



OUR CITIES URBAN IMPACTS

Our Perspective

We are committed to playing our part in helping to reduce traffic congestion and pollution to ensure high mobility, vibrant, safe, healthy and clean cities.

Long-Term Strategic Goal

To create innovative services that will help shape and accelerate 'sustainable cities'.

Inside this Section:

➤ Reduce Noise Impact Page 68

2006 Highlights	2007 Goals	2009 Goals
<ul style="list-style-type: none"> Made several changes to operations procedures and locations in recent years to address community concerns 	<ul style="list-style-type: none"> Begin systematic tracking of noise complaints and develop policy Commitment to move Abu Dhabi outgoing operations center in response to community input 	<ul style="list-style-type: none"> 50% reduction in related community complaints

➤ Ensure Safe and Courteous Driving Page 68

2006 Highlights	2007 Goals	2009 Goals
<ul style="list-style-type: none"> Responded with consideration to any community concerns 	<ul style="list-style-type: none"> Implement systematic tracking of complaints against couriers and solutions undertaken; establish baseline performance 	<ul style="list-style-type: none"> 50% reduction in related community complaints

➤ Reduce road congestion and driving time Page 69

2006 Highlights	2007 Goals	2009 Goals
<ul style="list-style-type: none"> Began implementation of Vehicle Tracking System as the foundation for Route Optimization technology Implementation of innovative 'canal' boat delivery in Dubai to reduce congestion 	<ul style="list-style-type: none"> Implementation of Route Optimization technology in pilot stations 5% reduction in driving delivery time in pilot stations using route optimization technology 	<ul style="list-style-type: none"> 10% reduction in driving delivery time Participation in multiple 'sustainable city' dialogues, and development of at least 2 corresponding innovative services

➤ Reduce Emissions Page 69

2006 Highlights	2007 Goals	2009 Goals
<ul style="list-style-type: none"> Began implementation of Vehicle Tracking System as the foundation for Route Optimization technology 	<ul style="list-style-type: none"> Establish baseline measures for NO_x and other road fleet emissions per shipment, and achieve 15% reduction, as per environment section 	<ul style="list-style-type: none"> 50% reduction in NO_x and other road fleet emissions per package, as per environment section

Urban traffic congestion and road safety are becoming major irritants in many key markets where Aramex operates, and as such are also becoming very public issues. From a business perspective, these issues have both direct financial costs and reputational risks, given the nature of our business and our heavy reliance on motor vehicles to conduct our urban operations. Financial costs include fuel consumption and safety related costs, and reputation costs as well as the greater risk of missed delivery deadlines, or Aramex may be viewed as contributing to congestion or noise or unsafe roads.

We are committed to doing our part in helping reduce traffic congestion, road safety, and air pollution to ensure mobile, safe, clean, vibrant and healthy cities. Our long-term strategic goal is to create innovative services that will help shape and accelerate 'sustainable cities'. Based on dialogue and feedback from stakeholders, and our own assessments including international benchmarking, we have identified several areas where we do have or can have an impact on quality of city life:

- 1) Noise reduction
- 2) Traffic congestion reduction
- 3) Safe and courteous driving
- 4) Emissions reduction
- 5) New types of services

Our immediate priorities for performance improvement include:

➤ **Noise reduction**

One of our most localized and pressing urban issues relates to noise abatement from our motor vehicles. The issue typically arises where our local distribution centers are found in urban residential settings. In many of these cases, these areas were not as heavily populated and even isolated when we established our operations. The fast-growing economies of the Middle East and Asia – and the resulting rapid growth of cities - have often resulted in our operations being engulfed by urban growth. Furthermore, some of our noise challenges arise from trying to address other sustainability issues. For example, by implementing early morning deliveries, we can reduce emissions by avoiding rush hour traffic congestion. However, this results in unwanted early morning noise pollution at our operations centers.

Traditionally we have managed noise complaints on a case-by-case basis. On several occasions, we have either adjusted our operations or moved our operations entirely. For example in Damascus, we changed the indoor and outdoor locations of our operations to reduce noise impact in response to complaints. In Jeddah, we moved our offices from a heavily inhabited area to an isolated area, again in response to complaints. In Riyadh, we moved our offices in 2001 within three months of complaints from neighbors and the municipality, and then in 2002 we received notice from the new municipality asking us to again move our operations, which we did. These noise problems are now resolved.

Not all complaints can be resolved easily, particularly when the solution ultimately involves the moving of locations. We need to balance the interests of our clients and shareholders and the demands of competitiveness with our concern for community well-being. However, we recognize that this is a recurring issue that can be more proactively and effectively managed. We do not currently track the number of complaints. And although we have long been aware that noise management is a recurring challenge, it has been the process of undergoing our first sustainability review that has led us to recognize this as an issue that can be more effectively managed. In 2007 we will establish a policy on noise management and will begin systematically tracking complaints relating to noise. We will provide greater support to our operations in terms of effective engagement and acknowledgment of concerns, even if we cannot immediately address these concerns to full satisfaction.

➤ **Safe and courteous driving**

The residential locations of some of our operations also sometimes result in concerns relating to unsafe driving or generally unsafe residential road conditions. For instance, in Abu Dhabi our outbound operations office is in a densely populated residential area, and we are receiving complaints about our motorcycles driving over the pavement which poses a risk to pedestrians and property. We issue strict warnings to our couriers and we track concerns relating to couriers and take the necessary action to ensure maximum road safety. Regardless, given the level of our vehicle traffic including all sizes of vehicles, some of our residential operations are not tenable over the long term. In the case of this Abu Dhabi location, we intend to move our offices in the coming 4 to 5 months, during 2007.

From time to time we receive complaints about the quality of our couriers' driving on highways and roads. All of our larger vehicles (vans, trucks) have a sticker 'How's my driving?' along with a number to call with complaints. We take these complaints seriously and listen to the perspective of both the concerned citizen and our courier. We take action as appropriate. Our local stations monitor complaints against couriers on their files, but we do not have a system for tracking overall complaints.

A third issue regarding safe and courteous driving relates to parking. We sometimes receive complaints about the locations where our couriers temporarily park to drop off packages. We try to minimize disruptions that lead to such complaints, and abide by Aramex Corporate Procedure for securing our vehicles which states that upon loading and unloading, the ground courier should park the vehicle in a secured area as close as possible to the customer's premises. Separately, a shortage of available parking around some of our offices leads to significant overflow parking in the surrounding streets. This sometimes leads to complaints by local businesses and residents. We try to respond to and respect their concerns.

➤ **Reducing Traffic Congestion and Driver Delivery Time**

We have a 3-year target to reduce driver delivery time by 10%. Naturally, it is in our best interest to reduce and avoid congestion. This contributes directly to business performance (by reducing costs and improving on-time delivery) but also aims to address congestion. We have already taken many steps to reduce this.

A first strategy includes trying to undertake our deliveries before and after rush hour.

As a second strategy, and in an important step towards significant reduction of driver delivery time and related congestion, we began implementation of our Vehicle Tracking System in 2006 (see page 86). This system is equipped with Route Optimization technology advising the driver which way is best and when to take it. We intend to implement the route optimization element of this system in 2007 in key locations, with full implementation by 2009. As such, we hope to see a significant amount of our 3-year 10% reduction target achieved in 2007 and early 2008. We intend to aggressively implement and continuously enhance this system.

As a third strategy for reducing traffic congestion, we use alternative types of vehicles and transport modes. We make extensive use of motorcycles in many markets such as Abu Dhabi, Dubai, Cairo, and several cities in India and Sri Lanka. An innovative example of creativity in service delivery, is in Dubai where congestion is notorious and we have negotiated to use the waterways for our deliveries, thus reducing our road traffic.

➤ **Emissions reductions**

Covered in more detail in the Environment section of this report (see page 88), but worth repeating here, are our ambitions regarding emissions reductions. CO₂, NO_x and other emissions from our motor vehicles contribute to smog in cities. In the environment section we discuss our tactics for reducing CO₂ and other emissions including a transition of fuel from leaded to unleaded, a transition to low-emission vehicles and hybrid vehicles, and retrofitting of vehicles. We expect these will reduce our NO_x emissions by 50% by end-2009.

➤ **Service innovation**

In addition to the above efficiency improvements, we believe that fundamentally, we need to continuously explore and rethink our business in line with principles of sustainability. As noted, our long-term strategy is to develop successful new services designed to reduce the impact of congestion and help usher an era of 'sustainable cities'. This approach will require dialogue and partnerships with various stakeholders to explore new models of economically vibrant but environmentally sustainable and socially attractive city cores and surroundings.

We are already taking preliminary steps in this direction in particularly congested markets. As noted, we worked with authorities in Dubai to consider creative new options resulting in the use of waterways for our deliveries. In Cairo, we have been participating in a dialogue with authorities as well as automotive associations and high impact companies and are hoping to see a collective initiative launched. In Amman, in 2005 we acquired Jordan Distribution Agency (now called Aramex Media). We intend to use its network of 7 bookstore outlets located in key strategic areas of Amman to significantly expand our drop off hours and flexibility. This can dramatically reduce distance and frequency traveled by our vehicles (for example, by picking up 20 packages at a time instead of a trip per client request), as well as distance and frequency of travel by clients. We will pilot test this in 2007. Variations on this theme can be applied in other markets.

In 2007, we aim to more proactively and systematically engage in at least one 'sustainable city' multi-stakeholder initiative, with the goal of identifying one or more service innovations that will position us as a leading total transportation solutions provider in the context of more sustainable cities. As articulated in the environment section, we will also be exploring the opportunities relating to offering low-carbon and zero-carbon services.