Environment

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OUR NATURAL CAPITAL STRATEGY

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

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

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Environmental Stewardship and Climate Change Mitigation

The climate crisis is no longer a future risk, but one that is felt in the daily lives of millions across the globe. We realize the urgent need to address and mitigate the environmental and climactic impacts of the transportation and logistics industry and our operations within it.

Our track record, commitments, and progress toward being an environmentally conscious company are bolstered by more than 35 years of experience and steadfast effort toward safeguarding natural capital and minimizing and mitigating our negative impacts. By measuring our GHG emissions according to the best practices and global standards over the last 10+ years, we have been able to understand our footprint and make evidence-based efforts toward its reduction.

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



Surpassing our 2016 goal of reducing our emissions per shipment by 20% by 2020, we have set forth new targets in line we expanded two of our solar installation systems in Jordan. with the Science Based Targets Initiative (SBTi). These targets are underscored by a rigorous scientific and data-driven Our goal is to install around 5 solar installations per year until 2030 where technology availability and regulations permit. approach to measuring and managing our impacts across the entirety of our operations, covering scopes 1, 2, and 3 guiding our decarbonization strategy.

We aim to substantially increase the usage of electric and low-emission vehicles in our fleet. Converting our fleet is a great Our agreement with the Science Based Targets initiative (SBTI) signed in 2021 set us on a path to reduce absolute Scope 1 opportunity to reduce our negative impact on the environment. However, it also presents a challenge due to our asset-light and 2 GHG emissions by 42% by 2030 from our 2020 base year and Scope 3 by 25%, which is dependent on our suppliers model and the nature of our operations and geographies. We are bound to local regulations as well as available and feasible to reduce their emissions and we work with them proactively. This is in line with the Paris Agreement's goals of curbing a technologies in key markets. With that in mind, we continually and proactively seek suitable solutions and test vehicles to rise in global temperature to well-below 2°C. help the transition toward a more sustainable fleet.

The Science Based Targets initiative (SBTi) is a collaboration between CDP, the United Nations Global Compact (UNGC), World Resources Institute (WRI), and the Worldwide Fund for Nature (WWF), and defines and promotes best practices in science-based target setting and independently assesses companies' targets.







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

42% reduction on scope 1 & 2

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

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

1. Renewable Energy-Solar Installations and Investment

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

2. Sustainable Fleet

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

3. Energy Efficiency

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



LEED Certification

As part of our facilities management and energy efficiency efforts, we have four warehouse facilities that comply with LEED certification due for re-certification in 2023:

Country	Category	
Dubai-1	Gold	
Dubai- 2	Platinum	
Egypt	Silver	E.
Jordan	Silver	

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

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

Crosscutting Sustainability: Micro Hubs/ Distribution Centers / Routing Optimization Case Study

With the rising demand of last-mile operations and in efforts to reduce our impact on the natural capital, we have piloted the Micro Distribution Centers project. This project will help reduce the total distance moved by our couriers on the ground by consolidating business to Micro Distribution Centers and thus reduce our GHG emissions as well as cost.

This project is expected to have several impacts beyond the reduction of emissions and enhanced resource use. We expect to see improved productivity and efficiency by eliminating wasted time for couriers throughout their journey. We are also responding to customer behavior and demands for cheaper and faster services including same-day delivery, while also ensuring that we balance these demands while managing our emissions. As a result, we expect to see enhanced customer satisfaction and fulfillment, an increase in the available time for last-mile deliveries and collections and more digitized operations. This project highlights the intersection of our environmental and operational strategies and the embeddedness of sustainability in our business decisions.







Spotlight

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Black and Grey Water Treatment in Dubai

We recognize that water scarcity is a global concern that is exacerbated by the current climate crisis. While our water use is limited to municipal use in our offices, we still strive to conserve our domestic water consumption through different initiatives, awareness campaigns, and procedures. In line with these conservation efforts and as part of our interest in supporting circular economy efforts, we invested in black and grey water treatment in Dubai. We installed **3** Sewage Treatment Plants (STP) that enable us to treat both black and grey water from domestic use to be then reused for irrigation of our landscape which covers **11%** of our total **240,000 Square**.

3 Sewage Treatment Plants (STP) with total 666 Population Equivalent (PE):

450 PE installed in 201016 PE installed in 2010200 PE installed in 2016





We're planting 100,000 trees around the world in the next 12 months!

4.5

That's our pledge.

towards a greener future. **#DeliveringGood**

delivery unlimited

Our pledge to Plant Trees across our Network

In celebration of Aramex's 40th anniversary, we launched a companywide campaign at the end of 2022 pledging to plant 100,000 trees across our global network. This campaign also engages our employees who are encouraged to volunteer with their communities for these tree plantings. So far, over 500 trees were planted in Egypt, Nigeria and Bangladesh. [36]



Circular Economy and Life Cycle Assessment

As we globally grapple with the impacts of climate change and environmental destruction, it is increasingly imperative that we reconsider the linear model of the industrial economy.

Logistics companies can play an important role in the circular economy, considering the importance of reverse logistics as part of the 5 Rs (Reducing, Repairing, Reselling, Refurbishing, and Recycling) of consumer goods. For Aramex, we are actively considering ways in which to contribute to the shift to a circular economy and how to apply its principles to our day-to-day operations and medium to long-term strategic vision and plans. Such steps include investment in renewable energy, and continually innovating in terms of packaging and material use, from the use of degradable packaging to experimenting with customer packaging return.

Our aim as part of the logistics sector is to enable the circular flow of goods and close the loop. We view this as an opportunity to leverage our operations and provide the necessary innovation, support, and expertise to shift the way in which goods and materials move, from linear to regenerative.

We began exploring different methods of reducing our waste streams, one such project has been our Kaizen 8.2 initiative in Qatar, whereby we needed to replace the metal racks in our logistics warehouse due to safety concerns. Instead of disposing of them, we partnered with a recycler to take over 15.75 tons of metal scraps, scrapped forklift, cardboard waste, old and damaged pallets. The recycler is certified and will ensure the proper handling of the waste and its reclamation, instead of it going into the landfill.

Our GHG Emissions Footprint

We measure our emissions based on the Green House Gas (GHG) Protocol accounting tool and utilize an operational control approach to measure our emissions. For more information on our measurement approach, boundaries, and limitations refer to our reporting process on page 113.

Emissions (tCO2)
Scope 1 ^[1]
Scope 2
Scope 3
Freight
• Express
• Rail
Commuting
Business Travel

Total Emissions



₂ ← 2018	2019	2020	2021	2022
49,903	56,769	59,334	64,414	63,268
30,911	42,501	39,326	31,008	23,643
606,088	651,747	628,684	573,836	502,210
387,910	390,745	364,680	314,718	297,698
191,355	233,891	251,438	231,642	177,110
-		0	78	
26,011	26,522	12,430	27,236	27,236
633	589	136	162	166
686,902	751,017	727,344	669,258	589,121



Year over Year Performance

Emissions (tCO2)	2018	2019	2020 New Baseline	2021	2022
KgCo2e/ Shipment	10.00	7.50	5.7	5.1	4.8
Electricity (kwh)/ Shipment	0.69	0.65	0.50	0.41	0.35
Fuel/ Shipment	0.30	0.28	0.20	0.19	0.21
Electricity (kwh)	47,450,551	65,664,723	61,276,783	55,024,089	43,350,256
Fuel	20,416,518	22,854,060	24,267,172	25,715,644	25,438,603
Total Emissions	686,902	751,017	727,344	669,258	589,121

We are pleased to announce a reduction in our energy intensity and carbon emissions intensity per shipment. These welcomed reductions are caused by a number of factors, including our own efforts to mitigate our environmental impacts through renewable energy and increased efficiency. However, some of those reductions can also be attributed to a decrease in the volume of international express shipments. Additionally, additional reductions in electricity use are due to changes in our facilities.

Year	SOx and NOx	
2018	27,236	
2019	34,970	10.6
2020	33,146	
2021	39,965	
2022	38,182	

2019

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Climate Risk Assessment

We recognize our responsibility to our stakeholders, and it is essential that we fully understand the potential threats climate risks pose to our business, operational activities, and customers. Therefore, in 2022, we underwent a series of actions to strengthen our climate risk assessment and resilience practices. To start our journey, we appointed an independent third-party consultant to conduct a climate risk assessment and benchmarking exercise.

The purpose of this assessment was to identify our exposure to various climate risks and to evaluate our current climate risk performance compared to global and industry-leading practices. Subsequently, the consultant conducted a climate risk assessment on three of our key locations, to evaluate the maturity of existing resilience, mitigation, and adaptation efforts. As part of the assessment, we developed a customized climate risk framework which will be integrated into our enterprise risk management processes. This framework will allow us to regularly review previously identified climate risks, update the climate risk inventory if necessary, and ensure that suitable mitigation and adaptation plans are in place. To support the integration of our climate risk framework and to promote climate risk understanding and awareness, we will be developing a capacity-building program that will be rolled out in 2023 for our internal stakeholders. These actions demonstrate our commitment to limiting the impact of climate risks on our business and stakeholders and will ensure that we are in a position to take direct effective action moving forward.

The benchmarking assessment is based on the four core pillars of the Task Force on Climaterelated Financial Disclosures (TCFD) recommendations, namely; Governance, Strategy, Risk Management, and Metrics and Targets. Together with the consultant, we selected relevant peers for the benchmarking exercise to ensure that we align with best industry practices. The benchmarking assessment will result in an inventory of potential climate risks and a corresponding list of leading practices for Aramex to consider. Additionally, the consultant conducted a legal, regulatory, and policy evaluation across key jurisdictions, the results of which will allow us to gain supplementary insights on the direction of legal trends regarding climate change action. These exercises will place Aramex in a strong position to move forward with identifying, mitigating, and building the resilience of our business to potential climate risks.

Thereafter, the consultant conducted a climate risk assessment on our operations in three key locations, namely, Dubai, Cairo, and London. These locations were selected based on the site's revenue contribution and their representation of the wider aspects of our business model. Due to the complex nature of our operations, across numerous regions, jurisdictions, climates, and regulatory landscapes, the assessment was conducted both at a corporate level and an individual site level. As a result, we gained an in-depth understanding of what impacts

climate risks might have on our operations and provide an understanding of the maturity and the resilience of our existing mitigation and adaptation measures. The site-based assessment, combined with the identification of leading practices from the benchmarking assessment, will allow us to pinpoint key areas of improvement and the necessary actions to better mitigate against and address climate risks.

We are committed to conducting regular climate risk assessments to ensure our climate risk management and resilience efforts remain consolidated in the upcoming years. To do so, we developed a customized climate risk framework founded on the four core principles of TCFD.

Our climate risk framework provides a structured approach for identifying climate risks, evaluating various climate scenarios, assessing the impact of risks on the business, progressing action plans, and developing monitoring instruments. Moreover, we are developing a monitoring toolkit (excel-based) to support the processes of the climate risk framework, which will allow us to maintain and improve our performance. What's more, we are currently in the process of assessing and prioritizing the identified climate risks in terms of their business impact. The prioritization of risks will serve as the basis for us to effectively allocate the necessary resources and measures for addressing the most relevant risks and track our performance.

Our climate risk framework will undergo regular reviews to ensure that the identified risks are appropriately managed and that the risk framework is updated, if necessary, to reflect emerging risks.

To complement our actions, we are also planning a three-tiered approach to capacity building. These sessions are directed toward our relevant stakeholders, to support our climate risk assessment and management efforts. The sessions address general topics of climate change and climate risk management, global policy, and our corporate actions toward managing climate risks, TCFD, and the risk framework.

The structure of our climate risk framework and the assessment tool to our sustainability and risk management teams. In doing so, we make sure that we upskill and embed what we learned in the assessment throughout our different functions, fostering shared ownership, and empowering our people with the right knowledge, skill set, and tools to successfully implement our climate risk agenda. All these sessions will allow us to disseminate the essential knowledge and understanding of climate risk assessment and management across our key functions. Furthermore, the sessions will communicate and demonstrate our commitment to identifying, mitigating, and managing our relevant climate risks, to build climate resilience in everything we do.

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Approach for conducting the Qualitative Risk Assessment (QRA)

		• 03	• 04 Prioritization of risks	
• 01	• 02	Detailed analysis of each identified risk	Aramex prioritized climaterisks based on the Arame	
Approach and criteria definition	Description of the risk categories	The consultant described possible effect of each climate related risk	and peers' reality as well as based on the assessed severity and likelihood of the identified risks	
Our independent third-party consultant assessed each climate-related risk using four criteria scale: • Importance to peers • Aramex level of maturity • Severity • Likelihood	 Policy and Legal Technology Market and economics Reputational Acute Chronic 	The consultant defined what peers and Aramex are doing regarding each risk		

Climate Risks

Year	Transition Risks	Physical Risks		
1. Risk Characterization	In general, these three initial steps can be centralized by the Risk and Sustainability teams. These teams have a holistic and cross-functional overview of the entire organization and therefore can develop robust and solid analyses, regardless of the			
2. Trends and Drivers				
3. Climate Change Scenarios	type or characteristics of these risks.			
4. Business Impacts	As transversal risks, the business im-	For specific risks that vary from region to region the impact on the business, the		
5. Action Plans	itoring structures should also be the	action plans, and the monitoring struc-		
6. Monitoring Structures	bility teams.	operational departments of the different regions.		

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Monitoring Structure

Aramex Climate Risk Framework

Aramex's Climate Risk Framework was built in line with Aramex's ERM. Similarly, the best international norms and guidelines were taken into account. In this context, the Climate Risk Frameworks of the Cambridge Institute for Sustainability Leadership stands out. The objective is for it to be easily implemented, and make it possible to effectively address the different climate risks.



