



**SUSTAINABILITY  
REPORT 2006**

**ARAMEX**

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**Aramex** is a provider of international and domestic express package delivery, freight forwarding, logistics and other transportation services

## Our Mission

To be recognized as the 5th global logistics and express transportation service provider in the world by the year 2010

## Our Purpose

To enable and facilitate regional and global trade and commerce

## The Sustainability Opportunity

Our definition of sustainability management is the integrated development and growth of our economic, environmental, and social performance in a manner that optimizes value for all of our stakeholders. We believe the concept of sustainability holds tremendous opportunity for our company and our stakeholders, and for our world.

For Aramex, sustainability means:

- Recognition as an outstanding place to work. We aim to be recognized as a top employer wherever we operate
- Becoming recognized as the 5th global logistics and express transportation company, playing a major role in facilitating regional global trade and commerce
- Continuously enhancing and developing new services, including sustainability-oriented service innovations such as zero-carbon shipments
- Strengthening the communities in which we live, in particularly aiming to reduce marginalization and respond to urgent and ongoing humanitarian crises
- Becoming carbon neutral, i.e. having zero net emissions of greenhouse gases which are warming our planet. We aim to be the first "total transportation solutions provider" in the world to achieve this
- Aiming for zero safety incidents – zero accidents, zero injuries, zero fatalities
- Reducing our urban impacts, particularly congestion and noise, and contributing to road safety
- Being a recognized leader in catalyzing the uptake of sustainability in the Middle East and Gulf, and maintaining continued sustainability leadership and innovation in the region.

We are convinced this is the future direction of business. We aim to be pioneers in the Middle East and Gulf, and ultimately earn our place among the world's leadership companies. These are dramatic targets. But our track record, combined with our culture, suggest that we can and will ultimately achieve these objectives.

Sustainability will transform the way we think about our business. It will lead to new types of services, new levels of understanding, new ways of collaboration, renewed respect for our place in the world, and a profound commitment to environmental preservation through sustainability innovation, all of which will benefit shareholders and stakeholders alike.

## Sustainability Performance Snapshot

Business success and profitability requires the management of a wide range of stakeholder considerations across economic, environmental, social and ethical dimensions. Here is a snapshot of our performance:

Sustainability Issues	Our Priority Indicators	Performance		
		2004	2005	2006
<b>Governance</b>				
Governance	% of independent directors	N/A	87%	87%
	% of women directors	N/A	0%	0%
<b>Creating Economic Value</b>				
Our Shareholders	Profit	12.957M	20.259M	25.928M
	Growth in profit	29%	56%	28%
	Brand ranking <sup>(1)</sup>	NA	NA	13th
<b>Our Direct Economic Impacts</b>				
Economic value generated	Revenues	188.7M	232.5M	371.3M
<b>Economic value distributed:</b>				
To Suppliers	Operating costs / total procurement	133.4M	158.7M	266.2M
To Employees	Wages and benefits paid	40.89M	51.92M	76.85M
To Providers of Capital	Interest expenses	233.2K	243.6K	901.0K
To Governments	Taxes paid	881.9K	1.069M	1.208M
To Communities	Total \$ value of donations to society	357274	345075	220362
	Revenues less distributions	12.957M	20.259M	25.928M
<b>Creating Social Value</b>				
Our People: Unleashing Talent	People employed	2954	3934	5823
	Average training hours per employee	NA	8.5	8.45
	Workplace equity			
	% female workers	13%	13%	13%
	% females in senior management (Level 1)	NA	NA	0%
	% females in middle management (Levels 2 and 3)	NA	NA	10.40%
	Turnover rate	21.70%	19.50%	12.70%
Our People: Health and Safety	Fatalities <sup>(2)</sup>	5	1	1
	Absentee rate	0.50%	0.40%	0.39%
Our Customers	% on-time delivery	NA	88%	94%
	Overall customer satisfaction (Survey 2004)	95%	N/A	N/A
Our Business Partners/ Supplies and the Global Distribution Alliance	GDA On-time payment (approx)	90%	90%	90%
Our Society - Reducing Marginalization	% of pre-tax profit invested in community	2.58%	1.76%	0.81%
<b>Environmental Leadership</b>				
Our materials footprint <sup>(3)</sup>	Fuel consumption - diesel (L)	3,444,251	3,815,390	5,275,432
	Fuel consumption - unleaded (L)	2,020,897	2,373,828	3,284,388
	Fuel consumption - leaded (L)	539,444	641,693	778,498
	Water consumption (cubic meters)	463,890	563,930	957,957
Our Cities: Traffic, Congestion, and Urban Pollution	# of stations using routing technology	N/A	N/A	2

\* Any financial amounts are reported in US dollar

\* M: Million / K: Thousands / L: Liters

NA = Not Available / N/A = Not Applicable

(1) "Top 40 Arab Brands" by Forbes

(2) 13 stations reporting, representing 55% of revenue

(3) Fuel: 22 stations and TwoWay reporting, representing 77.38 % of revenue

Water: 31 stations representing 72% of revenue



## OVERVIEW OF ARAMEX



## Overview of Aramex

Aramex is a provider of international and domestic express package delivery, freight forwarding, logistics and other transportation services primarily to, from and within the Middle East and South Asia. Aramex has recently expanded its presence in Europe by acquiring TwoWay Vanguard, a logistics and freight service provider that has offices in the Netherlands, Ireland and the United Kingdom.

Since its inception in 1982, Aramex has expanded its station/office network to include more than 240 locations in 35 countries with over 6,000 employees as of March 2007.

## Services

Aramex prides itself on providing 'total transportation solutions' to its customers by offering a wide range of standard services in addition to unique and customized products, all under one roof. The main products and services of Aramex are:

### ➤ International Express Delivery

Express shipments consist of small packages, typically ranging in weight from 0.1 kilograms to 50 kilograms, with time-sensitive delivery requirements. Aramex offers its international express delivery services to both retail and wholesale express accounts and offers its customers the ability to track their shipments on the World Wide Web through the company's web site ([www.aramex.com](http://www.aramex.com)).

Retail express delivery customers include trading companies, pharmaceutical companies, banks, service and information companies and manufacturing and regional distribution companies, and are not concentrated in any one industry. Wholesale express delivery customers consist primarily of: (a) members of the Global Distribution Alliance, and (b) express delivery companies with express packages that have an Aramex destination and require Aramex's network to deliver their shipments. The end-user remains a customer of Aramex's wholesale client.

### ➤ Freight Forwarding

Aramex offers a wide range of freight forwarding services including air, land and ocean transport. Forwarding of loose cargo or consolidated freight, warehousing, customs clearance and break-bulk services and inter-modal transportation such as air/land, sea/land, etc, are some of the additional services on offer from Aramex today. Freight shipments typically have gross weights in excess of 50 kilograms on average. These require more specialized handling and are normally less time-sensitive than express shipments. Aramex provides full "door-to-door" services from, to and within the Middle East and South Asia, and last year we added an important part of West Europe to this service cycle by acquiring TwoWay Vanguard in the Netherlands, Ireland and the United Kingdom. A significant portion of Aramex's freight forwarding business involves consignee sales (or routed imports) and, to a lesser extent, exports by air, ocean and land modes.

We launched our freight forwarding business in 1987 out of selected stations, and from 1993, at every Aramex station in the Aramex network. Whereas express shipments in the Aramex network virtually always pass through one of its international hubs or gateways, freight forwarding shipments are routed directly from origin to destination on board the operating carriers that are active on these routes or on the wings of the commercial lift available on city-pair basis around the globe. Usually the freight route is selected to best suit the size, weight and time-sensitivity of the shipment on hand.

In 2006, Aramex continued to expand the ground transportation portion of its freight forwarding business. Ground transportation shipments typically consist of a wide range of materials ranging from heavy-weight packages, high-value electronics, computer equipment and other similar electronic items, to heavy machinery and household goods that do not have as time-sensitive delivery requirements as the small packages sent by Aramex's express delivery system. The inland service delivers shipments at lower costs than express delivery shipments or than the air freight delivery system. Aramex usually delivers its ground transportation shipments by truck and inland hauling. Aramex wet-leases most of the trucks it uses for these services today. Wet-leases are leases from local trucking companies of vehicles, drivers and other personnel needed to complete the service.

Aramex started providing such ground transportation and land freight services in 1998 through a network of trucking routes from Dubai, UAE, to each of Riyadh in Saudi Arabia and Amman in Jordan. At present the company has

expanded its ground transportation network in the Arabian Gulf by adding additional routes linking Dubai to Muscat (Oman), Kuwait City (Kuwait), Manama (Bahrain) and Doha (Qatar) and the rest of Saudi Arabia. This expansion included such routes as Dubai/Amman, Amman/Beirut and Istanbul/Levant sectors. Recently we added Cairo/Khartoum and Cairo/Tripoli runs. The company has also established extensions from several of these cities to surrounding areas. Aramex has focused on the expansion of its ground transportation network in the Arabian Gulf States due to its belief that such a region constitutes a number of highly under-developed markets with rising demand for “efficient” ground transportation delivery services between them. Aramex plans to further expand its ground transportation network in the Middle East at large and in the Levant region in particular, according to the increasing demands from its local and network clients.

### ➤ **Logistics**

Aramex offers third-party logistics services through a network of logistics facilities located at major areas in the Arabian Gulf, Middle East, North Africa and North-Western Europe. Three of these centers are located at free zones in Jebel Ali in the UAE, Bahrain and Queen Alia International Airport in Jordan. Aramex also has several local logistics centers in Saudi Arabia, Lebanon, Jordan, Egypt, Kuwait and the USA.

A wide range of customized services is offered through these centers including warehousing and its management, distribution, supply chain management, customs brokerage, order fulfillment, inventory management and value-added services. Aramex also offers multiple storage options that range from temperature-controlled to rack, bulk and open-yard. The logistics centers are operated using world-class warehouse management systems and are monitored 24 hours a day. All shipments coming in and out of the logistics centers can be monitored and tracked on the World Wide Web through the company’s web site ([www.aramex.com](http://www.aramex.com)).

### ➤ **Domestic Express Delivery**

Aramex has developed an extensive network for the express delivery of small parcels, and has the capability to pick-up and deliver shipments from city to city and within cities in every country in which it operates. Aramex offers a wide range of domestic delivery services to satisfy customers' local distribution needs; from standard services like same-day, next-day and deferred delivery, to customized business solutions including inter-branch mail delivery, ad hoc and regular mass mail, and secure distribution of credit cards for financial institutions to their customers.

Aramex’s domestic solutions are highly customizable, for example our customers in the telecom sector store high value devices with us to be delivered upon notification their customers’ doors. These solutions can be further customized with value added services including collecting of payments for invoices or sold goods (Cash on Delivery), and Document Return for important documents that need to be signed and swiftly returned.

Aramex holds a leading position in the domestic express delivery market in countries where it operates. Its customers include e-commerce-related businesses, local distributors, pharmaceutical companies, telecom operators, and banks.

### ➤ **Document Management**

In early 2005, Aramex acquired InfoFort, a leading document records management company in the Middle East and North Africa. InfoFort offers a full range of comprehensive information storage, management and production services including record management, off-site data protection, digital archiving, secure shredding and film and sound archives.

### ➤ **U.S. and U.K. Mailbox Service**

In 2000, Aramex started offering a specialized service called Shop&Ship. The service gives customers personal mailing addresses in the US and the UK to use for receiving correspondence as well as personal and business packages such as Internet orders, gifts, magazine subscriptions, bank statements, etc. Aramex forwards the mailbox contents to the customer at their local address in any of the 19 cities in which this service is available.

### ➤ **Shopping Services**

Aramex offers end-to-end shopping services from mail order catalog companies and internet shopping sites to its retail customers. The service is known as "Shop the World" and was developed in response to Middle Eastern customer requests to receive goods marketed through foreign catalogs and online shopping sites that do not offer international shipping options.

## ➤ Magazines and Newspaper Distribution

In November 2002, Aramex acquired Jordan Distribution Agency, which is the leading distributor of foreign and local publications, including mass circulation of the major newspapers in Jordan. Aramex has introduced the latest distribution mechanisms to the acquired company and expanded its network in the country and abroad.

## Customers

Aramex has a diverse customer base, totaling over 50,000 accounts in the year 2006, which spans a broad geographic area, concentrated across in the Middle East, Europe, South Asia and North America, and includes companies in a wide range of industries. Customers, both retail and wholesale, are also diverse in terms of their service needs. Aramex's customers are not concentrated in any one particular industry but typical customers include trading companies, pharmaceutical companies, banks, service and information companies, manufacturing and regional distribution companies and express companies. The broad range of services, which the company offers, has developed in response to the growing diversity of its customers. Aramex's customers are making increased use of the high value-added services provided by the company, from express services to door-to-door airfreight forwarding to customized special services.

Aramex has both retail and wholesale customers. Retail customers (i.e., those who are serviced and billed directly by the company) include both express and freight forwarding accounts. Wholesale customers consist primarily of express accounts.

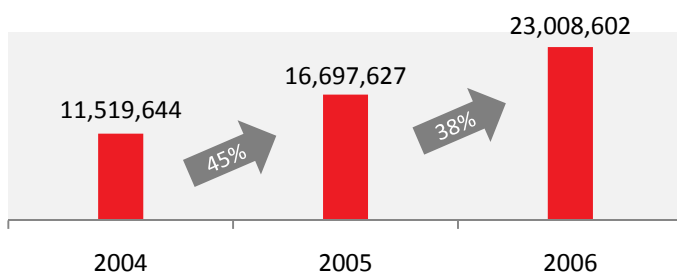
## Growth Strategy

Aramex's growth strategy includes the following key elements:

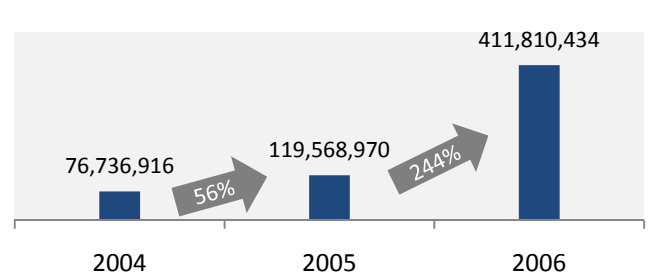
- Expanding market geographic presence in the Middle East, South Asia, and other contiguous emerging markets in order to 1) enhance regional market presence 2) expand customer base, and 3) reduce geographic revenue concentration
- Providing 'Total Transportation Solutions', including 1) logistics management 2) multi-modal regional transportation and distribution (express air freight, air freight forwarding and ground distribution) 3) inventory management, and 4) local warehousing
- Continued emphasis on technology to continuously enhance quality of customer service, and quality and efficiency of operations
- Marketing our services through 'Aramex teams' – cross-functional, personalized customer teams who possess the marketing skills, local market knowledge, service expertise and industry experience necessary to identify and effectively address individual customer's transportation requirements at each of our stations
- Achieving growth through strategic alliances and acquisitions. Aramex has established strategic relationships with a large number of industry participants through its participation in Global Distribution Alliance. The company has also undertaken several acquisitions in 2005 and continued this course of action in 2006. Acquisitions in 2006 are listed on page 9.

Our growth performance in different aspects of our business is captured in charts below and on the next page.

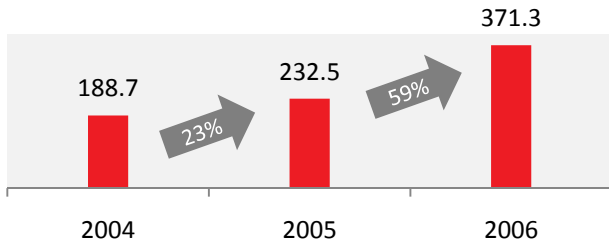
**Growth in Total Number of Shipments**



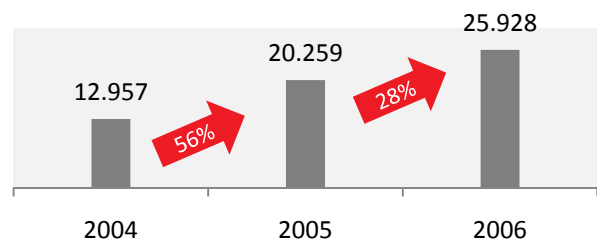
**Assets Growth (USD)**



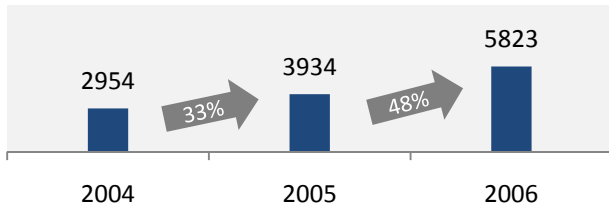
### Revenue Growth (USD million)



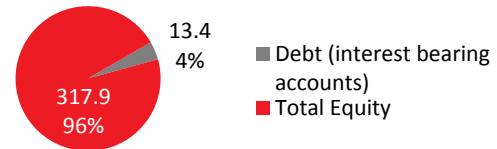
### Profit Growth (USD millions)



### Growth in Employees



### Total Capitalization 2006 (USD millions)

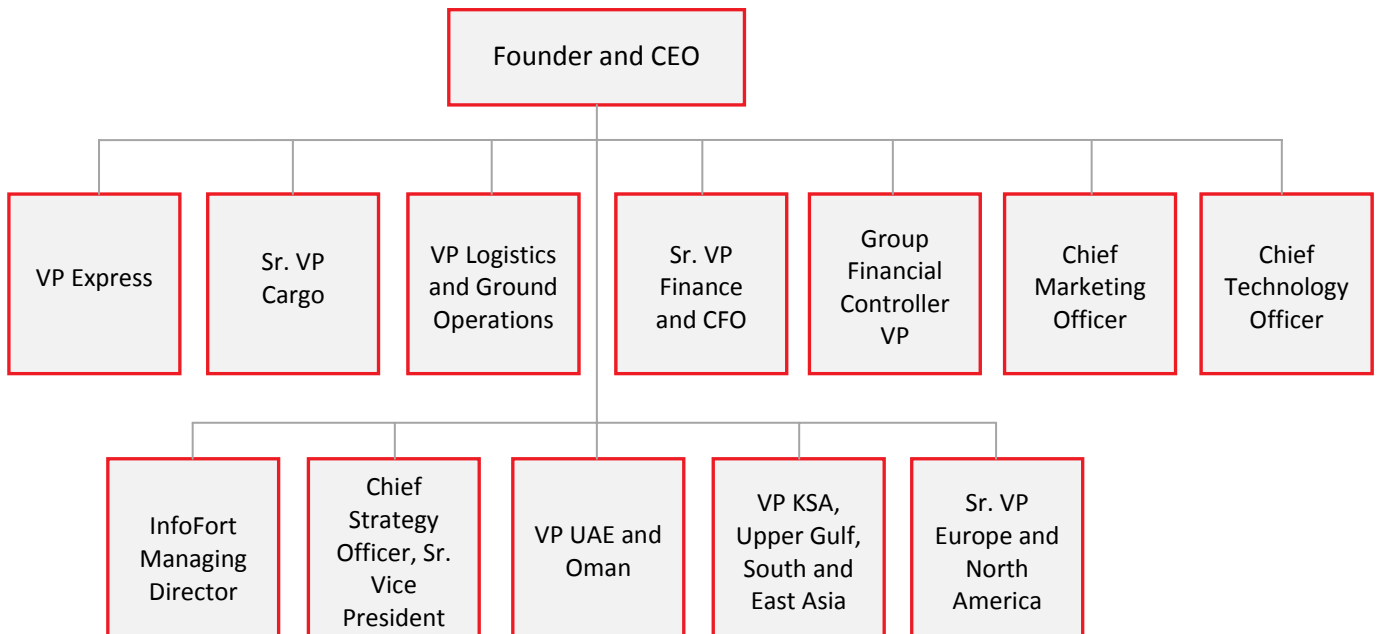


Total = USD 331.3 million

## Organizational Structure

Aramex is a public joint stock company registered under the laws of the United Arab Emirates with its shares publicly traded on the Dubai Financial Market as of July 2005. Aramex headquarters is located in Amman, Jordan. The headquarters is referred to as the 'General Services Office' (GSO), to emphasize its function as a support unit and service center to the operations. The company is managed along two tracks: 1) by service, with senior managers for each key service line, which is cross-linked 2) geographically, with regional senior managers, country managers, and cross-functional country-based 'Aramex teams' offering coordination of all Aramex services on a customized basis to Aramex customers.

### Corporate Management Structure



## Global Network

Aramex is a founding member and chair of the Global Distribution Alliance (GDA), which comprises of over 40 leading express transportation and logistics providers with over 12,000 offices worldwide, more than 66,000 employees, an excess of 33,000 vehicles and operations in more than 220 countries throughout the world. The Global Distribution Alliance is strategically positioned to provide swift and reliable global transportation solutions.

Each member of the alliance provides extensive coverage and in depth expertise in a different region of the world. Together, the members provide total world coverage with thorough local knowledge, ensuring a seamless and reliable service in every corner of the globe.

## Acquisitions in 2006

On January 1, 2006 Aramex acquired Freight Professionals, a freight forwarding company based in Egypt specializing in air and ocean freight. In April we acquired TwoWay Vanguard, a major Dublin-based Logistics and Freight Forwarding company. With this acquisition, Aramex acquired TwoWay Vanguard's 15-office network across Ireland, the United Kingdom and The Netherlands, and over 350 employees. The company, whose revenue in 2005 topped \$85 million, offers a complete range of logistics solutions that focus on Global Air Freight, Global Ocean Freight, UK-Ireland-UK Express Road Freight and Value Added Logistics. In November, we acquired Dubai-based Docman Limited, a documents and records storage, scanning and management specialist. Docman will be teamed with InfoFort, Aramex's regional and market leading wholly-owned document records management company, which was acquired in 2005. The move will consolidate InfoFort's position as the only premier documents storage and management enterprise in the region and offers synergies with its core business and markets.

## Company Structure

Aramex PJSC is a Public Joint Stock Company listed on the Dubai Financial Market, the company was registered in the Emirate of Dubai, UAE on 15 February 2005 under the UAE Federal law No 8 of 1984 (as amended). On 22 June 2005, the company acquired 100% shareholding in Aramex International Limited, a company incorporated under the laws of Bermuda.

Aramex is a global provider of total transportation solutions offering express delivery, freight forwarding and logistics services.

## Awards and Certifications

Aramex received a number of awards in 2006 including:

- "Global Express Delivery Company 2006", from the Institute of Transport Management (ITM), the UK-based international standards-setting organization for the sector.
- Three "Middle East Logistics Awards 2006" (MELA) awards: "Best Express Operator", "Entrepreneurship in Logistics - Outstanding Achievement" and "Personality of the Year - Land Transport Industry".

Also in 2006, Aramex received a globally recognized certification as a result of its successful application of the highest international standards for security across its logistics network. The Technology Asset Protection Association (TAPA) – the transportation industry's global technical authority - has certified the security structure and organization that Aramex applies throughout its supply chain.

Aramex is certified to the globally recognized ISO9001:2000 generic management systems standard for quality management. Our scope of registration is: "The provision of an international express and domestic express courier and freight forwarding logistics service".

## Report Profile

This report, which is the company's first sustainability report, covers the sustainability performance of Aramex for the 2006 calendar year. Where possible, data for preceding years is provided for comparison purposes. The following sections present information about Aramex International Limited for the years 2004 and 2005 and information about Aramex PJSC for the year 2006.

This is the company's first sustainability report. Social, environmental, health and safety, and other performances were not previously reported.

This report outlines commitments and targets for priority performance aspects for 2007. The company will report on its performance against these goals next year, and intends to issue a sustainability report annually.