Sustainability Group; INJAZ Egypt (A Member of JA Worldwide); 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

Emergency Relief

When disaster strikes, Aramex is committed to leveraging its broad array of resources and capabilities to provide support and relief to communities in emergencies. Whether the causes are natural or man-made, Aramex uses its global network to ship, store, and distribute critical aid to those facing disasters and emergencies across the world.

In the face of a string of natural disasters in India and Sri Lanka this year, Aramex's teams leapt into action, lending a humanitarian hand in a time of crisis. In exemplary form, our teams leveraged their financial, organizational, and logistical capacity to marshal aid to over 13,000 beneficiaries in need of emergency assistance. Colombo station prepared and delivered 2000 parcels after flooding events in Sri Lanka, providing aid to approximately 10,000 people. In addition, when a flood catastrophe struck in West Bengal, India Aramex's local team similarly took decisive action without hesitation in the delivery of hundreds of kilograms of food, fresh water, and basic medicine to over 3,000 people across several communities.

Financial capacity

Logistical capacity

Organizational capacity

2,000 parcels

Hundreds of kilograms of food, fresh water, and basic medicine

13,000 Beneficiaries

10,000 People in Sri Lanka

3,000 Across several communities in West Bengal

10 Stakeholder Engagement

Stakeholder Engagement

Background

Stakeholder engagement is a central component of international best practices with regards to sustainable business as determined by the internationally recognized Global Reporting Initiative (GRI). Aramex contracted Ahead of the Curve (ATC) to conduct two stakeholder consultations (one in Egypt and one in Dubai) on its sustainability performance. This is the fourth such consultation process Aramex has performed, demonstrating its commitment to maintaining and improving its sustainability practices. The objectives of the consultation were to:

- Gather detailed feedback and insights from various stakeholders on Aramex's performance;
- Gather insights about perceptions of the impact and quality of Aramex's current sustainability practices;
- Produce concrete and actionable recommendations on how to redirect, institutionalize, upgrade, better communicate, and professionalize current practices; and
- Conduct the groundwork for concrete partnerships with external stakeholders around Aramex's sustainability efforts.

The consultations were in the form of roundtables attended by Aramex stakeholders including clients, employees, suppliers, as well as representatives of government, civil society, and NGOs. Furthermore, for Egypt, consultation results were enriched by in-person individual interviews with one governmental entity, two civil society organizations, and a key corporate client.

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

Consultations Sessions were on the following topics:

- **Participant General Awareness and Perceptions of Aramex's Sustainability Efforts:** Participants were asked to share words they associate with Aramex's sustainability practices and any knowledge they have about Aramex's responsible business efforts.

- **Aramex's Sustainability Approach:** Aramex's Egypt General Manager Samer Mansour, Aramex's Country Manager Bashar Kikoloff and Aramex's Chief Sustainability Officer Raji Hattar presented a comprehensive overview of the company's sustainability efforts and opened the floor for questions. The consultation's facilitators had an open discussion with the group about their feedback on the approach and recommendations for the way forward.

- **Working Group Discussions:** Discussions gathered feedback and generated recommendations for enhancing Aramex's sustainability performance. Groups were divided into mixed stakeholders. The facilitators presented participants with a set of guiding questions to discuss openly, and invited them to share their previous knowledge of Aramex and recommend measures to improve its sustainability practices.

- **Closed-Door Employee Discussions:** Facilitators had an open discussion with employee participants about their levels of satisfaction and recommendations for the way forward. Discussions were held in the absence of Aramex's senior management to ensure openness.

The flow of sessions allowed for an initial evaluation of participants' prior knowledge of Aramex's sustainability activities, followed by a presentation of the group's approach, activities, and relationship to national and international targets including the UN SDGs. Attendees were split into mixed stakeholder working groups managed by a facilitator to encourage open discussion, elicit stakeholder feedback, and identify recommendations for future strategies and actions.

The below table provides the consultation dates and number of attendees:

Aramex Stakeholder Consultation

Location	Date	Number of Attendees
Egypt, Cairo	November 21, 2017	40
Dubai, UAE	November 27, 2017	28

Consultation Findings

- **General Awareness and Perceptions**
There was a general consensus that Aramex puts people first, provides a very good work environment, adapts to market trends and changes and is always pushing boundaries to achieve growth and success. In order to set the stage for the discussion on Aramex's' sustainability role, the facilitator provided a broader definition of sustainability and the relevant ways it could be related to Aramex.

- **Awareness of Aramex's Sustainability Efforts**
As only a few stakeholders had a comprehensive and up-to-date understanding of Aramex's sustainability efforts and sustainability approach, they were all highly impressed by Aramex's sustainability footprint after Egypt's General Manager, Samer Mansour and the Chief Sustainability Officer; Raji Hattar presented some of their sustainability practices.

- **Egypt and Dubai Employee Engagement**
A discussion among Aramex employees in both Egypt and Dubai was conducted with the absence of senior management to ensure ease of expression and freedom to freely discuss their concerns and thoughts about the company, as well as their development within it. The majority of employees in both countries had positive feelings towards the company and expressed pride to be part of a recognized and global organization such as Aramex, with its friendly environment, and well-known brand and culture.

However, employees in Egypt raised several concerns such as:

- A budget should be provided at the start of every year divided into capex and opex;
- Remuneration adjustments were made due to the devaluation however not in proportion to the devaluation and lower than other organizations in the market;
- Further benefits other than financial should be provided, e.g. schooling, insurance/medical packages to include family;
- The belief that a loose approach is taken when enforcing disciplinary actions, which can lead to corruption;
- Need more intensive trainings regarding freight.
- Lack of flexibility, employees believe that Aramex's long-term employees do not accept change, which hinders keeping up with market trends.
- The need for more interaction with other countries, they are treated as a local and not international company. Global connectivity between countries needs to exist.

While concerns raised in Dubai arranged by importance were:

- Pay due to Dubai's very expensive cost of living as a result of inflation and VAT taxes that will be implemented starting 2018;
- Employees do not know how they will move forward and grow within the organization (career track); and
- Need for upgrading tools used within the operations to increase efficiency.

Common Concerns between Egypt and Dubai:

- Great anxiety due to the recent changes, where no communication or transparency took place;
- Job description and/or promotional paths are unclear;
- Remuneration concerns;
- The need and importance of positive attitudes from senior management;
- Despite their trust in Aramex and its systems, employees stated that they would like to be included in the thought processes and have their opinions to be heard.

Main Stakeholder Recommendations

Open Employee Discussions	Customers and Suppliers	Civil Society, Govt and NGO
Aramex should scale efforts with educational, employment and environmental interventions by sponsoring more schools, scholarships and capacity building for entrepreneurs. In addition to raising awareness internally and externally to the organization; and increase the frequency of stakeholder consultations and other similar activities	Aramex should introduce new services for bulk and waste logistics; have higher compliance with IATA; and provide customers with new innovative logistics ideas.	Aramex should increase efforts in raising awareness of its sustainability practices; including by labeling all Aramex's packages with its sustainable efforts or monetizing these efforts to display greater impact. Also, awareness should be increased regarding internal human rights and labor practices. And finally, road and driving safety should be assessed and encouraged in local communities, to promote road safety
Aramex should put more efforts into sharing its sustainability paradigm and milestones systematically, for example, it should share its efforts in every sales meeting and point of sale, social media, brand packaging, courier uniforms and electronic publications	Aramex should provide more programs supporting the elderly (providing specialized services). Suppliers and clients should be involved as partners in any social initiatives	Aramex should increase its projects in rural areas, where it can help with issues like water and electricity problems, to help build loyalty between residents and Aramex

Main Stakeholder Recommendations

Open Employee Discussions	Customers and Suppliers	Civil Society, Govt and NGO
Intense training on applying sustainability principles in the workplace should be provided to employees in addition to conducting more stakeholder workshops to innovate solutions for operational issues.	Stakeholders suggested to have a 24/7 call center with less waiting time, immediate notification of shipment status and a one stop shop facility for handling customers, storage, etc. In addition, Aramex should present its environmental impact on packages, in contracts and text messages; and should include hiring those with special needs; providing logistics solutions for food waste management; and entrepreneurship support for Expats.	A unified vision has to be created. In addition, annual or semi-annual videos by the CEO explaining the targets and achievements can be distributed for everyone's knowledge.
Enforce sustainability into Aramex's culture by including sustainability acts in day-today operations, having recycling bins all over the premises for everyone to use, introducing car-pooling, reviving the red lab as it was very useful and encouraged sharing which lead to the creation of some of Aramex's products.	IT systems should be upgraded, constructed in a user friendly manner to provide automatic notifications on package status, for Aramex to provide more competitive rates regarding air freight, and should have an environmental assessment for big clients.	Aramex should keep track of its R&D. It should always be aware of the sustainability drivers in the market and adhere to them and upgrade their initiatives accordingly.
Invite stakeholders to Aramex-related events where its sustainability efforts are displayed, in addition to visiting universities and discussing the efforts for the whole university's awareness, not only the students who received scholarships from Aramex.	More frequent follow ups regarding confidential, legal, and bank documents are needed. A stakeholder mentioned that there was no follow up regarding his credit card delivery which caused inconvenience due to it returning to the bank and needing to go through the whole process again.	Aramex should find a balanced business model to push cost-driven customers to more sustainable options.

Individual Interviews in Egypt

Interviews were held with representatives from Ruwwad, UNICEF, the Ministry of Youth and Sports, and Ezz Steel. Interviews began with a brief introduction to sustainability, Aramex's current footprint, and its sustainability strategy; followed by reflection on stakeholder relationships with Aramex, their most significant concerns, and how concerns are addressed. There was an emphasis that Aramex's work, initiatives, programs and efforts are impactful, and interviewees stressed on communicating that to Aramex. Employees believe that Aramex does not fully grasp the magnitude of its programs, the effect they have on people's lives, the change they offer, and the future they build. There was a consensus between all four interviewees about how useful the stakeholder consultation was, and they expressed that it should be repeated as often as possible.

ATC's Key Recommendations

Ahead of The Curve is recommending that Aramex implement the following:

- **Raising Awareness:** Aramex should ensure that its sustainability efforts are communicated to the company's stakeholders, surrounding environment, and all potential segments it can cater to; it should also be announced to other corporate players to inspire them to walk in Aramex's footsteps. Aramex should explore partnerships due to its wide-ranging scope of initiatives. The more Aramex communicates its programs and ideas, the more opportunities can be presented to partners and the more sustainability efforts can be developed. There needs to be a strong PR arm specifically for "Delivering Good".

- **Employee Management:** Aramex employees displayed a positive attitude to being part of the organization, however, concerns regarding compensation, job descriptions, and transparency were raised. More clarity is needed to articulate a revised division of labor between job functions and the scope of work for each job in order to reduce uncertainty about responsibilities and remuneration; comprehensive training and capacity building should be offered based on developed career paths.

A roadmap needs to be provided due to the lack of clarity moving forward. More feedback and engagement sessions should be conducted, during which employees can express their concerns.

For Dubai, adjustments in remuneration need to be made while taking into account Dubai's high cost of living, inflation and VAT taxes to be implemented in 2018. Overall, the lack of complete transparency and clarity causes anxiousness, so a clear framework for all aspects within Aramex should be clearly provided.

Though senior management has successfully implemented an open door policy for communicating employee concerns, this paradigm needs to be mainstreamed into the corporate culture at all levels. Aramex should institute a liaison between employees and management to facilitate communicating suggestions for better institutional efficiency.

Overall, the lack of complete transparency and clarity causes anxiousness, so a clear framework for all aspects within Aramex should be clearly provided.

The more Aramex communicates its programs and ideas, the more opportunities can be presented to partners and the more sustainability efforts can be developed.

Materiality Matrix

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

Materiality Matrix

Material Aspects			Materiality	Aspect Boundary	Notes on Materiality	Notes
Market Presence						
202	1	"Ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation"	Material	Within our entire operations and outside the organization as it is related to our stakeholders, particularly employees, the governments and policies of the countries in which we operate.	"At Aramex, employee morale, satisfaction and retention is very important, since employ-ees are an integral part of our success and the quality of our services. We aim to offer com-petitive wages to our employees - for our entry level employees, these are equal and often in excess of the local minimum wage. Our wages are important to our employees as well as other stakeholders as they are indicative of our impact on the community."	
202	2	Proportion of senior management hired from the local community at significant locations of operation	Material	Within our entire operations	"We aim to employ members of the local communities in which we operate, as it is important to us that we have a healthy percentage of senior management hired from the local community, due to their understanding of the local marketMoreover, it is important for our stakeholders because it indicates our investment in the capacity of the communities in which we operate."	"Aramex employs 48% local and 52% expat senior management in our global corporate operations."
Indirect Economic Impacts						
203	1	Development and impact of infrastructure investment and services supported	Immaterial		"Since we are a light asset based company, we do not have significant investments related to infrastructure"	
203	2	Significant indirect economic impacts, including the extent of impacts	Material	Within our entire operations and outside as it is related to the communities in which we work	"Impacts our stakeholders and helps in the development of the communities in our areas of operations"	
Procurement						
204	1	Proportion of spending on local suppliers at significant locations of operation	Material	Within our entire operations and outside, as it is related to our suppliers in the countries in which we operate	"Impacts our stakeholders and helps in the development of the communities in which we are operating through our supply chain. The majority of our spending is on local suppliers – in fact, on average, 85% of our spending was on local suppliers in 2017"	

Materiality Matrix

Material Aspects			Materiality	Aspect Boundary	Notes on Materiality	Notes
Environmental Aspects						
Materials						
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."	
Energy						
302	1	Energy consumption within the organization	Material	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 Kw 51,446,142 and 18,572,869 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 energyconsumed 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"

Materiality Matrix

Material Aspects			Materiality	Aspect Boundary	Notes on Materiality	Notes
Energy						
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	
Water						
303	1	Total water withdrawal by sources	Material	Within our entire operations, except our franchisees	"Our use of water is restricted to municipal use. However, given that water is important and exceedingly scarce, we make sure to measure our consumption"	
303	2	Water sources significantly affected by withdrawal of water	Immaterial		"Because our water consumption is strictly for municipal use and we withdraw and discharge water through municipal system"	
303	3	Percentage and total volume of water recycled and re-used	Immaterial	Within our entire operations, except our franchisees, outside as it is related to the municipalities and companies that provide us with services related to water re-use and recycling.	Our use of water is restricted to municipal use. However, given that water is important and exceedingly scarce, we make sure to re-use and recycle our water wherever possible.	

Materiality Matrix

Material Aspects			Materiality	Aspect Boundary	Notes on Materiality	Notes
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	
Emissions						
305	1	Direct Greenhouse Gas (GHG) emissions (Scope 1)	Material	Within our entire operations, except our franchisees	Due to environmental impacts	Our Carbon footprint baseline year is 2012
305	2	Energy indirect Greenhouse Gas (GHG) emissions (Scope 2)	Material	Within our entire operations (100% financially controlled)	Due to environmental impacts	Our Carbon footprint baseline year is 2012
305	3	Other indirect Greenhouse Gas (GHG) emissions (Scope 3)	Material	Inside our operations as it is related to our business-related travel. Outside our operations as it is related to our suppliers, our employees commuting	Due to environmental impacts	"Our number of employees grew by 1.5%. 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"

Materiality Matrix

Material Aspects			Materiality	Aspect Boundary	Notes on Materiality	Notes
Emissions						
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 2017 were 25171 tons measured using the GHG protocol and Climate Registry tools."
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	

Materiality Matrix

Material Aspects			Materiality	Aspect Boundary	Notes on Materiality	Notes
Effluents and Waste						
306	3	Total number and volume of significant spills	Material		We haven't encountered any significant spillage during 2017 except some minor spillages weighing no more than 5 kg.	
306	4	Weigh of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basal Convention Annex I, II, III, and VIII and percentage of transported waste shipped internationally	Immaterial		We have strict policies against the handling or transportation of hazardous or toxic waste	
306	5	"Identity, size, protected status and biodiversity value of water bodies and related habitats significantly affected by the organization's discharges of water and run-off"	Immaterial		All of our water is discharged through municipal sewage systems	
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

Materiality Matrix

Material Aspects			Materiality	Aspect Boundary	Notes on Materiality	Notes
"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	
307	2	Significant actual and potential negative environmental impacts in the supply chain and actions taken	Material	Outside our operations as it is related to our supply chain	This is important to our operations and to our stakeholders	
Environmental Grievance Mechanisms						
103	2	Number of grievances about environmental impacts filed, addressed and resolved through formal grievance mechanisms	Material	Within and outside our operations as it is related to our supply chain	This is important to our operations and to our stakeholders. We received no grievances in 2017.	
"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 2017, we did not have any part- time employees.	
401	3	Return to work and retention rates after parental leave, by gender	Material	Within our entire operations, except franchisees	"Employee retention is important to us because we aim to provide a comfortable and unique working environment for our employees, investing in them and their capacity. Moreover, in Aramex we seek to provide flexibility for our female employees to encourage their return to work after maternity leave."	

102-29, 102-31, 102-47, 103-1, 103-2, 401-1, 401-2, 401-3

Materiality Matrix

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

Materiality Matrix

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"	Due to the data migration and upgrade, some HR performance review records are unavailable, but 100% of employees will have enhanced records of performance reviews in 2018
Diversity and Equal Opportunity						
405	1	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership and other indicators of diversity	Material	Within our entire operations, except franchisees	"Aramex is a global operation. Diversity is vital to the success of our operations and ensures that the different regions in which we operate are represented in our workforce Diversity is an important aspect of our sustainability and integration into the communities in which we work."	
405	2	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation	Material	Within our entire operations, except franchisees	"Direct impact on our business and stakeholders, especially employees"	

102-29, 102-31, 102-47, 103-1, 404-3

Materiality Matrix

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"	
Labor Practices Grievance Mechanisms						
103	1	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	1	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"	

Materiality Matrix

Material Aspects			Materiality	Aspect Boundary	Notes on Materiality	Notes
Human Rights Investment						
412	1	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.	
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	

Materiality Matrix

Material Aspects			Materiality	Aspect Boundary	Notes on Materiality	Notes
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 supply chain	"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	
Assessment						
412	1	Total number and percentage of operations that have been subject to human rights reviews or impact assessments	Material	Within our operations	"Human rights are vital to us. We strive to uphold human rights in all of our operations and therefore assess our operations' compliance with international laws and conventions related to human rights to ensure there are no violations in our supply chain operations. Human rights violations can impact our operations and stakeholders negatively – this is why it is important for us to keep track of them and prevent them"	

102-29, 102-31, 102-47, 103-1, 410-1, 411-1, 412-1

Materiality Matrix

Material Aspects			Materiality	Aspect Boundary	Notes on Materiality	Notes
Supplier Human Rights Assessment						
414	1	Percentage of new suppliers that were screened using human rights criteria	Material	Within and outside our operations as it is related to our supply chain	Direct impact on our business, stakeholders and supply chain	
414	2	Significant actual and potential negative human rights impacts in the supply chain and actions taken	Material	Within and outside our operations as it is related to our supply chain	Direct impact on our business, stakeholders and supply chain	
Human Rights Grievance Mechanisms						
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	
Society Local Communities						
413	1	Percentage of operations with implemented local community engagement, impact assessment and development programs	Material	"Inside and outside our operations in the countries where we are able to have projects on the ground. The percentage is calculated from operations that have projects on the ground in relation to all operations where we are able to have sustainability projects."	"Aramex strives to have a positive impact in all areas in which we operate, as we believe it is vital to engage with local communities and empower them. Our social and sustainability initiatives impact the communities' well-being and enhances our relationships with our stakeholders"	Our community beneficiaries exclude children, students, startups and interns (whic are account for separatel
413	2	Operations with significant actual or potential negative impacts on local communities	Immaterial		"Given the nature of our operations, we do not operate any factories or manufacturing facilities that pose health risks, nor do we mine or extract resources, ensuring that our operations do not pose any negative social impacts and have mechanisms in place to report any issues or concerns."	

102-29, 102-31, 102-47, 103-1, 413-2

Materiality Matrix

Material Aspects			Materiality	Aspect Boundary	Notes on Materiality	Notes
Anti-Corruption						
205	1	Total number and percentage of operations assessed for risks related to corruption and the significant risks identified	Material	Within our entire operations	"Corruption can have significant legal and financial implications, as well as a negative impact on our stakeholders and on the areas in which we operate. This is why Aramex's compliance and internal audit functions are dedicated to the reduction of risks related to corruption"	
205	2	Communications and training on anti-corruption policies and procedures	Material	Within our entire operations	Corruption can have significant legal and financial implications, as well as a negative impact on our stakeholders and on the areas in which we operate. This is why Aramex's compliance and internal audit functions are dedicated to the reduction of risks related to corruption and to ensuring that our employees are trained and aware of our code of conduct and anti-corruption policies. We also have a whistleblowing policy and mechanism in place to report any incidents.	
205	3	Confirmed incidents of corruption and actions taken	Material	Within our entire operations	"Due to the importance of keeping our operations corruption- free we have formal channels to report any cases, along with a comprehensive procedure to investigate and take action against perpetrators"	
Public Policy						
415	1	Total value of political contributions by country and recipient/ beneficiary	Material	Within our entire operations	"As we do not affiliate ourselves with any political or governmental system, we have a strict policy against giving political contributions to governments"	

102-29, 102-31, 102-47, 103-1, 205-2, 205-3, 415-1

Materiality Matrix

Material Aspects			Materiality	Aspect Boundary	Notes on Materiality	Notes
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 2017, 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 2017, 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”	
414	2	Significant, actual and potential negative impacts on society in the supply chain and actions taken	Material	Outside our operations as it is related to our supply chain	Direct impact on our business and stakeholders	
Grievance Mechanisms for Impacts on Society						
103	1	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	

Materiality Matrix

Material Aspects			Materiality	Aspect Boundary	Notes on Materiality	Notes
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	
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	

Materiality Matrix

Material Aspects			Materiality	Aspect Boundary	Notes on Materiality	Notes
Product and Service Labeling						
417	4	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"	
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	Incidents of non-compliance concerning marketing communications	Material	"Outside our organization as it is related to international and national laws and regulations"	Direct impact on our business and stakeholders	
Customer Privacy						
418	1	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	Material	Within our organization and outside as it is related to our customers	Directly impacts our customers and our business	"In 2017 we did not have any cases"
Compliance						
419	1	"Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services"	Material	Within our organization and outside as it is related to our customers and international and national laws and regulations	Direct impact on our business and stakeholders	

11 Compliance

Compliance

Aramex's Compliance Program strives to ensure that Aramex maintains a culture of respect, honesty and integrity. Management involvement and support influence the program's core objective of ensuring that each employee is able to recognize and avoid situations that might compromise Aramex's integrity. The Program has the support of leadership, demonstrated by a reporting structure that provides Aramex's Compliance Function direct access to senior leadership and the Board. The Program provides the support and tools necessary to fulfill expectations that every staff member acts with honesty and integrity while performing their work.

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

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

Aramex's Compliance Program strives to ensure that Aramex maintains a culture of **respect, honesty** and **integrity.**

102-16, 102-17, 102-20, 102-29, 102-33 , 102-34, 103-2, 205-1, 205-2, 412-2

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

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

The code of conduct and related policies are easily accessible internally and externally. Moreover, and in an effort to ensure a better understanding and implementation of Aramex's code of conduct, we continued classroom and online training efforts reaching 75% of the total headcount as of December 31, 2017.

Compliance training summary

Total Headcount	Class Room Training	Online Only Training	Total trained	%
17,170	8,775	3,688	12,463	73%

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

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

Our compliance program continues to refine its infrastructure, address active compliance issues, update, and create new policies to minimize risk. This is an enthusing time for the Program, as existing management systems are increasingly utilizing the Program as a resource. We will continue to enhance the Program and spread awareness while concentrating on active assessment and the monitoring of compliance risks.

We are committed to upholding human rights in all our locations. As a part of this commitment, we initiated a human and labor rights audit to assess human and labor rights at the corporate level as well as at the station level in Amman and Dubai. The audit was carried out in coordination with and validated by a third party. Human and labor rights policies were checked for alignment with international norms, such as the Universal Declaration of Human Rights and the International Labor Organization (ILO), as well as with local labor laws in the countries of operation. In addition to the policy review, several employee stakeholders were interviewed or participated in surveys to confirm that practices were aligned with human and labor rights policy. Potentially high-risk stakeholders and areas were identified and a mitigation plan was proposed. The human and labor rights audit will expand to the supply chain in 2018.

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

We are committed to upholding human rights in all our locations. As a part of this commitment, we initiated a human and labor rights audit to assess human and labor rights at the corporate level as well as at the station level in Amman and Dubai.

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

In 2017, we have maintained and enhanced the evaluation processes of our suppliers' compliance-related issues including human and labor rights, anti-corruption and anti-bribery, as well as social and environmental criteria. Our due diligence process ensures that our third parties follow local and international laws and regulations. Our process is managed internally utilizing our code of conduct and questionnaire and externally for complicated cases by a reputable provider. In 2018 we will introduce a due diligence process by a reputable provider for all our vendors along with our in-house screening process.

As per our knowledge, there have been no cases of human rights, child labor or compulsory and forced labor violations within our supply chain. In addition, in 2017, we did not have any human rights, forced or child labor grievances or concerns related to our operations. Furthermore, we are not aware of any concerns of human rights, forced or child labor violations related to our suppliers and did not receive any through our formal grievance channels, nor did we identify or receive any complaints of negative social impacts due to our operations or in our supply chain. We did not identify any issues of significant negative impacts on the environment beyond the emissions that result from the use of airlines, sea lines, and road freight to transport our shipments and provide services to our clients. We account for these impacts along our supply chain through our calculation of our scope 3-carbon footprint as we are actively working to reduce our emissions and environmental impacts, read more about our environmental commitments on **page 46.**

Trade Compliance Initiatives

We are committed to continually strengthening our control on exports throughout the network. We have procured a reliable Persons Screening solution in 2016, which is a critical solution to safeguard our company, customers, and suppliers from dealing with restricted parties. In 2017, we successfully installed a team to physically review all shipments into embargoed countries.

Our trade compliance program is capable to adapt to the ever-changing risks in global markets and have allowed us to support and protect our customers' interests.

Whistle-blowing Policy

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

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

We encourage our employees and stakeholders to use the whistle-blowing system and provide sufficient training on incident reporting.

In 2017, we successfully installed a team to physically review all shipments into embargoed countries.

12

Associations and Certifications

Associations and Certifications

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

Memberships		
Freight	International Air Transport Association (IATA)	We are IATA-approved agents with individual CODE/CASS numbers in Algeria, Bahrain, Bangladesh, Canada, China, Cyprus, Czech Republic, Egypt, Ethiopia, France, Germany, Ghana, India, Indonesia, Iran, Iraq, Ireland, Jordan, Kuwait, Lebanon, Libya, Malta, Mauritius, Morocco, Nepal, Netherlands, Oman, Qatar, Saudi Arabia, Shanghai, Singapore, Slovakia, Sri Lanka, Sudan, Switzerland, Syria, Turkey, UAE, UK, USA and Vietnam. Some main stations are individual members, while the remaining stations are in the process of becoming IATA-approved.
	The International Air Cargo Association (TIACA)	Member
	Fédération Internationale des Associations de Transitaires et Assimilés/International Federation of Freight Forwarders Associations (FIATA)	Founder
	World Freight Alliance (WFA)	President
	Freight Forwarding Syndicate	Member
	Fenex	Member
Logistics and Ground Operations	Supply Chain and Logistics Group	Member

Memberships		
Express	Global Distribution Alliance (GDA)	Founder
	Express Delivery and Logistic Association	Member
Business Improvement and Efficiency	BSI Registered (British Standards Institute)	Member
Security	Transported Assets Protection Association (TAPA) – Jordan	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 America	Member
	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)
ISO 9001 Quality Management Systems (30 locations)
Leadership in Energy and Environmental Design we have 6 Location already certified and 2 under process
27001 Information Security **GDP audit (good distribution practices)** **SEDEX** **TISSE customer service**
The International Standard for Service Excellence (7 locations)

13

Reporting Process

Reporting Process

This is our **8th** integrated report and **12th** sustainability report. This report has been prepared in accordance with the GRI Standards: Comprehensive option.

Our reporting process displays a robust and focused coverage of the various aspects of our operations and management techniques providing us with a tool to measure and monitor our operations:

Determining our priority issues

When determining our priority issues we undertake a comprehensive approach considering three main aspects:

We believe that considering the above aspects results in successfully determining our priority and material issues as well as boundaries to ensure that we address them effectively and provide a wealth of information concerning our activities, compliance, and any significant economic, environmental, and social impacts that are material to our operations and overall impact.

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

Materiality

We have identified all of our key stakeholders inclusively and continue to engage with them effectively. This is achieved through diverse, tailored tools and requests for feedback on our materiality, sustainability, and reporting. The feedback received is carefully mapped in relation to our operations and industry. This process is fundamental to our holistic approach, ensuring that no stakeholder is neglected when considering our impact and, most importantly, identifying material issues and how to best address them. For more details on our stakeholder engagement activities, please refer to the stakeholder engagement section, **page 50**.

These material aspects examine factors that are critical to our success and sustainability, including not only our corporate culture and existing systems within the company, but also the potential of our core competencies to contribute to sustainable development.

We have also examined global trends towards sustainability alongside the regional and local contexts in which we operate. In doing so, we can identify the different priorities and communicate how we have attempted to address these issues from multiple perspectives.

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

For aspects whose boundaries occur within our operations, this includes all entities, except our franchisees. Aspect boundaries, whether within or outside of our operations occur across all geographical locations.

Ensuring Quality in our Sustainability Reporting

We utilize the GRI Reporting Principles for Defining Quality, which include:

Balance: We have achieved balance by reporting and evaluating our performance based on material issues and future targets, presenting both our positive performance, as well as focus areas that require improvement and re-evaluation.

- **Comparability:** We have provided year-on-year data and followed GRI Indicator Protocols wherever appropriate.
- **Accuracy:** We aim to achieve maximum accuracy in our data, and always clearly identify where estimations or limitations in our published figures exist.
- **Timeliness:** We are now committed to reporting our sustainability performance on an annual basis.
- **Clarity:** Throughout the report, we clearly illustrate our sustainability performance and related projects. This year we measured against the targets established by previous reports.
- **Reliability:** This report has undergone third-party assurance, according to the parameters expressed in the assurance statement.

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

This is our seventh year reporting annually on our GHG emissions. Details of our GHG emissions can be found on **page 46.** In calculating our carbon footprint, we have adhered to the principles contained in the Green House Gas (GHG) Protocol accounting tool, which was developed by World Business Council for Sustainability Development (WBCSD) and World Resources Institute (WRI). We utilize an operational control approach to measure our emissions, with 2016 being our base year for all purposes of comparison and goal setting.

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

Limitations: Being a light-asset company, Aramex utilizes the services of transportation providers, such as airlines, sea lines, and vehicle leasing companies. Furthermore, we rely on local sub-contractors for the pickup and delivery of express packages in certain markets – most notably India. For more on our supply chain, refer to **page 13.**

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

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

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

14 Disclosures on Management Approaches

Disclosures on Management Approaches

The responsibility of ensuring positive economic, social, and environmental outcomes is mandated from the level of the individual employee up through the Board of Directors, with a 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 2018 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 76**.

Social, environmental, and external economic matters are equally as important to Aramex as our internal profitability. Internal social impacts on the workforce 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 audit 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 programs are centered around three Pillars:

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

To ensure that our impacts on communities are positive, 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 form partnerships with NGOs and other socially driven organizations in sustainability and community projects and partnerships to assist in the development of our communities and meeting their needs. These partnerships are always apolitical and areligious.

For more on sustainability including goals and targets please refer to **page 41.**

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

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

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. This is guided by the Aramex Environmental Policy and Socially Responsible Procurement Policy. 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.

For more information on our environmental projects, refer to our environmental commitments on **page 46.**

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.

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

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.

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

Measurement and Evaluation of Management Approaches

We measure our performance and effectiveness in managing economic, social, and environmental aspects and impacts through a number of mechanisms, including;

- Stakeholder engagement surveys and consultations
- Internal and external audits
- Internal evaluation mechanisms and KPIs
- Budgets and project timelines
- Specialized committees on different aspects, for example: grievance committee, HSE committee, special project committees.
- Annual reports and internal reporting mechanisms
- Whistleblowing system
- External Evaluation

GRI Content Index

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		Disclosure Title	Page number / notes	Omissions	External Assurance
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	102-33	Communicating critical concerns	22-26,75,77,87		
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	102-37	Stakeholders' involvement in remuneration	26		
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General Disclosures					
GRI 102: General Disclosures 2016	**102-39**	Percentage increase in annual total compensation ratio	26		
	102-40	List of stakeholder groups	53-55		
	102-41	Collective bargaining agreements	64,67		
	102-42	Identifying and selecting stakeholders	53-55		
	102-43	Approach to stakeholder engagement	53-55		
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	102-45	Entities included in the consolidated financial statements	5,117		
	102-46	Defining report content and topic Boundaries	7,56,82-87		
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	102-48	Restatements of information	9,10		
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	201-2	Financial implications and other risks and opportunities due to climate change	9,10		
	201-3	Defined defined benefit plan obligations and other retirement plans	29		
	201-4	Financial assistance received from government	56		
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GRI 103: Management Approach 2016	**103-1**	Explanation of the material topic and its Boundary	29-30, 53-55		
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	103-3	Evaluation of the management approach	29-30, 53-55		
GRI 202: Market Presence 2016	**202-1**	Ratios of standard entry level wage by gender compared to local minimum wage	100-101,56		Yes
	202-2	Proportion of senior management hired from the local community	32		Yes
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GRI 103: Management Approach 2016	**103-1**	Explanation of the material topic and its Boundary	75-77, 86, 87		
	103-2	The management approach and its components	75-77, 86, 87		
	103-3	Evaluation of the management approach	75-77, 86, 87		
GRI 203: Indirect Economic Impacts 2016	**203-1**	Infrastructure investments and services supported	12-15,56-57		
	203-2	Significant indirect economic impacts	8,9,46,57		

		Disclosure Title	Page number / notes	Omissions	External Assurance
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GRI 204: Procurement Practices 2016	**204-1**	Proportion of spending on local suppliers	55,56		
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GRI 103: Management Approach 2016	**103-1**	Explanation of the material topic and its Boundary	75-77, 86, 87		
	103-2	The management approach and its components	75-77, 86, 87		
	103-3	Evaluation of the management approach	75-77, 86, 87		
GRI 205: Anti-corruption 2016	**205-1**	Operations assessed for risks related to corruption	75		
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	205-3	Confirmed incidents of corruption and actions taken	70		
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GRI 103: Management Approach 2016	**103-1**	Explanation of the material topic and its Boundary	75-77, 86, 87		
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	301-2	Percentage of materials used that are recycled input materials	105		
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GRI 302: Energy 2016	**302-1**	Energy consumption within the organization	8,47,58		Yes
	302-2	Energy consumption outside of the organization	47,58		
	302-3	Energy Intensity	47,59		
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	302-5	Reductions in energy requirements of products and services	47,59		
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GRI 103: Management Approach 2016	**103-1**	Explanation of the material topic and its Boundary	59, 75-77, 86, 87		
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GRI 303: Water 2016	**303-1**	Total water withdrawal by sources	59		
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	303-3	Water recycled and re-used	59		

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	103-3	Evaluation of the management approach	60, 75-77, 86, 87		
GRI 304: Biodiversity 2016	**304-1**	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	60		
	304-2	Significant impacts of activities, products, and services on biodiversity	60		
	304-3	Habits protected or restored	60		
	304-4	Number of IUCN Red List species in operational areas	60		
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GRI 103: Management Approach 2016	**103-1**	Explanation of the material topic and its Boundary	42, 47, 86, 87		
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GRI 305: Emissions 2016	**305-1**	Direct (Scope 1) GHG emissions	47		Yes
	305-2	Energy indirect (Scope 2) GHG emissions	47		Yes
	305-3	Other indirect (Scope 3) GHG emissions	47		Yes
	305-4	Direct GHG emssions intensity	47		
	305-5	Reduction of GHG emissions	47		
	305-6	Emissions of ozone-depleting substances (ODS)	61		
	305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	47		Yes

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GRI 306: Effluents and Waste 2016	**306-1**	Total water discharge by qulaity and destination	61		
	306-2	Total weight of waste by type and disposal method	61		
	306-3	Significant spills	62		
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GRI 103: Management Approach 2016	**103-1**	Explanation of the material topic and its Boundary	42, 47, 61, 62, 75-77, 86, 87		
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	103-2	The management approach and its components	64, 86, 87		
	103-3	Evaluation of the management approach	64, 86, 87		
GRI 403: Occupational Health and Safety 2016	**403-1**	Workers representation in formal joint management-worker health and safety committees	33,34		Yes
	403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	36		
	403-3	Workers with high incidence or risk diseases related to their occuptation	36,64		
	403-4	Health and Safety topics in formal agreements with unions	64		

		Disclosure Title	Page number / notes	Omissions	External Assurance
Social Topics					
Training and Education					
GRI 103: Management Approach 2016	**103-1**	Explanation of the material topic and its Boundary	30, 31, 65, 86, 87		
	103-2	The management approach and its components	30, 31, 65, 86, 87		
	103-3	Evaluation of the management approach	30, 31, 65, 86, 87		
GRI 404: Training and Education 2016	**404-1**	Average hours of training per year per employee	30,109		
	404-2	Programs for upgrading skills and transition assistance programs	30		
	404-3	Percentage of employees receiving regular performance and career development reviews	65		
Diversity and Equal Opportunity					
GRI 103: Management Approach 2016	**103-1**	Explanation of the material topic and its Boundary	30, 31, 65, 86, 87		
	103-2	The management approach and its components	30, 31, 65, 86, 87		
	103-3	Evaluation of the management approach	30, 31, 65, 86, 87		
GRI 405: Diversity and Equal Opportunity 2016	**405-1**	Diversity of governance bodies and employees	2,24,25,26,31,32		
	405-2	Ratio of basic salary and remuneration of women to men	106-108		
Non-discrimination					
GRI 103: Management Approach 2016	**103-1**	Explanation of the material topic and its Boundary	67, 75-77, 86, 87		
	103-2	The management approach and its components	67, 75-77, 86, 87		
	103-3	Evaluation of the management approach	67, 75-77, 86, 87		
GRI 406: Non-discrimination 2016	**406-1**	Incidents of discrimination and corrective actions taken	67		

		Disclosure Title	Page number / notes	Omissions	External Assurance
Social Topics					
Freedom of Association and Collective Bargaining					
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	67, 75-77, 86, 87		
	103-2	The management approach and its components	67, 75-77, 86, 87		
	103-3	Evaluation of the management approach	67, 75-77, 86, 87		
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	67		
Child Labor					
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	67, 75-77, 86, 87		
	103-2	The management approach and its components	67, 75-77, 86, 87		
	103-3	Evaluation of the management approach	67, 75-77, 86, 87		
GRI 408: Child Labor 2016	408-1	Operations and suppliers at significant risk for incidents of child labor	77		
Forced or Compulsory Labor					
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	67, 75-77, 86, 87		
	103-2	The management approach and its components	67, 75-77, 86, 87		
	103-3	Evaluation of the management approach	67, 75-77, 86, 87		
GRI 409: Forced or Compulsory Labor 2016	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	77		
Security Practices					
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	67, 75-77, 86, 87		
	103-2	The management approach and its components	67, 75-77, 86, 87		
	103-3	Evaluation of the management approach	67, 75-77, 86, 87		
GRI 410: Security Practices 2016	410-1	Security personnel trained in human rights policies or procedures	68,76		

		Disclosure Title	Page number / notes	Omissions	External Assurance
Social Topics					
Rights of Indigenous Peoples					
GRI 103: Management Approach 2016	**103-1**	Explanation of the material topic and its Boundary	67, 75-77, 86, 87		
	103-2	The management approach and its components	67, 75-77, 86, 87		
	103-3	Evaluation of the management approach	67, 75-77, 86, 87		
GRI 411: Rights of Indigenous Peoples 2016	**411-1**	Incidents of violations involving rights of indigenous peoples	68		
Human Rights Assessment					
GRI 103: Management Approach 2016	**103-1**	Explanation of the material topic and its Boundary	67, 75-77, 86, 87		
	103-2	The management approach and its components	67, 75-77, 86, 87		
	103-3	Evaluation of the management approach	67, 75-77, 86, 87		
GRI 412: Human Rights Assessment 2016	**412-1**	Operations that have been subject to human rights reviews or impact assessments	7,10,66,68,76		
	412-2	Employee training on human rights policies or procedures	75,76		
	412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	77		
Local Communities					
GRI 103: Management Approach 2016	**103-1**	Explanation of the material topic and its Boundary	67, 75-77, 86, 87		
	103-2	The management approach and its components	67, 75-77, 86, 87		
	103-3	Evaluation of the management approach	67, 75-77, 86, 87		
GRI 413: Local Communities 2016	**413-1**	Operations with local community engagement, impact assessments, and development programs	43,46,49		Yes
	413-2	Operations with significant actual and potential negative impacts on local communities	69		

		Disclosure Title	Page number / notes	Omissions	External Assurance
Social Topics					
Supplier Social Assessment					
GRI 103: Management Approach 2016	**103-1**	Explanation of the material topic and its Boundary	67, 75-77, 86, 87		
	103-2	The management approach and its components	67, 75-77, 86, 87		
	103-3	Evaluation of the management approach	67, 75-77, 86, 87		
GRI 414: Supplier Social Assessment 2016	**414-1**	New suppliers that were screened using social criteria	7,13,66,71,77		
	414-2	Negative social impacts in the supply chain and actions taken	13,66,77		
Public Policy					
GRI 103: Management Approach 2016	**103-1**	Explanation of the material topic and its Boundary	67, 75-77, 86, 87		
	103-2	The management approach and its components	67, 75-77, 86, 87		
	103-3	Evaluation of the management approach	67, 75-77, 86, 87		
GRI 415: Public Policy 2016	**415-1**	Political contributions	9,27,70		
Customer Health and Safety					
GRI 103: Management Approach 2016	**103-1**	Explanation of the material topic and its Boundary	67, 75-77, 86, 87		
	103-2	The management approach and its components	67, 75-77, 86, 87		
	103-3	Evaluation of the management approach	67, 75-77, 86, 87		
GRI 416: Customer Health and Safety 2016	**416-1**	Assessment of the health and safety impacts of product and service categories	72		
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	72		

		Disclosure Title	Page number / notes	Omissions	External Assurance
Social Topics					
Marketing and Labeling					
GRI 103: Management Approach 2016	**103-1**	Explanation of the material topic and its Boundary	67, 75-77, 86, 87		
	103-2	The management approach and its components	67, 75-77, 86, 87		
	103-3	Evaluation of the management approach	67, 75-77, 86, 87		
GRI 417: Marketing and Labeling 2016	**417-1**	Requirements for product and service information and labeling	72		
	417-2	Incidents of non-compliance concerning product and service information and labeling	72		
	417-3	Incidents of non-compliance concerning marketing communications	72		
Customer Privacy					
GRI 103: Management Approach 2016	**103-1**	Explanation of the material topic and its Boundary	67, 75-77, 86, 87		
	103-2	The management approach and its components	67, 75-77, 86, 87		
	103-3	Evaluation of the management approach	67, 75-77, 86, 87		
GRI 418: Customer Privacy 2016	**418-1**	Substantiated compaints concerning breaches of customer privacy and losses of customer data			
Socio Economic Compliance					
GRI 103: Management Approach 2016	**103-1**	Explanation of the material topic and its Boundary	67, 75-77, 86, 87		
	103-2	The management approach and its components	67, 75-77, 86, 87		
	103-3	Evaluation of the management approach	67, 75-77, 86, 87		
GRI 419: Socio Economic Compliance 2016	**416-1**	Assessment of the health and safety impacts of product and service categories	72		
	419-1	Non compliance with laws and regulation in the social and economic area	7,14,19,26,38,71		

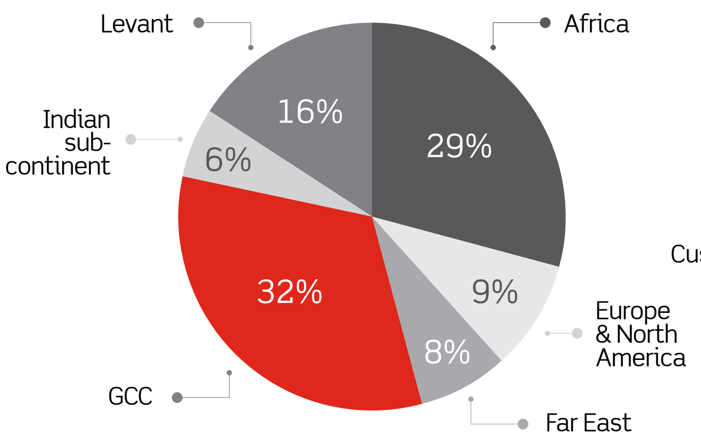
UNGC and SDG Index

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

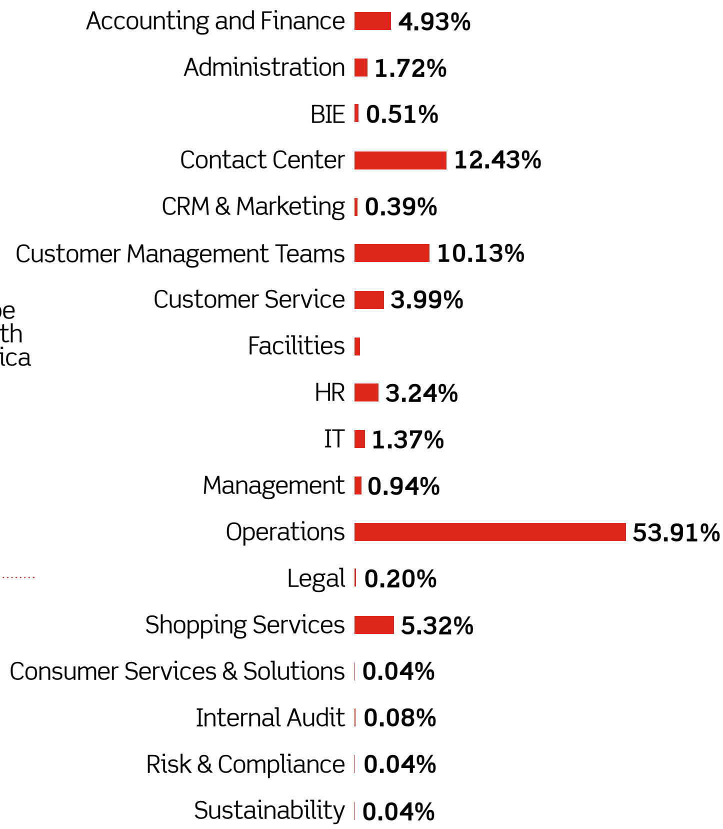
Sustainable Development Goals	
Goal	**Section**
“SUSTAINABLE DEVELOPMENT GOAL 4 **Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all.”**	Youth Education and Empowerment
“SUSTAINABLE DEVELOPMENT GOAL 8 **Promote sustained, inclusive and sustainable economic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

Appendices

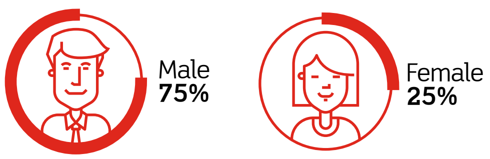
Breakdown Of New Hires By Region



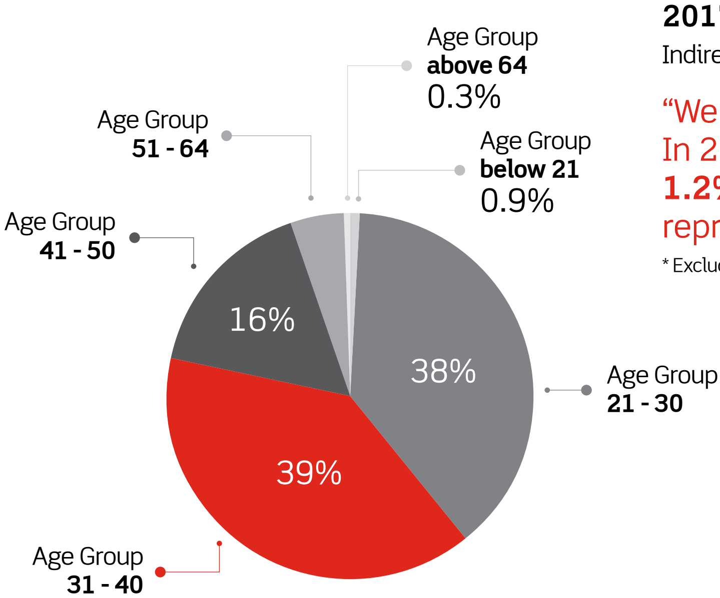
Breakdown Of New Hires By Region



New Hire per Gender



New Hire per Age



Direct vs Indirect Employees

2017

"We are continually growing. In 2017 our workforce increased by **1.2%** to reach **14446* employees** representing **82 nationalities**"

* Excludes indirect employees

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

Country	Local Minimum Wage		Aramex Entry Wage	
Jordan				
Male	1	:	1.26	
female	1	:	1.58	
United Arab Emirates (AED)				
N/A				No minimum wage specified by law
Egypt				
Male	1	:	4	
female	1	:	4	
India				
Male	1	:	1.6 - 2.5	Depending on region
female	1	:	1.6 - 2.5	Depending on region
South Africa				
N/A				No minimum wage specified by law
Ireland (INR)				
Male	1	:	1.7	
female	1	:	1.8	
Netherlands (EURO)				
Male	1	:	1.06	
female	2.3	:	1.06	

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

Country	Local Minimum Wage		Aramex Entry Wage	
Bahrain (BHD)				
N/A				No minimum wage specified by law
Hong Kong (HKD)				
Male	1	:	2.02	
female	2.3	:	2.3	
Oman				
Male	1	:	1.23	Min Wage 325 OR for locals
female	1	:	1.23	

Ratios Of Standard Entry Level Wage By Gender At Significant Locations Of Operation

Country	Ratio (Female To Male Wage)
Jordan (Jod)	
Entry Level	
Female	1.25
Male	1
5-Years' Experience	
Female 566.09 (Jod) 1.03	1
Male 551.94 (Jod) 1	1

Ratios Of Standard Entry Level Wage By Gender At Significant Locations Of Operation

Country	Ratio (Female To Male Wage)
United Arab Emirates (Aed)	
Entry Level	
Female	1
Male	1
5-Years' Experience	
Female 566.09 (Jod) 1.03	1.17
Male 551.94 (Jod) 1	1
South Africa (Zar)	
Entry Level	
Female	1
Male	1
5-Years' Experience	
Female 566.09 (Jod) 1.03	-
Male 551.94 (Jod) 1	-
Netherlands (Euro)	
Entry Level	
Female	1
Male	1
5-Years' Experience	
Female 566.09 (Jod) 1.03	1.25
Male 551.94 (Jod) 1	1

Ratios Of Standard Entry Level Wage By Gender At Significant Locations Of Operation

Country	Ratio (Female To Male Wage)
Bahrain (BHD)	
Entry Level	
Female	1
Male	1.2
5-Years' Experience	
Female 566.09 (Jod) 1.03	1.14
Male 551.94 (Jod) 1	1
Hong Kong (HKD)	
Entry Level	
Female	1.14
Male	1
5-Years' Experience	
Female 566.09 (Jod) 1.03	1
Male 551.94 (Jod) 1	1
Oman OMR	
Entry Level	
Female	1
Male	1

Employee Training

Category & Gender	Headcount 2017	Total training hours from training records in 2017	Average # of Training Hours in 2017
Males (Non-Ground Courier)	8,860	87,240	9.84 Hrs. / Male
Ground Couriers	3,200	14,756	4.61 Hrs. / Ground Courier
All Males (Including Ground Couriers)	12,060	101,946	8.45 Hrs. / Male
Females (All Categories)	2,215	32,416	14.70 Hrs. / Female
Average Training Hours per employee	14,275	134,363	9.45 Hrs. / Employee

Material Use

Material	Unit
AWB	**6656**
Envelope	**9428**
Flyers	**17326**
Labels	**5459**
Stickers	**10234**
Tape	**2652**
Bag Seals	**3985**
Box	**43873**
Bag	**2831**
BIO	**2253**
Data Loggers	**19**
BAG Tag	**68**
Branded gel packs for BioCare Box	**40**

Material Use

Waste Recycled	
Paper (Reams)	47925
Plastic (KG)	14688
Aluminum (KG)	9200
Cardboard (KG)	8200
Packaging (KG)	9480
Envelopes (KG)	9448
Electronics (KG)	0
Wood (KG)	200
Plastic Wrap (KG)	3200
Plastic film	5
Red Plastic Bags	1000
Wooden Pallets	4000

Independent Assurance Statement

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Ernst & Young Jordan
P.O.Box 1140
Amman 11118
Jordan

Tel : 00 962 6580 0777/00 962 6552 6111
Fax: 00 962 6553 8300
www.ey.com/me

Independent Assurance Statement

March 25, 2018

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

The Aramex 2017 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 any such third party may place on the Report is entirely 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 2017 to 31 December 2017, specifically the sustainability performance indicators listed below for the Company's two selected sites, i.e., Muscat (Oman) and Dubai (UAE);

GRI Standard Disclosure	Description
202-1	Ratios of standard entry level wage by gender compared to local minimum wage
202-2	Proportion of senior management hired from the local community
302-01	Energy consumption within the organization
305-01	Direct (Scope 1) GHG emissions
305-02	Energy indirect (Scope 2) GHG emissions
305-03	Other indirect (Scope 3) GHG emissions
305-07	Nitrogen oxides (NO_x), sulfur oxides (SO_x), 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
413-01	Operations with local community engagement, impact assessments, and development programs

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- 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).

Level of Assurance and Criteria used

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

Our Approach and Methodology

In order to understand the process used by the Company to ascertain key sustainability issues and impacts, we reviewed the Sustainability Reporting process and the documentation associated with the stakeholder engagement survey that was performed by the Company. Our assurance team also visited the Company's stations in Muscat (Oman) 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 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 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 ninth year that Ernst & Young (Jordan) has provided independent assurance services in relation to Aramex's sustainability disclosures. We have provided no other service relating to Aramex approach to sustainability disclosures.

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Limitations of Assurance

The assurance scope excludes:

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

Observations

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

- It has been noticed that the petty cash spending for fuel consumption is relatively high. This can be reduced by focusing on the use of cards system for fuel consumption.
- The sustainability team is encouraged to be more involved with the finance team in calculating the fuel quantities consumed by the petty cash payments.
- The company engaged with their internal and external stakeholders to identify the material sustainability issues. The engagement was conducted through two workshops in Cairo, Egypt and Dubai, UAE. The company is encouraged to continue this practice and extend it to other significant areas of operation.
- The calculation of commuting emissions depends on the employees' inputs. Although the company ensures proactive employee engagement for accurate results, our recommendation is to increase the number of employees covered to maintain a statistically significant sample size in the future.

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

Bishr Baker
Managing Partner

Aramex PJSC and its subsidiaries

Consolidated Financial Statements

31 December 2017

aramex

aramex (PJSC) ارامكس (ش م ع)

Dear Shareholders,

2017 was another good year for Aramex. We continued to innovate and streamline our operations across our global network while achieving consistent financial and business growth.

Our 2017 Full Year Revenues reached AED 4,721 million, up by 9% compared to AED 4,343 million we achieved in 2016. Our Net Profits in 2017 also increased by 2%, to AED 435.4 million, compared to AED 426.6 million in 2016. These results are a true testament to the company's strong foundation and robust business strategy. The results confirm that we are on the right path for growth in the coming years.

Consistent with previous years, our performance in 2017 is driven by the surge of global e-commerce activities, which continue to fuel the growth of our Express business. We are also delighted that our Freight-Forwarding services, mostly driven by Oil and Gas activities, started to pick up in the fourth quarter, providing us with great business potential. We are extremely positive about the growth signs of these services, and will be expanding our investments in technology and talent to accelerate the growth of Supply Chain and Freight-Forwarding services in various market segments, and across all our markets.

We are very confident about the growth potential in 2018 amid the continuous boom in e-commerce activities globally, yet we have to remain cautious about the changing competitive environment that requires highest levels of efficiencies and operational effectiveness in meeting customers' expectations. We will be focusing on key strategic initiatives in 2018 aiming at transforming our business into a technology-driven enterprise and enhancing our operational efficiencies through various cost restructuring programs.

Moreover, we will continue to evaluate and consider acquisition opportunities that will enable us to expand our footprint, improve our capabilities, and enhance our portfolio of product lines.

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 continuous support.

Sincerely,

A. Mazrui

Abdullah M. Mazrui
Chairman
Aramex PJSC

Bashar Obeid
Chief Executive Office
Aramex PJSC

Tel +971 4 2833944 Fax +971 4 2833945 PO Box 95946 Dubai United Arab Emirates
Capital AED 1,464,100,000 برأسمال ١,٤٦٤,١٠٠,٠٠٠ درهم

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Ernst & Young
P.O. Box 9267
28th Floor, Al Saqr Business Tower
Sheikh Zayed Road
Dubai, United Arab Emirates

Tel: +971 4 332 4000
Fax: +971 4 332 4004
dubai@ae.ey.com
ey.com/mena

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF ARAMEX PJSC

Report on the audit of the consolidated financial statements

Opinion

We have audited the accompanying consolidated financial statements of Aramex PJSC (the "Company"), and its subsidiaries (together the "Group"), which comprise the consolidated statement of financial position as at 31 December 2017, and the consolidated income statement, consolidated statement of other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 31 December 2017 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs").

Basis for opinion

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

Key audit matters

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

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

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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)**

Revenue recognition

The Group focuses on revenues as a key performance measure and as a driver for growth and expansion. Due to the materiality of the amounts involved, diversity of the Group's geographical footprint, and susceptibility of such revenues to overstatement and fraud risk, we assess revenue recognition as a key audit matter.

To address the above risks, our audit procedures included, amongst others, considering the appropriateness and testing the consistency of the Group's revenue recognition accounting policies, as well as assessing the compliance of such policies with the applicable International Financial Reporting Standards. We have evaluated the control environment and tested internal controls over the completeness, measurement and occurrence of revenue recognized. We obtained a representative sample of transactions and tested their proper recording and recognition. In addition, we selected a sample of transactions before and after the 31 December 2017 cut-off date to check proper recognition.

We performed, as well, substantive analytical procedures and data analytics on monthly gross margins and revenues to identify inconsistencies and/or unusual movements during the year.

Goodwill impairment

Under IFRSs, the Group is required to annually test goodwill for impairment. This annual impairment test was significant to our audit because the balance of AED 1,164 million as of 31 December 2017 is material to the financial statements. In addition, management's assessment process is complex and highly judgmental, and is based on assumptions, specifically the discount rate and the growth rate estimates which are affected by expected future market or economic conditions. Any changes in assumptions could result in impairment of the goodwill. Accordingly, we consider impairment testing of goodwill to be a key audit matter.

Our audit procedures included, among others, using our valuation experts to assist us in evaluating the assumptions and methodologies used by the Group, in particular, those relating to discount rates, forecasted revenue growth and profit margins for the cash generating units. We also focused on the adequacy of the Group's disclosures about those assumptions to which the outcome of the impairment test is most sensitive, that is, those that have the most significant effect on the determination of the recoverable amount of goodwill. The Group's disclosures about goodwill are included in Note 5.

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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)**

Employees' benefit liability

The Group has awarded phantom shares to senior executives under a long-term incentive plan. The scheme is cash-settled on vesting date and, accordingly, the annual expense charge to the income statement is subject to change based on certain assumptions, such as share price on vesting date and volatility of share price. Charge for the year amounted to AED 24 million, and the balance of accumulated liability as of 31 December 2017 amounted to AED 30 million (Note 24).

Management performs a quarterly assessment of the expense and related liability using the binomial model. Management's calculations are considered significant to our audit because the assessment process is complex and includes estimates and assumptions. Any changes in assumptions could result in material changes to the liability and/or related expense amount.

To address the above risks, we have deployed the assistance of our valuation specialists to evaluate and challenge management's assumptions, including those used in the assessment of expected vesting price, risk free interest rate and expected volatility, as referred to in note 24.

Income tax

The Group seeks to obtain tax clearance from all tax jurisdictions on an annual basis. However, this is not possible due to various circumstances and, hence, provisions are made until such time when final tax clearance is obtained. Income tax positions were significant to our audit because the assessment process is complex, uses estimates and the amounts involved are material. Any tax adjustments identified in subsequent periods are recorded in the subsequent period, unless they relate to an error under IAS 8.

We have tested the completeness and accuracy of the amounts recognized as tax provisions, current and deferred tax assets and liabilities, including the assessment of disputes with tax authorities. Our audit procedures included an assessment of correspondence with the relevant tax authorities and we tested management's assumptions to determine the probability that deferred tax assets will be recovered through taxable income in future years. We involved our internal tax specialists to analyze and challenge the assumptions used to determine tax positions, and corroborated the assumptions with supporting evidence.

We also assessed the adequacy of the Group's disclosure in Note 12 to the 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)

Other information included in the Company's 2017 annual report.

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

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

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

Responsibilities of management and those charged with governance for the financial statements

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

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

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

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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

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

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

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

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

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

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

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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)**

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

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

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

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

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

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

Report on other legal and regulatory requirements

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

i) the Company has maintained proper books of account;

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

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

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

v) investments in shares and stocks during the year ended 31 December 2017 are disclosed in notes 9, 10 and 11 to the consolidated financial statements;

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

vii) based on the information that has been made available to us, nothing has come to our attention which causes us to believe that the Company has contravened during the financial year ended 31 December 2017 any of the applicable provisions of the UAE Federal Law No. (2) of 2015 or of its Articles of Association which would have a material impact on its activities or its financial position as at 31 December 2017; and

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

For Ernst & Young

Ashraf Abu-Sharkh
Partner
Registration No: 690
1 March 2018
Dubai, United Arab Emirates

Aramex PJSC and its subsidiaries

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2017

	Notes	2017 AED'000	2016 AED'000 (Restated)
ASSETS			
Non-current assets			
Property, plant and equipment	4	911,633	840,272
Goodwill	5	1,164,088	1,139,063
Other intangible assets	6	226,254	226,558
Investments in joint ventures and associates	9, 10	144,121	135,789
Available for sale financial assets	11	41,766	26,066
Deferred tax assets	12	3,267	3,282
Other non-current assets		1,640	2,884
		2,492,769	2,373,914
Current assets			
Accounts receivable, net	13	934,166	741,688
Other current assets	14	249,542	212,122
Bank balances and cash	15	727,649	701,296
		1,911,357	1,655,106
TOTAL ASSETS		4,404,126	4,029,020
EQUITY AND LIABILITIES			
Equity			
Share capital	16	1,464,100	1,464,100
Statutory reserve	17	269,181	227,198
Foreign currency translation reserve	17	(302,912)	(350,627)
Reserve arising from acquisition of non-controlling interests	17	(43,584)	(33,037)
Retained earnings	18	1,113,313	957,783
Equity attributable to equity holders of the Parent		2,500,098	2,265,417
Non-controlling interests		18,964	9,085
Total equity		2,519,062	2,274,502
LIABILITIES			
Non-current liabilities			
Interest-bearing loans and borrowings	19	293,331	361,762
Employees' end of service benefits	20	140,553	138,797
Employees' benefit liability	24	29,875	74,988
Deferred tax liabilities	12	53,556	57,103
		517,315	632,650
Current liabilities			
Accounts payable	21	280,608	232,358
Bank overdrafts	22	97,602	57,453
Interest-bearing loans and borrowings	19	220,240	211,881
Other current liabilities	23	769,299	620,176
		1,367,749	1,121,868
Total liabilities		1,885,064	1,754,518
TOTAL EQUITY AND LIABILITIES		4,404,126	4,029,020

The consolidated financial statements were authorised for issue in accordance with a resolution of the directors on 1 March 2018.

A. Mazrui

Abdullah Al Mazrui
(Chairman)

Bashar Obeid
(Chief Executive Officer)

Nadia Abu Sara
(Interim Chief Financial Officer)

The attached notes from 1 to 37 form part of these consolidated financial statements

Aramex PJSC and its subsidiaries
Consolidated Income Statement

For the year ended 31 December 2017

Continuing operations	Notes	**2017 AED'000**	2016 AED'000
Rendering of services	25	**4,721,387**	4,343,158
Cost of services	26	**(2,165,682)**	(1,911,165)
Gross profit		**2,555,705**	2,431,993
Share of results of joint ventures and associates	9, 10	**(4,473)**	(1,363)
Selling and marketing expenses		**(208,212)**	(204,237)
Administrative expenses	27	**(973,085)**	(940,317)
Operating expenses	28	**(823,058)**	(826,412)
Gain on bargain purchase	3	**-**	41,568
Other income, net	29	**6,618**	20,217
Operating profit		**553,495**	521,449
Finance income		**7,937**	11,485
Finance expense		**(24,700)**	(27,211)
Profit before tax from continuing operations		**536,732**	505,723
Income tax expense	12	**(81,351)**	(60,926)
Profit for the year from continuing operations		**455,381**	444,797
Discontinued operations			
Profit after tax for the year from discontinued operations	8	**-**	7,377
Profit for the year		**455,381**	452,174

Aramex PJSC and its subsidiaries
Consolidated Income Statement

For the year ended 31 December 2017 (continued)

Continuing operations	Notes	**2017 AED'000**	2016 AED'000
Attributable to:			
Equity holders of the Parent			
Profit for the year from continuing operations		**435,399**	419,218
Profit for the year from discontinued operations		**-**	7,377
		435,399	426,595
Non-controlling interests			
Profit for the year from continuing operations		**19,982**	25,579
		455,381	452,174
Earnings per share attributable to the equity holders of the Parent:			
Basic and diluted earnings per share from continuing operations	31	**AED 0.297**	AED 0.286
Basic and diluted earnings per share from discontinued operations		**AED 0.000**	AED 0.005

The attached notes from 1 to 37 form part of these consolidated financial statements

Aramex PJSC and its subsidiaries
Consolidated Statement Of Other Comprehensive Income

For the year ended 31 December 2017

	2017 AED'000	2016 AED'000
Profit for the year	**455,381**	452,174
Other comprehensive income, net of tax		
Other comprehensive income to be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**46,980**	(97,939)
Other comprehensive income (loss) for the year, net of tax	**46,980**	(97,939)
Total comprehensive income for the year, net of tax	**502,361**	354,235
Attributable to:		
Equity holders of the Parent	**483,114**	331,789
Non-controlling interests	**19,247**	22,446
	502,361	354,235

The attached notes from 1 to 37 form part of these consolidated financial statements

Aramex PJSC and its subsidiaries
Consolidated Statement Of Changes In Equity

For the year ended 31 December 2017

- Attributable to equity holders of the Parent -

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

The attached notes from 1 to 37 form part of these consolidated financial statements

Aramex PJSC and its subsidiaries
Consolidated Statement Of Changes In Equity

For the year ended 31 December 2017

For the year ended 31 December 2016	Share capital AED' 000	Statutory reserve AED'000	Foreign currency translation reserve AED'000	Reserve arising from acquisition of non-controlling interests AED'000	Retained earnings AED'000	Total AED'000	Non-controlling interests AED'000	Total AED'000
At 1 January 2016	**1,464,100**	**195,663**	**(255,821)**	**(28,119)**	**785,708**	**2,161,531**	**38,264**	**2,199,795**
Profit for the year	-	-	-	-	426,595	426,595	25,579	452,174
Other comprehensive income for the year	-	-	(94,806)	-	-	(94,806)	(3,133)	(97,939)
Total comprehensive income for the year	-	-	(94,806)	-	426,595	331,789	22,446	354,235
Directors fees paid (note 18)	-	-	-	-	(3,370)	(3,370)	-	(3,370)
Dividends of subsidiaries	-	-	-	-	-	-	(52,462)	(52,462)
Non-controlling interests (note 3)	-	-	-	(4,918)	-	(4,918)	(27,686)	(32,604)
Increase of capital of a subsidiary	-	-	-	-	-	-	826	826
Acquisition of non-controlling interests (note 3)	-	-	-	-	-	-	27,697	27,697
Dividends paid to shareholders (note 18)	-	-	-	-	(219,615)	(219,615)	-	(219,615)
Transfer to statutory reserve	-	31,535	-	-	(31,535)	-	-	-
At 31 December 2016	**1,464,100**	**227,198**	**(350,627)**	**(33,037)**	**957,783**	**2,265,417**	**9,085**	**2,274,502**

The attached notes from 1 to 37 form part of these consolidated financial statements

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Aramex PJSC and its subsidiaries
Consolidated Statement Of Cash Flows

For the year ended 31 December 2017

Operating Activities	Notes	**2017 AED'000**	2016 AED'000
Profit before tax from continuing operations		**536,732**	505,723
Profit before tax from discontinued operations	8	**-**	5,771
Profit before tax		**536,732**	511,494
Adjustment for:			
Depreciation of property, plant and equipment	4	**104,228**	99,170
Amortisation of other intangible assets	6	**4,681**	5,152
Impairment of goodwill	5	**1,844**	-
Provision for employees' end of service benefits	20	**24,970**	23,043
Provision for doubtful accounts, net	13	**9,497**	10,424
Net finance expense		**16,763**	15,726
Employees' benefit plan expense	24	**24,030**	47,627
Reversal of employees' benefit plan expense	24	**(27,950)**	-
Share of results of joint ventures and associates		**4,473**	1,363
Loss (gain) on disposal of property, plant and equipment		**788**	(3,852)
Write-off of property, plant and equipment		**427**	-
Gain on disposal of the discontinued operations	8	-	(3,353)
Gain on bargain purchase	3	**-**	(41,568)

The attached notes from 1 to 37 form part of these consolidated financial statements

Aramex PJSC and its subsidiaries
Consolidated Statement Of Cash Flows

For the year ended 31 December 2017 (continued)

Working capital adjustments:	Notes	2017 AED'000	2016 AED'000
Accounts receivable		**(201,975)**	(17,783)
Accounts payable		**48,250**	36,933
Other current assets		**(37,420)**	(15,376)
Other current liabilities		**135,218**	29,664
Cash from operations		**644,556**	698,664
Employees' end of service benefits paid	20	**(23,209)**	(12,822)
Employees' benefit plan paid	24	**(41,193)**	(36,464)
Income tax paid	12	**(71,958)**	(36,562)
Net cash flows from operating activities		**508,196**	612,816

Investing Activities	Notes	2017 AED'000	2016 AED'000
Purchase of property, plant and equipment	4	**(169,102)**	(161,072)
Proceeds from sale of property, plant and equipment		**5,242**	18,580
Available for sale financial assets		**(15,700)**	(26,066)
Interest received		**7,937**	11,485
Proceeds from sale of a subsidiary, net of cash	8	**-**	118,804
Other non-current assets		**1,244**	(2,268)
Acquisition of non-controlling interests	3	**(9,373)**	(32,604)
Margin deposits		**(1,241)**	6,602
Investments in joint ventures and associates		**(3,736)**	(137,410)
Dividends received from associates		**998**	-
Acquisition of subsidiaries, net of cash acquired	3	**-**	(289,094)
Net cash flows used in investing activities		**(183,731)**	(493,043)

The attached notes from 1 to 37 form part of these consolidated financial statements

Aramex PJSC and its subsidiaries
Consolidated Statement Of Cash Flows

For the year ended 31 December 2017 (Continued)

Financing Activities	Notes	2017 AED'000	2016 AED'000
Interest paid		**(24,700)**	(27,211)
Proceeds from loans and borrowings		**23,624**	338,354
Repayment of loans and borrowings		**(83,696)**	(106,594)
Dividends paid to non-controlling interests		**(12,188)**	(52,462)
Non-controlling interests		**1,646**	826
Directors' fees paid		**(3,630)**	(3,370)
Dividends paid to shareholders		**(234,256)**	(219,615)
Net cash flows used in financing activities		**(333,200)**	(70,072)

Net (Decrease) Increase In Cash And Cash Equivalents		**(8,735)**	49,701
Net foreign exchange difference		**(6,302)**	(72,473)
Cash and cash equivalents at 1 January	15	**639,474**	662,246
Cash and cash equivalents at 31 december	15	**624,437**	639,474

The attached notes from 1 to 37 form part of these consolidated financial statements

Aramex Pjsc And Its Subsidiaries
Notes To The Consolidated Financial Statements

At 31 December 2017

1. Corporate Information

Aramex PJSC (the "Parent Company") was established as a Public Joint Stock Company on 15 February 2005 and is registered in the Emirate of Dubai, United Arab Emirates under the UAE Federal Law No 2 of 2015. The consolidated financial statements of the Company as at 31 December 2017 comprise the Parent Company and its subsidiaries (collectively referred to as the "Group" and individually as "Group entities").

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

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

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

The consolidated financial statements were authorised for issue by the Board of Directors on 1 March 2018.

2. Basis of preparation and significant accounting policies

2.1 Basis of preparation

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

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

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

2.2 Basis of consolidation

The consolidated financial statements comprise of the financial statements of the Company and its subsidiaries as at 31 December 2017. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

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

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

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

2. Basis of preparation and significant accounting policies (continued)

2.2 Basis of consolidation (continued)

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

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

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

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

2.3 Changes in accounting policies and disclosures

The accounting policies adopted are consistent with those of the previous year, except for the following amendment standards effective as of 1 January 2017.

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

Amendments to IAS 7 Statement of Cash Flows: Disclosure Initiative

The amendments require entities to provide disclosure of changes in their liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes (such as foreign exchange gains or losses). However, the adoption of these standards have no major impact on the Group's consolidated financial statement.

Amendments to IAS 12 Income Taxes: Recognition of Deferred Tax Assets for Unrealised Losses

The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of deductible temporary difference related to unrealised losses. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount.

The adoption of these amendments have no impact on the Group's consolidated financial statements.

Annual Improvements Cycle - 2014-2016

Amendments to IFRS 12 Disclosure of Interests in Other Entities: Clarification of the scope of disclosure requirements in IFRS 12

The amendments clarify that the disclosure requirements in IFRS 12, other than those in paragraphs Bl0-B16, apply to an entity's interest in a subsidiary, a joint venture or an associate (or a portion of its interest in a joint venture or an associate) that is classified (or included in a disposal group that is classified) as held for sale.

2.4 Standards issued but not yet effective

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

IFRS 9 Financial Instruments

In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments that replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. IFRS 9 brings together all three aspects of the accounting for financial instruments project:

2. Basis of preparation and significant accounting policies (continued)

2.4 Standards issued but not yet effective (continued)

classification and measurement, impairment and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Except for hedge accounting, retrospective application is required but providing comparative information is not compulsory.

The Group plans to adopt the new standard on the required effective date and will not restate comparative information. During 2017, the Group has performed a detailed impact assessment of all three aspects of IFRS 9. This assessment is based on currently available information and may be subject to changes arising from further reasonable and supportable information being made available to the Group in 2018 when the Group will adopt IFRS 9. Overall, the Group has assessed that there is no significant impact on its statement of financial position and equity .

Classification and measurement
The Group does not expect a significant impact on its balance sheet or equity on applying the classification and measurement requirements of IFRS 9. It expects to continue measuring at fair value all financial assets currently held at fair value.

The equity shares in non-listed companies are intended to be held for the foreseeable future. No impairment losses were recognised in profit or loss during prior periods for these investments. The Group will apply the option to present fair value changes in OCI, and, therefore the application of IFRS 9 will not have a significant impact.

Loans as well as trade receivables are held to collect contractual cash flows and are expected to give rise to cash flows representing solely payments of principal and interest. The Group analysed the contractual cash flow characteristics of those instruments and concluded that they meet the criteria for amortised cost measurement under IFRS 9. Therefore, reclassification for these instruments is not required.

Impairment
IFRS 9 requires the Group to record expected credit losses on all of its debt securities, loans and trade receivables, either on a 12-month or lifetime basis. The Group will apply the simplified approach and record lifetime expected losses on all trade receivables.

Other adjustments
In addition to the adjustments described above, on adoption of IFRS 9, other items of the primary financial statements such as deferred taxes, investments in the associate and joint venture, will be adjusted as necessary. The exchange differences on translation of foreign operations will also be adjusted.

The Group has assessed that there is no significant impact on its balance sheet or equity on applying the requirements of IFRS 9.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 was issued in May 2014, and amended in April 2016, and establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The new revenue standard will supersede all current revenue recognition requirements under IFRS. Either a full retrospective application or a modified retrospective application is required for annual periods beginning on or after 1 January 2018. Early adoption is permitted. The Group plans to adopt the new standard on the required effective date using the full retrospective method. During 2017, the Group performed a preliminary assessment of IFRS 15, which was continued with a more detailed analysis completed in 2018.

In preparing to adopt IFRS 15, the Group is considering the following:

Variable consideration
Currently, the Group recognises revenue measured at the fair value of the consideration received or receivable. If revenue cannot be reliably measured, the Group defers revenue recognition until the uncertainty is resolved. Such provisions give rise to variable consideration under IFRS 15, and will be required to be estimated at contract inception and updated thereafter.

2. Basis of preparation and significant accounting policies (continued)

2.4 Standards issued but not yet effective (continued)

IFRS 15 Revenue from Contracts with Customers (continued)

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

Advances received from customers
Generally, the Group receives only short-term advances from its customers. They are presented as part of trade and other payables.

Other adjustments
In addition to the major adjustments described above, on adoption of IFRS 15, other items of the primary financial statements such as deferred taxes, profit or loss after tax for the year from discontinued operations, investments in associate and joint venture, as well as share of profit of an associate and a joint venture, will be affected and adjusted as necessary. Furthermore, exchange differences on translation of foreign operations would also be adjusted.

The recognition and measurement requirements in IFRS 15 are also applicable for recognition and measurement of any gains or losses on disposal of non-financial assets (such as items of property and equipment and intangible assets),when that disposal is not in the ordinary course of business. However, on transition, the effect of these changes is not expected to be material for the Group.

The group has assessed that there is no significant impact on its balance sheet or equity on applying the requirements of IFRS 15.

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

IFRS 2 Classification and Measurement of Share-based Payment Transactions - Amendments to IFRS 2 The IASB issued amendments to IFRS 2 Share-based Payment that address three main areas: the effects of vesting conditions on the measurement of a cash-settled share-based payment transaction; the classification of a share-based payment transaction with net settlement features for withholding tax obligations; and accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash settled to equity settled.

Entities may apply the amendments prospectively and are effective for annual periods beginning on or after 1 January 2018, with early application permitted.

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

2. Basis of preparation and significant accounting policies (continued)

2.4 Standards issued but not yet effective (continued)

IFRS 16 Leases (continued)
Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset. Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments).

The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

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

IFRS 16 also requires lessees and lessors to make more extensive disclosures than under IAS 17.
IFRS 16 is effective for annual periods beginning on or after 1 January 2019. Early application is permitted, but not before an entity applies IFRS 15. A lessee can choose to apply the standard using either a full retrospective or a modified retrospective approach. The standard's transition provisions permit certain reliefs.

In 2018, the Group will continue to assess the potential effect of IFRS 16 on its consolidated financial statements.

IFRS 17 Insurance Contracts
In May 2017, the IASB issued IFRS 17 Insurance Contracts (IFRS 17), a comprehensive new accounting standard for insurance contracts covering recognition and measurement. presentation and disclosure. Once effective, IFRS 17 will replace IFRS 4 Insurance Contracts (IFRS 4) that was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e. life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply. The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies. IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of IFRS 17 is the general model, supplemented by:
A specific adaptation for contracts with direct participation features (the variable fee approach).
A simplified approach (the premium allocation approach) mainly for short-duration contracts.

IFRS 17 is effective for reporting periods beginning on or after 1 January 2021 with comparative figures required. Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17. This standard is not applicable to the Group.

Transfers of Investment Property - Amendments to IAS 40
The amendments clarify when an entity should transfer property, including property under construction or development into, or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use. Entities should apply the amendments prospectively to changes in use that occur on or after the beginning of the annual reporting period in which the entity first applies the amendments. An entity should reassess the classification of property held at that date and, if applicable, reclassify property to reflect the conditions that exist at that date. Retrospective application in accordance with IAS 8 is only permitted if it is possible without the use of hindsight. Effective for annual periods beginning on or after 1 January 2018. Early application of the amendments is permitted and must be disclosed.

This standard is not applicable on the Group.

Annual Improvements 2014 2016 Cycle (Issued In December 2016)

These improvements include:

2. Basis of preparation and significant accounting policies (continued)

2.4 Standards issued but not yet effective (continued)

IFRS 1 First-time Adoption of International Financial Reporting Standards - Deletion of short-term exemptions for first-time adopters
Short-term exemptions in paragraphs E3-E7 of IFRS 1 were deleted because they have now served their intended purpose. The amendment is effective from 1 January 2018. This amendment is not applicable to the Group.

IAS 28 Investments in Associates and Joint Ventures - Clarification that measuring investees at fair value through profit or loss is an investment-by-investment choice

The amendments clarify that:

An entity that is a venture capital organisation, or other qualifying entity, may elect, at initial recognition on an investment-by-investment basis, to measure its investments in associates and joint ventures at fair value through profit or loss.

If an entity, that is not itself an investment entity, has an interest in an associate or joint venture that is an investment entity, the entity may, when applying the equity method, elect to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries. This election is made separately for each investment entity associate or joint venture, at the later of the date on which:

(a) the investment entity associate or joint venture is initially recognised;
(b) the associate or joint venture becomes an investment entity; and
(c) the investment entity associate or joint venture first becomes a parent.

The amendments should be applied retrospectively and are effective from 1 January 2018, with earlier application permitted. If an entity applies those amendments for an earlier period, it must disclose that fact. These amendments are not applicable to the Group.

Amendments to IFRS 4 Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts
In September 2016, the IASB issued amendments to IFRS 4 to address issues arising from the different effective dates of IFRS 9 and the upcoming new insurance contracts standard (IFRS 17). The amendments introduce two alternative options for entities issuing contracts within the scope of IFRS 4, a temporary exemption from implementing IFRS 9 to annual periods beginning before 1 January 2021 at latest and an overlay approach that allows an entity applying IFRS 9 to reclassify between profit or loss and other comprehensive income an amount that results in the profit or loss at the end of the reporting period for the designated financial assets being the same as if an entity had applied IAS 39 to these designated financial assets.

IFRIC Interpretation 22 Foreign Currency Transactions and Advance Consideration
The interpretation clarifies that in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognises the nonmonetary asset or non-monetary liability arising from the advance consideration. Entities may apply the amendments on a fully retrospective or prospective basis. The new interpretation will be effective for annual periods beginning on or after 1 January 2018. Early application of interpretation is permitted and must be disclosed.

IFRIC Interpretation 23 Uncertainty over Income Treatments
The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12 and does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The Interpretation specifically addresses the following:

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

2. Basis of preparation and significant accounting policies (continued)

2.4 Standards issued but not yet effective (continued)

IFRIC Interpretation 23 Uncertainty over Income Treatments (continued)

An entity must determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments. The approach that better predicts the resolution of the uncertainty should be followed. The interpretation is effective for annual reporting periods beginning on or after 1 January 2019, but certain transition reliefs are available. The Group will apply interpretation from its effective date.

Since the Group operates in a complex multinational tax environment, applying the Interpretation may affect its consolidated financial statements and the required disclosures. In addition, the Group may need to establish processes and procedures to obtain information that is necessary to apply the Interpretation on a timely basis.

2.5 Significant accounting judgments, estimates and assumptions

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

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

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

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

2.6 Summary of significant accounting policies

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

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

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

Land is not depreciated

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

2. Basis of preparation and significant accounting policies (continued)

2.6 Summary of significant accounting policies (continued)

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

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

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

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

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

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

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

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

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

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

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

2. Basis of preparation and significant accounting policies (continued)

2.6 Summary of significant accounting policies (continued)

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

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

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

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

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

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

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

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

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

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

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

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

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

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

2. Basis of preparation and significant accounting policies (continued)

2.6 Summary of significant accounting policies (continued)

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

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

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

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

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

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

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

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

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

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

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

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

2. Basis of preparation and significant accounting policies (continued)

2.6 Summary of significant accounting policies (continued)

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

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

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

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

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

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

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

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

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

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

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

2. Basis of preparation and significant accounting policies (continued)

2.6 Summary of significant accounting policies (continued)

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

Accounts receivable
Accounts receivable are stated at original invoice amount less an allowance for any uncollectible amounts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off when there is no possibility of recovery.

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

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

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

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

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

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

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

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

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

2. Basis of preparation and significant accounting policies (continued)

2.6 Summary of significant accounting policies (continued)

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

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

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

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

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

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

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

Available for sale financial assets
Available for sale financial assets include equity investments and debt securities. Equity investments classified as AFS are those that are neither classified as held for trading nor designated at fair value through profit or loss. Debt securities in this category are those that are intended to be held for an indefinite period of time and that may be sold in response to needs for liquidity or in response to changes in market conditions.

After initial measurement, available for sale financial assets are subsequently measured at fair value with unrealised gains or losses recognised in other comprehensive income and credited to the available for sale reserve until the investment is derecognised, at which time, the cumulative gain or loss is recognised in other operating income, or the investment is determined to be impaired, when the cumulative loss is reclassified from the available for sale reserve to the statement of profit or loss in finance costs. Interest earned whilst holding available for sale financial assets is reported as interest income using the EIR method.

The Group evaluates whether the ability and intention to sell its available for sale financial assets in the near term is still appropriate. When, in rare circumstances, the Group is unable to trade these financial assets due to inactive markets, the Group may elect to reclassify these financial assets if management has the ability and intention to hold the assets for the foreseeable future or until maturity.

Social security
Payments made to the social security institutions in connection with government pension plans

2. Basis of preparation and significant accounting policies (continued)

2.6 Summary of significant accounting policies (continued)

Social security (Continued)
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.

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

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty or discounts.

The Group assesses its revenue arrangements against specific criteria to determine if it is acting as principal or agent. The Group has concluded that it is acting as a principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements, has pricing latitude and is exposed to credit risks.

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

Express revenue
Express revenue is recognised upon receipt of shipment from the customer as the sales process is considered complete and the risks are transferred to the customer.

Freight forwarding revenue
Freight forwarding revenue is recognised upon the delivery of freight to the destination or to the air carrier.

Shop 'n' ship services revenue
Shop 'n' ship services revenue is recognised upon the receipt of the merchandise by the customers.

Revenue from logistics and document storage services
Revenue from logistics and document storage services is recognised when the services are rendered.

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

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

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.

2. Basis of preparation and significant accounting policies (continued)

2.6 Summary of significant accounting policies (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
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss

- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised

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

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

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

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

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

Sales tax

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

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

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

2. Basis of preparation and significant accounting policies (continued)

2.6 Summary of significant accounting policies (continued)

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

- Expected to be realised or intended to sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period Or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.
A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period Or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

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

Impairment and uncollectability of financial assets
Further disclosures relating to impairment of financial assets are also provided in the following notes:

- Disclosures for significant assumptions Note 37
- Trade receivables Note 13

The Group assesses, at each reporting date, whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that has occurred since the initial recognition of the asset (an incurred 'loss event'), has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

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

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

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

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

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

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

2. Basis of preparation and significant accounting policies (continued)

2.6 Summary of significant accounting policies (continued)

Earnings per share

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

Offsetting of financial instruments

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

Discontinued operations

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

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

Property, plant and equipment and intangible assets are not depreciated or amortised once classified as held for distribution.
Assets and liabilities classified as held for distribution are presented separately as current items in the statement of financial position.

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

- Represents a separate major line of business or geographical area of operations
- Is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations Or
- Is a subsidiary acquired exclusively with a view to resale

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

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

3. Business combination and acquisition of Non-controlling interests

Acquisitions of Non-Controlling Interests 2017

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

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

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

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

3. Business combination and acquisition of Non-controlling interests (continued)

Acquisitions of Non-Controlling Interests 2017 (continued)

2. Acquisition of additional interest in CBKSoft Yazlm - Turkey

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

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

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

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

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

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

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

Business combination 2016

1. Acquisition of Fastway Limited (New Zealand)

In February 2016, the Group acquired 100% of the voting shares of Fastway Limited, an unlisted company based in New Zealand and specializing in domestic business.

Assets acquired and liabilities assumed

The fair values of the identifiable assets and liabilities of Fastway Limited, as at the date of acquisition were:

Assets	Fair value recognised on cquisition AED'000	Carrying value AED'000
Property, plant and equipment	22,056	22,056
Trade and other receivables	32,458	32,458
Bank balances and cash	31,395	31,395
Deferred tax and other non-current assets	9,489	9,489
Intangible assets	178,091	-
	273,489	95,398

3. Business combination and acquisition of Non-controlling interests (continued)

Business combination 2016 (continued)

1. Acquisition of Fastway Limited (New Zealand) (continued)

Assets acquired and liabilities assumed (continued)

Liabilities	Fair value recognised on cquisition AED'000	Carrying value AED'000
Trade and other payables	(75,959)	(75,959)
Deferred tax liability	(1,911)	-
	(77,870)	(75,959)
Total identifiable net assets	195,619	19,439

Goodwill arising on acquisition	126,457	-
Purchase consider-ation transferred	322,076	

Analysis of cash flow on acquisition:	Carrying value AED'000
Net cash acquired with the subsidiary	31,395
Cash paid	(322,076)
Net cash outflow (included in cash flows used in investing activities in the statement of cash flows)	(290,681)

During 2017, the valuation was completed and there were no changes on the fair value on the net assets recognized.

Prior year figures were restated in accordance with IAS 8. Deferred tax liability and goodwill have been increased by an amount of AED 55,059 thousand and no other balances were affected. Figures prior to 1 January 2016 have not been changed and, accordingly, a third statement of financial position as of 31 December 2017 has not been presented (note 5).

2. Acquisition of Aramex Mashreq for Logistics Services SAE (Egypt)

The Group has 75% interest in Aramex Mashreq for Logistics Services SAE (Egypt). Until 31 December 2015, the approvals for all major operational decisions for the Company were required by the Group and its partners jointly until such time that the partners exercise their option to buy an additional share of 25%, prior to the expiry date of 31 December 2015. Since the Partner's option to buy additional shares in the Company elapsed, Aramex PJSC obtained control without transferring consideration. Therefore, the transaction has been accounted for as a business combination in accordance with IFRS 3 effective 1 January 2016. During 2016, the valuation was completed since the Group sought an independent valuation for the land and buildings. Since the fair value of the consideration transferred was less than the fair value of net assets acquired, the Group recognized a bargain purchase gain of AED 41,568 thousand.

The fair values of the identifiable assets and liabilities for Aramex Mashreq for Logistics Services SAE, as at the date of acquisition were:

Assets	Fair value recognised on cquisition AED'000	Carrying value AED'000
Property, plant and equipment	127,728	72,304
Trade and other receivables	13,761	13,761
Bank balances and cash	1,587	1,587
	143,076	87,652
Liabilities		
Trade and other payables	(5,384)	(5,384)
Deferred tax liability	(1,558)	(1,558)
Term loan	(25,347)	(25,347)
	(32,289)	(32,289)
Total identifiable net assets at fair value	110,787	55,363

3. Business combination and acquisition of Non-controlling interests (continued)

Business combination 2016 (continued)

2. Acquisition of Aramex Mashreq for Logistics Services SAE (Egypt) (continued)

Less: non-controlling interest	**(27,697)**	**-**
Fair value of net assets acquired	**83,090**	

Analysis of cash flow on acquisition:	Carrying value AED'000
Net cash acquired with the subsidiary	**1,587**
Cash paid	**-**
Net cash inflow (included in cash flows used in investing activities in the statement of cash flows	**1,587**

In October 2016, the Group acquired the remaining 25% interest of the voting shares of Aramex Mashreq for logistics services, increasing its ownership interest to 100%. Cash consideration of AED 25,809 thousand was paid to the non-controlling shareholders. The carrying value of the net assets of Aramex Mashreq for logistics services at the acquisition date was AED 50,041 thousand, and the carrying value of the additional interest acquired was AED 26,325 thousand. The difference of AED (516) thousand between the consideration paid and the carrying value of the additional interest acquired has been recognised within equity as a reserve arising from acquisition of non-controlling interests.

	AED'000
Cash consideration paid to non-controlling shareholders	**25,809**
Less : Carrying value of the additional interest in Aramex Mashreq for Logistic Services SAE (Egypt)	**26,325**
Difference recognized as a reserve from acquisition of non-controlling interest	**(516)**

Acquisition of Non-Controlling Interests 2016

Aramex Kenya Ltd

In April 2016, the Group acquired an additional 30% interest of the voting shares of Aramex Kenya Limited, increasing its ownership interest to 100%. Cash consideration of AED 2,203 thousand was paid to the non-controlling shareholders. The carrying value of the net assets of Aramex Kenya Ltd at the acquisition date was AED 3,159 thousand, and the carrying value of the additional interest acquired was AED 948 thousand. The difference of AED 1,255 thousand between the consideration paid 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 Kenya Ltd:

	AED'000
Cash consideration paid to non-controlling shareholders	**2,203**
Less : Carrying value of the additional interest in Aramex Kenya Ltd	**948**
Difference recognized as a reserve from acquisition of non-controlling interests	**1,255**

3. Business combination and acquisition of Non-controlling interests (continued)

2016 (continued)

Aramex Ghana Ltd

In October 2016, the Group acquired an additional 12.5% interest of the voting shares of Aramex Ghana Limited, increasing its ownership interest to 87.5%. Cash consideration of AED 4,040 thousand was paid to the non-controlling shareholders. The carrying value of the net assets of Aramex Ghana Ltd at the acquisition date was AED 3,491 thousand, and the carrying value of the additional interest acquired was AED 436 thousand. The difference of AED 3,604 thousand between the consideration paid 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 Ghana Ltd:

	AED'000
Cash consideration paid to non-controlling shareholders	**4,040**
Less : Carrying value of the additional interest in Aramex Ghana Ltd	**436**
Difference recognized as a reserve from acquisition of non-controlling interests	**3,604**

Infofort Ghana Ltd

In June 2016, the Group acquired an additional 25% interest of the voting shares of Infofort Ghana Ltd, increasing its ownership interest to 100%. Cash consideration of AED 552 thousand was paid to the non-controlling shareholders. The carrying value of the net assets of Infofort Ghana Limited at the acquisition date was a negative balance of AED 93 thousand, and the carrying value of the additional interest acquired was a negative balance of AED 23 thousand. The difference of AED 575 thousand between the consideration paid 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 Infofort Ghana Ltd:

	AED'000
Cash consideration paid to non-controlling shareholders	**552**
Less: Carrying value of the additional interest in Infofort Ghana Ltd	**(23)**
Difference recognized as a reserve from acquisition of non-controlling interests	**575**

4. Property, plant and equipment

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

Property, plant and equipment include vehicles with a net book value of AED 18.26 million (2016: AED 25.01 million) have been obtained under finance leases (note 19).

4. Property, plant and equipment (continued)

2016	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 2016	40,340	80,488	301,397	35,494	67,590	121,103	144,582	120,174	171,641	1,082,809
Acquisitions of subsidiaries	39,623	2,567	86,379	4,089	9,931	23,856	10,712	13,826	-	190,983
Additions	925	11,007	46,027	5,177	2,514	24,145	29,228	28,778	13,271	161,072
Transfers	1,697	717	131,254	-	4,619	2,966	7,145	-	(148,398)	-
Reclassification	-	748	-	3	(1)	(963)	1	212	-	-
Disposals	-	(1,367)	(14,073)	(2,199)	(476)	(4,981)	(9,277)	(19,451)	-	(51,824)
Discontinued operation	-	(209)	-	(28)	-	(1,290)	(2,219)	-	-	(3,746)
Exchange differences	(7,826)	(3,971)	(33,440)	(2,417)	(9,907)	(10,769)	(8,896)	(11,661)	-	(88,887)
At 31 December 2016	**74,759**	**89,980**	**517,544**	**40,119**	**74,270**	**154,067**	**171,276**	**131,878**	**36,514**	**1,290,407**
Depreciation:										
At 1 January 2016	-	46,294	56,707	18,909	23,463	67,324	93,422	73,539	-	379,658
Acquisitions of subsidiaries	-	1,369	9,928	2,387	1,259	12,589	8,310	5,357	-	41,199
Charge for the year	-	9,118	15,420	4,018	4,987	15,567	21,973	28,087	-	99,170
Disposals	-	(1,131)	(4,644)	(1,511)	(243)	(4,283)	(9,277)	(17,626)	-	(38,715)
Discontinued operation	-	(35)	-	(15)	-	(952)	(1,125)	-	-	(2,127)
Exchange differences	-	(2,852)	(5,176)	(1,439)	(2,605)	(4,583)	(5,905)	(6,490)	-	(29,050)
At 31 December 2016	**-**	**52,763**	**72,235**	**22,349**	**26,861**	**85,662**	**107,398**	**82,867**	**-**	**450,135**
Net carrying amount:										
At 31 December 2016	**74,759**	**37,217**	**445,309**	**17,770**	**47,409**	**68,405**	**63,878**	**49,011**	**36,514**	**840,272**

Property, plant and equipment include vehicles with a net book value of AED 18.26 million (2016: AED 25.01 million) have been obtained under finance leases (note 19).

5. Goodwill

	2017 AED '000	2016 AED '000 (Restated)
At 1 January	**1,139,063**	1,038,079
Deferred tax liability recognized*	**-**	55,059
Acquisition of subsidiaries	**-**	126,457
Impairment of goodwill**	**(1,844)**	-
Discontinued operations	**-**	(78,417)
Exchange differences	**26,869**	(2,115)
At 31 December 2017	**1,164,088**	**1,139,063**

* Prior year figures were restated in accordance with IAS 8 (Note 3). Deferred tax liability and goodwill have been increased by an amount of AED 55,059 thousand and no other balances were affected. Figures prior to 1 January 2016 have not been changed and, accordingly, a third statement of financial position as of 31 December 2017 has not been presented.

** During 2017, management performed an impairment test for goodwill in accordance with IAS 36, accordingly, an impairment of AED 1,844 was recognised in the Domestic Shipping CGU.

The Group performed its annual impairment test on 31 December 2016 and 2017. 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 2017, the market capitalization of the Group was above the book value of its equity. The recoverable amounts of the cash generating units have been determined based on a value in use calculation using cash flow projections from financial budgets approved by senior management covering a five year period.

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

	2017 AED '000	2016 AED '000 (Restated)
Express shipping	**277,127**	270,337
Freight forwarding	**172,452**	168,227
Domestic shipping	**506,491**	493,466
Logistics	**76,915**	75,030
Documents storage	**121,916**	122,816
Publication and distribution	**9,187**	9,187
	1,164,088	**1,139,063**

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

Transaction volumes – these are based on budgeted performance of individual cash generating units.

Discount rates – Discount rates represent the current market assessment of the risks specific to each cash generating unit, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates.

5. Goodwill (continued)

Key assumptions used in value-in-use calculations and sensitivity to changes in assumptions (continued)

Growth rate estimates – Growth rate used of 3.8% (2016: 3.7%) is based on actual operating results and future expected performance.

Sensitivity to changes in assumptions

Management believes that no reasonably possible change in any of the above key assumptions would cause the carrying value of the unit to materially exceed its recoverable amount.

6. Other intangible assets

Intangible assets with definite life:

	Customer lists and other intangible assets with definite useful life	Franchises with indefinite useful life*	Total	
Cost:	**AED'000**	**AED'000**	**2017 AED'000**	**2016 AED'000**
At 1 January	67,459	186,776	254,235	71,892
Acquisition of subsidiaries	-	-	-	178,091
Discontinued operations	-	-	-	(7,911)
Exchange differences	-	4,377	4,377	12,163
At 31 December	**67,459**	**191,153**	**258,612**	**254,235**
Amortization and impairment:				
At 1 January	(27,677)	-	(27,677)	(22,525)
Amortization	(4,681)	-	(4,681)	(5,152)
At 31 December	**(32,358)**	**-**	**(32,358)**	**(27,677)**
Net book value:				
At 31 December	**35,101**	**191,153**	**226,254**	**226,558**

* Intangible assets acquired through a business combination are mainly franchises. These assets have indefinite useful lives and are tested for impairment annually.

Key assumptions used in value-in-use calculations and sensitivity to changes in assumptions

The calculation of the value-in-use is most sensitive to the following assumptions:

Transaction volumes – these are based on budgeted performance of individual cash generating units.

Discount rates – Discount rates represent the current market assessment of the risks specific to each cash generating unit, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Group and its operating segments and is derived from its weighted average cost of capital (WACC) for the industry of 9.3% (2016: 11%). 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.

6. Other intangible assets (continued)

Growth rate estimates – Growth rate used of 2.5% (2016: 2.5%) is based on actual operating results and future expected performance.

Sensitivity to changes in assumptions
Management believes that no reasonably possible change in any of the above key assumptions would cause the carrying value of the unit to materially exceed its recoverable amount.

7. Material partly - owned subsidiaries

The Group has one subsidiary in the Middle East with material non-controlling interests.
Financial information of the subsidiary that have material non-controlling interests are provided below:
Proportion of equity interest held by non-controlling interests:

	2017 %	2016 %
	50%	50%
	2017 AED'000	2016 AED'000
Accumulated balances of material non-controlling interest:	8,769	4,119
Profit allocated to material non-controlling interest:	15,565	23,143

The summarised financial information of this subsidiary are provided below. This information is based on amounts before intra-group eliminations.
Summarised income statements for 2017 and 2016:

	2017 AED'000	2016 AED'000
Revenue	**625,702**	651,257
Cost of sales	**(307,200)**	(307,975)
Administrative, selling and operating expenses	**(273,938)**	(282,944)
Other expenses	**(12,164)**	(9,655)
Profit before tax	**32,400**	**50,683**
Income tax	**(1,269)**	(4,398)
Profit for the year	**31,131**	**46,285**
Total comprehensive income	**31,131**	**46,285**
Attributable to non-controlling interests	**15,565**	23,143
Dividends paid to non-controlling interests	**15,565**	23,143
Dividends paid to non-controlling interests	**5,033**	49,724

7. Material partly - owned subsidiaries (continued)

Summarised statements of financial position as at 31 December 2017 and 2016:

	2017 AED'000	2016 AED'000
Cash and bank balances	**87,671**	90,502
Property, plant and equipment	**46,427**	53,859
Other current assets	**168,928**	149,919
Non- current assets	**153**	512
Trade and other payable (current)	**(222,389)**	(219,729)
Interest-bearing loans and borrowing and deferred tax	**(17,987)**	(24,451)
Liabilities (non-current)	**(45,264)**	(42,373)
Total Equity	**17,539**	**8,239**
Attributable to: Equity holders of parent	**8,769**	4,119
Non-controlling interests	**8,769**	4,119

Summarised cash flow information for the year ended 31 December:

	2017 AED'000	2016 AED'000
Operating	**25,073**	134,370
Investing	**(6,074)**	(8,307)
Financing	**(21,829)**	(95,886)
Net (decrease) increase in cash and cash equivalents	**(2,830)**	**30,177**

8. Discontinued operation

2016

Disposal of Mail Call Couriers PTY Limited (Australia)

During 2016, the Group disposed off 100% of its interest in Mail Call Couriers PTY Limited.
The Mail Call Couriers PTY Limited segment is no longer presented in the segment note.
The results of Mail Call Couriers PTY Limited for the period are presented below:

	2016 AED'000
Rendering of services	53,293
Cost of services	(31,542)
Gross profit	**21,751**
Less: Overheads	(16,758)
Operating profit	**4,993**
Add: Other income, net	778
Profit before tax	**5,771**
Income tax expense	(1,747)
Profit after tax for the period	**4,024**
Profit on disposal of the discontinued operations	3,353
Total Profit for the period from the discontinued operation	**7,377**

The major classes of assets and liabilities of Mail Call Couriers PTY Limited as at 31 August 2016 are as follows:

Assets	2016 AED'000
Property, plant and equipment	1,619
Trade receivables	8,409
Other current assets	1,152
Other non current assets	919
Cash at banks	4,007
Total Assets	**16,106**

8. Discontinued operation (continued)

2016(continued)

Disposal of Mail Call Couriers PTY Limited (Australia) (continued)

Liabilities	2016 AED'000
Trade payables	195
Other current liabilities	3,518
Other non-current liabilities	681
Total Liabilities	**4,394**
Net assets directly associated with disposal group	**11,712**

Cash flow on sale	AED '000
Consideration received	**122,811**
Cash included as cash and cash equivalents at 31 August 2016 in the statement of cash flows	**(4,007)**
Net cash flow	**118,804**

The net cash flows incurred by Mail Call Couriers PTY Limited are as follows:

	AED '000
Operating	**(1,178)**
Investing	**(428)**
Net cash outflows	**(1,606)**

Profit on sales was recognized as follows:

	AED '000
Consideration received	**122,811**
Net assets directly associated with disposal Group	**(11,712)**
Goodwill	**(78,417)**
Intangible assets	**(7,911)**
Foreign currency translation reserve associated with disposal	**(21,418)**
Profit on sale	**3,353**

Goodwill and intangible assets amounting to AED 78,417 thousand and AED 7,911 thousand, respectively, resulting from the initial acquisition were disposed off.

9. Investments in joint ventures

The details of the investments in joint ventures are as follows:

	Ownership percentage		Country of incorporation	Nature of activity	Book value	
	2017 %	2016 %			**2017 AED'000**	2016 AED'000
Aramex Sinotrans Co. LTD	**50%**	50%	China	Express, freight and logistics services	**5,563**	4,147
Aramex Global Solutions*	**60%**	60%	Singapore	Express, freight and Domestic services	**125,982**	119,464
Others	-				**2,854**	1,710
					134,399	**125,321**

* The approval for all major operational decisions for the Company were required by the Group and its partners jointly.

The joint ventures are accounted for using the equity method in the consolidated financial statements. **Summarized financial information of the joint ventures, based on their IFRS financial statements, are set out below:**

2017				
	Aramex Sinotrans Co. LTD AED'000	Aramex Global Solutions AED'000	Others AED'000	Total AED'000
Non-current assets	1,454	177,554	43,193	222,201
Current assets*	29,122	99,680	19,889	148,691
Non-current liabilities	-	-	(47,556)	(47,556)
Current liabilities**	(19,449)	(67,264)	(12,672)	(99,385)
Equity	**11,127**	**209,970**	**2,854**	**223,951**
Proportion of the Group's ownership	50%	60%		
Carrying amount of the investment	**5,563**	**125,982**	**2,854**	**134,399**

* The current assets of Aramex Global Solutions include cash at banks amounted to AED 33.8 million, accounts receivable amounted to AED 63.8 million and other current assets amounted to AED 2.1 million.

** The current liabilities of Aramex Global Solutions include, accruals amounted to AED 25.5 million, trade payables amounted to AED 35.1 million, and other current liabilities amounted to AED 6.6 million.

9. Investments in joint ventures (continued)

The details of the investments in joint ventures are as follows:

2016				
	Aramex Sinotrans Co. LTD AED'000	Aramex Global Solutions AED'000	Others AED'000	Total AED'000
Non-current assets	1,035	164,539	47,127	212,701
Current assets*	24,368	74,463	16,566	115,397
Non-current liabilities	-	(18)	(48,987)	(49,005)
Current liabilities**	(17,109)	(39,876)	(11,286)	(68,271)
Equity	**8,294**	**199,108**	**3,420**	**210,822**
Proportion of the Group's ownership	50%	60%		
Carrying amount of the investment	**4,147**	**119,464**	**1,710**	**125,321**

* The current assets of Aramex Global Solutions include cash at banks amounted to AED 26.6 million, accounts receivable amounted to AED 44.7 million and other current assets amounted to AED 3.1 million.

** The current liabilities of Aramex Global Solutions include, accruals amounted to AED 9.7 million, trade payables amounted to AED 29.3 million, and other current liabilities amounted to AED 0.9 million.

Summarized statement of profit or loss of the joint ventures:

2017				
	Aramex Sinotrans Co. LTD AED'000	Aramex Global Solutions AED'000	Others AED'000	Total AED'000
Revenue	88,938	265,789	18,355	373,082
Cost of sale	(66,978)	(248,175)	(5,921)	(321,074)
Administrative expenses	(19,729)	(19,393)	(16,454)	(55,576)
Profit (loss) before tax	**2,231**	**(1,779)**	**(4,020)**	**(3,568)**
Income tax expense	-	(3,521)	(121)	(3,642)
Profit (loss) for the year	2,231	(5,300)	(4,141)	(7,210)
Group's share of profit (loss) for the year	**1,116**	**(3,180)**	**(2,450)**	**(4,514)**

9. Investments in joint ventures (continued)

Summarized statement of profit or loss of the joint ventures: (Continued)

2016				
	Aramex Sinotrans Co. LTD AED'000	Aramex Global Solutions AED'000	Others AED'000	Total AED'000
Revenue	88,660	68,874	15,627	173,161
Cost of sale	(69,366)	(66,092)	(5,377)	(140,835)
Administrative expenses	(16,937)	(3,515)	(15,409)	(35,861)
Profit (loss) before tax	**2,357**	**(733)**	**(5,159)**	**(3,535)**
Income tax expense	-	(197)	(65)	(262)
Profit (loss) for the year	2,357	(930)	(5,224)	(3,797)
Group's share of profit (loss) for the year	**1,179**	**(558)**	**(2,613)**	**(1,992)**

The joint ventures had no contingent liabilities or capital commitments as at 31 December 2017 and 2016

10. Investments in associates

The details of the investments in associates were as follows:

	Ownership percentage		Country of incorporation	Nature of activity	Book value	
	2017 %	2016 %			**2017 AED'000**	2016 AED'000
Canterbury Courier Operations Ltd	**25%**	25%	New Zealand	Domestic services	**-**	367
Linehaul Express Australia Pty Ltd	**26.4%**	26.4%	Australia	Domestic services	**235**	197
WS One Investment LLC	**25%**	25%	UAE	Express services	**9,044**	9,588
Aramex Thailand Ltd	**49%**	49%	Thailand	Logistics and transportation	**443**	316
					9,722	**10,468**

10. Investments in associates

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:

2017					
	Canterbury Courier Operations Ltd AED'000	Linehaul Express Australia PTY Ltd AED'000	WS One Investment LLC AED'000	Aramex Thailand Ltd AED'000	Total AED'000
Non-current assets	-	58	43,801	289	44,148
Current assets	5,847	5,720	8,621	1,508	21,696
Non-current liabilities	-	-	-	(1)	(1)
Current liabilities	(5,847)	(4,890)	(16,244)	(892)	(27,873)
Equity	**-**	**888**	**36,178**	**904**	**37,970**
Proportion of the Group's ownership	25%	26.4%	25%	49%	
Group's share	**-**	**235**	**9,044**	**443**	**9,722**
Carrying amount of the investment	**-**	**235**	**9,044**	**443**	**9,722**

2016					
	Canterbury Courier Operations Ltd AED'000	Linehaul Express Australia PTY Ltd AED'000	WS One Investment LLC AED'000	Aramex Thailand Ltd AED'000	Total AED'000
Non-current assets	2,984	-	1,824	315	5,123
Current assets	4,331	4,833	44,120	666	53,950
Non-current liabilities	(888)	-	-	(27)	(915)
Current liabilities	(4,959)	(4,088)	(7,592)	(310)	(16,949)
Equity	**1,468**	**745**	**38,352**	**644**	**41,209**
Proportion of the Group's ownership	25%	26.4%	25%	49%	
Group's share	**367**	**197**	**9,588**	**316**	**10,468**
Carrying amount of the investment	**367**	**197**	**9,588**	**316**	**10,468**

10. Investments in associates (Continued)

2017					
	Canterbury Courier Operations Ltd AED'000	Linehaul Express Australia PTY Ltd AED'000	WS One Investment LLC AED'000	Aramex Thailand Ltd AED'000	Total AED'000
Revenue	-	27,367	42,789	4,656	74,812
Cost of sale	-	(26,916)	(27,691)	(2,442)	(57,049)
Administrative expenses	(603)	(373)	(13,280)	(2,795)	(17,051)
(Loss) profit before tax	(603)	78	1,818	(581)	712
Income tax expense					
(Loss) profit for the year	(603)	78	1,818	(581)	712
Group's share of (loss) profit for the year	**(150)**	**21**	**454**	**(284)**	**41**

2016					
	Canterbury Courier Operations Ltd AED'000	Linehaul Express Australia PTY Ltd AED'000	WS One Investment LLC AED'000	Aramex Thailand Ltd AED'000	Total AED'000
Revenue	15,134	21,720	53,340	3,143	93,337
Cost of sale	(11,120)	(21,362)	(38,754)	(1,619)	(72,855)
Administrative expenses	(2,750)	(565)	(11,829)	(1,862)	(17,006)
Profit (loss) before tax	1,264	(207)	2,757	(338)	3,476
Income tax expense	**(222)**	**-**	**(400)**	**-**	**(622)**
Profit (loss) for the year	1,042	(207)	2,357	(338)	2,854
Group's share of profit (loss) for the year	**260**	**(54)**	**589**	**(166)**	**629**

The associates had no contingent liabilities or capital commitments as at 31 December 2017 and 2016.

11. Available for sale financial assets

Unquoted financial assets	Ownership percentage 2017 %	Ownership percentage 2016 %	Country of incorporation	Nature of activity	Book value 2017 AED'000	Book value 2016 AED'000
Udaan Logisure Private Ltd	**5.88**	5.88	India	Local delivery	**1,844**	1,844
Return Hound Ltd	**20**	20	British Virgin Islands	Lost luggage retrieval business	**1,102**	1,102
Shippify Inc	10.70	10.70	USA	Food delivery	**1,102**	1,102
Grab a Grub Services Pvt Ltd	**24.53**	16.35	India	B2B logistics provider	**11,155**	7,395
What 3 Words Ltd	3.29	3.29	UK	Global addressing systems	**10,804**	10,950
Jamalon Inc.	**8.49**	8.49	British Virgin Islands	Online book retail	**3,673**	3,673
Cash Basha	20	-	British Virgin Islands	Online shopping platform	**551**	-
Flirtey Tech Pty Ltd.	**1**	-	USA	Drone Technology	**78**	-
Tu Share Pty Ltd	4.21	-	Australia	Courier service provider to small businesses	**1,457**	-
Mawarid Technology LLC	1.56	-	UAE	Technology Solutions	**10,000**	-
					41,766	**26,066**

Unquoted investments are not traded in an active market and are stated at cost less accumulated impairment as their fair values cannot be reliably determined due to the unpredictable nature of future cash flows. The Group assessed the impairment of these investments .The Group management believes that fair values of such investments are not materially different from their carrying amounts, and no such impairment exists.

12. Income tax

The major components of income tax expense for the years ended 31 December 2017 and 2016 are:

Consolidated income statement	2017 AED'000	2016 AED'000
Current income tax expense	**81,616**	60,583
Deferred tax	**(3,532)**	819
Foreign exchange	**3,267**	(476)
Income tax expense reported in the consolidated income statement	**81,351**	60,926

Deferred tax relates to the following:

	2017 AED'000	2016 AED'000
Provision for doubtful accounts	**2,187**	1,813
Depreciation	**(6,617)**	(6,681)
Employees' end of service benefits	**2,656**	2,339
Net operating losses carried forward	**3,272**	40
Capital allowance	**-**	392
Franchises with indefinite useful life	**(56,110)**	(56,110)
Others	**4,323**	4,386
	(50,289)	(53,821)

Recognised as follows:	2017 AED'000	2016 AED'000
As deferred tax assets	**3,267**	3,282
As deferred tax liabilities	**(53,556)**	(57,103)
	(50,289)	(53,821)

12. Income tax (Continued)

Reconciliation of deferred tax liability, net:

	2017 AED'000	2016 AED'000
As of 1 January	**(53,821)**	2,057
Tax income (expense) during the year recognised on Income Statement	**265**	(343)
Deferred taxes acquired in business combination	**-**	(55,059)
Foreign exchange	**3,267**	(476)
As of 31 December	**(50,289)**	(53,821)

Reconciliation between accounting profit and taxable profit:

	2017 AED'000	2016 AED'000
Accounting profit before income tax	**536,732**	505,723
Non-deductible expenses	**49,927**	44,163
Taxable profit	**586,659**	549,886
Income tax expense reported in the consolidated income statement	**81,351**	60,926
Effective income tax rate	**15.16%**	12.05%

Movements on income tax provision were as follows:

	2017 AED'000	2016 AED'000
At 1 January	**44,929**	36,756
Income tax expense for the year	**81,616**	60,583
Income tax paid	**(71,958)**	(36,562)
Foreign exchange	**4,247**	(15,848)
At 31 December	**58,834**	44,929

In some countries, the tax returns for certain years have not yet been reviewed by the tax authorities. In certain tax jurisdictions, the Group has provided for its tax exposures based on the current interpretation and enforcement of the tax legislation in the jurisdiction. However, the Group's management is satisfied that adequate provisions have been made for potential tax contingencies.

Aramex PJSC is registered in the United Arab Emirates of where there is no corporate taxation. Income tax appearing in the consolidated statement of financial position represents the income tax provision of Group's subsidiaries as of 31 December.

13. Accounts receivable

	2017 AED'000	2016 AED'000
Trade receivables	**997,429**	800,596
Less: allowance for doubtful accounts	**(63,263)**	(58,908)
	934,166	741,688

Geographic concentration of trade receivables as of 31 December is as follows:	**2017 %**	2016 %
Middle East and Africa	**59**	66
Europe	**10**	10
North America	**4**	4
Asia and others	**27**	20

As at 31 December 2017, trade receivables at nominal value of AED 63,263 thousand (2016: AED 58,908 thousand) were impaired. Movements on allowance for impairment of receivables were as follows:

	2017 AED'000	2016 AED'000
At 1 January	**58,908**	57,180
Charge for the year	**9,497**	10,424
Unused amounts reversed	**(1,384)**	-
Acquisition of subsidiaries	**-**	654
Amounts written-off	**(3,758)**	(9,350)
At 31 December	**63,263**	58,908

As at 31 December, the ageing analysis of trade receivables was as follows:

				Past due but not impaired		
	Total AED '000	0-60 days AED '000	61-90 days AED '000	91-180 days AED '000	181-365 days AED '000	More than 1 year AED '000
2017	**934,166**	798,260	87,905	34,345	**13,656**	-
2016	**741,688**	581,194	126,920	21,956	**11,618**	-

Unimpaired receivables are expected, on the basis of past experience, to be fully recoverable.

See Note 35 on credit risk of trade receivables, which explains how the Group manages and measures credit quality of trade receivables that are neither past due nor impaired.

14. Other current assets

	2017 AED'000	2016 AED'000
Prepaid expenses	**71,222**	62,387
Advances and other receivables	**178,320**	149,735
	249,542	212,122

15. Cash and cash equivalents

Cash and cash equivalents comprise of the following:	2017 AED'000	2016 AED'000
Cash and short term deposits	**727,649**	701,296
Less: cash margin	**(5,610)**	(4,369)
Less: bank overdrafts (note 22)	**(97,602)**	(57,453)
	624,437	639,474

Included in cash and short term deposits are amounts totalling AED 454,429 thousand (31 December 2016: AED 409,302 thousand) of cash held at foreign banks abroad and amounts totaling approximately AED 89,588 thousand (2016: AED 69,779 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 at the consolidated statement of financial position.

16. Share capital

Cash and cash equivalents comprise of the following:	2017 AED'000	2016 AED'000
Authorised, issued and paid up 1,464,100,000 ordinary shares of AED 1 each (2016: 1,464,100,000 ordinary shares of AED 1 each)	**1,464,100**	1,464,100

17. Reserves

Statutory reserve

In accordance with the Company's Articles of Association and the UAE Federal Law No. (2) of 2015, 10% of the net profit for each year is required to be transferred to a statutory reserve. Such transfers may be ceased when the statutory reserve equals half of the paid up share capital of the applicable entities. This reserve is non distributable except in certain circumstances. The consolidated statutory reserve reflects transfers made post-acquisition for subsidiary companies together with transfers made by the parent company. It does not, however, reflect the additional transfers to the consolidated statutory reserves which would be made if the retained post-acquisition profits of the subsidiaries were distributed to the Parent Company.

17. Reserves (Continued)

Foreign currency translation reserve
The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries.

Reserve arising from acquisition of non-controlling interests
The reserve represents the difference between the consideration paid to acquire non-controlling interests and the carrying amount of those interests at the date of acquisition.

18. Retained earnings

Dividends
The General Assembly approved in its meeting held on 21 March 2017 a cash dividend for 2016 of 16% of the Company's share capital.

The General Assembly approved in its meeting held on 24 April 2016 a cash dividend for 2015 of 15% of the Company's share capital.

Directors' fees paid
Directors' fees of AED 3.63 million representing remuneration for attending meetings and compensation for professional services rendered by the Directors for the year 2016 were paid in 2017 (2016: AED 3.37 million representing remuneration for attending meetings and compensation for professional services rendered by the Directors for the year 2015 were paid in 2016).

19. Loans and borrowings

	2017 AED'000	2016 AED'000
Non-current		
Term loan (a)	**285,063**	349,431
Notes payable	**1,497**	-
Finance lease obligations (b)	**6,771**	12,331
	293,331	361,762

	2017 AED'000	2016 AED'000
Current		
Term loan (a)	**205,616**	196,532
Notes payable	**2,199**	480
Finance lease obligations (b)	**12,425**	14,869
	220,240	211,881

19. Loans and borrowings (Continued)

(a) Term Loans

HSBC loan (1)
During 2016, the Group entered into a 5 year term loan agreement with HSBC Bank Australia for a total amount of AED 108 million (AUD 39.6 million) bearing annual interest rate of AUD (BBSY) plus a margin of 1.5%. The term loan is repayable in 20 consecutive quarterly instalments; the first instalment was due on 30 June 2016. The purpose of this facility is to finance new acquisitions.

HSBC loan (2)
During 2016, the Group entered into a 5 year term loan agreement with HSBC Bank New Zealand for a total amount of AED 115 million (NZD 44.2 million) bearing annual interest rate of NZD (BKBM) plus a margin of 1.5%. The term loan is repayable in 20 consecutive quarterly instalments; the first instalment was due on 30 June 2016. The purpose of this facility is to finance new acquisitions.

There were several financial covenants attached to the interest-bearing loans and borrowings. There have been no breaches of the financial covenants of any interest-bearing loans and borrowings throughout 2017.

Others
Term loans also include a number of loans obtained by Group's subsidiaries with a balance of AED 267 million to finance their operating activities. Those loans carry interest at commercial rates, are repayable in regular installments and are subject to covenants consistent with the Group's borrowing policies.

The principal instalments payable after 2017 for all loans as of 31 December 2017 are as follows:

Year	AED'000
2018	**205,616**
2019	**77,582**
2020	**47,009**
2021 thereafter	**160,472**
	490,679

(b) Finance lease obligation

Future minimum annual payments under all non-cancellable finance leases together with the present value of the net minimum lease payments are as follows:

2017	Future minimum lease payments AED'000	Interest AED'000	Present value of minimum lease payments AED'000
Within one year	13,467	1,042	12,425
After one year but not more than five years	7,101	330	6,771
Total	**20,568**	**1,372**	**19,196**

19. Loans and borrowings (Continued)

(b) Finance lease obligation (Continued)

2016	Future minimum lease payments AED'000	Interest AED'000	Present value of minimum lease payments AED'000
Within one year	16,378	1,509	14,869
After one year but not more than five years	12,967	636	12,331
Total	**29,345**	**2,145**	**27,200**

Finance lease obligations have maturities till 2021. Interest rate on finance lease obligations ranges between 2.2% - 8% (2016: 2.2% - 8%).

20. Employees' end of service benefits

Movements on provision for employees' end of service benefits were as follows:

	2017 AED'000	2016 AED'000
Provision as at 1 January	**138,797**	129,544
Provided during the year	**24,970**	23,043
Paid during the year	**(23,209)**	(12,822)
Exchange differences	**(5)**	(968)
Provision as at 31 December	**140,553**	138,797
Actuarial gains and losses	**-**	-
Present value of the defined benefit obligations	**140,553**	138,797

21. Accounts payable

Trade payables mainly include payables to third party suppliers against invoices received from them for line haul, freight services, handling and delivery charges.

22. Bank overdrafts

The Group maintains overdrafts and lines of credit with various banks. Aramex Tunisia has outstanding overdrafts from Citi Bank of AED 743 thousand as at 31 December 2017 (2016: AED 456 thousand) and with Arab Bank of AED 514 thousand as at 31 December 2017 (2016: Nil).

Aramex Algeria SARL has outstanding overdrafts from Citi Bank of AED 6,452 thousand as at 31 December 2017 (2016: AED 1,908 thousand).

Aramex International LLC has outstanding overdrafts from HSBC of AED 62,434 thousand as at 31 December 2017 (2016: AED 55,089 thousand).

Aramex Special Logistics has outstanding overdraft from Citi Bank of AED 27,459 thousands as at 31 December 2017 (2016: Nil)

23. Other current liabilities

	2017 AED'000	2016 AED'000
Accrued expenses	**428,099**	364,788
Deferred revenue	**53,412**	52,508
Sales tax and other taxes	**29,065**	28,247
Income tax provision (note 12)	**58,834**	44,929
Customers' deposits	**19,398**	5,746
Social security taxes payable	**6,998**	6,462
Claims	**57,703**	33,333
Others	**115,790**	84,163
	769,299	**620,176**

24. Employees' benefit liability

In February 2014, a total of 37,000,000 phantom shares were granted to senior executives under a long term incentive plan. The exercise price of the options of AED 3 was equal to the market price of Aramex shares on the date of grant. The fair value at grant date was estimated using the binomial pricing model, taking into account the terms and conditions upon which the options were granted. The contracted life of each option granted is six years. The awards will be settled in cash.

In 2015, the plan was modified but the number of phantom shares subject to the plan remained the same. The new plan has non-market vesting conditions and variable exercise prices depending on the Group's performance. According to the modified plan, the value of exercise price will be based on achieved certain performance targets for the Group over the remaining three year period of the plan contractual life.

The Group expects that the earnings target will be achieved for the remaining life of the plan and hence each option will have an exercise price of zero. During 2017, a number of employees exercised their share rights which were paid in cash.

The following tables list the inputs to the models used for the plan for the year ended 31 December 2017:

	2017
Dividend yield (%)	**0**
Risk–free interest rate (%)	**2.4**
Expected life (years)	**6**
Share price (AED)	**4.3**

24. Employees' benefit liability (Continued)

	2017 AED'000	2016 AED'000
At 1 January	**74,988**	63,825
Employees benefit plan expense for the year	**24,030**	47,627
Reversal of employees' benefit plan expense	**(27,950)**	-
Paid during the year	**(41,193)**	(36,464)
At 31 December	**29,875**	74,988

25. Revenue

	2017 AED'000	2016 AED'000
International express	**2,007,009**	1,687,115
Freight forwarding	**1,156,789**	1,130,717
Domestic express	**1,022,217**	981,258
Logistics	**260,331**	264,624
Publications and distribution	**9,878**	9,958
Others*	**265,163**	269,486
	4,721,387	**4,343,158**

* Represents revenues from other special services which the Group renders, including airline ticketing and travel, visa services and revenues from document retention business. All related costs are reflected in cost of services.

26. Cost of services

	2017 AED'000	2016 AED'000
International express	**687,749**	529,201
Freight forwarding	**843,030**	810,213
Domestic express	**520,167**	462,067
Logistics	**66,419**	65,399
Publications and distribution	**5,226**	5,730
Others	**43,091**	38,555
	2,165,682	**1,911,165**

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27. Administrative expenses

	2017 AED'000	2016 AED'000
Salaries and benefits	**446,701**	459,990
Rent	**106,689**	82,544
Depreciation	**62,156**	59,700
Communication expenses	**42,899**	43,408
Repairs and maintenance	**43,049**	31,289
Allowance for impairment of receivables	**8,113**	10,424
Printing and stationary	**7,141**	7,956
Entertainment	**9,799**	9,352
Vehicle running expenses	**5,407**	4,905
Insurance and security	**27,243**	27,999
Government fees and taxes	**40,871**	37,392
Corporate social responsibility*	**3,669**	5,466
Sponsorship	**183**	194
Utilities	**20,134**	13,852
Travel expenses	**26,694**	20,478
Professional fees	**38,431**	41,150
Others	**83,906**	84,218
	973,085	**940,317**

* These amounts are paid to accredited well-known institutions that management has reviewed individually and it is comfortable that they comply with international ethical regulations.

28. Operating expenses

	2017 AED'000	2016 AED'000
Salaries and benefits	**541,263**	539,159
Vehicle running and maintenance	**90,685**	88,109
Supplies	**27,591**	28,514
Communication expenses	**7,374**	7,339
Depreciation	**42,072**	39,470
Rent	**59,811**	67,694
Others	**54,262**	56,127
	823,058	**826,412**

29. Other income, net

	2017 AED'000	2016 AED'000
Exchange (loss) gain	**(219)**	13,412
(Loss) gain on sale of property, plant and equipment	**(788)**	3,852
Miscellaneous income	**7,625**	2,953
	6,618	**20,217**

30. Related party transactions

Certain related parties (directors, officers of the Group and companies which they control or over which they exert significant influence) were suppliers of the Company and its subsidiaries in the ordinary course of business. Such transactions were made on substantially the same terms as with unrelated parties.

Transactions with related parties included in the consolidated income statement are as follows:

Companies controlled by the directors		
	2017 AED'000	2016 AED'000
Rent expense	**3,495**	3,495

30. Related party transactions (Continued)

Key management compensation

Compensation of the key management personnel, including executive officers, comprises the following:

	2017 AED'000	2016 AED'000
Salaries and other short term benefits	**35,946**	8,886
Board renumeration	**3,630**	3,370
End of service benefits	**196**	193
	39,772	**12,449**

Directors fees paid were disclosed in note 18

Employees' benefit plan
Senior executive of the Group were granted phantom shares as detailed in Note 24.

Significant subsidiaries of the Group include:
Aramex Fastway Holdings PTY Ltd.
Aramex Jordan Ltd.
Aramex India Private Limited, India
Aramex International Egypt for Air and Local services (S.A.E), Egypt
Aramex Bahrain S.P.C
Aramex Emirates LLC, UAE
Aramex Ireland Limited
Aramex Nederland B.V.
Aramex South Africa PTY Ltd.
Aramex Hong Kong Limited

All of the above subsidiaries are 100% owned by the Parent Company.

The Group has granted to a related party a call option to acquire 100% interest in a subsidiary. Based on reviewing the relevant factors and circumstances, management has judged that the option is considered to be non-substantive in accordance with IFRS 10.

Certain subsidiaries of the Group are controlled through shareholder agreements and accordingly consolidated in these consolidated financial statements.

The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year. The outstanding balances as at 31 December 2017 and 2016, are included in notes 13 and 21:

30. Related party transactions (Continued)

Key management compensation

Compensation of the key management personnel, including executive officers, comprises the following:

		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:					
	2017	**506**	**947**	**529**	**-**
	2016	331	542	84	2
Joint ventures in which the parent is a venturer:					
	2017	**2,614**	**26,510**	**2,824**	**11,966**
	2016	1,725	30,225	2,819	8,757
Companies controlled by directors and shareholders:					
	2017	**87,073**	**-**	**15,576**	**9,271**
	2016	75,526	-	5,833	680

* These amounts are classified as trade receivables.
** These amounts are classified as trade payables.

31. Earnings per share

	31 December 2017	31 December 2016
Profit attributable to shareholders of the Parent (AED'000)	**435,399**	419,218
Profit for the year from continuing operations	**-**	7,377
Profit for the year from discontinued operations	**435,399**	426,595
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)	**0.297**	0.286
Basic and diluted earnings per share from discontinued operations (AED)	**0.000**	0.005

32. Operating leases

Group as lessee
The Group leases land, office space, warehouses and transportation equipments under various operating leases, some of which are renewable annually. Rent expense related to these leases amounted to AED 207.79 million for the year ended 31 December 2017 (2016: AED 189.82 million). The Group believes that most operating leases will be renewed at comparable rates to the expiring leases.

Future minimum rental payables under non-cancellable operating lease as at 31 December are as follows:

	2017 AED'000	2016 AED'000
Within one year	**182,149**	153,190
After one year but not more than five years	**603,925**	511,079
More than five years	**7,379**	12,817
	793,453	**677,086**

33. Segmental information

For management purposes, the Group is organised into five operating segments:

- International express: includes delivery of small packages across the globe to both, retail and wholesale customers.
- Freight forwarding: includes forwarding of loose or consolidated freight through air, land and ocean transport, warehousing, customer clearance and break bulk services.
- Domestic express: includes express delivery of small parcels and pick up and deliver shipments within the country.
- Logistics: includes warehousing and its management distribution, supply chain management, inventory management as well as other value added services.
- Other operations: includes catalogue shipping services, document storage, airline ticketing and travel, visa services, and publication and distribution.

Management monitors the operating results of the operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss.

Transfer prices between operating segments are on an arm's - length basis in a manner similar to transactions with third parties.

The following table presents revenue and profit information regarding the Group's operating segments for the years ended 31 December 2017 and 2016, respectively.

33. Segmental information (continued)

	International express AED '000	Freight forwarding AED '000	Domestic express AED '000	Logistics AED '000	Others AED '000	Elimination AED '000	Total AED '000
Year ended 31 December 2017 Revenue							
Third party	**2,007,009**	**1,156,789**	**1,022,217**	**260,331**	**275,041**	**-**	**4,721,387**
Inter-segment	**801,522**	**221,087**	**2,199**	**7,445**	**20,469**	**(1,052,722)**	**-**
Total revenues	**2,808,531**	**1,377,876**	**1,024,416**	**267,776**	**295,510**	**(1,052,722)**	**4,721,387**
Gross profit	**1,319,261**	**313,759**	**502,050**	**193,911**	**226,724**	**-**	**2,555,705**
Year ended 31 December 2017 Revenue							
Third party	1,687,115	1,130,717	981,258	264,624	279,444	-	4,343,158
Inter-segment	712,218	222,997	3,589	5,615	16,551	(960,970)	-
Total revenues	2,399,333	1,353,714	984,847	270,239	295,995	(960,970)	4,343,158
Gross profit	1,157,914	320,503	519,191	199,225	235,160	-	2,431,993

Transactions between stations are priced at agreed upon rates. 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.

33. Segmental information (continued)

Geographical segments

The business segments are managed on a worldwide basis, but operate in four principal geographical areas, Middle East and Africa, Europe, North America, Asia and others. In presenting information on the geographical segments, segment revenue is based on the geographical location of customers. Segments assets are based on the location of the assets.

Revenues, assets and liabilities by geographical segment are as follows:

	2017 AED'000	2016 AED'000
Revenues		
Middle East and Africa	**2,836,592**	2,797,963
Europe	**574,753**	563,904
North America	**134,888**	117,993
Asia and others	**1,175,154**	863,298
	4,721,387	**4,343,158**

	2017 AED'000	2016 AED'000
Assets		
Middle East and Africa	**2,973,296**	2,752,965
Europe	**409,227**	385,532
North America	**65,200**	48,868
Asia and others	**956,403**	841,655
	4,404,126	**4,029,020**

	2017 AED'000	2016 AED'000
Non- current assets*		
Middle East and Africa	**873,743**	797,457
Europe	**68,610**	63,782
North America	**2,535**	3,959
Asia and others	**378,886**	363,487
	1,323,774	**1,228,685**

33. Segmental information (continued)

Geographical segments (continued)

	2017 AED'000	2016 AED'000
Liabilities		
Middle East and Africa	**1,237,517**	1,172,115
Europe	**98,702**	81,484
North America	**19,375**	17,382
Asia and others	**529,470**	483,537
	1,885,064	**1,754,518**

* Non-current assets for this purpose consist of property, plant and equipment, other intangible assets, available for sale financial assets and investments in joint ventures and associates. Goodwill is allocated to business segments (note 5).

34. Commitments and contingencies

Guarantees		
	2017 AED'000	2016 AED'000
Letters of guarantee	**110,797**	100,414

Capital commitments
As at 31 December 2017, the Group has capital commitments of AED 47 million (2016: AED 37.4 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 36,576 thousand representing legal actions and claims related to its ordinary course of business (2016: AED 17,377 thousand). The management and their legal advisors believe that the provision recorded of AED 13,168 thousand as of 31 December 2017 is sufficient to meet the obligations that may arise from the lawsuits (2016: AED 6,090 thousand).

35. Risk management

Interest rate risk
Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group is exposed to interest rate risk on its interest bearing assets and liabilities (bank deposits, bank overdrafts, notes payable and term loans).

The sensitivity of the consolidated income statement is the effect of the assumed changes in interest rates on the Group's profit for one year, based on the floating rate financial assets and financial liabilities held at 31 December.

35. Risk management (continued)

The following table demonstrates the sensitivity of the consolidated income statement to reasonably possible changes in interest rates, with all other variables held constant.

	Increase/ (decrease) in basis points	Effect on profit for the year AED '000
2017		
Variable rate instruments	**+100**	**(4,933)**
Variable rate instruments	**-100**	**4,933**
2016		
Variable rate instruments	**+100**	(5,487)
Variable rate instruments	**-100**	5,487

Credit risk
This is the risk that a counter party will not meet its obligations under a financial instrument or customer contract leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities including deposits with banks and financial institutions. The Group manages credit risk with its customers by establishing credit limits for customers' balances and also disconnects the service for customers exceeding certain limits for a certain period of time. Also, the diversity of the Group's customer base (residential, corporate, government agencies) limits the credit risk. The Group also has a credit department that continuously monitors the credit status of the Group's customers.

The Group also deposits its cash balances with a number of major high rated financial institutions and has a policy of limiting its balances deposited with each institution.

Trade and other receivables
The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the Group's customer base, including the default risk of the industry and country, in which customers operate, has less of an influence on credit risk. The Group earns its revenues from a large number of customers spread across different geographical segments. However, geographically 59% percent of the Group's trade receivables are based in Middle East and Africa.

Management has established a credit policy under which new customers are analysed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. Purchase limits are established for customers, who represent the maximum open amount without requiring approval from senior Group management; these limits are reviewed regularly.

A significant portion of the Group's customers have been transacting with the Group for a number of years, and losses have occurred infrequently. In monitoring customer credit risk, customers are grouped according to their credit characteristics, including whether they are an individual or legal entity, whether they are an agent, wholesaler, retailer or end-user customer, geographic location, industry, aging profile, maturity and existence of previous financial difficulties.

35. Risk management (continued)

Credit risk (continued)
The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. The collective loss allowance is determined based on historical data of payment statistics for similar financial assets.

At 31 December 2017 the Group had 5 customers (2016: 5 customers) that accounted for approximately 34% (2016: 23%) of all the receivables outstanding.

Liquidity risk
Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group currently has sufficient cash on demand to meet expected operational expenses, including the servicing of financial obligations.

Excessive risk concentration
Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Group's performance to developments affecting a particular industry.

In order to avoid excessive concentrations of risk, the Group's policies and procedures include specific guidelines to focus on the maintenance of a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly.

The table below summarises the maturities of the Group's financial liabilities at 31 December, based on contractual undiscounted payments:

Year ended 31 December 2017

	Less than 3 months AED '000	3 to 12 months AED '000	1-2 year AED '000	2-5 years AED '000	Total AED '000
Term loans	39,673	179,035	86,963	216,038	521,709
Notes payable	682	1,791	1,539	26	4,038
Finance lease obligations	3,949	9,518	5,867	1,234	20,568
Bank overdraft	98,014	-	-	-	98,014
Trade and other payables	935,361	2,915	-	-	938,276
	1,077,679	193,259	94,369	217,298	1,582,605

35. Risk management (continued)

Excessive risk concentration (continued)

Year ended 31 December 2016

	Less than 3 months AED '000	3 to 12 months AED '000	1-2 year AED '000	2-5 years AED '000	Total AED '000
Term loans	24,608	182,887	84,533	291,309	583,337
Notes payable	56	495	-	-	551
Finance lease obligations	4,475	11,833	9,488	3,549	29,345
Bank overdraft	57,578	-	-	-	57,578
Trade and other payables	755,967	-	-	-	755,967
	842,684	195,215	94,021	294,858	1,426,778

Currency risk
Foreign currency risk is the risk that the fair value of future cash flows of financial instruments will fluctuate because of changes in foreign currency exchange rates.

The Group is exposed to currency risk mainly on purchases and sales that are denominated in a currency other than the respective functional currencies of the Group entities, primarily the United States Dollar (USD), Euro (EUR), Egyptian Pound (EGP), Sterling (GBP), South African Rand (ZAR), Turkish Lira (TRY) and the Indian Rupee (INR). The currencies in which these transactions are primarily denominated are Euro, USD, ZAR, TRY and GBP. The Parent Company's and a number of other Group entities' functional currencies are either the USD or currencies that are pegged to the USD. As a significant portion of the Group's transactions are denominated in USD, this reduces currency risk. The Group also has currency exposures on intra group transactions in the case of Group entities where the functional currency is not the USD or a currency that is not pegged to the USD. Intra Group transactions are primarily denominated in USD.

Significant portion of the Group's trade payables and all of its foreign currency receivables, denominated in a currency other than the functional currency of the respective Group entities, are subject to risks associated with currency exchange fluctuation. The Group reduces some of this currency exposure by maintaining some of its bank balances in foreign currencies in which some of its trade payables are denominated.

The following table demonstrates the sensitivity to a reasonably possible change in the AED exchange rate, with all other variables held constant, of the Group's profit before tax (due to changes in the fair value of monetary assets and liabilities).

35. Risk management (continued)

Currency risk (continued)

	Changes in currency rate to AED %	Effect on profit before tax AED '000
2017		
EUR	**+10**	**723**
INR	**+10**	**310**
GBP	**+10**	**(3,748)**
EGP	**+10**	**(76)**
TRY	**+10**	**570**
ZAR	**+10**	**(12)**

	Changes in currency rate to AED %	Effect on profit before tax AED '000
2016		
EUR	+10	1,738
INR	+10	(340)
GBP	+10	(4,017)
EGP	+10	112
TRY	+10	190
ZAR	+10	(142)

The effect of decreases in exchange rates are expected to be equal and opposite to the effects of the increases shown.

Capital management
The Group manages its capital structure and makes adjustments to it in light of changes in business conditions. No changes were made in the objectives, policies or processes during the years ended 31 December 2017 and 31 December 2016. Capital comprises share capital, statutory reserve, reserve arising from acquisition of non-controlling interests and retained earnings, and is measured at AED 2,803,010 thousand as at 31 December 2017 (2016: AED 2,616,044 thousand).

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital, which the Group defines as net operating income divided by total shareholders' equity, excluding non-controlling interests. The Board of Directors also monitors the level of dividends to shareholders.

35. Risk management (continued)

Capital management (continued)
The Board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position. In the medium to long term, the Group believes that having a debt to equity ratio of up to 50% would still enable the Group to achieve its objective of maintaining a strong capital base.

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements other than the statutory requirements in the jurisdictions where the Group entities are incorporated.

36. Fair values of financial instruments

Financial instruments comprise financial assets and financial liabilities.

Financial assets consist of cash and bank balances, receivables, available for sale financial assets and other current assets. Financial liabilities consist of loans and borrowings, bank overdrafts, trade payables and other current liabilities.

The fair values of financial instruments are not materially different from their carrying values.

Available for sale investments (note 11) at carried at cost due to the lack of availability of information to assess fair values. The Group intent to carry those for strategic purposes until an appropriate valuation methodology could be determined or until an appropriate exist is found.

37. Key sources of estimation uncertainty

Impairment of accounts receivable
An estimate of the collectible amount of trade accounts receivable is made when collection of the full amount is no longer probable. For individually significant amounts, this estimation is performed on an individual basis. Amounts which are not individually significant, but which are past due, are assessed collectively and a provision applied according to the length of time past due, based on historical recovery rates.

At the statement of financial position date, gross trade accounts receivable were AED 997,429 thousand (2016: AED 800,596 thousand) and the provision for doubtful debts was AED 63,263 thousand (2016: AED 58,908 thousand). Any difference between the amounts actually collected in future periods and the amounts expected to be collected will be recognised in the consolidated income statement.

Useful lives of property and equipment
The Group's management determines the estimated useful lives of its property, plant and equipment for calculating depreciation. This estimate is determined after considering the expected usage of the asset or physical wear and tear. Management reviews the residual value and useful lives annually and future depreciation charge would be adjusted where the management believes the useful lives differ from previous estimates.

Goodwill impairment
The impairment test is based on the “value in use” calculation. These calculations have used cash flow projections based on actual operating results and future expected performance. A discount which ranges between 7.6% to 9.6% has been used in discounting the cash flows projected (refer to note 5).

37. Key sources of estimation uncertainty (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.

Identifiable assets and liabilities taken over on acquisition of subsidiaries

The Group separately recognises assets and liabilities on the acquisition of a subsidiary when it is probable that the associated economic benefits will flow to the acquirer or when, in the case of liability, it is probable that an outflow of economic resources will be required to settle the obligation and the fair value of the asset or liability can be measured reliably. Intangible assets and contingent liabilities are separately recognised when they meet the criteria for recognition set out in IFRS 3. Intangible assets, acquired on acquisition, mainly represent lists of customers, bound by a contract, valued on the basis of minimum cash flows.

Intangible assets with indefinite lives

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

Contact us

Aramex International LLC.
Business Central Towers, Tower A,
23rd Floor, Office 2302A

Dubai Media City
Dubai – UAE
P.O. Box: 95946
Telephone: +971 600 544000

We welcome your feedback and encourage comments from our readers. Please direct any communication to:
raji.hattar@aramex.com

aramex
delivery unlimited