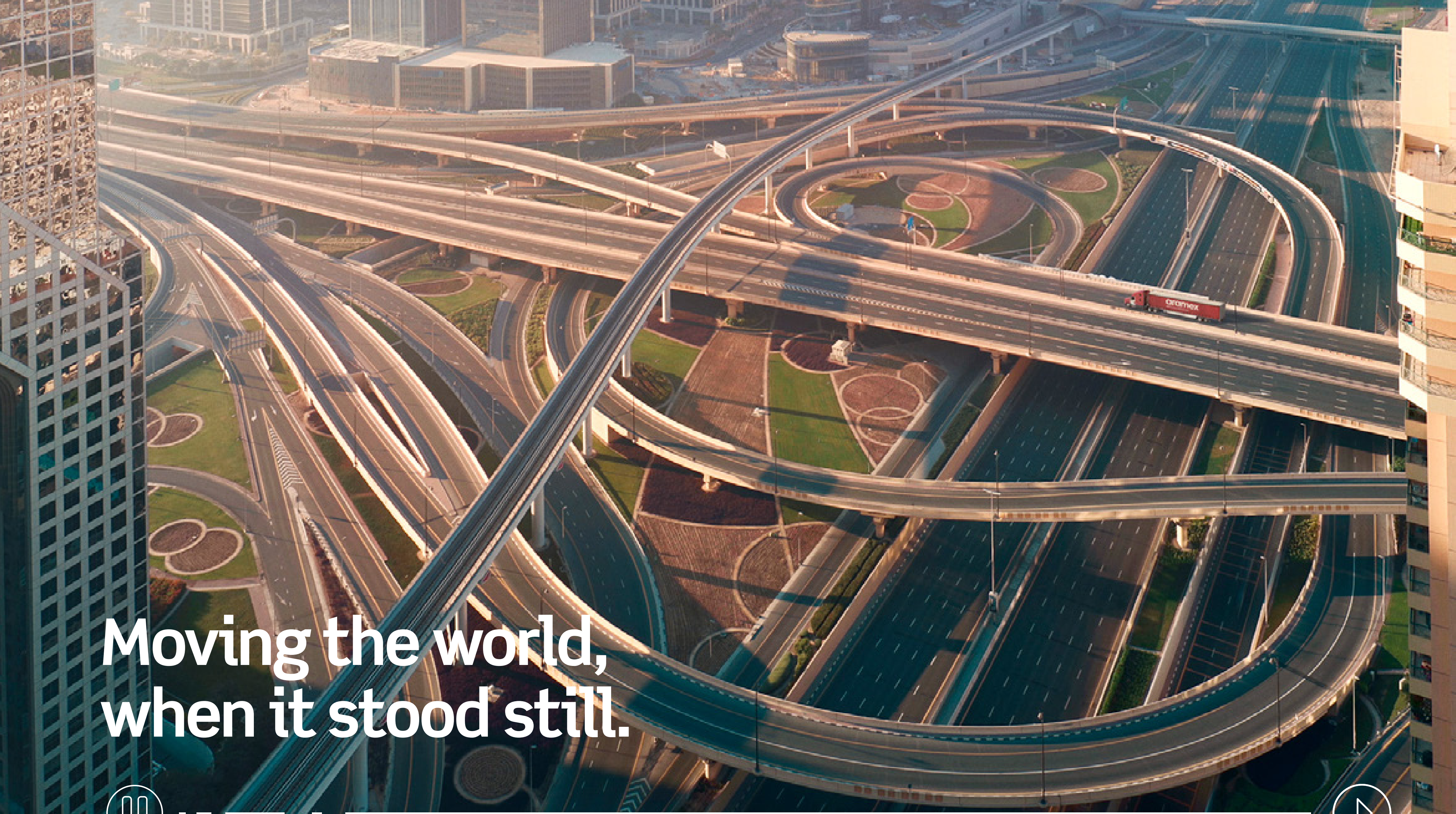

Moving the world, when it stood still.

Annual Report **2020**

aramex
delivery unlimited

Content

About Aramex

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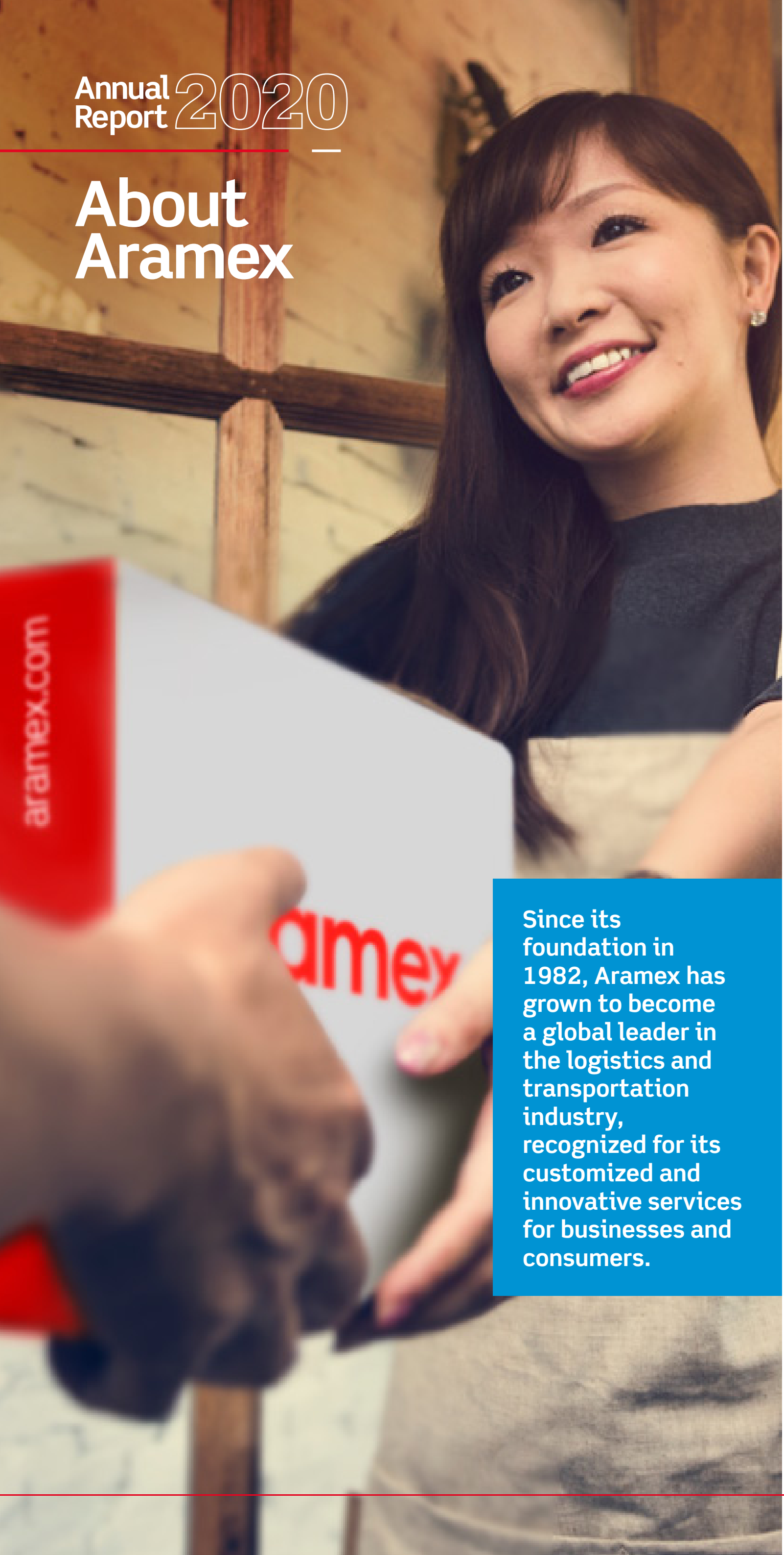
About Aramex



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.

We currently have business operations in 600+ cities across more than 65 countries worldwide and employ over 17,000 professionals.

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

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

We live in an era where technology transforms and influences our daily lives more than ever before; as a result, technological innovation is critical to our success. We are strategically leveraging technology for better and more efficient last-mile delivery solutions.

This approach has significant benefits, and that's why we consider ourselves a technology-driven enterprise, selling transportation and logistics solutions without owning heavy assets. We also believe that investing in technology in the field of e-Commerce is key to the movement of goods and services efficiently whilst maintaining our market-leading position.

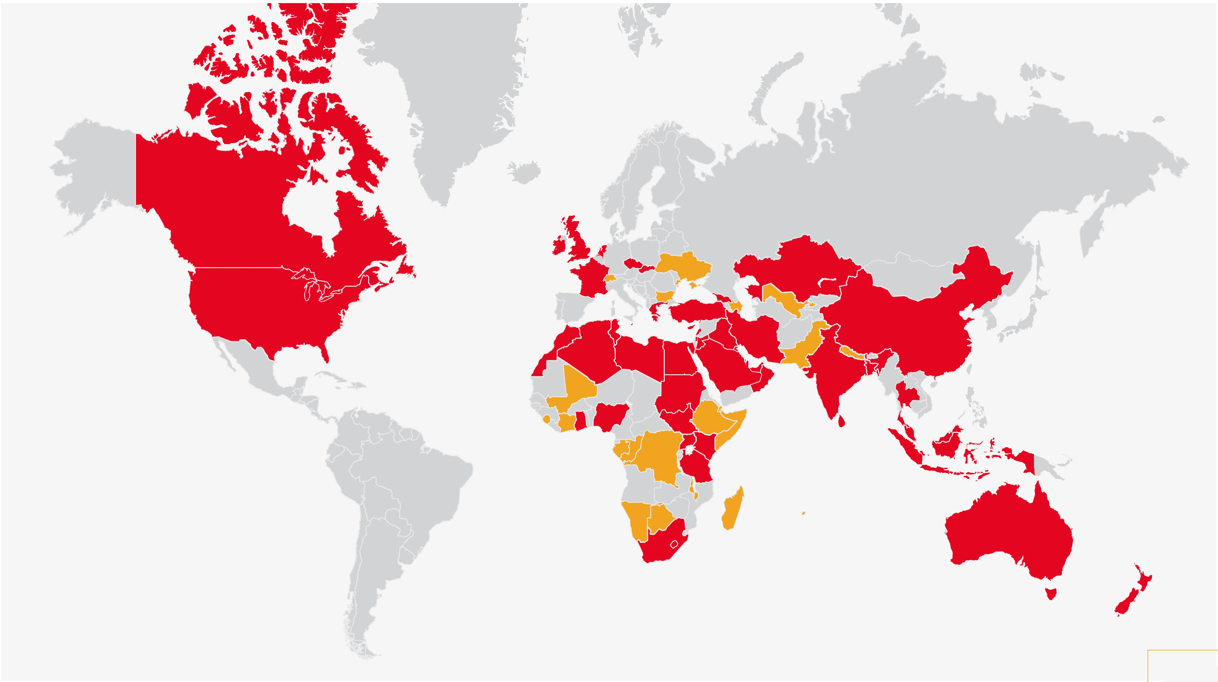
In order to grow a truly sustainable business it is crucial that we utilize our core competencies to enhance our positive impact as active citizens in the communities in which we operate.

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

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

102-1, 102-2, 102-3, 102-4, 102-5, 102-6, 102-7, 102-8, 102-9, 102-45

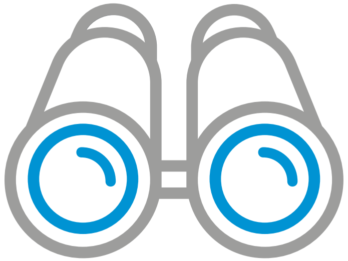
Operations Map



Sustainability coverage map

Aramex Vision, Mission, and Values

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



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

Our Values
Our core values differentiate Aramex both as a competitor in the industry and an employer of choice.

We aim foster behavior and processes which leverage these 7 values across our business.

- Passion
- Entrepreneurship & Innovation
- Our People
- Corporate Activism
- Excellence
- Integrity
- Customer Centricity

CEO Letter

Dear valued shareholders,

As thousands of CEO's will write in their annual letter – 2020 has been a year like no other. For Aramex, it was a year that tested our operational agility, the will of our people, the strength of our diversified business model, our financial robustness, our service levels to customers and our commitment to sustainability. I can confidently say that on all fronts we performed exceptionally.

Respond

As the COVID-19 snowballed into a pandemic and set off a chain reaction on our business and operations, safeguarding the health and safety of our people and ensuring our facilities and fleets were routinely sanitized was a matter of urgency. While we worked internally to respond to the crisis, I had full trust we would continue servicing our clients with no compromise to our service level, despite the obstacles from border closures in multiple countries, to fast changing curfews and lockdown measures in hundreds of cities. The problem-solving mindset of our teams, the readiness of our now more efficient operations and extensive global network underpinned by a digital infrastructure, strong business partnership relationships and solid financial standing afforded us the speed, agility, and resilience. In a nutshell we continued performing at our best despite some of the worst operating conditions.

Moreover, we knew from early on that staying close to our customers was essential as now, more than ever, they were depending on our innovative solutions and capabilities as an enabler of their businesses and we had to continue providing them with reassurance that we would do whatever it takes to help move their shipments across borders and to the doorsteps of end recipients safely and quickly. I am incredibly proud to say that we ended the year with the highest level of service satisfaction from our customers.

Recognize

HR's role was unequivocally central and business critical in 2020. The safety of our people, especially our couriers and warehouse operators who were at high risk of exposure to COVID-19, was our top priority. In the early days of the pandemic, HR teamed up with the Risk and Compliance departments to create a Crisis Management Team that was mandated to manage and oversee all the necessary health and safety measures to ensure employee wellbeing and safety. They were also responsible for the scheduling and planning of employee shifts, all while factoring in the constantly changing curfew hours, lockdown measures and mobility permits in the 650+ cities where we operate. We not only focused on the physical health of our 17,000+ employees around the world, but on their mental health as well. We fast-tracked the launch of the global Flexible Working Policy giving our teams greater flexibility to balance work, life, and the impact of the pandemic. The policy is designed to help team members focus on outcomes, deliver quality work and business goals, be productive, and stay motivated while physically apart from their teams.

But I must pause here and say how incredibly proud - just as a father would be of his children – of all the truly gallant and selfless efforts of our people, especially those that are considered the "front-liners" of this pandemic. The Aramex teams' willpower was not shaken, on the contrary all members of the team doubled down on their determination to get the job done despite the multiple challenges from COVID-19 to social unrest in the US and other parts of the world, to the devastating explosion in Beirut. In the end, the value the Aramex people delivered was truly priceless. Thanks to their heroic efforts, businesses stayed in business, patients received their medicine, governments were able to move critical shipments, and it gave people all over the world, confined to their homes during lockdown, a reason to be happy opening the door to see an Aramex courier delivering their new puzzle, or toys to keep their children entertained. From the bottom of my heart, I extend a BIG THANK YOU to everyone at Aramex – together they made the pandemic a little more tolerable for businesses, people, and governments.

Reaffirm

Going into 2020 we had already made incredible progress in our digital transformation journey, positioning us favorably to handle the unexpected surge in Express volumes in 2020 driven by a sudden spike in e-commerce activities. Some of those initiatives include our migration to the cloud, investment in asset-light technology-driven solutions such as Aramex Spot and Fleet, and operation-enhancing AI technologies.

The pandemic proved that our investment in building a strong digital backbone was necessary, reaffirming our need to

102-14, 102-10, 102-15, 103-1, 103-3, 201-1, 203-1

continue our aggressive companywide digital transformation to address the disruptions caused by the pandemic on our industry and future proof our business. To that end, in 2020 we accelerated our investments in technology including frictionless and contactless delivery to ensure we are adhering to social distancing requirements while ensuring a smooth delivery process. We updated our AI model to factor in new transit times to increase our transparency with customers and we boosted our digital touchpoints to enhance scheduling deliveries and location capturing to optimize delivery routes and shorten delivery times.

One of our several last mile enhancements was launching a completely revamped consumer app to further improve our responsiveness and engagement with end recipients. We also introduced Aramex SMART, a full stack payment option which fits perfectly in the contactless environment and expect it to be a powerful payment and delivery solution for e-tailers, which will support our commercial ambitions. Another important milestone in our digital transformation journey was the rollout of an integrated logistics execution platform, CargoWise. This powerful platform provides customization, automation and real-time visibility across our global freight operations, the results have already been tangible and immense for our freight forwarding operations and customers.

74% growth in e-commerce Domestic Express volumes in our core markets.

Ramp up

As lockdown measures and curfews forced more and more people to turn to e-commerce to purchase all types of goods, this created a massive disruption to the international and GCC e-commerce business, significantly changing its growth trajectory. We witnessed an extraordinary 74% year-on-year growth in e-commerce Domestic Express volumes in our core markets. While International Express declined in the first half of the year, volumes quickly bounced back, notably from US, Asia and Europe origins into GCC markets. Of note Shop & Ship had a terrific year, a vote of confidence from GCC consumers in our service specifically and in e-commerce as a primary retail channel more generally. For the twelve-month period, Express volumes grew 21%.

21% growth in Express volumes (International & Domestic)

Other parts of the business were mixed. Freight-Forwarding reported revenue of AED 1,085 million down 5% year on year. This B2B business line was impacted by the several factors related to supply chain disruptions, lockdowns, shortage of airfreight and sea freight capacity supply and general slowdown of activities in certain industries such as oil and gas and traditional retail. Optimistically, the growth from other segments, especially healthcare and FMCG, helped offset some of the weakness from the Company's more established business verticals. Logistics & Supply Chain Solutions business increased 6% year-on-year to AED 375 million, due to solid growth from very promising and strategic sectors including healthcare and FMCG.

6% growth in Logistics & Supply Chain Solutions business

However, scaling our operations in a short period of time to service the spike in Express volumes meant we had to swiftly ramp up our on the ground operations. Therefore, in 2020 we expanded our last mile operations including hiring more couriers, increased our fleet, expanded our infrastructure including warehouse capacity, and upgraded our clearance gateway capabilities. Additionally, since we run an asset light operating model, we also had to upgrade our line haul capabilities, to come up with optimal solutions at the lowest possible costs.

Record revenue

I am incredibly proud to report that we ended the year with record Revenue of AED 5,510 million, up 9% year-on-year. Not surprisingly, the Express business – International and Domestic – made up 71% of our revenue, up 3 percentage points from FY 2019.

Record revenue of **AED 5,510 million** up **9%**

However, our EBITDA margin fell to 13.5% from 18.2% in 2019. The decline is mainly owed to costs associated with COVID-19, from higher long-haul costs to costs associated with scaling last mile operations to accommodate the surge in express volumes from escalating e-commerce activities. Some of those costs will abate and normalize over time, while others may remain elevated compared to pre-COVID-19 levels, specifically line haul costs. In addition to the higher cost base, EBITDA margins were also weighed by non-core and one-off provisions of AED 36.7 million, a provision that was booked in Q4 2020 in relation to the Morocco warehouse fire incident incurred in Q3 2020 and AED 21.3 million in estimated credit loss on the Company's bank deposits in Lebanon, a prudent provision in light of the deteriorating liquidity and banking conditions in that country.

However, outside of COVID-19 related costs and provisions, as I remarked in last year's letter, prices are becoming increasingly competitive. This is why one of our strategic priorities is doubling down on our digital transformation efforts, because we strongly believe the long-term benefits of our investment in technology is greater efficiencies which will in turn help sustain healthy margins.

For FY 2020, Net Income was AED 267 million, down by 46.4% from AED 497.4 million from the year ago period, and normalized Net Income for the period was AED 377.6 million, down 24.1% year-on-year.

Despite the increase in costs and after accounting for provisions, Aramex remains in a very strong cash position thanks to our prudent financial management. At the end of

2020, Aramex's total cash stood at AED 1,255 million and free cash flow of AED 441 million. Moreover, the agreement to sell InfoFort (announced in January 2021) will strengthen Aramex's balance sheet and result in a more focused group, consistent with the Company's long-term strategy to focus its operations on the core logistics solutions services.

Renew

We were relentless in our commitment to executing on our sustainability strategy, continuing to demonstrate our leadership position on that front.

One of the main pillars of our sustainability strategy is to increase our reliance on renewable energy sources to power our operations. In 2020, we commissioned the second solar farm in Dubai, and this project is expected to produce energy that will cover more than 60% of the facility's needs. We also continued successfully testing electric vehicles in Saudi Arabia as part of our "Green Mobility" initiative.

Supported **4,000+** SMEs and start-ups

This year was particularly challenging for SMEs and start-ups, and we ensured to continue to provide the 4,000+ small businesses with the necessary support – both financial and advisory – to stay afloat and to deliver value to their respective stakeholders. As a result, we indirectly helped save over 5,000 jobs.

Thanks to our dedicated Sustainability team's efforts, we are incredibly happy to report we have reduced our scope 1,2,3 carbon emissions by 6% and we also increased the number of beneficiaries of our sustainability initiatives to more than 360,000 persons around the world, in line with our goal to increase the number of beneficiaries by 5% every year.

Reduced carbon emissions by **6%**

Looking ahead, we are renewing our commitments to sustainability and deepening the integration of our sustainability strategy with our business strategy, to ensure that we are delivering value to all our stakeholders and protecting our planet. Also, as one of the first regional companies to become signatories of the United Nations Global Compact, and in line with the organization's new strategy, we are reaffirming our efforts to align our practices to a sustainable and inclusive future.

Reimagine

With e-commerce leapfrogging three to five years into the future, we expect that over the next several years for Express volumes growth to continue, albeit at a more moderate pace than 2020. To defend our market leadership position in our core markets, we will continue to invest our last mile infrastructure to accommodate for larger volumes.

2020 has also disrupted the industry landscape and tested the durability and preparedness of many companies within our industry and those that are heavily reliant on it. This change will inform our expansion strategy and forces us to look at reconfiguring some of our existing operations.

On the expansion front, we are seeing immense opportunity in servicing certain defensive industry verticals such as healthcare, and FMCG and we will seek to expand our market share in those verticals by further enhancing our capabilities and expertise through talent, technology and forging strategic partnerships. We have already joined forces with other regional organization and global industry players to be part of The Hope Consortium for global vaccine distribution, a testament to our strong capabilities in the very intricate and no margin for error supply chain management of critical pharmaceutical products.

As for reconfiguring some of our operations, we have already started to further enhance our operations in markets considered strategic logistics hub, such as Abu Dhabi, where we now have a major hub in Abu Dhabi Airports equipped with a dedicated 1,200 sqm area for airside operations, the facility will operate dedicated international and regional charter flights out of Abu Dhabi that will ensure next day deliveries within the GCC.

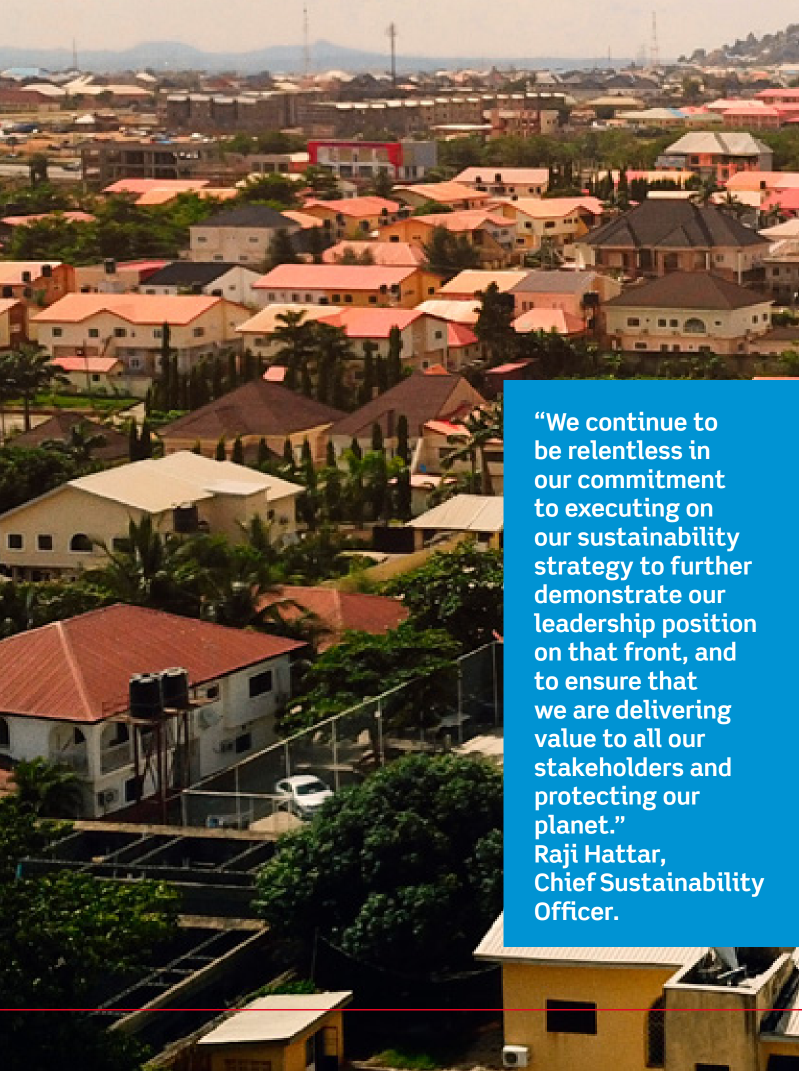
On a final note, I want to say thank you for the unwavering trust you have placed in Aramex, and we will continue to seek ways to cement that trust and deliver to you, and all our stakeholders, greater value.

Sincerely,

Bashar Obeid
Chief Executive Officer
Aramex PJSC

About Sustainability

About Sustainability and this report



"We continue to be relentless in our commitment to executing on our sustainability strategy to further demonstrate our leadership position on that front, and to ensure that we are delivering value to all our stakeholders and protecting our planet."
Raji Hattar,
Chief Sustainability Officer.

It is our honor and pleasure to share with you, our stakeholders, our 11th Integrated report, and 15th sustainability report. Through this report, we aim to engage our stakeholders in our operational and sustainability journey.

Our annual reports serve as a benchmarking activity, allowing us to measure and manage our impact, growth, and activities. To that end, this report integrates our financial and sustainability information for 2020, as well as our Greenhouse gas emissions. Our previous report was in 2019.

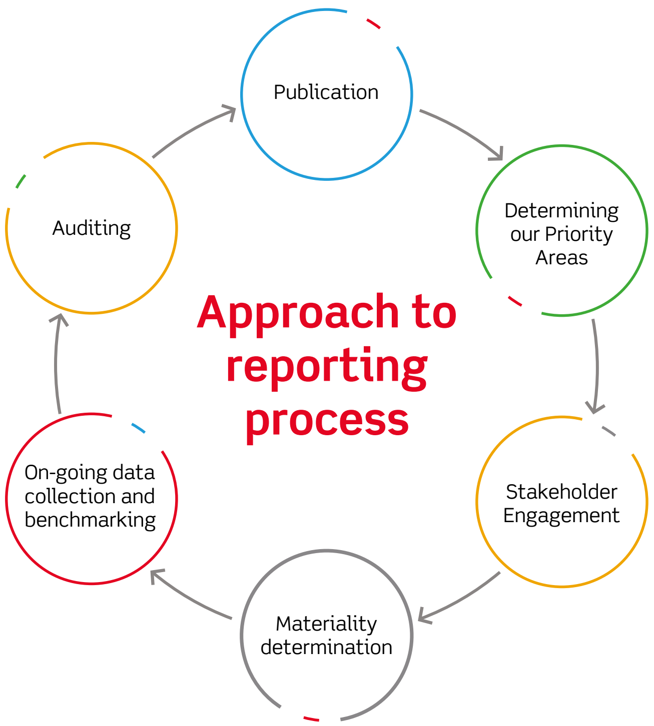
Aramex's Sustainability philosophy centers around the continual and evolving monitoring and evaluation of our value creation, capital flows, impacts, and our practices and procedures in an effective, stakeholder-centric and comprehensive manner. Our approach to involves developing and fostering our Human, Intellectual Capitals, leverage our Manufactured, and Financial Capitals while also being able to preserve and protect Natural Capital and build Social and Relationship Capital in the greater communities. Additionally, we are committed to upholding an integrated holistic approach to decision making and practices and maintaining our focus on creating value in the short, medium and long term. This involves ensuring that our accountability measures regularly updated and improved. Our goal is to maintain the stewardship of our diverse capital flows while underscoring the understanding of the interdependent nature of these capital flows.

What to expect from this report?

This report covers our financial, services and operations, and sustainability activities and progress for 2020.

Within this report, you will find our progress on our sustainability and key non-financial goals for 2020, as well as emissions footprint. Additionally, this report contains updates and progress within our business operations, in our services, HR, Compliance, Governance, and more.

102-12, 102-15, 102-46, 102-50, 102-51, 102-52, 102-29



Approach to reporting process

Internal Standards
GRI Standards
GHG
UNGC
International Integrated Reporting Council (IIRC) Framework.

Financial Reporting Standards

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

Pro-active response to COVID-19

Saying that COVID19 had and continues to have a disruptive and tragic impact on the global is not an understatement. As an International shipping and logistics Company, Aramex was at the heart of responding to these disruptions, ensuring communities remain safe and connected to necessary resources and services.

Throughout 2020 we ensured that we kept our people and communities safe, ensured our operations are uninterrupted, and leveraged our core capabilities in order to continue delivering value to our customers. We ensured that our employees are able to work from home seamlessly, accounting for all their different needs and circumstances, read more (link), we also worked with our couriers to establish safe delivery measures, for more details (link), and we worked with community partners and organizations to support affected communities in areas of our operations through distribution of medical supplies, food, and Personal protective equipment, read more (link).

Navigating this report

This report represents the different activities, initiatives, and progress measurements related to our material aspects for 2020. We aim to provide a holistic and comprehensive report which speaks to the different standards we adhere to. Here is how to navigate this document.

GRI Sustainability Reporting Standards

Our report is in line with the GRI Standards, and therefore, we report on a number of material topics using disclosures spanning Economic, Environmental, and Social concerns our materiality index is on page 79. Disclosures related to our material aspects can be found at the bottom of the respective section/ page with relevant information.

International Integrated Reporting Council (IIRC) Framework

We aim to report in line with the International Integrated Reporting Council (IIRC) Framework, underscoring the flow and value creating activities as they relate to our 6 capitals, defined below.

Throughout this report, you will find the below icons referring to respective capitals in action in the relevant sections.

Financial	The pool of funds that is: available for us to use in the production of goods and services, obtained through financing or generated through operations and/ or investments
Manufactured	Manufactured physical objects that are available for our use in the provision of our services, including buildings, vehicles, equipment, infrastructure (owned or used by Aramex)
Intellectual	Our organizational and tacit knowledge, systems, procedures, and protocols. Brand value and reputation.
Human	The competencies, capabilities, and experience, as well as training and innovation of our people. The alignment with and support for our governance framework, as well as our risk management approach and ethical values. Our recognition of human rights. This includes the ability to implement our strategy, and the motivations of our people to improving our services along with their ability to lead, manage, and collaborate in delivering value to stakeholders
Social and Relationship	Key partnerships and relationships established with the community, stakeholders and other relevant networks with the goal to improve well-being and share information. This include our culture and values that strive to build and protect customers, employees, suppliers, partners, community members, and other stakeholders.
Natural	All renewable and non-renewable environmental resources that provide goods and services supporting current and future prosperity.

United Nations Global Compact

We report on our adherence and efforts towards the United Nations Global Compact Principles, you can find information on each corresponding principle in the sections indicated below:

Principle	Definition	Relevant Section(s)
Principle 1	support and respect the protection of internationally proclaimed human rights	Our People, Sustainability, Compliance sections and Disclosures on Management Approaches and Materiality Index
Principle 2	make sure that they are not complicit in human rights abuses	Our People, Sustainability, Compliance sections and Disclosures on Managament Approaches and Materiality Index
Principle 3	uphold the freedom of association and the effective recognition of the right to collective bargaining;	Our People, Sustainability, Compliance sections
Principle 4	elimination of all forms of forced and compulsory labor;	Our People, Sustainability, Compliance Sections and Materiality Index
Principle 5	effective abolition of child labor	Our People, Sustainability, Compliance sections and Materiality Index
Principle 6	elimination of discrimination in respect of employment and occupation.	Our People, Sustainability, Compliance sections and Materiality Index
Principle 7	support a precautionary approach to environmental challenges;	Sustainability, Environmental Stewardship and Climate Change Mitigation sections, Disclosures on Management Approaches and Materiality Index
Principle 8	undertake initiatives to promote greater environmental responsibility; and	Sustainability, Environmental Stewardship and Climate Change Mitigation sections, Disclosures on Management Approaches and Materiality Index
Principle 9	encourage the development and diffusion of environmentally friendly technologies.	Sustainability, Environmental Stewardship and Climate Change Mitigation sections, Disclosures on Management Approaches and Materiality Index
Principle 10	work against corruption in all its forms, including extortion and bribery.	Compliance section,Disclosures on Management Approaches and Materiality Index

Sustainable Development Goals

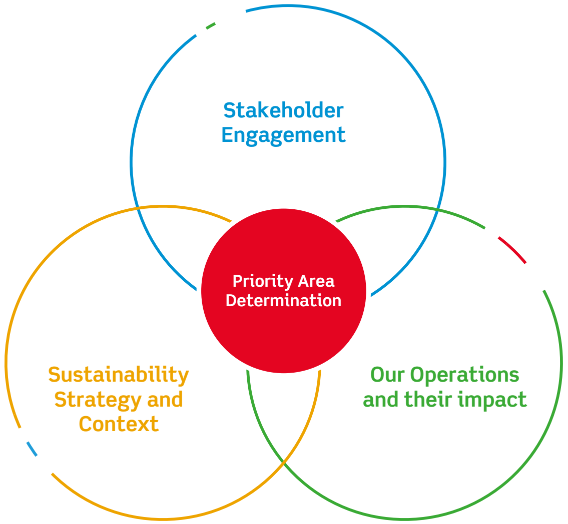
Aramex continues its efforts towards the achievement of the United Nations Sustainable Development Goals, especially in relation to Goals 4,5,8, 13,16, and 17, while also contributing to other areas of the SDGs. This is a non-binding and voluntary initiative taken on Aramex's behalf driven by our belief of the value of this work.

Goals and Definitions	Relevant Section(s)
SUSTAINABLE DEVELOPMENT GOAL 4 Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all.	Sustainability section: Youth Education and Empowerment
SUSTAINABLE DEVELOPMENT GOAL 5 Achieve gender equality and empower all women and girls	Our People and Sustainability sections
SUSTAINABLE DEVELOPMENT GOAL 8 Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all	Our people and Sustainability sections: Enteroreneurship
SUSTAINABLE DEVELOPMENT GOAL 13 Take urgent action to combat climate change and it's impacts	Sustainability, Environmental Stewardship and Climate Change Mitigation section
SUSTAINABLE DEVELOPMENT GOAL 16 Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels	Sustainability and Compliance Sections
SUSTAINABLE DEVELOPMENT GOAL 17 Strengthen the means of implementation and revitalize the global partnership for sustainable development	Sustainability Partnerships, Support, Advocacy

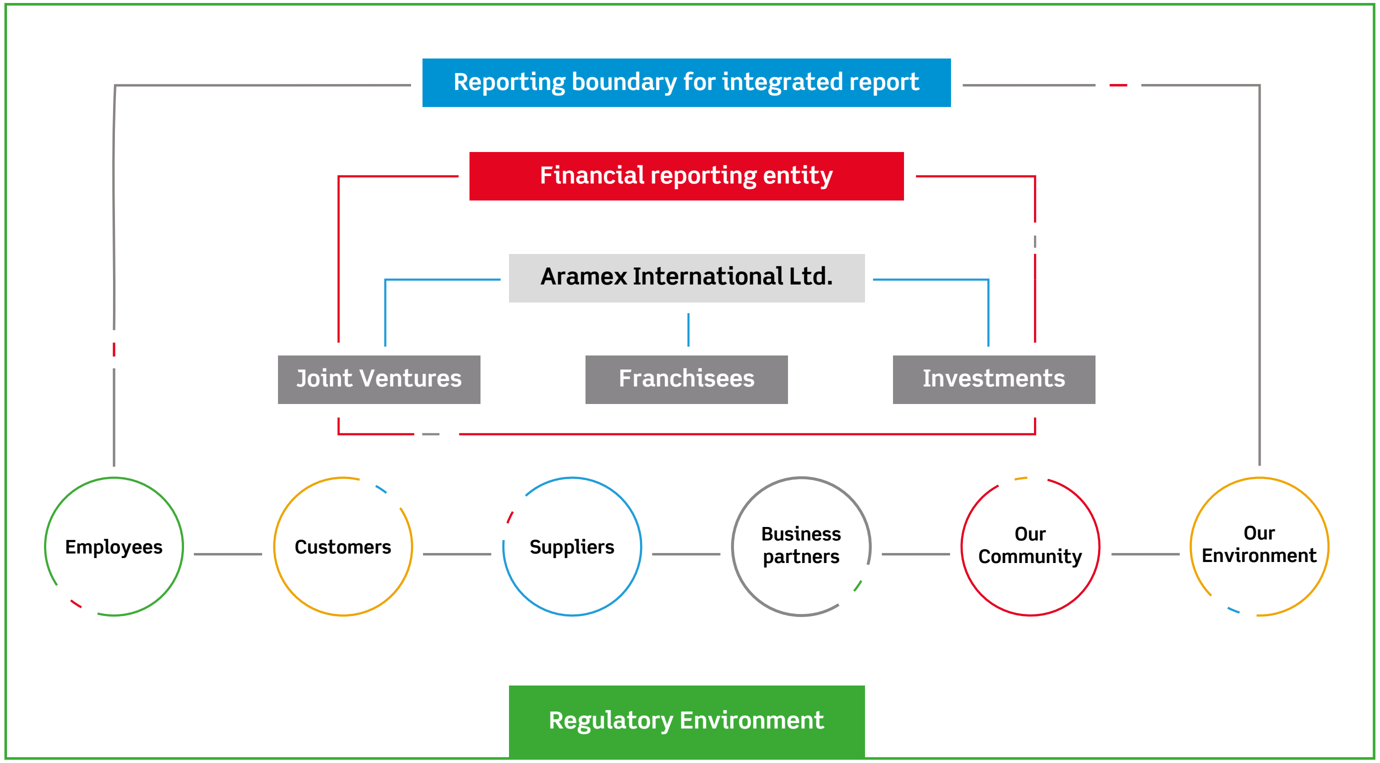
Priority Areas and Materiality

Our priority areas are determined using an iterative and rigorous process, reinforced by core interrelated aspects:

Through our robust and continual engagement with our external and internal stakeholders (link to sections), this helps us identify the material aspects of our operations from various standpoints and across the different global, regional, and local contexts.



Reporting Boundaries



You can learn about our reporting process on page 76.

How We Create Value

Business and Operations

Inputs

93
Nationalities

17,404
Employees

Certified
Training Center

9.9%
Return on Equity (ROE)

AED 1,464,100,00
Share Capital

2
Stakeholders Engagement Sessions

96%
Sustainability Coverage

24,736,027
Liters of Fuel

61,276,783
kWh Electricity

17%
Increase in Recycling

45%
Reduction of Electricity per Shipment (compared to 2012 baseline)

44%
Reduction of Fuel per Shipment (compared to 2012 baseline)

Outputs

Our People

6,995
Shipments per Employee

AED 1,166,716 Thousands
Employee Benefits & Salaries

82%
of Total Employees Received Compliance Training

Our Finance

AED 6,115 Million
Total Assets

AED 5,510 Million
Total Revenues

Our Community

356,419
Direct Beneficiaries

300+
Stakeholders Attended Engagement Sessions

Our Environment

6,858,752
kWh were produced by generating electricity through our solar farms in Amman & Dubai

102-15, 102-12, 102-31, 102-38, 103-1, 103-2, 103-3, 201-1, 203-1, 203-2, 302-4, 302-5, 305-5, 413-1

Key non-financial goals and sustainability outlook

Sustainability

- Add 3 more solar systems
- Add 30 Electric vehicles to aramex fleet
- Reduce aramex Carbon emissions by 5%

Commercial

- Increase Customer Success Index by 15%
- Increase Customer Experience Index by 4 %

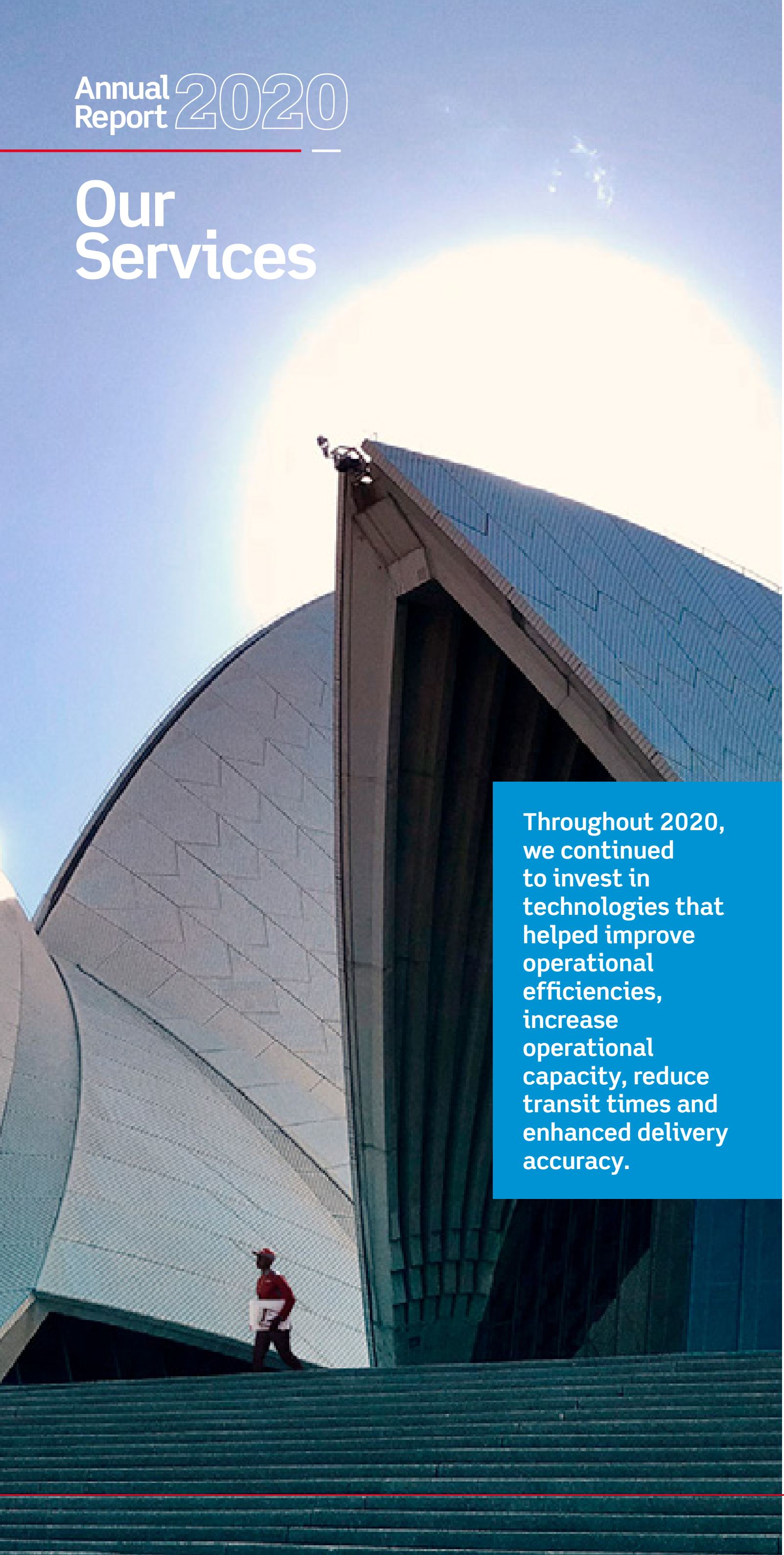
HSE

- Increase the number of ISO 45001 certified countries by 10.
- Introduce and launch the New Incident tool for Health and safety

Our Services

02

Our Services



Throughout 2020, we continued to invest in technologies that helped improve operational efficiencies, increase operational capacity, reduce transit times and enhanced delivery accuracy.

International Express Services

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

In 2020 and due to Covid-19, International Express witnessed significant changes in line haul operations as a result of the interruptions in air travel and the changes in land border regulatory requirements, yet we managed to stay operationally nimble, swiftly adapting to those changes. We are leveraging on our longstanding relationships with our airline partners to ensure we deliver shipments with minimum delays.

Throughout 2020, we continued to invest in technologies that helped improve operational efficiencies, increase operational capacity, reduce transit times and enhanced delivery accuracy. We installed an advanced sorter system at our facility in the Netherlands to streamline sorting, processing and shipment transit times from Europe to the Middle East region.

In November 2020, we moved our UK operations into a new warehouse facility in London Heathrow. This facility will ensure Aramex UK deliver the utmost effective service during peak seasons and enable them to support an ever-growing customer base of leading brands. The new 80,000+ Square foot state-of-the-art, technology-driven facility is strategically located at Poyle; a long established industrial and logistics epicenter minutes from Heathrow International airport. The facility featuring some of the latest technologies is sure to improve overall operational accuracy and efficiency. It supports our efforts towards higher capacity, faster sortation process and reduced transit times. This will also support us in catering to the growth in e-Commerce and freight volumes helping us grow our presence in different verticals.

We also continued upgrading our facilities in Saudi Arabia in response to increasing shipment volumes into and within the country, with plans to automate our facilities in GCC and Egypt in the near future.

We noticed a significant increase in cost per kilo of shipment due to constrained air freight capacity and higher overall line haul costs. This is why we are looking at ways to redesign our line haul network including chartering our own flights on certain routes. To that end, in late 2020 we began expanding operations in one of our core markets strategically located hubs, Abu Dhabi, to help us achieve our time definite service. As of Q1 2021 we will begin chartering our own flights from Abu Dhabi to other GCC markets.

Domestic Express Services

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

Throughout 2020, our Domestic Express services witnessed significant increases in activity levels. This is mainly because almost entire populations in countries where we have significant on the ground operations were encouraged to turn to online channels to purchase and deliver necessities, such as food and other household goods. This has also prompted major traditional retailers in our core countries to turn to Aramex to partly handle the influx of orders and deliveries and relieve pressure on their limited last mile capacities. At the same time, major e-commerce players have also increased their demand on our services to support their last mile delivery requirements. We also benefitted from a surge in demand for healthcare-related shipments which was positively reflected in our Domestic Express service lines.

We were also focused on ramping up our on-the-ground operations and invested heavily in expanding our last mile capacity in core markets to meet the surge in volumes led by robust demand from the e-commerce segment. We hired more couriers, increased our fleet, and invested in expanding our warehousing facilities, upgraded our clearance gateway capabilities and other related infrastructure. We also continued to capitalize on our crowd sourcing solution, Aramex Fleet, and our other digital-enabled cost-efficient solutions to help handle the spike in volumes. We also invested in several IT solutions to help automate and digitize certain processes. These investments are crucial to ensuring we are in a stronger position to efficiently handle current and future higher volumes and improve our level of service to customers.

Moreover, we also expanded our operations to handle crucial and temperature sensitive shipments from both the healthcare and FMCG segments. Our investments in cold chain solutions, capabilities and temperature-controlled infrastructure will continue to service that growing customer segment.

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

As part of our expansion plans in Saudi Arabia, we have expanded our physical infrastructure in key cities to get closer to end recipients, simplify the process which is enabling us to offer 24-hour transit time in Tier 1,2,3 areas.

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

Shop & Ship

Shop & Ship (S&S) is an online platform that facilitates online shopping and is all about making online shopping and shipping easy. It offers a choice of two subscription plans – Basic lifetime membership and FLEX annual membership. While Basic gives lifetime access to convenient online shopping with competitive shipping rates, FLEX goes one step further to offer additional benefits like lower shipping rates calculated per 100 grams only.

Once registered, members will receive 32 physical addresses in Australia, Canada, Czech Republic, China, Cyprus, Egypt, France, Georgia, Germany, Greece, Hong Kong, India, Indonesia, Italy, Japan, Jordan, Lebanon, Malaysia, New Zealand, Pakistan, Saudi Arabia, Singapore, South Africa, South Korea, Spain, Sri Lanka, Switzerland, Thailand, Turkey, UAE, UK, and USA.

Members can use any of the S&S addresses to reach across borders and purchase items from their favorite online stores. From clothing and accessories to electronics and beyond, they can receive orders at their doorstep with ease. And with features like S&S Perfume and S&S Select, members can also receive items like perfumes and beauty products. The service also offers S&S Protect to protect online orders from loss or damage and offer members peace-of-mind.

Shop & Ship extending more benefits and enhancing customer experience

In 2020, Shop & Ship launched two new origins in Czech Republic and Saudi Arabia, enhanced digital touch points to empower customers for personally tracking and claiming shipments, this was also coupled with the allocation of dedicated customer service numbers and emails in KSA, UAE and Kuwait.

Additionally, and to extend further benefits to our customers, Shop & Ship launched an extensive acquisition campaigns across all markets and partnered up with prominent online stores across different origins with exclusive offers for the Shop & Ship users.

Integrated Logistics, Warehousing, And Supply Chain Management

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

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

In 2020, we continued to invest in upgrading our infrastructure and automation to accommodate the growing demand of our customers, ensuring efficiencies and quality facilities and services.

In June 2020, we partnered with Mubadala Healthcare, a unit of Mubadala, to distribute door-to-door critical medical supplies to patients across the UAE. Under the agreement, Aramex collaborated with participating hospitals under Mubadala's Healthcare portfolio including Imperial College London Diabetes Centre, Healthpoint and Cleveland Clinic Abu Dhabi for next day delivery of over-the-counter drugs, prescription-only medicines, and nutritional feed to affected patients that are recovering outside of hospital facilities. Through the partnership, up to 2,000 patients across the UAE received the necessary medical supplies they need to recover which will help alleviate pressure on the healthcare system and ensure government-mandated physical distancing protocols are respected. Aramex has deployed highly specialized vehicles that are quality assured and temperature-controlled to deliver critical medical supplies and the fleet is equipped with the technology and protective gear to be able to carry out the deliveries with utmost safety and care.

As part of our efforts to diversify its offerings and revenue mix, we started offering our customers solutions to handle and store food items (frozen, chilled and ambient), in which we handled the collection from the port to the storage in the warehouse.

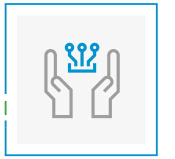
Throughout 2020, we expanded the scope of our Facility Management Solutions which resulted in a leaner way of growing our logistics business solutions without the need for investments in warehouses or machines.

We also expanded our fulfillment center in Riyadh in Saudi Arabia by 22,000 SqMs.

While maintaining our great emphasis on fashion retail, spare parts and automotive, we also expanded our e-Commerce fulfillment portfolio to Retail, Pharmaceuticals and Supplements, and Food Stuff.

Moreover, we expanded our services to include the fulfillment, delivery and assembly of furniture using our experienced carpenters and distribution network.

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



Information Management Solutions (InfoFort)

InfoFort, a wholly-owned Aramex subsidiary, is the leading Digital Transformation Solutions provider in the Middle East and Africa.

InfoFort helps its clients, from SMEs to Fortune 500 companies, to secure, manage, digitize, automate, and extract value out of their data. Gartner recognizes InfoFort as a "Cool Vendor" in its "Cool Vendors in Emerging Markets, 2016" report.

InfoFort provides a complete transformative solution that allows customers to move from paper to digital content management; structure their information; capture, process and validate data; automate customized workflows; and deploy electronic and digital signatures using smart and secure mobile technologies for easier accessibility, compliance, and business continuity.

In 2020, we have further enhanced our automation solutions and focused on contributing to sustainability not only as a business but also as a driving force of digitization in our society. With every new client that we served and every organization that we helped propel into the digital realm, our sustainability impact grew stronger. While we are engaged in countless initiatives, we believe that our biggest impact has been in our way of contributing to a more digital and thus more sustainable future by enabling and actively encouraging organizations to digitize and use less paper.

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

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

Freight Forwarding

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

In addition to our traditional commodities handled and especially the oil and gas sector, Aramex has further developed the below verticals and solutions:

- **Critical Cargo:** Healthcare and Pharma, Aircraft on Ground (AOG) and On-Board Courier (OBC) services.
- **Project Cargo:** Break Bulk movement, Project Logistics, and Heavy Lift shipment.
- **Chartering:** Aircrafts and vessels.

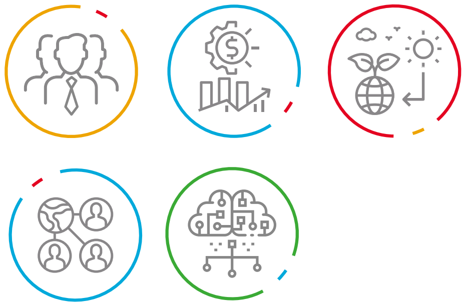
On the digital front, Aramex announced the official go-live of its rollout of WiseTech Global's integrated logistics execution platform, CargoWise, across its global network of 60+ countries. This rollout of Aramex's new Transportation Management System represents an integral milestone in the Company's digital transformation journey that strategically leverages innovative solutions to satisfy evolving customer needs and allows Aramex to swiftly adapt to changing market conditions.

Aramex's unique approach sees CargoWise implemented simultaneously across its worldwide network of 1,300 freight forwarding specialists, spanning Asia, Africa, Europe and the Middle East. CargoWise will support Aramex's freight forwarding and customs operations and enhance the overall user experience for their employees and customers.

Through a single platform, CargoWise provides configurability, automation and real-time visibility across our global freight operations. The results will be a high ramp up of business benefits that will be felt across all the freight community of Aramex.

Aramex's Stakeholder Centric Process

We actively aim to foster and nurture an open and transparent engagement with our stakeholders, both external and internal. Using a multitude of channels and engagement activities, our stakeholders help guides our strategies and determine priority areas. Maintaining a stakeholder-centric process ensures that we are in line with the well regarded and established international best practices of building a sustainable business as determined by the GRI Standards and the International Integrated Reporting Committee (IIRC) Framework. Moreover, this allows us to continue to safeguard our human social and relationship capitals.



Stakeholder Group	Engagement Channels	Key Needs and Expectations	Key Efforts
Our People: Aramex's diverse workforce is comprised of 17,404 employees across the globe and Includes 98 nationalities	• Continuous performance reviews through aur Insights and Analytics Program, with a minimum of an annual review • Team meetings, conducted on a weekly or monthly basis • Quarterly senior Management meetings Well-being Survey and general survey	• Job Security and Performance Management • Work environment • Employee Development and Training • Competitive Remuneration • Enhanced solutions and technology innovations to improve workflow Safety and flexibility (especially during pandemic)	Refer to Our People Section page 39
Our Customers: Aramex's boasts a customer base of over 100,000 which spans the Middle East, Africa, Europe, Asia, Australia and North America. Additionally, Shop and Ship serves over 809,000 customers.	• Account Management • Web Portals and Mobile Apps • WhatsApp for Business • Consumer Engagement Center • Aramex Retail Outlets • Social Engagement Center • Aramex Delivery Representatives • Aramex Spot and Fleet Surveys and Other Interaction Touchpoints • Surveys Conducted at different frequencies according to clients' needs with a minimum of an annual survey	• Improving service efficiency by decreasing • Shipment time and ensuring transparent shipment • Tracking and introduce real time tracking • Continual adoption of technology and innovation • To reduce transit time and cost • Providing additional language support • Increase awareness on sustainability activities	Refer to Our Customers Section page 31, Our Services Section page 17 and Sustainability Section page 49
Shareholders As of year-end 2020, Aramex had 249,232,667 shareholders, with the largest individual shareholder owning less than 10 percent.	• Annual meeting, updates • Through formal channels, and upon their need • Annual General Meetings. • Annual Reports • Quarterly Earnings Reports • Press releases • Online section for Investor Relations • Direct contact through the Investor Relations Office	• Above average return on investments • Effective and efficient governance • Outstanding corporate and brand reputation • Sustainable and long-term growth • High integrity and transparency	Read about our efforts in our Governance Section page 23.
Business Partners	• Ongoing negotiations, • Transactions and service provision. • Long-term business relationships with Aramex • Aramex Advisory Services	• Accessibility of new business ventures with Aramex • Providing increasing value to partners • Preservation of ethical Values • Maintaining compliance	Read about our efforts in sections: Our Services and Our Customers Sections (pages 17 and 37), SME Business Hub (page 32, 55), Supplier evaluation and risk and compliance efforts (pages 66)
Our Communities	Ongoing, through our sustainability projects and partnerships, as well as, through continuous assessment of the impact of our operations and sustainability efforts and stakeholder engagement sessions	• Ensuring positive social returns to the community • Preservation of human rights • Provision of employment • opportunities and job creation • Reducing and mitigating any negative impacts resulting from operations	Read about our efforts in section: Sustainability Section page 49
Our Environment	Ongoing, through our sustainability projects and partnerships, as well as, through continuous assessment of the impact of our operations and sustainability efforts	• Mitigating negative impacts • Encouraging and enhancing the adoption of environmentally technologies and innovations	Read about our efforts in Section our Environmental Stewardship and climate change mitigation section page 55

102-9, 102-29, 102-40, 102-42, 102-43, 102-44 , 102-21, 103-2, , 103-3

Governance

II

Governance

As a company listed in the Dubai Financial Market, Aramex's corporate governance practices are guided by the "Chairman of Authority's Board of Directors' Decision no. (3/Chairman) of 2020 concerning Approval of Joint Stock Companies Governance Guide" (the "SCA Governance Regulations").

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

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

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

Personal Characteristics

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

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

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

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

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

102-10, 102-18, 102-19, 102-20, 102-22, 102-23, 102-24, 102-25, 102-27, 102-26, 102-28, 102-31, 102-32, 102-33, 102-35, 102-36, 102-37, 102-39, 102-16, 405-1

Core Competencies

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

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

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

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

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

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

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

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

Commitment to the Company

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

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

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

Team and Company Considerations

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

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

A new board of directors was elected by the General Assembly on 22 June 2020. The same 2019 board members have served prior to the June 2020 board elections. As of 22 June 2020, the Aramex board of directors consists of the following members:

Captain Mohamed Al Shamsi
Chairman

Captain Mohamed Al Shamsi has focused his successful professional career on promoting and growing the UAE's economic development. He has played key leadership roles across a number of sectors, including Ports, Industrial Zones and Logistics which he has helped transform into key pillars of sustainable economic development in Abu Dhabi.

Captain Al Shamsi is a strong supporter of digital transformation and of adopting digital solutions to enhance trade and promote efficiency across supply chains. Captain Al Shamsi's experience includes operation management, restructuring, asset management, planning and launching new operations and developing and directing strategies.

His current leadership positions include: Group CEO of Abu Dhabi Ports, Chairman of KIZAD, Chairman of ADNEC, and Vice Chairman of Arab Sea Ports Federation.

Al Shamsi holds an MBA from the University of Tasmania, Australia, and an advanced Diploma of Applied Science (shipmaster) from the Australian Maritime College.

Arif Albastaki
Vice Chairman

Mr. Albastaki is an independent non-executive member of the board of directors of Aramex. He is also the Chief Executive Officer of Amlak Finance PJSC. His leadership and expertise of more than 25 years within the banking and financial sector have played a vital role in strengthening and accelerating growth across several global organizations that he worked with in the region. In addition to his role at Amlak, Albastaki plays an integral part in leading positions across global institutions.

Currently, he is the Chairman of the Board at Emaar Industries & Investments and Amlak Finance Egypt. He has held key leadership roles across Private and Public sectors in various industries like Technology, Logistics, Banking & Finance, Private Equity, and Real Estate.

He was the Vice-Chairman of the Board at TECOM Group, Board Member of AWQAF & Minors affair Foundation, Amlak International for Finance & Real Estate Development, Saudi Arabia, Al Salam Bank, Algeria, and EFS Financial Services in Dubai, UAE.

He holds a Bachelor's degree in Banking and Finance and a Master's Degree in International Business from the University of Wollongong, Dubai.

Fahad Al Qassim

Mr. Al Qassim is an independent non-executive member of the board of directors of Aramex. He is the CEO of Emirates NBD Capital, the Investment arm of Emirates NBD Group, and responsible of all banking investment activities across the region and the present countries for the Group. He has over 20 years of experience in the investment banking, government and commercial sectors.

He was previously Managing Director and Head of Principal Investments at Waha Capital. Prior to that Mr. Al Qassim was Head of Executive Council Projects for The Executive Council of the Government of Dubai, and prior to that worked in the Investment Banking Division of Dubai Islamic Bank.

Mr. Al Qassim holds an MBA in Finance from Monash University in Melbourne, Australia, as well as BSc (Hons) degree in Applied Computing from Leeds Metropolitan University in the UK, and a Higher Diploma in Electronics Engineering from Higher Colleges of Technologies in the UAE. He is also a graduate from the Mohammed Bin Rashid Leadership Program 2008 – 2010.

Omar Alhashmi

Mr. Alhashmi is an independent non-executive member of the board of directors of Aramex. He has more than 15 years of experience across multiple sectors including energy, aviation, metals and mining. He is currently the Executive Director of Transmission & Distribution at Abu Dhabi National Energy Company (TAQA). Before joining Abu Dhabi National Energy Company (TAQA), Mr. Alhashmi was the Executive Director of Asset Management in Abu Dhabi Power Corporation, prior to that he was the Head of Strategy Development in Etihad Airways, as well as the Vice President of Industry at Mubadala Investment Company.

Mr. Alhashmi holds a Bachelor's degree in Mechanical Engineering from Oklahoma State University, a Master's degree in Mechanical Engineering from George Washington University, and MBA from London Business School.

Fatma Hussain Ahmad

Ms. Ahmad is an independent non-executive member of the board of directors of Aramex. She is also an Emirati HR business leader and culture transformer, with more than 20 years of expertise and achievements in Human Resources working across multiple industries in leading private and government companies in UAE. Ms. Ahmad is the Chief Human Capital Officer at TECOM Group.

Prior to joining TECOM Group, Ms. Ahmad has worked with several reputed private and government organizations across various strategic HR disciplines that include Performance Management, Total Rewards, Talent Acquisition & Development, Emiratization, and Talent Redeployment. Being a voting member of TECOM Management Committee, Ms. Ahmad has direct and close interaction with the Board and the Executive Human Capital Committee.

Ms. Ahmad holds a master's degree in business administration from the University of Dubai and has undergone several executive and board level programs that include a leadership programs from the Wharton Business School in USA.

Ramez Shehadi

Mr. Shehadi is an independent non-executive member of the board of directors of Aramex. He brings with him a wealth of experience, which is reflected in his previous and current positions outside of Aramex. Mr. Shehadi held the following positions, among others: Senior partner, executive vice president & Managing Director of Booz Allen Hamilton, co-founder and senior director of Product Development at eBreviate, mechanical engineer at Stone & Webster, and the co-founder of R&R Ventures. He was also a board member of the Young Arab Leaders.

Mr. Shehadi currently serves as the Managing Director of Facebook for the Middle East and North Africa (MENA). He is also a member of the Board of Trustees of Beirut Museum of Art, a Board of Directors Member of MMA (Mobile Marketing Association) in MENA; a Member of IAB (Interactive Advertising Bureau) in MENA as well as an Advisory Board Member of the Stony Brook School.

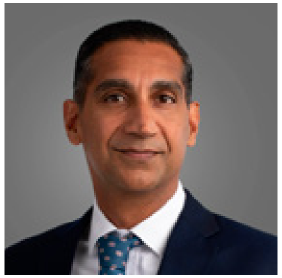
Mr. Shehadi holds a Bachelor's of Engineering in Mechanical Engineering from Rutgers University – USA, a Masters of Applied Science in Industrial Engineering from the University of Toronto – Canada and has enjoyed continuing education programs at Oxford, INSEAD and the University of St. Gallen.

David Haglund

Mr. Haglund is an independent non-executive member of the board of directors of Aramex. He brings with him almost two decades of experience in capital markets, investment analysis and portfolio management, having held positions in asset management, investment banking and private equity.

He is a Senior Executive Director and Portfolio Manager of the Templeton Frontier and MENA Market strategies. He regularly interacts and works closely with senior executives and boards of directors of publicly listed companies with the aim of improving corporate governance standards and transparency, and enhancing strategy and shareholder value. He also frequently meets with policymakers, economists and financial analysts and has built a very strong professional network across industries and geographies.

Mr. Haglund holds a certificate in Corporate Governance from INSEAD and is a certified director at Hawkamah. He has obtained a M.S. in Business Administration & Economics from Lund University in Sweden and has completed studies at the National University in Singapore.



Sunil Bhilotra

Mr. Bhilotra is an independent non-executive member of the board of directors of Aramex. He is also an Investment Director in the M&A/Alternative Investments team at Abu Dhabi Developmental Holding Company (ADQ), a sovereign entity in Abu Dhabi.

Previous to ADQ, he spent 10 years as part of the private equity team of Investcorp. He was also part of the $1 billion inaugural Gulf Opportunity Fund. He regularly interacted and worked closely with senior executives and boards of directors of portfolio companies with the aim of improving corporate governance standards and transparency, enhancing strategy and shareholder value, and seeking monetization opportunities.

At Investcorp, he sat on the Board of six companies across a wide spectrum of sectors such as logistics, oil & gas services, retail, and healthcare. Prior to Investcorp, Mr. Bhilotra spent 10 years in the UK in investment banking with both Credit Suisse and Barclays Capital.

He is a Chartered Accountant by background and holds an MBA from London Business School.

Murtaza Hussain

Mr. Hussain is an independent non-executive member of the board of directors of Aramex. He is a senior investment professional with over 15 years of private equity, corporate finance and restructuring experience.

He is currently the Acting Chief Investment Officer at Abu Dhabi Developmental Holding Company (ADQ), overseeing the company's Mergers & Acquisitions and Alternative Investments team which support the in-organic growth plans and divestment / monetization objectives of ADQ and its portfolio companies. Furthermore, he is also responsible for leading the direct investment arm of ADQ. Mr. Hussain is also currently serving on the Board of Abu Dhabi Ports.

Prior to joining ADQ, Mr. Hussain was a senior member of a global emerging markets private equity firm. Mr. Hussain started his career in the investment banking division of BMO Capital Markets in Toronto.

He holds a bachelor's degree in Commerce, with a major in Finance and concentration in Accounting from McGill University, Canada.

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

Committee members are appointed by the board. Committees are formed of no less than three non-executive directors, at least two of which are independent directors, including one as committee chairman. The chairman of the board of directors may not be a member of these committees. Each committee has its own charter, which sets forth the purposes, goals and responsibilities of the committees as well as committee structure, operations and reporting to the board.

Nomination and Remuneration Committee

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

The members of the Nomination and Remuneration Committee are:
1. Omar Alhashmi - Chairman
2. Arif Albastaki - Member
3. Fatma Ahmad - Member

Audit Committee

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

The members of the Audit Committee are:
1. Fahad Al Qassim - Chairman
2. David Haglund – Member
3. Sunil Bhilotra – Member

Strategy Committee

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

The members of the Strategy Committee are:
1. Arif Albastaki – Chairman
2. Ramez Shehadi – Member
3. David Haglund – Member
4. Omar Alhashmi – Member
5. Murtaza Hussain – Member

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

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

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

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

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

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

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

As for Aramex's shareholders, following is the shareholders distribution as of December 31, 2020 (Individual, Company and Government) categorized into Local, GCC, Arab and Foreign:

Category	Individuals		Companies		Governments		Total	
	Number of Shares	Percentage of Shares	Number of Shares	Percentage of Shares	Number of Shares	Percentage of Shares	Number of Shares	Percentage of Shares
Local	181,634,212	12.4059	575,663,538	39.3186	16,051,147	1.0963	773,348,897	52.8208
GCC	37,941,363	2.5914	209,729,360	14.3248	-	-	247,670,72	16.9162
Arab	18,428,430	1.2587	5,950,495	0.4065	-	-	24,378,925	1.6652
Foreign	11,228,662	0.7669	407,472,793	27.8309	-	-	418,701,455	28.5978
Total	**249,232,667**	**17.0229**	**1,198,816,186**	**81.8808**	**16,051,147**	**1.0963**	**1,464,100,000**	**100%**

Our Customers

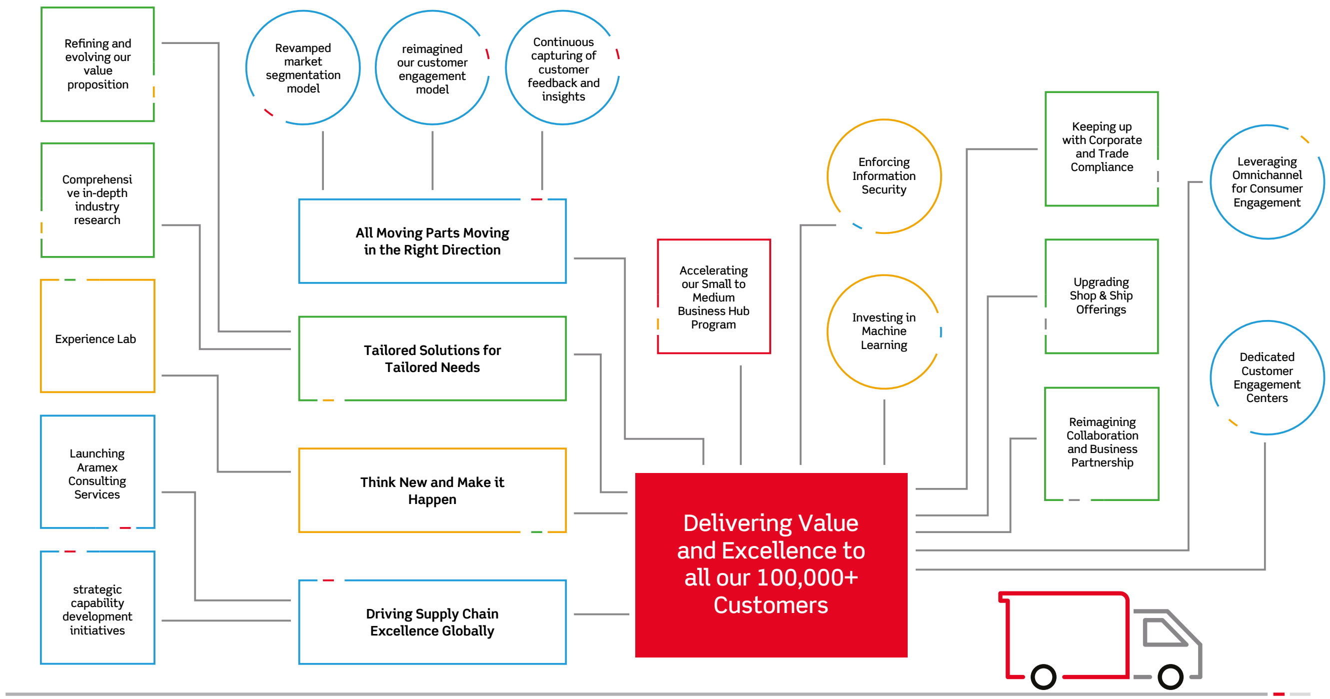
03

Our Customers

"In line with our fundamental belief and core value of Customer Centricity, we are always focused on providing our customers the most efficient services and solutions, with the highest levels of quality. Therefore, despite the all the challenges throughout 2020, all Aramexians doubled down on their determination to get the job done. Together they made the pandemic a little more tolerable for businesses, people, and governments."
Anas Hijjawi, Chief Commercial Officer.

In 2020, as in 1982, Aramex is steadfast in its commitment to deliver high quality services and innovative products to customers across the globe, ensuring that customer experience is at the core of every business and operational decision.

We consider our customers as partners and key stakeholders. Therefore, we continually use our resources to innovate, finding and investing in operational measures and technologies to provide optimal services and solutions. We continue to actively embed our customer-centric culture across all Aramex teams globally.



At Aramex our aim is to anticipate our customers' needs and concerns and validate assumptions and plans through regular reviews conducted with our customers underscored by the intent to provide real business value and operational impact through holistic solutions and recommendations.

103-1, 103-2, 103-3

We emphasize the development and enforcement of policies, regulations, and training that ensure ethical and professional conduct, safeguarding confidentiality and privacy of client information and facilitating responsive communication.

Our customer-centric approach allows us to invest in continually building our Social and Relationship Capital while augmenting our Intellectual and Manufactured Capital.

Commercial Transformation and Excellence Model

All Moving Parts Moving in the Right Direction
We have revised our market segmentation model, prioritizing customer verticals and creating a focused market penetration strategy, hence accelerating growth and enhancing our value proposition to our customers. This was coupled with a robust model for internal alignment and focused business development activities in collaboration with our customers.

We have also reimagined our customer engagement model to cater for different customer segments and verticals, this included a comprehensive framework with multiple programs to support our new vision, the most recent of which was the introduction of the "Strategic Value & Impact" organization with its global team of senior client business partners equipped with knowledge and business acumen to manage our most valued multinational and strategic customers.

This has enabled us to refine the alignment of our organization and teams, ensuring full coordination of our engagements across all departments and adding value to our customers.

The impact of the convergence of global account management activities has been well received by our customers. We aim to further widen the number of customers covered in this model throughout the next years.

Tailored Solutions for Tailored Needs
Reimagining customer segmentation and engagement has enabled us to define the value gap in our value proposition. Aramex Solutions, Marketing, and Account Management groups collaborate to uncover deep industry research providing directional perspective of market requirements and best practices this is coupled with voice of our customer when designing and developing Aramex products and services.

Aramex's objectives extend far beyond delivering shipments from point A to point B, as we are constantly seeking new methods to cater to our customers in new and innovative ways that include utilizing and embedding new forms of technology and data analysis to further support our customers, more accessible tools for reporting and visibility, and solid consultancy services that provide excellent support to our customers.

We understand that our success is heavily reliant on transforming our services and solutions and customizing them based on our customers' portfolio, future goals, and current business needs.

Driving Supply Chain Excellence Globally
In 2020, we continued to enhance the engagement and capabilities of our workforce by implementing strategic capability development initiatives. We were also able to grow our competitive edge by expanding Aramex value proposition beyond logistics offerings into advisory services to better support our customers' operating models.
This has resulted in the creation of the Aramex Consulting Services, yet another foundational pillar of Aramex' outcomes-focused approach to customer centricity, a true game changer for customer engagements. Through the results driven work of this team, Aramex has been able to provide consultancy on supply chain and network design for customers, uncovering substantial measurable business performance improvement opportunities and providing concrete recommendations.

This team has been truly instrumental to our customers especially during the major challenges and supply chain disruptions of 2020 by ensuring the implementation of the recommended changes, achieving the expected outcomes and process improvements and driving measurable impact.

Think New and Make it Happen
We believe that Aramexians' intelligence, creativity, and innovation are the driving force behind Aramex's success. Accordingly, we launched several initiatives that helped recognize and encourage innovators across the Aramex network. Our latest initiative, "Think New and Make it Happen" has proven to be a major success, as it has brought to light new ideas as well as new interpretations of existing concepts that will add great value to the standard operations currently in place.
By allowing every member of the Aramex team to step forward and share their thoughts and ideas, we are fostering the growth of innovation in all its forms, therefore redefining the way we access creativity in our day-to-day operations.
We also launched the Experience Lab in 2020, aimed at capturing employee insights on the experience across different channels and touchpoints, uncovering pain points and opportunities for improvements, enhancing employee and customer experience practices.

Accelerating our Small to Medium Business Hub Program
Recognizing the importance of supporting SMEs on our economy and community, we have developed a dedicated unit mandated with unlocking the potential of this type of business by introducing an economical tailored logistics solution coupled with an advanced technology to deliver on a seamless shipping experience.

The unit also works on gathering and analyzing data to design and implement our solutions for the perfect match offering with focus on the end-to-end experience for our SME program. This program is part of our sustainability efforts as well, which focus on supporting entrepreneurship, you can read more on page 55.

Shop & Ship Committed to Continually Upgrading its Offerings
By adopting a dynamic approach towards the market, subscription prices and shipping rates are regularly evaluated to guarantee customers with the best service to suit their needs.

In 2020, two new origins were successfully launched – the Czech Republic and Saudi Arabia. This has brought the total number of origins to 32.

Keeping up with challenging times during 2020, a COVID-19 acquisition campaign was successfully executed resulting in customer growth expanding the Shop and Ship offering to an additional 100K customers.

The year 2020 also saw the rise of an enhanced digital experience for Shop & Ship customers. Convenient features such as a comprehensive module enabling customers to claim and track claimed shipments online. In KSA and UAE, a dedicated Customer service number was launched to offer a seamless experience supporting the updated service offerings.

During 2020, marketing and communication teams were active on a continuous basis, as ongoing advertising for S&S was carried out on various mediums including digital communication, emailing and ATL/BTL marketing. Additionally, Shop & Ship partnered with many different online e-tailers from different cities around the world throughout 2020 to offer its members exclusive advantages like discounts and much more. Partnerships with reputable banks from all around the network were also initiated as to provide customers with the best value possible.

As a consumer brand, Shop & Ship is active on social media platforms, offering its members inspiration to shop using S&S addresses and encouraging potential members to sign up for the service. Our aim is to engage this community by staying relevant to the seasons, occasions and members' sentiments, with the purpose of providing a unique shopping experience.

Customer Engagement at the Forefront of Our Organization Priorities

Over the years, Aramex has put a great emphasis to develop and refine a deeply engrained customer-centric culture across all lines of business. This year, more than ever, Aramex has focused on reimagining customer journeys, challenging the status quo, carving the path for new and augmented experiences. Through advanced analytics, tailored customer journey methodology, and collaboration between all departments, customer journeys were mapped, opportunities for improvements have been prioritized, and integrated within different aspects of the organizational agenda, whether this is related to boosting human capital, investing in technologies or tapping into new markets.

As a result, we have invested heavily in technologies to meet and exceed our customers' expectations of products, service quality and safety.

Stemming from our fundamental belief and core value of Customer Centricity, we have created a robust customer engagement model with different communication channels with our customers providing efficient and responsive service updates, solutions, and interactions. These channels include, but are not limited to:

- Account Management and Customer Success
- Web Portals and Mobile Apps
- WhatsApp for Business
- Consumer Engagement Center
- Aramex Retail Outlets
- Social Engagement Center
- Aramex Delivery Representatives
- Aramex Spot and Fleet
- Surveys and Other Interaction Touchpoints

Customer Success Guaranteed with our Expert Teams

Advanced customer insights and familiarity has enabled Aramex to develop a highly proficient center of excellence, designed to support our B2B customers, acting as subject matter experts in different verticals and industries. This center focuses on streamlining customer communication spanning different countries, standardizing our operating procedures, and creating a hub of specialists with advisory capacity adding value to the customers' operating models.

These specialists are based in our flagship locations surrounded by the latest logistics know-how and technologies, augmenting the experience and communication for our customers, ensuring their success while using Aramex products and services.

The introduction of this center has raised the bar for customer experience encouraging daily engagement, strong partnership with our customers, complete visibility and transparency over the end-to-end customer lifecycle.

Leveraging Omnichannel for Consumer Engagement

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

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

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

Humanizing Customer Communication through Dedicated Engagement Centers

Upscaling our technological and facilitative capacity in accordance with growth in logistics spurred by COVID-19 and new developments, our consumer engagement centers deliver an outstanding experience to our customers via different channels, calls, social media, support...etc.

These centers of excellence remain one of the main channels of communication delivering consumers updates and resolution to complex issues and liaising with internal functions to deliver on a solid customer experience.

In 2020, we unraveled a unique voice automation solution in UAE and KSA enabling our customers to navigate between phone, messaging Apps and much more. This solution features advanced capabilities in tracking and scheduling deliveries empowering consumers to access the support they need anytime... anywhere.

Revolutionizing Retail One Shipment at a Time
Derived from our commitment to deliver outstanding experiences, the Aramex retail strategy enabled a major transformation in how we connect with our customers on the shop floors, automating delivery of packages, and facilitating domestic and international export services with state-of-the-art technological capabilities.

Restructuring our retail outlet teams, boosting human capital, focusing on new ways of serving our customers are only some of the ways we have transformed our retail vertical.

The expansion of Aramex retail outlets across the globe, now covering over 300 locations in KSA alone, has created a solid network for package deliveries, reaching consumers in remote cities and removing obstacles to a seamless experience.

Our omnichannel approach has connected this network with our fleet operations, allowing Aramex to get closer to consumers.

New retail solutions emerged such as Quick Collect, piloted in UAE, a customized appointment booking feature, where you can ask Aramex to place your package at a convenient location.

Our retail outlets teams are currently focused on reimagining the retail experience, personalizing deliveries, and connecting consumers globally.

Reimagining Collaboration and Business Partnership

Online and Offline Business Management Tools
We work diligently to anticipate customer needs, goals, objectives and understand the complexity of their business models. This is particularly important to shape the partnership model with Aramex, underpinning the various process and technology requirements which are eventually translated into efficient collaboration tools for our customers.

Examples of this include integration tools allowing for prompt and securing data exchanges between the customer and Aramex, enhancing digital efficiency and providing flexibility and control over their business value mapping and calculation.

Offline tools are also available enabling automated shipment preparation, pickup requests, rate calculation, shipment tracking, shipping addresses management, and bulk shipping and handling. A useful and accessible tool for all our customers no matter the complexity of their shipping needs.

It is an all-encompassing solution serving our corporate and individual customers, whether on an enterprise level or gearing up in startup mode, our customers have access to a comprehensive digital shipping management platform, personalized to their preferences, and continuously upgraded as the customer landscape evolves.

Our straightforward and clear process makes shipping management a solid enabler for the customer business models, with localized features and content per country, especially as it is translated into many languages including Russian.

In 2021 will advance Aramex's path further on the journey to customer centricity, transforming into an omnichannel experience, coupled with frictionless self-enabled services, including advanced profile and user management features, online financial balance settlement, and augment shipping management experience. Real time visibility on sensitive shipments (temperature, humidity...etc.) and location is another important feature which will be introduced next year. Considerations will be made for flexible business models, onboarding prepaid models, bulk processing and online payments.

In 2021, Aramex will be implementing Salesforce solutions across different business units transforming our approach to customer engagement and business management. This new project will revolutionize the way we conduct business and herald a new era of AI guided next best actions, predictive and prescriptive solution automation, enabling access to a wide spectrum of engagement tools bringing Aramex closer to customer intimacy.

Frictionless Global Freight and Clearance Management
In our quest for excellence, optimization, and transparency, we have revamped our freight offerings by introducing a new backbone system. Developed by Freight Professionals for Freight Professionals, CargoWise has an advanced set of capabilities spanning all transport modes (Air, Sea, Road and Rail), crossing geographies and entities involved in Freight management, designed to comply with regulatory and customs requirements. Acting as a single source of truth for all connected interfaces, it allows for better transparency, agility and proactiveness when dealing with evolving business and customer needs.

CargoWise implementation has enabled Aramex teams to focus on business, not borders. Advanced tracking and management options cover everything from containers, vessels, flights, brokerage and security, documentation and invoicing, customs, and much more. All geared towards seamless integration with partners such as carriers, sea liners, customs and customers.

With this development, global freight management and clearance is accessible, customer centric and effortless.

Consumer Solutions at Your Fingertips
Our comprehensive set of communication tools enables individuals to seamlessly manage their shipments anytime anywhere, whether customers prefer using an application, connecting via messages or simply WhatsApp. In 2020, our mobile application has been optimized with a live tracking and shipment delivery management experience, as well a secure payment solution acting as a one stop shop.

Shifting from informational to conversational communication has been our focus in alignment with our experience transformation strategy. Introducing the Aramex WhatsApp Bot in 2018 marked the start of a new era in consumer communication enabled interactive tracking, shipment delivery management and branch location. Since then, our Bot has happily served over 8 million customers annually with innovative user journeys and friendly conversational processes.

In 2021, further consumer solutions are anticipated, converging into a frictionless and comprehensive solution offering for individuals.

Performance Driven Organization

Driven by our passion to achieve common objectives across the organization, decision making is augmented with data driven insights, high performing talents, and clear accountability and governance across different functions. Accordingly, Aramex's integrated key performance indicators include insights on all incumbents of the supply chain ecosystem, promoting a better understanding of the end-to-end value chain of vendors, partners, customers and employees.

An Outside in Perspective Leading Experience Superiority

Aramex Voice of Customer program is a rich source of such insights funneled into the formulation of successful engagement strategies, new service improvement ideas and understanding of the drivers of customer loyalty and retention.

Feedback and customers insights are captured through a multitude of channels including phone, in-app notifications, web and SMS. The broad spectrum of survey practices allows for insights across different points of the customer journey and in compliance with General Data Protection Regulation practices.

In 2020, the program initiated for corporate and individual customers, yielded feedback on 6 customer experience indicators, metrics essential to understand satisfaction, loyalty, customer effort, and business partnership.
The program is tightly coupled with closed loop processes to expedite service recovery and initiate preventative measures. It is a cornerstone in process improvement and solutions design.

Mystery Shopping is another program deployed to visualize the experience from the customer's point of view. It allows teams on the ground to relive the interaction, identify areas of improvement, and refocus efforts on the customer experience.

Major locations in GCC and Levant are regularly visited by trained shoppers to capture feedback on our customer journeys spanning different channels and touchpoints.

Customer Foresight Instrumental in Value Creation

Diligently monitoring delivery service levels across various sectors and verticals, as well as underpinning global shifts in logistics and supply chain is a key directive for our business quality and performance team. Concerned with volume fluctuations and trend predication, this team is an expert at anticipating operational and technological requirements to create value for our customers.

This team zeroes in on areas of improvement by deploying latest methodologies and techniques from Lean, six sigma and other investigative and predicative methods.

Coupled with cross departmental insights and recommendations, Aramex is providing a unique perspective to our customers, shaping the future and connecting the globe.

Driving Loyalty an Integral Part of our Value Chain

Our verticalized approach to market penetration, robust business model and unique capabilities have positioned Aramex as a key player in the supply chain and logistics space. Proactive market scanning, strategic planning and solution development ensure Aramex is able to offer new and current customers superior extensions and partnerships for their business models.

Customer Landscape Shifts Guiding Technology Innovations

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

The primary benefit of this transformation is the automation of transit time prediction, which would ultimately increase the accuracy of last mile deliveries. Given that most of our core markets lack proper address management systems with no reliable postal or zip codes, the process of providing accurate delivery time predictions and the need to manually check and confirm addresses, using Machine Learning models to calculate shipment transit times more accurately, customers can access this data in real-time through the website, mobile app and social media channels, including WhatsApp and others. The introduction of such innovative solutions has reduced friction with consumers enabling asynchronous conversations occurring according to the consumers' convenience and reducing reliability on call centers.

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

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

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

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

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

Information Security

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

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

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

Information Security Governance

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

Infrastructure

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

Programs

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

Global Privacy Framework

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

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

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

Corporate and Trade Compliance

Our diligent efforts towards building customer trust in our service and brand, continuous enhancement of our security measures, and adherence to our comprehensive Code of Conduct ensured that we did not receive any complaints in 2020 related to protection of our customers' private information.

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

Moreover, in 2020 we did not receive any fines, monetary or otherwise, for non-compliance with laws and regulations concerning the provision and use of products and services. Aramex is committed to complying with applicable import and export control laws and regulations involving the countries in which we do business. We submit accurate and complete import declarations to government authorities. We also use the utmost care in ensuring our compliance with import regulations regarding designated importer of record, import tariff classification, valuation, origin, duties and import tax payment, payment to the supplier, duty preference programs, temporary imports, bonded warehouse, duty drawback programs, and other factors that impact upon our activities. We also comply with all international and national embargo regulations.

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

Aramex Digital Transformation

2020 was a challenging year on many fronts, and the COVID-19 pandemic has been a major test for a lot of industry players, and a pulse check in agility and resiliency for Aramex. There were defining moments in 2020 that determined our true values and our ability to operate in these unprecedented times. Very few other periods in our history have required such quick evolution of our operations and technology innovation, which is really guided of course by the shifting needs of our customers and expectations. Specifically, when we see a big surge in demand for e-commerce and online shopping services in our core markets.

In the very early stages of year 2019, we initiated a large enterprise digital transformation program focused on transforming multiple key areas of the business. The strategy was focused on areas including Customer Experience, Last Mile transformation, Big & Data and Analytics, and the Core Modernization of our Technology Landscape.

In 2020, we have accelerated our transformation journey and technology investment and while the strategy did not fundamentally change, but we had to quickly respond to the acute symptoms of the COVID-19 disruptions and reimagine our priorities and pivot to quickly respond to the pandemic. Areas include **Frictionless Deliveries, Payment handheld devices, Online payment portals, KYC as banks move into more and more digital products,** and we updated our AI models and predictions to cope with the new norm of the last mile operations. We have also boosted our consumer digital channels to enhance and empower customers to schedule their deliveries, and we have launched the all-new Aramex Mobile App which complements our focused approach on upgrading all our digital touch points and move our customers to a more of a digital experience and self-service experience.

We were fortunate that we acted early to already have built a strong digital backbone on cloud to scale our technology landscape and services to meet the growth of the volumes that we have seen on the volumes and to keep our systems highly available. We quickly carved out certain components from our on-premises systems to the cloud, to make sure that we continue to enable business and keep our systems available. We have also been able to leverage our digital zero-asset tech-driven products like fleet and spot, which represent our crowdsourcing technologies to scale our deliveries efficiently and handle our last mile operations with better economics.

More strategically, we were very busy in upgrading our core technology landscape and executing on our digital transformation roadmap in 2020. For the past 20 years, we have built most of our core and support applications in-house and our strategy in early 2019 had always been focused on mastering core activities that are part of the Aramex value proposition and partnering for non-core services, we decided on the “build vs buy” very early on in the journey because it was key to speed innovation, simplify processes, and leverage best practices in technology components that support the business growth, which is a recipe that enables us to realize profitable growth while focusing on our core activities.

2020 was a great year of accomplishments as we have deployed WiseTech Global’s integrated logistics execution platform, CargoWise, across our global network. The CargoWise rollout represents an integral milestone in our digital transformation and the scope of the implementation will cover the freight forwarding product across all Aramex locations. Our unique approach sees CargoWise implemented simultaneously across our global network of 1,200 freight forwarding specialists, spanning Asia, Europe and the Middle East. CargoWise will support Aramex’s freight forwarding and customs operations and enhance the overall user experience for their employees and customers. The launch of CargoWise, through this challenging time in a ‘big bang’ approach, rewriting the textbook on implementing a global transport management system on such a large scale, which is a testament to our agility and speed in responding to the global changing environment. We have shortened the development cycle in years and avoided the landscape of operating a mix of legacy and modernized systems.

The potential offered by the cloud went from being a discussion in the IT office to a strategic boardroom decision. In the very early stages of our transformation, we recognized the need to modernize our core landscape to strengthen our position as an agile operator and a tech enabler in the region. Therefore, in 2020 we kicked off a large modernization program to migrate our proprietary tech with the goal of migrating the entire technology infrastructure from on-premise data centers to Amazon Web Services (AWS) in order to increase agility, security and speed of innovation. The modernization initiative will migrate our Express Operational core system to a microservices architecture leveraging cloud native technologies. This program will allow greater flexibility to scale faster in the ever-changing logistics industry, and also enable us to modernize our solutions to match our predicted growth trajectory. With this change, we strengthen our vision and position ourselves in a leading role to shape the future of logistics.

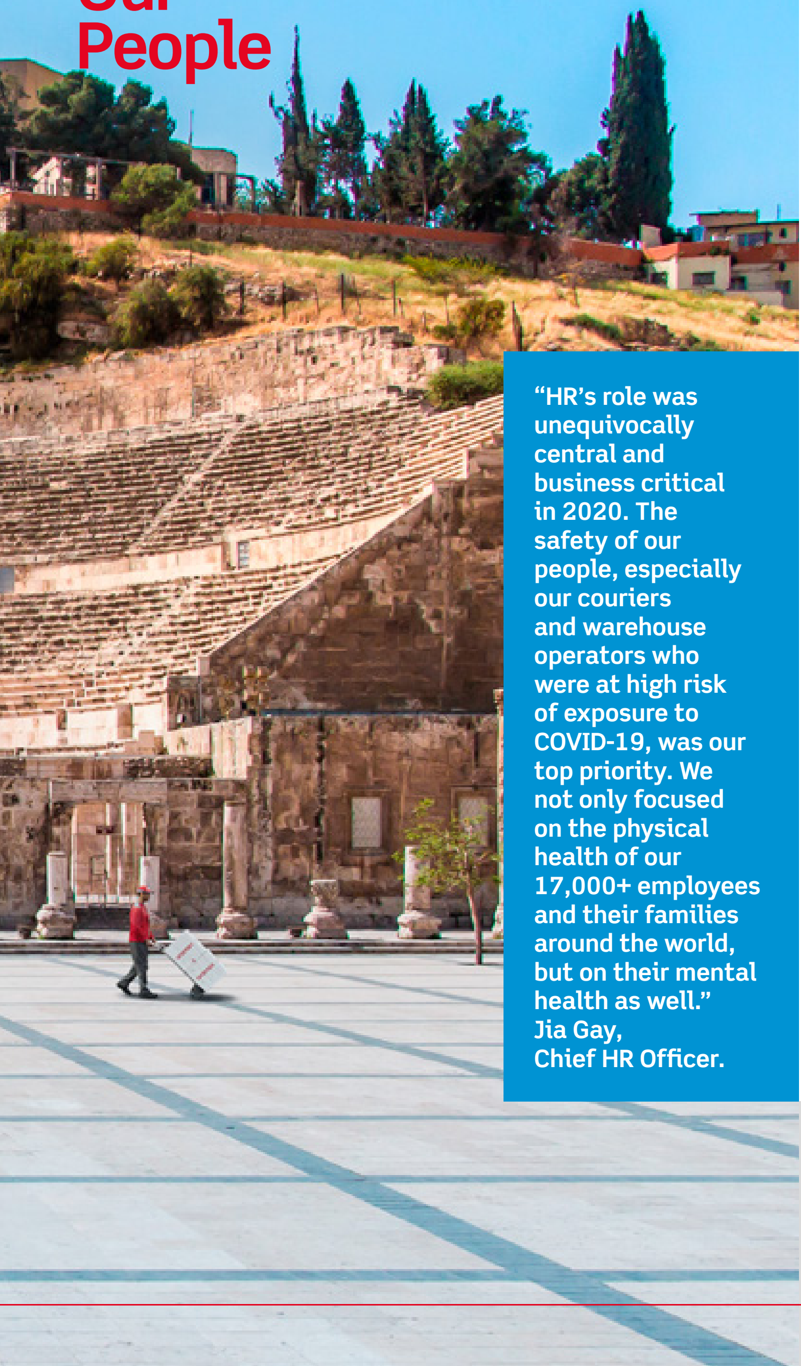
2020 has also seen our expansion of Big Data lake, which is really a corner stone in our digital transformation strategy, Leveraging the power of AI and ML we were able to rapidly achieve results and have seen some incredible transformations, we have been to geocode almost 85% of the descriptive addresses in some of our core markets like Saudi Arabia and UAE, where we have the biggest last mile infrastructure, in order to enable the driver journey, and we have seen an increase in the out for delivery success rates as a result. We’ve also been able to accurately and dynamically predict transit and fulfillment times, which we are exposing in our digital touch points in real time reducing the customer service calls by about 40% overall.

Data has become a real competitive edge for Aramex, and we believe Data will continue to drive a lot of how we approach our business processes, and with the increased dependency on data in an AI driven world, machine learning capabilities will be key to our success in the future. Scalable infrastructure, and superior customer experience will continue to be our top priority. Ultimately, being competitive in the T&L industry has never been more complex, and staying profitable comes only with true technology-driven efficiency. And luckily, new innovations in AI and ML are providing Aramex a huge advantage and access to advanced tools needed to solve their biggest problems that the last mile industry is facing today.

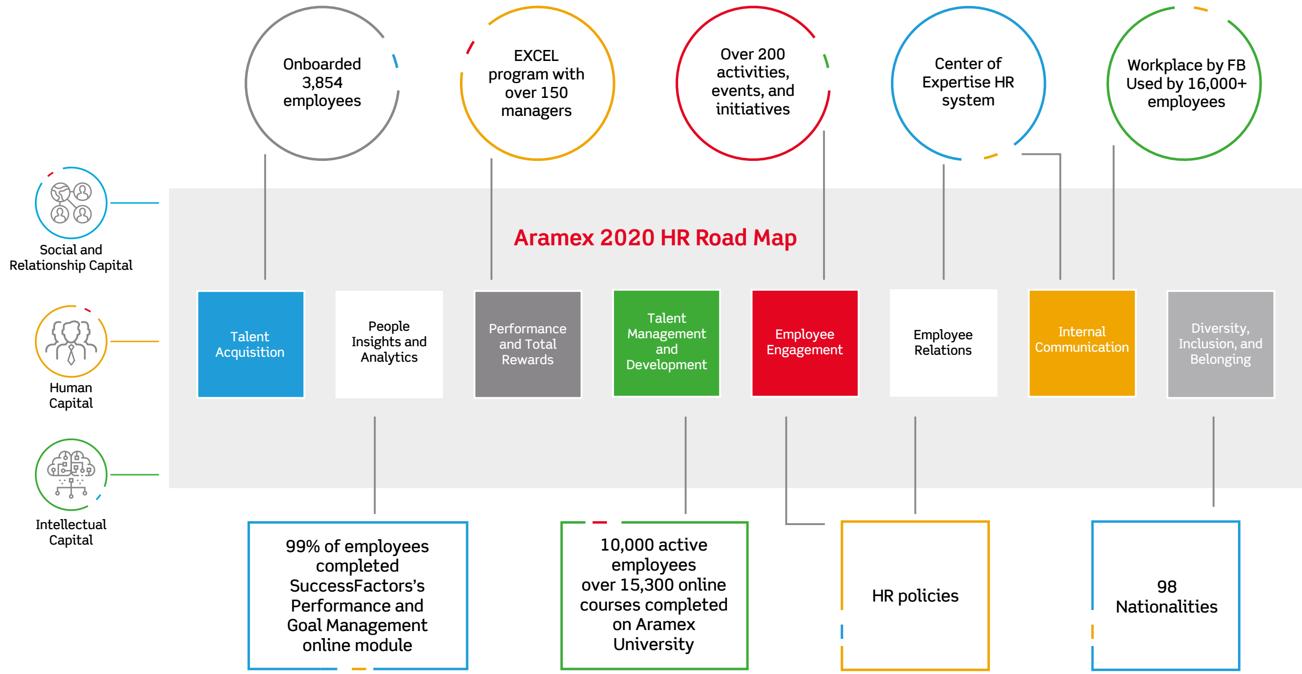
> “The pandemic proved that our investment in building a strong digital backbone was necessary, reaffirming our need to continue our aggressive enterprise transformation strategy to address the disruptions caused by the pandemic and future proof our business. Doubling down on our digital transformation efforts will continue to be one of our strategic priorities, which will provide a greater opportunity to achieve profitable growth through technology-driven efficiency.”
>
> **Mohammed Sleeq,**
> **Chief Digital Officer.**

Our People

Our People



"HR's role was unequivocally central and business critical in 2020. The safety of our people, especially our couriers and warehouse operators who were at high risk of exposure to COVID-19, was our top priority. We not only focused on the physical health of our 17,000+ employees and their families around the world, but on their mental health as well."
Jia Gay,
Chief HR Officer.



The year 2020 brought the HR function front and center, enabling our business strategy, ensuring continuity of the business operations, and driving a culture of resilience and agility.

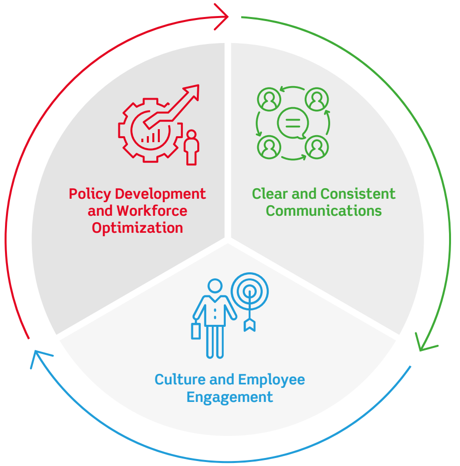
The Pandemic and the Future of Work

The COVID-19 pandemic has disrupted global businesses across every industry, and HR has been at the heart of it. At Aramex, our people-first culture enabled us to quickly and effectively adapt our HR processes to the New Normal and take some significant steps forward to make sure our people are safe, healthy, and engaged.

HR joined forces with the Risk and Compliance team to create a Crisis Management Team that laid the foundation of all the necessary Health and Safety measures to ensure employee wellbeing and safety.

This Global Crisis Management team was responsible for providing timely, accurate, and consistent information and guidance to all relevant stakeholders across the network. The local teams were empowered and responsible to scenario plan, manage employee rotation schedules, office closures, work from home arrangements, and the impact of COVID-19 on the employees and the business.

The COVID-19 Pandemic Plan was a three-pronged strategic approach to ensure consistency and accurate of information and process across the entire network.



• Policy Development and Workforce Optimization

The cornerstone of the strategy was to ensure organizational health and resilience through policies and initiatives that supported and enabled productivity, cost containment and sustained economic viability of the business.

During the pandemic, we put new practices in place to guide the organization. We fast-tracked the launch of the global Flexible Working Policy giving our teams greater flexibility to balance work, life and the impact of the pandemic. This policy has innovative, future-forward guidelines to help team members focus on outcomes, deliver quality work and business goals, be productive, and stay motivated while physically apart from their teams.

Other areas of Employee Relations also included the following:

- instituting mandatory work-from-home or remote work policies where possible
- using standard sick leave, extended sick leave, vacation time, paid time off, unpaid leave, or flex-time policies
- offering remote working options, adjusted schedules or time off due to school closures, child care
- communicating employer-sponsored insurance and other relevant benefits

To ensure accuracy in reporting the COVID-19 cases, we also launched a centralized COVID-19 reporting portal across the network to give the Crisis Management team better visibility, improve consistency of processes, and evaluate readiness to the impact of the crisis.

• Clear and Consistent Communications

Inspiring communication was central to making our people feel safe, connected, and engaged during this unprecedented time. The aim of our internal communications strategy was to share regular, consistent messaging and create a transparent and unified approach across the network to keep our teams updated on our actions and initiatives on the ground. Our strategy of inspiring communications started right at the top with new leadership communication routines to drive urgency, transparency, and empathy to support our employees and assure them that we are "stronger together".

We launched a new HR COVID-19 site – a one-stop platform to communicate the COVID-19 policies, guidance, procedures, and best practices. Furthermore, to ensure our line managers were equipped to enable positive change to the transition of a whole new organization culture, we supported them with customized Communications Toolkits, including FAQs and line manager guidance to ensure global messaging were cascaded consistently across our diverse regions and countries.
Our new ways of working were further explained in a comprehensive communications campaign, 'The New Normal'. This internal campaign consisted of the global level guideline document, posters, and digital content to communicate the Healthy and Safety guidelines, tips, and best practices across the network. Over the year, this communication plan to strengthen Health and Safety measures and protocols was further amplified with our engagement campaign COVID #ResponseAbility to drive greater adoption and understanding of 'The New Normal' guidelines through gamification and engaging content across the network.

Additionally, we provided safe channels of feedback through our Wellbeing surveys to promoting open dialogue and direct communications channels between all levels within Aramex. We conducted three Wellbeing surveys from April to November, where we got feedback from our employees on how they were feeling and insight on the impact of the actions and initiatives implemented, globally and locally.

With teams working on-ground and from home, we also utilized several other digital platforms to keep our teams informed and up-to-date with the COVID-19 health and safety measures. We partnered with Knowingo, a smart mobile learning App, to gamify COVID-19 information on hygiene, safety, and health measures and precautions in an engaging and innovative way. In addition to Knowingo, we also used the Workplace by Facebook, our internal communications platform, and for the ground couriers, we used their operations app to disseminate regular COVID-19 information and updates.

• Culture and Employee Engagement

At Aramex, our people and their wellbeing and safety was a top priority during the pandemic. The knowledge and insights we received from the employee pulse Wellbeing surveys informed actions we took for greater engagement and wellbeing.
We launched five Wellbeing webinars on Building Resilience, Managing Self in an Uncertain Situation, Managing Burn-Out, and Supporting and Engaging Teams Remotely. We also launched several campaigns on our internal communications platform Workplace by Facebook to focus on mental and emotional health and wellbeing with fitness hacks, wellness tips, best practices and fitness challenges.

The details and actions of the Wellbeing survey were shared with all employees. Station and HR leaders organized regular check-ins with team members to follow-up on the survey feedback.

The Executive team engaged in regular Team Resilience activities to strengthen personal wellbeing and internal team dynamics.

HR Roadmap and Strategy

Through 2020, we continued to build on the success of the previous year with enhanced HR initiatives to meet the demands of today's evolving and agile workplace. With our goal to maintain a position as an industry-leading business and employer, further automation and digital transformation in key aspects of the employee experience was paramount.

Talent Acquisition

At Aramex, we believe that our people are at the center of our vision and strategy. In our transformational journey, we want to build a business that is strong for growth now and in the future. For us to be future-fit and ready, it is essential that we continue to attract and retain the best talent.

In 2020, we experienced significant shifts in how talent acquisition staff engage candidates and influence their experience. This was enabled by virtual & remote technology and the automation of key recruitment processes.

We also introduced the SHL (Saville and Holdsworth Limited) assessments to enhance an insightful candidate selection process further. We conducted six customized capability building sessions to support the recruitment team across the network, conduct virtual interviews, have clear and concise information to avoid common technical issues, and have valued, transparent and open channels of communications. Our team has virtually onboarded over 3,854 and the team is geared up with a strong pipeline of candidates to meet the new demands of the growing business. These efforts have been essential to continue strengthening our position as an Employer of Choice.

The Aramex Employer Value Proposition and Employer Branding has been a vital component of the Talent acquisition strategy. Now more than ever, it helps us showcase our company culture to attract and retain top talent. We moved forward with the creation and execution of the new Employer Value Proposition (EVP) that represents the values and culture embodied within Aramex. The main EVP promise and themes were launched across internal and external social media channels.

As a result of our efforts to bring our EVP to life, we are proud to announce that Aramex qualified by LinkedIn as a Best Performing Brand of the Year 2020 in the Middle East and North Africa region.

Our EVP statement in full

Passion to Perform

At Aramex you'll find a level of commitment to deliver for our customers and for each other that few other companies can match. This means you can rely on your colleagues to strive for excellence, deliver on their promises and share pride in the results you achieve together.

Power to You

At Aramex you'll find a can-do attitude that underpins our people's ability to take the initiative and find the right solution whatever the challenge. This means there will always be opportunities to make a personal impact and contribute to our shared success.

Room to Grow

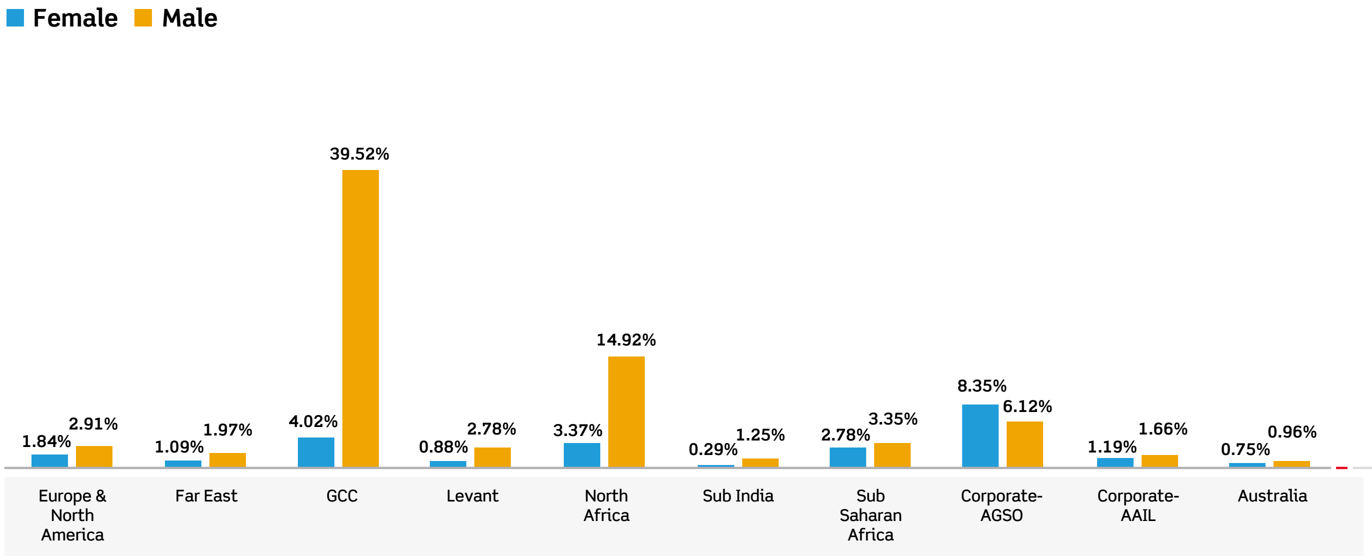
At Aramex you'll find many opportunities to learn from experience and supportive colleagues. This means, if you get stuck in, you'll feel increasingly prepared for any challenge, redefine your limits, and create a strong foundation for your future career.

Shape Tomorrow

At Aramex you'll find a progressive Company embracing the power of fresh thinking and technological innovation to transform our business and drive sustainability. This means whatever your role you'll be invited to share your ideas and help us shape a better business and a better world.

To strengthen our position as an Employer of Choice in our core markets, our team launched a new signature internship program named 'Qeyadi', which is a management trainee program that provides accelerated career paths and development for high potential local talent in the UAE. The team used several recruitment opportunities like career fairs and conducted local station level career days to attract key talent to join our teams. Through this process, we hired 6 UAE Nationals and 4 Saudi Nationals to join and support our diverse teams across the globe. This initiative is closely linked to the UAE and Saudi Arabia Nationalization agenda and showcases our continued commitment to empowering high-quality talent in communities we operate.

Joined - 2020



Performance and Total Rewards

In 2020, as we continue our journey to strengthen the HR strategy pillar of driving a high-performing culture and our compensation competitiveness ensure the attraction, retention, and motivation of key talent across the organization. The framework for our compensation competitiveness is now also closely aligned with our talent planning discussions. We reviewed internal compensation competitiveness by gender and grade to ensure that compensation is fairly administered and safeguards our commitment to equal pay for equal work. We are committed to equality and fairness based on equal pay and work at various levels and in multiple countries throughout the business. More information can be found in the Annex page 44

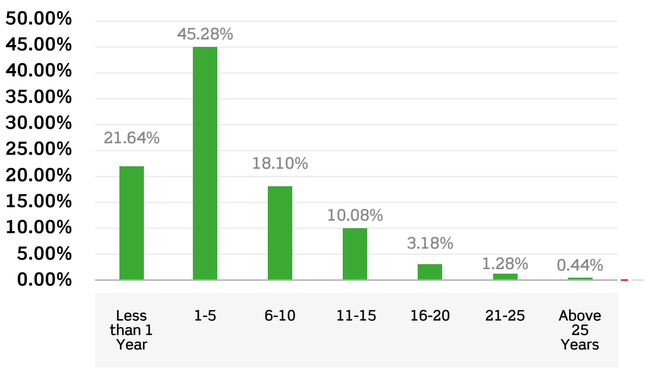
In 2020, to continue our journey of supporting a high-performing culture, we enhanced and relaunched our Performance Management program under the banner 'Enabling Peak Performance' at the start of the new year. This was intended to differentiate performance through clearly defined SMART objectives/ key performance indicators, closely aligned with our Aramex strategy.

To ensure our people had greater visibility on our strategic goals and made sure their individual performance is aligned to the strategy, we conducted periodic training for line managers to empower them to lead the KPIs for their respective teams. Compared to last year, over 99% of our employees (targeted system users) entered their goals into SuccessFactors's Performance and Goal Management online module. This is an 34% increase since 2019 and supports our commitment towards creating challenging objectives and ensuring accountability for our results.

Through 2020 and the pandemic, having a robust Performance Management program enabled our line managers to have regular employee conversations and check-ins, jointly set priorities, initiate individual development plans, and effectively support the changing business needs. The transparency linked to employee goals and business priorities has helped us maintain agility and flexibility across the network while creating a high-performance and productivity culture.

People Insights and Analytics

Years of Service



In 2020, we witnessed the importance of data-driven decision making to enable our teams to support the attraction and retention of talent across the organization. During the pandemic, we had to think digitally across the employee lifecycle to ensure we are ready to onboard, train, develop, and engage with our teams. We have multiple ways of keeping our people motivated and up to speed.

The SAP platform allowed us to customize and create the company's HR foundation for the future. The SAP SuccessFactors platform enabled our performance management adoption and provided swift access to the system to perform continuous performance reviews and update their KPIs and goals at their convenience.

We wanted to ensure that learning is an ongoing process for our employees, therefore in Q3 of 2020, we accelerated the launch of our Learning Management System, 'Aramex University'. The platform is now available to over 10,000 employees and received significant adoption with over 15,300 online courses completed by our employees throughout Q4 of 2020.

We also rolled out an automated employee 360 review tool process housed in SuccessFactors for team members, their continued feedback, and development. We had over 300 reviews launched through the platform by Q4 of 2020.

Talent Management and Development

In 2020, we focused on our succession planning efforts by identifying and re-assessing our critical roles talent and ensuring that we had successors identified for critical roles. These succession plans are now documented on SuccessFactors giving HR and leaders clear visibility to talent across the network. This effort started through the collaboration with SHL (Saville and Holdsworth Limited) to run assessment centers with our Executive team and assessments with 147 of our senior leaders. Calibration meetings were conducted across the organization covering all senior roles which enabled us to have a holistic approach to our succession planning. We have identified our critical roles and are well set up with successors to ensure future business continuity. Our efforts to drive a global approach were facilitated by the digitalization of the program through SuccessFactors, all information is now collated into one source, providing accessibility and visibility of talents irrespective of their physical location.

Learning and development (L&D) is an integral part of the HR agenda. Another vital aspect of the L&D agenda was the quick shift to digital, and easily available virtual learning programs and opportunities. Our L&D teams on the ground adapted to the virtual instructor-led sessions and digital opportunities to support our teams learning needs as we transitioned to remote working.

A key milestone was the relaunch of the new learning management system (LMS) – Aramex University. The team led the change management communication and training of the platform to employees across the network. Furthermore, the team also developed a comprehensive catalog of learning material to support our people with learning opportunities, giving employees the freedom to learn at their own pace. We aim to become an organization where learning is embedded into every role on-the-job or online – and where relevant and effective training is available to our people when they need and want it. The LMS platform is now available to over 10,000 employees across the network.

A.

Total Training Hours

60,439
Hours

B.

Training hours per employee Female Vs male

Female	Male
31,805	28,634

Grand Total
60,439

C.

Training coverage percentage

Ground Couriers
59%

Overall
74%

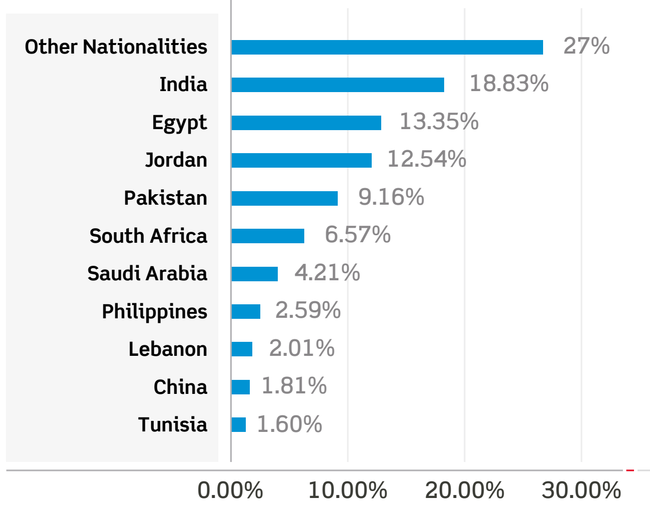
Another big focus for 2020 was leadership development. We globally rolled out the EXCEL program for over 150 first-time and/or front-line managers. With the peak of the pandemic, this program has transitioned from a face-to-face to a virtual instructor led program helping leaders understand by clear goals, nurturing focused teams, and strengthening two of our leadership competencies, those of Leading People and Leading Results. Our signature executive leadership program called LEAD was launched in partnership with the American University of Beirut for 44 leaders across the organization. Our focus for this cohort was to strengthen the Leadership capabilities in a fast-paced, changing environment, enabling change, fostering cross-functional collaboration, and innovation.

We also continued our learning and development focus on customer-facing roles such as Ground Couriers, Sales, and Customer Service. We aimed to create motivating and engaging learning experiences that resulted in greater customer satisfaction. The team relaunched the Ground Courier onboarding process, with a stronger emphasis on speed to market and efficiency. We also launched monthly Red Pride Day across multiple countries for our Ground Courier and operations teams. This interactive engagement session includes a learning opportunity, recognition by team leaders, and briefing around key news and announcements in their locations.
To keep our teams up-to-date with all the new learning in their respective functions, L&D also developed bespoke e-learning programs and micro-learning opportunities to cater to select functions and their changing business needs. We also focused on building capabilities within the HR community, with a series of technical online modules designed to upskill our team to support the business.

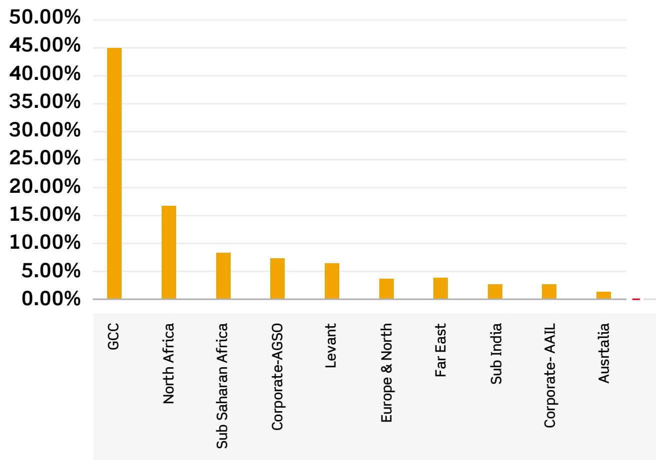
Employee Engagement
In 2020, we further strengthened our engagement journey to tailor campaigns and customized content across the network. We recognize the importance of making information and initiatives inclusive and relevant to our diverse team.
To continue being an employer of choice, we needed to understand how our employees experienced Aramex every day. The survey held in January 2020 was conducted to encourage employee listening and understand the key drivers of employee engagement. We were encouraged by an overall 2-point increase in the organizational health survey from the prior year. We assigned cross-functional teams from across the network to lead seven critical workstreams focused on addressing areas of opportunity resulting in new initiatives and programs.
Aramex needed customized engagement initiatives to address complex needs on a local level. As a large, multi-faceted business, the plans required to be flexible to offer relevant experiences with one unified message around the themes of recognition, performance management, work environment, direction, and leadership.

Diversity, Inclusion, and Belonging
Becoming a truly diverse and inclusive organization – a place where everyone feels they can bring their best self to work – is a priority for us. We see the inclusion of our people, ideas, and perspectives as directly linked to our long-term success and core values.

Nationality



Region



Nationalities breakdown

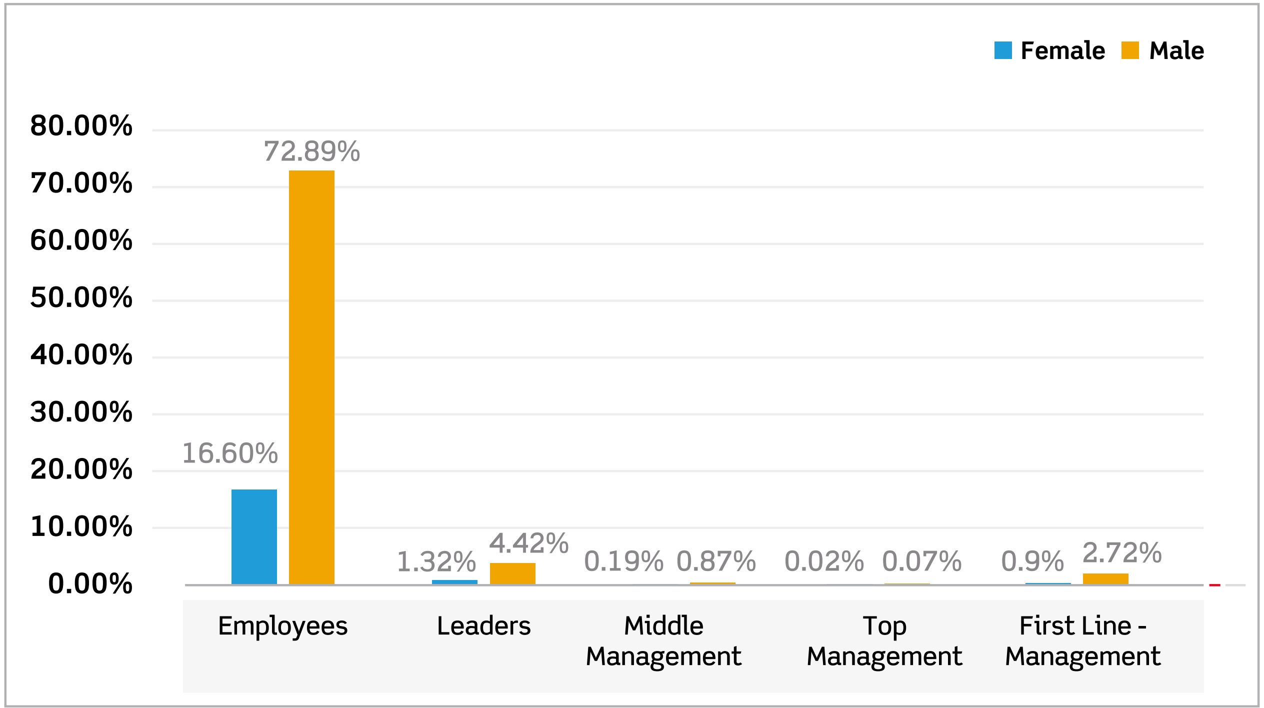
By gender With GC

19% Female – 81% Male

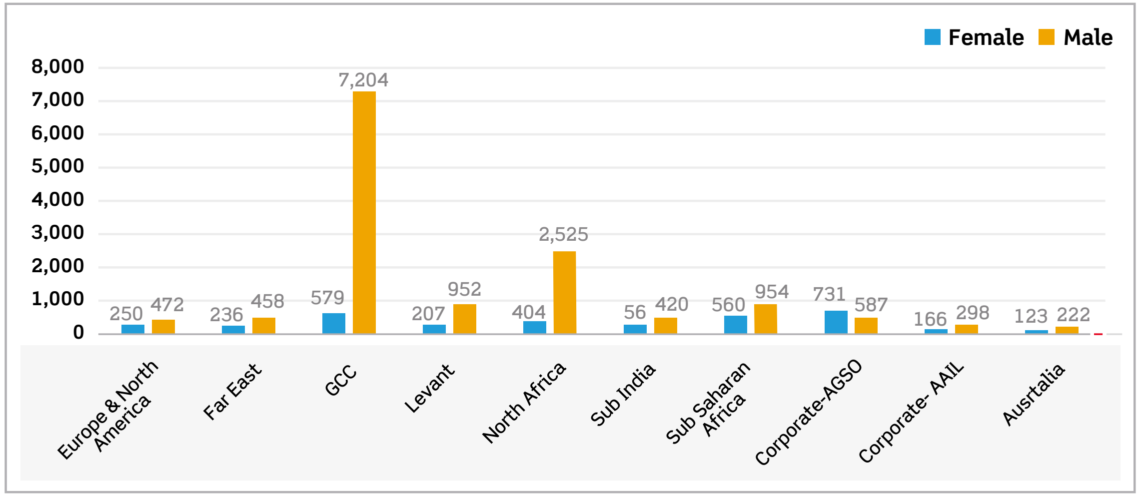
Without GC

24.8% Female – 75.2% Male

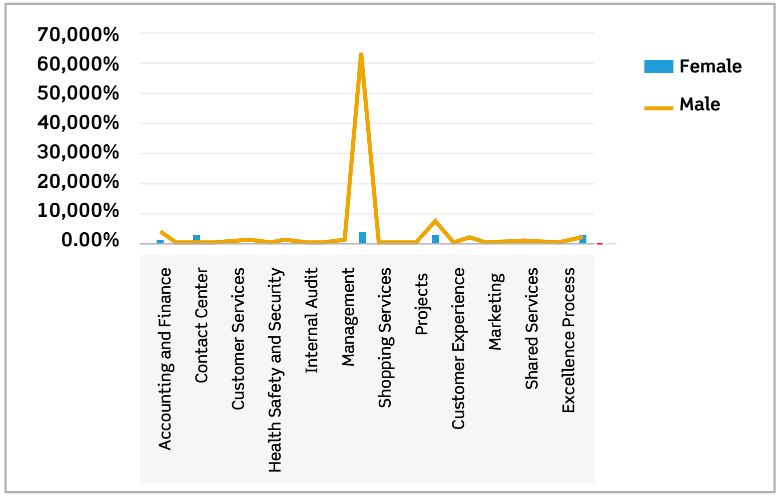
Level of management male Vs female



Region and gender

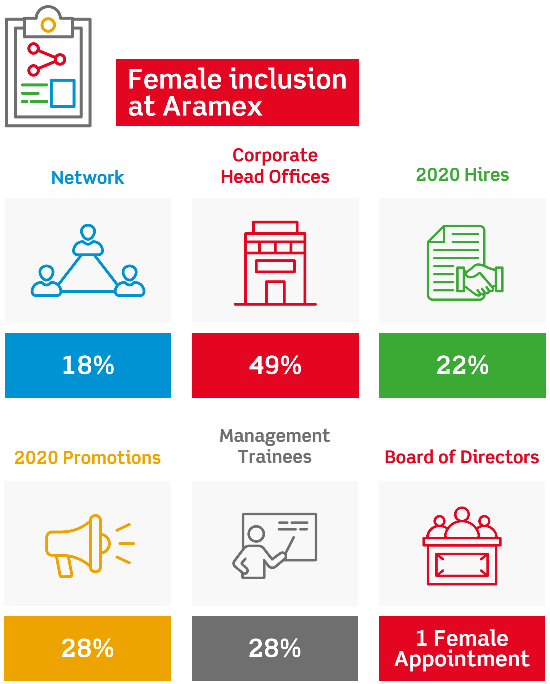


Team and gender breakdown



Region and gender

Given that our industry heavily relies on Ground Couriers and warehouse workers, in many of our key markets, that profession is male-dominated. Our gender breakdown is as follows: Gender Female 19% Male 81%. To encourage a more balanced representation of women within certain functions, we are providing targeted exposure and development opportunities for women to progress their careers in the organization.



We have also launched flexible working options across the organization. We recognize the importance of supporting working parents and have launched a global paid paternity leave policy allowing all male employees a minimum of 3 days' paternity regardless of where they are based. We also offer enhanced maternity pay and childcare benefits in certain core markets. In 2020, 100% of new mothers who returned to work following their full maternity leaves.

We are building awareness around our confidential and safe 'Speak Up' platforms to highlight our zero-tolerance policies for discrimination, harassment, and bullying on any grounds, including gender.

We continuously ensure that our policies, practices and compensation are aligned with our commitment to fairness in the workplace.

Furthermore, we have also been working to remove bias and stereotypes from our culture so that employees can be themselves at work. We launched several diversity and inclusion campaigns in recognition of International Women's Day, World Diversity Day, World Inclusion month, and the celebration of national days from across the communities we operate. Additionally, we provided internal and external networking and career development opportunities for women. Over 22 female leaders globally were invited to participate in the women's leadership and development conference, 'Break the Ceiling Touch the Sky'. Moreover, we strengthened female representation in our signature leadership development programs like 'LEAD', and 'EXCEL'.

Finally, we launched our Knowledge Sharing Community of Practice, 'Lean in Women', which provides a platform for networking and self-development.

Women senior management

Employee Relations

Employee Relations continued to focus on creating and delivering people practices that develop and maintain positive working relationships. The team developed and launched the Global Employee Handbook with clearly defined principles and guidance around our HR policies that apply to our people across the network. The Global Employee Handbook is inspired by and embodies the Aramex vision, mission, and values, aiming to drive greater consistency and awareness of global HR policies and procedures across all aspects of the employment lifecycle. In addition to the Global Employee Handbook, we also launched the HR Hub, our one-stop platform for employees to find and access HR policies easily and to further enhance the employee experience.

The team also helped strengthen the legal compliance within the HR function, acting as the Center of Expertise on employment law matters, ensuring that such matters are managed in a way which protects the general interests of all parties.

One of the key actions linked to the process was driving consistency and improvements to the organization's current key policies. The team enhanced and relaunched global policies to drive better synergy and uniformity to the local practices and procedures. Relaunched policies including the following:

Aramex Enable

To ensure employees are given the support and opportunity to enable them to achieve and maintain appropriate standards of performance at work.

Grievance Policy

To provide a channel for employees to raise problems, complaints or concerns relating to their employment and to have them dealt with in a timely, fair and consistent manner.

Training Policy

To set out the philosophy we take to employee training and development to ensure that each and every employee takes part in a properly structured training process.

Recruitment Policy

To provide a framework for the recruitment and selection of employees and communicate the guidelines for internal talent movement, built on our commitment to equal opportunity.

To ensure our people are aware of our HR policies and perform with integrity and in line with our Aramex values, we launched communication campaigns to improve engagement and awareness. This included our '**Get Ahead with Flexible Working' campaign and our most recent campaign #YesToRespect,** which was launched in November 2020 to highlight World Tolerance Day. The campaign highlighted our zero tolerance for harassment, bullying, and discrimination and is aimed at encouraging a Speak Up culture within the organization.

Internal Communications

In 2020, Aramex launched a new HR Center of Expertise (COE), Internal Communications, which played a crucial role in building trust, transparency, enabling our transformation journey. This COE focused on driving a connected, engaged culture to achieve business goals aligned to Aramex's Vision, Mission, and Strategy.

With the backdrop of the COVID-19 pandemic, this COE played a critical role in supporting our leaders to build trust through regular business and organization updates. A vital part of trust in leadership is transparency, where employees have visibility into what is happening within the organization. This was further amplified with new communication routines to

cultivate authentic conversations, driving greater synergy and agility within the business. Our regional leaders also led connect sessions with teams providing relevant regional level updates, reinforcing the company direction and values.

The team recognizes the need to create an engaged and motivated culture. Based on feedback from the OHI survey, this COE developed and launched an engagement and communications calendar designed to provide full visibility to the HR community and excellence in the execution of our local and global engagement initiatives.

Finally, in 2020, the team amplified Workplace by Facebook, our global communication platform, to drive a high-performing Aramex culture. Workplace will serve as one connected communications platform to drive our Aramex vision and strategy, broadcast consistent messaging, break down silos, and give accessibility and visibility of information to all desk and deskless 16,000+ team members.

Sustainability

Sustainability

Sustainability at Aramex in 5 words:
Holistic
Impactful
Stakeholder-centric
Dynamic
Proactive

Aramex boasts a 40-year commitment to sustainability, exemplified by embedded and integrated activities in addition to external collaboration, partnerships, and initiatives.

Our sustainability strategy is holistic and forward-looking, an approach that allows us to continuously measure and evaluate our performance against clear goals that we set for the medium and long term. As part of this, we undertake a partnership and investment model as opposed to a philanthropic approach, fostering longevity and transparency within our community relationships.

In addition to our commitments and milestones with our operations, this section elaborates on our core pillars, approach to sustainability and stewardship of the environment, as well as share with you the highlights of our initiatives and partnerships.

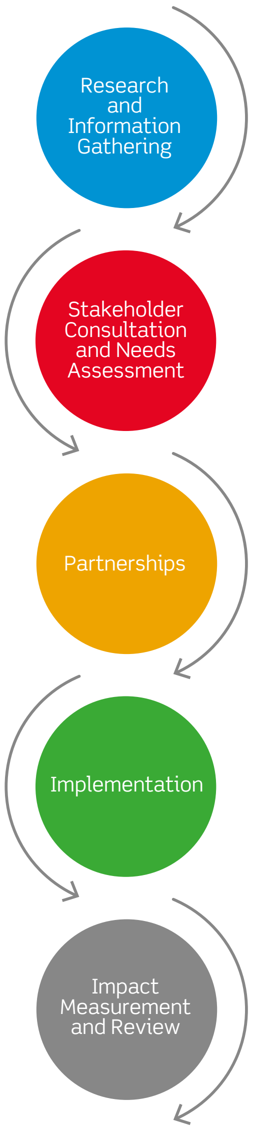
Our Delivering Good strategy is in line with the United Nations Sustainable Development Goals, and the UAE visions and strategies of 2021, 2025, 2030, 2050 and 2071.

In 2020, we increased our beneficiaries base by 200% reaching 356,419 beneficiaries, made up of community members, students, youth, and children, extending across 40 countries. This translates to 94% sustainability coverage

Our approach is the proactive stewardship of the Six Capitals - 1) Natural, 2) Human, 3) Social and Relationship, 4) Manufactured, 5) Intellectual, 6) Financial. By closely monitoring our operations allows us to understand and manage the flow of these capitals, their interdependencies, and their interaction with the greater economic, social, and environmental systems.

102-12, 102-21, 102-29, 102-31, 103-1, 103-2, 103-3, 203-2, 413-1

Sustainability process graphic

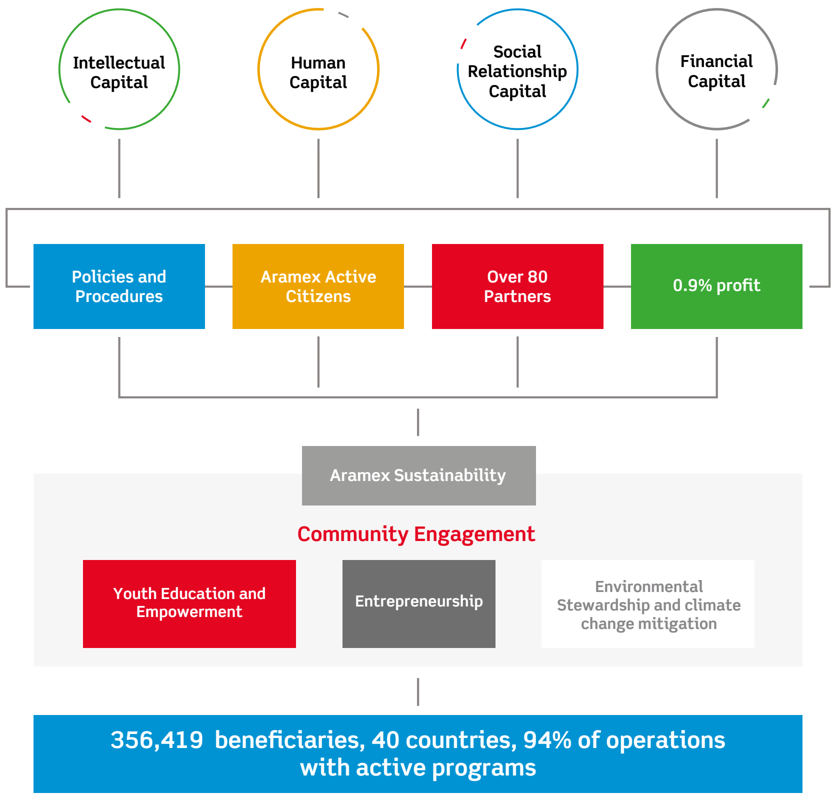


> **"We strive towards sustainability solutions of varying temporal and spatial scales, which extend beyond the immediate term and geographical borders."**
>
> **— Raji Hattar - Chief Sustainability Officer**

Aramex Active Citizen

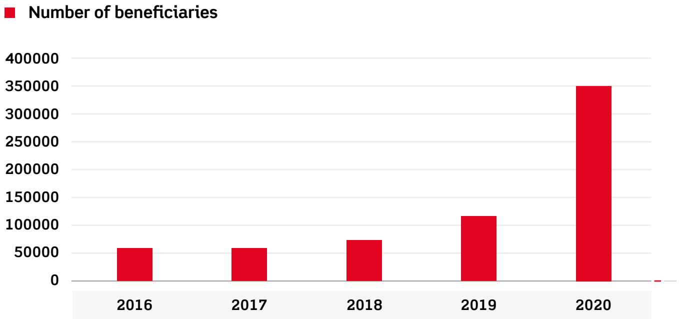
Our employees are central to our sustainability vision and goals. We actively engage employees in our initiatives and encourage and support them to initiate or join existing project or partnerships through our Aramex Active Citizens Program, which allows employees up to 4 hours a month of volunteer hours during the working week.

Sustainability pillars



We utilize our intellectual, human, and financial capitals to support youth, entrepreneurs, and environmental initiatives as part of our global sustainability strategy, thereby increasing shared value, protecting our Natural Capital, while fostering and investing in our Human, and Social and Relationship Capitals as part of the greater community. We believe these values will continue to create value and enhance community development.

Aramex Sustainability Beneficiaries 5 year Performance



Community Engagement

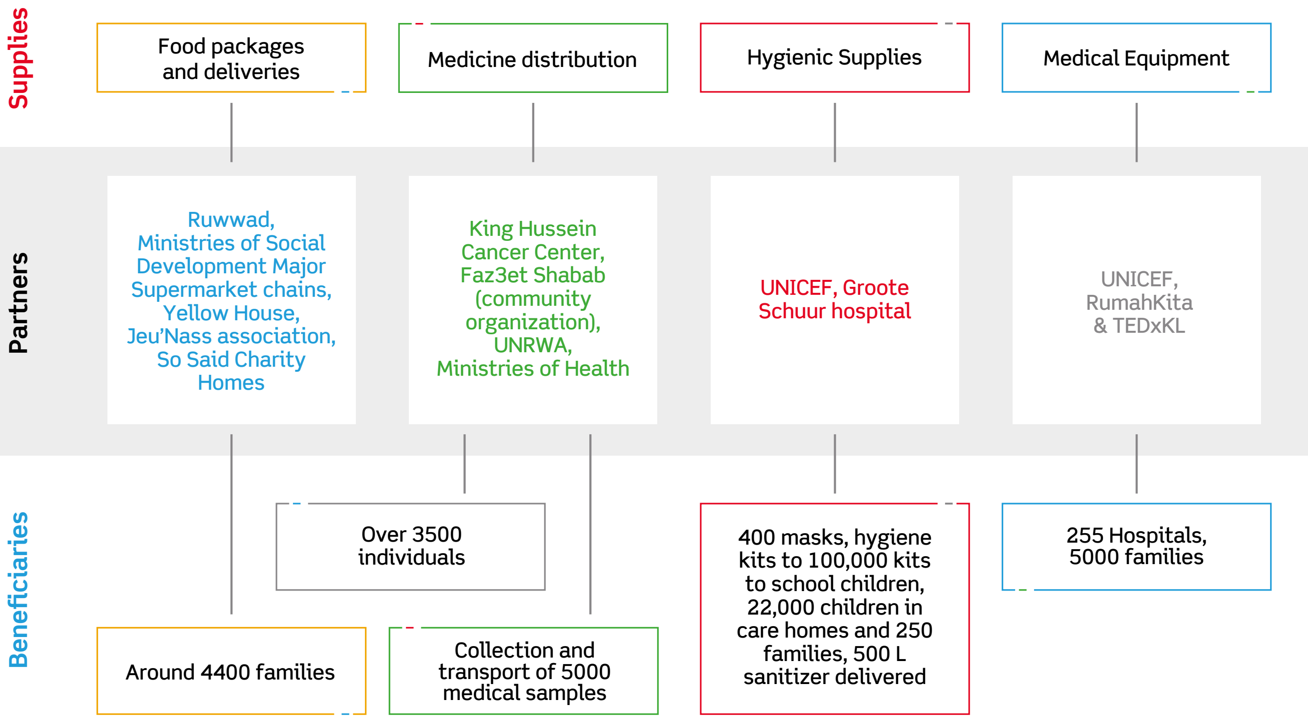
Our communities are integral stakeholders, we ensure that each initiative, collaboration, or project centers around its respective community, whether through our employees' active citizenship, or through our three core pillars, the community is always front and center.

2020 Community Engagement beneficiaries

82,775 community members (families, women, and men)
222,085 children

2020 was marked by the disruptions COVID-19 had on our communities, while the entire world was impacted, some communities were more vulnerable with less access to protection measures. We at Aramex leveraged our operational capacities and human, financial, and social and relationship capitals, to provide necessary relief for communities around the world. During the COVID-19 lockdowns resulted in many families were unable to access food and other necessary supplies, Aramex therefore partnered with the different organizations to deliver food, medicine and other supplied.

COVID-19 response at a glance



Throughout 2020, and moving into 2021, we continually assess the pandemic situation, ensuring that we are able to provide support to communities around the world, while maintaining the safety and health of our people, customers, and community.

These activities would have not been possible were it not for the dedication of our Aramex employees, who exemplified active citizenship and ensured that they engage with their affected community while maintaining the necessary safety measures.

Beirut relief

In addition to the deadly impact of the Pandemic, 2020 also saw the tragic explosion in Beirut which had a tremendous impact on the city. As one of our core areas of operation, we made sure to be front and center in the relief efforts, while ensuring our people's safety, and getting our operations up and running in the most efficient manner.

We worked with the Lebanese Business Council in Abu Dhabi to move 150 tons of glass and 1000 wooden doors to be used for the reconstruction of around 1000 houses. Additionally, we provided UNICEF with 5-tons of plastic rolls used to cover impacted buildings,

Additionally, we facilitated the transport of a 15 tons-chartered plane and 24 containers carrying food and pharmaceutical items from Cyprus to 4 local approved NGO's from Cyprus to Lebanon carrying foods and other essentials for the affected communities. We also partnered with Studio Republic of Lebanese League for Women in Business to provide a 1 ton of food and medication.

Furthermore, Aramex ran a donations campaign with our employees, and we managed to collect more than 65,000 USD which are going to be matched by the company, this amount was transferred to our Lebanon employees to be able to manage the impact of the disaster.

These activities exemplify the Active Citizenship of the Aramex employees, who acted proactively and innovatively in response to the crisis. In addition to the above, over the span of 2 weekends, our couriers were able to use Aramex vehicles to deliver food boxes to families and households in the affected areas.

We encourage community engagement across all our localities, much of these activities are driven by and supported through our Aramex Active Citizenship initiative. Furthermore, part of our work with communities includes utilizing our extensive network, expertise, and logistics and shipping capabilities to provide support to those who need it most. In 2020, we partnered with different organizations that needed logistics support in order to reach families and individuals in need. Below are some of our 2020 community engagement highlights:

Egypt Clothing Banks - updates

Throughout 2020, we continued to build our partnership with the Egyptian Clothing Bank, a. non-profit, non-governmental organization which aims to provide communities across Egypt with cover and clothing. As part of this, Aramex set up donation points within its different donations, these points yielded 15,000 pieces of clothing and 1500 shoes, bags, and home textiles.

Aramex also donated the use of 36 Aramex trucks to transport donated clothing and cover to communities in Port Said, Aswan, and South Sinai.

(You can read more about this partnership in our 2019 report)

Highlights from South Africa

Operation Smile	Logistical Support	+ Cash Donations towards operations
Soul to Soul	Logistical Support	+ Cash Donations for school shoes
Rays of Hope	Logistical Support	+ Household financial support
Vintage with Love	Storage and transport of medical equipment	

Highlights from Morocco

In 2020, we initiated a partnership with JEU'NASS is an Association by, for and with the young people of the working-class districts of Casablanca, with the aim of using cultural and sporting activities as well as humanitarian work, to act against exclusion, violence, rejection, idleness, the risks of recruitment, of radicalization among youth. Due to the pandemic, we had to amend our planned activities, and instead, worked with the association to handout food and supplies to the homeless in Casablanca, reaching more than 100 people over the span of two activities.

Youth Education and Empowerment

Aramex believes that given access to the right tools, youth have the power to transform their communities and their world. We have seen repeatedly that when activated, youth are crucial for fighting for education, against climate change, and human rights. Because of this, we continually invest in the youth, and we see immense returns.

15,007 Youth Education and Empowerment beneficiaries including 110 interns in 2020

Combating COVID disruptions to education

It is no secret that the pandemic had a disruptive impact on education and schooling, especially for those with limited access to laptops and necessary technology necessary for virtual access. Aware of these challenges facing youth, Aramex partnered with Atta Digital in KSA to distribute digital devices to 15000 Students to access online schooling.

Partnership with Injaz

We have had a long-standing partnership with INJAZ, a youth-centered non-profit which focuses on developing the youth's skills in financial education, life skills, business and entrepreneurship, and employment. Throughout this multi-sited partnership our employees also actively volunteer to mentor and train youth on different skills relevant to employment and entrepreneurship. In 2020, Aramex Kuwait continued hosting and mentoring 50 students from Junior Entrepreneurship Program at the American Creative Academy of Kuwait for girls

Ruwwad

In 2020, a total of 426 youth scholars benefited from the youth scholarship funds in Ruwwad's six Community Centers in Jordan, Lebanon, Palestine, and Egypt, and contributed more than 34,210 of community service hours through volunteering and supporting Ruwwad's different programs, operational tracks, projects, initiatives and partnerships.

2020, marked Ruwwad's 15th anniversary; since its establishment, Ruwwad has enabled a total of 1279 youth scholars in East Amman/Jabal Al Natheef, Tafilah and Al Beidha in Jordan, 235 youth scholars in Budrus, Shiqba, Neilin, Qibya and Deir Qiddis in Palestine, 306 youth scholars in Tripoli in Lebanon and 412 youth scholars in Ezbet Khairallah in Egypt, thus reaching a total of 2232 youth scholars, who, in turn, became part of Ruwwad and benefited from the full learning journey where they are able to realize their full potential and become agents of change in their community, and access educational university, college and vocational scholarships to prepare them for work.

Simultaneous to the volunteerism and community service tracks, Ruwwad provides an enrichment program that focuses on dialogue, wellness and business skills with the aim of enhancing critical thinking, open mindedness and respect for diversity and pluralism, and also to prepare youth for work.

This year, a total of 134 youth scholars finished their education and graduated (40 in Jordan, 11 in Palestine, 13 in Lebanon and 70 in Egypt.

After the world was badly hit by the Coronavirus pandemic, the socioeconomic conditions of the citizens in marginalized areas where Ruwwad serves were seriously affected. Food insecurity, lack of access to medicinal services, and poor digital infrastructure were major issues that Ruwwad tried to tackle during the crisis.

Ruwwad, in response to the pandemic, launched several relief campaigns including Jeereh, a neighborhood-based campaign that was launched by Ruwwad youth scholars 7 areas and 18 neighborhoods in the East of Amman, also the campaign Byout Ahalina, which focused on families who are part of Ruwwad community in East Amman and Jabal Al-Natheef to support vulnerable families and those who were severely affected by the negative economic consequences of the pandemic, mainly the daily workers. Through the campaign, Ruwwad was able to successfully reach 1792 families a total of 9766 citizens (Jeereh 4266 & Byout Ahalina 5500).

On the digital support front, Ruwwad launched the "Ruwwad Digital Library", to work as a programmatic component that comes to bridge the digital gap in disenfranchised communities through strengthening the digital infrastructure and enabling access to digital knowledge and learning tools; in parallel to providing digital devices, equipment and tools through a loaning system.

In 2020, in Jordan,125 youth scholars were part of the work contributing to operate despite the national lockdown enforced by the government due to the Coronavirus pandemic occurrence to support the youth's education experience. Under the Youth Program in Jordan, Ruwwad conducted 5 enrichment sessions and helped to develop young people's Business Skills through trainings in Business Ethics, CV Writing, Job Interviews. Project Management, Emotional Intelligence, Labor Law, Career Guidance and Professional Communication, through the support of leaders from Aramex, and other key partner organizations.

As for the Child Program, 599 repeat children participated in the library's various activities, such as academic support, child literature and creative art sessions, summer and winter clubs. 1389 school students were outreached from the neighboring schools through implementing enrichment activities such as creative arts sessions and children literature.
Under the Psychosocial Support programmatic component, 98 adolescent repeats and 132 adolescents were outreached through school activities, the adolescent repeats benefitted from the activities which aim to provide them with a safe and healthy environment to raise their awareness towards themselves and others, and provides them with the best way of how to treat others, and encourage them to become leaders in their own community.

In 2020, under the Community Program, 515 families were supported through different components of the Community Program.

In Ruwwad Al Tafilah, 16 youth scholars benefited from the Youth Scholarship Fund and contributed more than 3062 community service hours to support Ruwwad's different programs.

As for the Child Program, 80 children benefitted from 8 levels of academic support sessions in Science, Math, English and Arabic, and 877 school students were outreached from the neighboring schools through implementing enrichment activities such as creative arts sessions and children literature.

Ruwwad Jordan focuses on four tracks when it comes to projects; the Social and Cultural Protection, Entrepreneurship and readiness to labor market, and Supporting Ruwwad work methodologies.

Under Rawabet Project, activities continued online in 2020, the National E-Forum on Discrimination Against Women in Jordan: "Until When? "was one of the main activities, it was held on Zoom application and gathered more than a hundred of human rights and feminist activists and representatives of several CSOs, CBOs, international organizations and the public sector.
The Forum shed the light on the importance of youth participation in social change & community-based action through Ruwwad model and the journey of Rawabet. In addition to that, the team of Rawabet is building a new manual to be used as a referential document to design, implement and evaluate youth-led initiatives. The manual is adapted to Ruwwad's ecosystem and its youth-based approach.

As for the **Measurement, Awareness-Raising, and Policy Engagement (MAP) to Accelerate Action against Child Labor and Forced Labor** was completed, and the project's intended objectives were met successfully, the main objective was to protect 300 children and withdraw 100 of them from the labor market. Ruwwad successfully protected 513 children from entering into the labor market by providing psychosocial support and other support mechanisms to develop their survival skills. Ruwwad has also successfully withdrew 103 children from the labor market and return them to the educational system.

In 2020, the "Mubaderoon" project, 60 Social Enterprises (SEs) and Social Entrepreneurial Initiatives (SEIs) were selected, and went through a capacity building program, in addition to providing financial grants, along with a mentorship program that aims at providing guidance and coaching to each social enterprise.

In partnership with the Open Society Foundation, Ruwwad concluded the "Community Empowerment Project". The project successfully recruited 15 Community facilitators (CFs) and strengthened their capacities on awareness raising, information dissemination, accompaniment, consultation, documentation and referral to providers of services for abused children and family members.

Throughout the project, Ruwwad successfully designed and launched Siraj Campaign which was led by the Community Facilitators (CFs) to strengthen the community protection practices, the campaign documented 58 cases of abused children and other family members, the CFs conducted 338 weekly training and awareness sessions that targeted 283 community members, covering the topics of Community Organizing, Legal Empowerment, Psychosocial Support, Arts and Theatre.

In Ruwwad Egypt, 129 youth scholars benefited from the Youth Scholarship Fund and contributed more than 10760 community service hours to support Ruwwad's different programs and their community. The youth beneficiaries implemented 6 initiatives that touched the lives of 249 citizens.

As for the Child Program, 103 children benefited from the different activities in Ruwwad's Ezbet Khairallah's Child Development Program, and 81 children benefited from 5 literacy classes with a different format to maintain social distancing measures.

Under the Community Program, 581 individuals were outreached through the community support program in 2020, and more than 270 individuals benefited from the services of the health campaigns in the community.

In Ruwwad Palestine, 51 youth scholars benefited from the youth scholarship fund and contributed more than 4751 community service hours to Ruwwad's different programs and to the communities of Budrus, Neilin, Qibya and Deir Qiddis. Ruwwad was able to reach and benefit 1250 children in 5 neighboring public schools in the villages, 422 repeat children benefited from child program activities including academic support, campaigns, and theatre shows.

In 2020, under the Community Program, 120 families were supported through different components of the Community Program.

In Ruwwad Lebanon, 121 youth scholars benefited from the Youth Scholarship Fund throughout the year 2020, and contributed more than 2262 community service hours, supporting the work of Ruwwad's programs, Projects, and the most important social enterprise imitative "Atayeb Tarablus" Community Kitchen within the Women's Advancement Component under the Community Program.

On Average, 88 youth scholars committed to attend 11 online Dardashat sessions and 9 onsite sessions that covered the following topics; Education, Networking, Entrepreneurship, Technology, Arts, and Awareness.

In response to the Coronavirus Pandemic outbreak, Ruwwad Lebanon, under the Community Program, 64,250 participants were reached out through health campaigns which included awareness campaigns concerning the COVID -19 pandemic and facemasks distribution, 2,031 families have benefited from distributing food parcels through the community help desk, and 15 individuals have benefited from the "Atayeb Tarablos" Community Kitchen catering activities and preparing daily meals.

Internships

We have always welcomed university students to intern at our offices in order to build their experiences and skills. In 2020, we continued our internship program, hosting students from different universities across France, Bahrain, China, Singapore, and the US. However, in response to the pandemic, we ensured that our interns, wherever possible, worked remotely from the safety of their homes, providing them with necessary access to continue their learning.

Sports

While sports continue to be an important component of our youth and community programing, due to the pandemic, activities have been temporarily on hold in order to ensure safety of participants. We hope to resume in the coming year.

Supporting Entrepreneurship

Aramex's is rooted in entrepreneurial ideals, as an entrepreneurial company, we are well aware of the potential for positive socio-economic development through local entrepreneurs and small-medium enterprises. Given our extensive experience and capacity in this regard, we are well positioned to support SMEs and startups through leveraging our expertise, infrastructure, and resources.

Entrepreneurship in 2020 at a glance, **4,226** SMEs from **22** countries

We have expanded our support for entrepreneurs into a full fledge SME Business hub, solidifying its integration within our operations. In 2020, we were able to expand our SME program's beneficiary base by 14%, with entrepreneurs and SMEs from 22 countries, especially, India, KSA, UAE, and South Africa.

You can find more information on our SME Business Hub on page 32, 55.

Environmental Stewardship and Climate Change Mitigation

We have already begun to experience the disruptive impacts of Climate Change on our environment and communities, compounded by increase in resource use and depletion and waste accumulation and pollution. Environmental Stewardship and climate change mitigation are increasingly necessary to maintain healthy communities for us and generations to come. At Aramex, we take the science and threat of climate change and the necessity to mitigate its impacts and protect the environment to heart. We are aware that as a logistics and shipping company, we have an impact on the environment around us. Therefore, we proactively take steps to measure, manage, and mitigate this impact, while also investing in solutions, awareness building, and knowhow.

In 2016, we set the goal of 20% reduction emissions per shipment by 2020, a goal we have now surpassed it thanks to substantial investments in renewable energy, electric vehicles, and awareness building on energy use.

Renewable Energy

In 2017 construction was completed on three solar energy production sites, one in Jordan with the capacity of 1 MwH, and two in Dubai with a combined capacity of 5138 MwH.

Amman, Jordan	1 MwH capacity	5138 MwH produced in 3 years	3500 tCO_2 emissions avoided
Dubai, UAE	7 MwH capacity	11997 MwH produced in 3 years	3500 tCO_2 emissions avoided

In 2021 we are planning to add more sites in UAE, Jordan, KSA and Egypt.

Electric Vehicles

Since 2017, Aramex has been testing and adopting electric vehicles as a greener alternative to its fleet. Currently, Jordan has 10 electric vans. We plan to continue introducing EVs into our fleet, both in Jordan and in KSA, UAE and Egypt.

Carbon emissions*

Year	2012	2019	2020
Emissions (tCO^2e)			
Scope 1	37,100	56,769	59,334
Scope 2	22,885	42,501	39,326
Scope 3	456,306	651,747	628,684
Freight	374,466	390,745	364,680
Express	61,034	233,891	251,438
Commuting**	19,806	26,522	12,430
Business Travel	1,000	589	136
Total Emissions	516,291	751,018	727,334

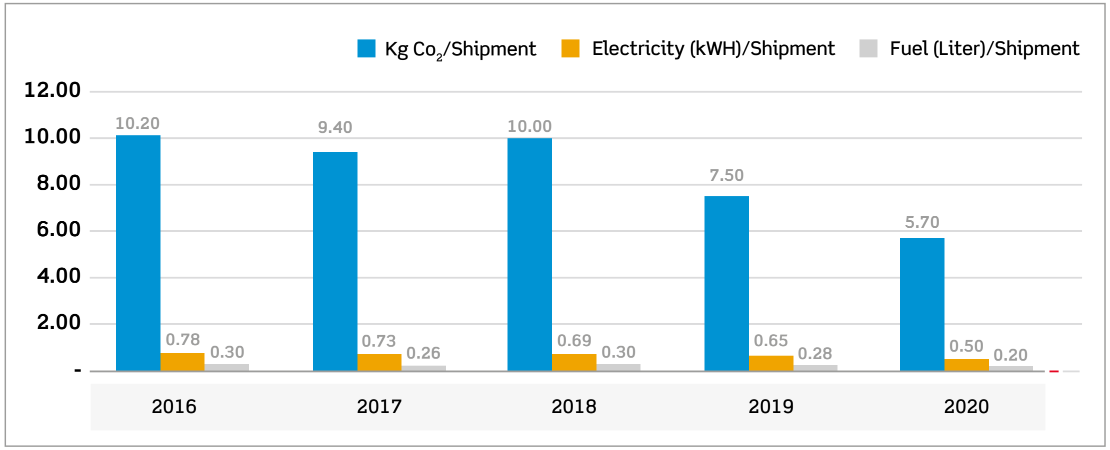
* Calculation according to GHG protocol template 2012, Stationary combustion version 4.8, GWB 2014 IPCC fifth assessment report. HFCs, PFCs, SF6, NF3 emissions are not included in calculation.

** this number wasn't audited due to lack of information and it was estimated

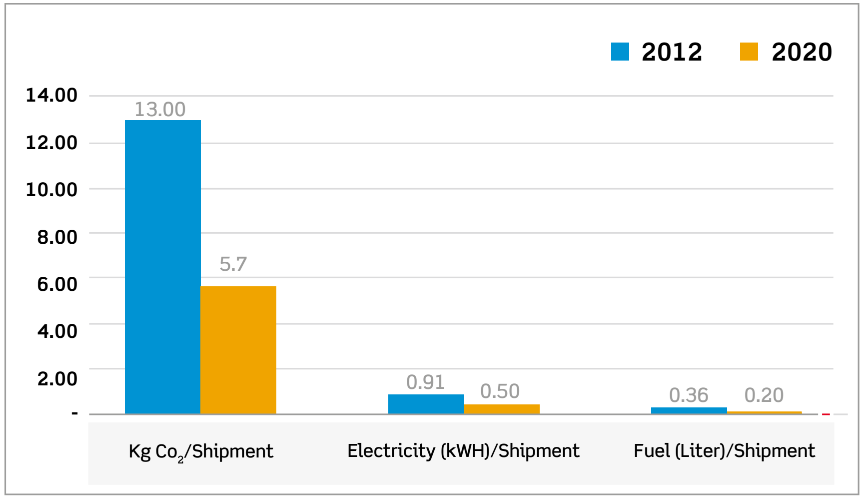
Carbon Intensity

In addition to measuring our carbon emissions, we also assess our Carbon Intensity, which refers to amount of carbon emissions per unit of economic output- in Aramex's case, that is per shipment. By calculating our Carbon Intensity, we are better equipped to adopt science-based targets and assess opportunities for carbon offsets and reduction as part of our sustainability strategy.

Five Year performance



2020 vs. base year 2010



Environmental Initiatives

We continue building awareness of our employees on environmental issues through different trainings as well as encouraging initiatives within our stations. Our employees actively observe Earth Day and Earth Hour and participate in tree planting, clean-up, and energy conservations initiatives. Due to the pandemic, our employees observed these significant days from the safety of their homes and were encouraged to adopt ecologically friendly measures at home.

Precautionary Approach (102-11):

Additionally, and in adherence to the UNGC Principles, we ensure that we apply a precautionary approach to environmental challenges. This involves systematically assessing, managing, and communicating risk related to the environment across our operations and to our stakeholders, including the measurement and assessment of our emissions (more details above and on page 76 which outline our reporting process).

Furthermore, we collaborate with our Health and Safety and Compliance and Risk Management functions to ensure that environmental risks are included in our assessments and appropriately dealt with. Through this approach, we aim to prevent the occurrence of environmental risks, however, we are aware that some level of risk exists due to the nature of our operations. To mitigate that, we take concentrated efforts in safeguarding the environment, reducing our resource use, investing in green technologies, and properly recycling and managing our waste streams.

102-11, 102-12, 302-1, 302-3, 302-4, 302-5, 305-5

Sustainability Advocacy and Partnerships

As part of our sustainability efforts and strategy we work to nurture partnerships, advocate for sustainability, transparency, and improved regulations, and support the integration of sustainability into business processes within different organizations. Our partnership model involves working with different private, public, and civil organizations at different scales across different geographies. Through these partnerships, we seek to leverage capacities and collaborate to tackle sustainability challenges, exchange knowledge, and develop best practices to enhance shared value creation in the short, medium, and long terms.

Global Partnerships	UNGC, Caring for Climate World Future Energy Summit	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, UNICEF RTC, AFED UNRWA, UNHCR, Ruwwad Development INJAZ Al-Arab	Strengthening coordination across borders and connecting local networks on unique regional challenges and opportunities, especially in emerging markets
Local Partnerships	Jordan GBC, INJAZ Jordan, Dubai Chamber, Abu Dhabi Sustainability Group, Peal Initiative, Egyptian clothing Banks, AmidEast, JEU'NASS	Partnering on and implementing initiatives that directly impact community beneficiaries and stakeholders and discovering best practices from carefully tracked activities

Stakeholder Engagement

Stakeholder engagement

Purpose of the report

Aramex engaged a third party to facilitate stakeholder engagement sessions for its stakeholders from Kenya and Dubai during 2020. The sessions were held virtually due to travel restrictions from the COVID-19 pandemic. Aramex's external and internal stakeholders were invited to openly discuss their feedback on Aramex's sustainability efforts, its response to the COVID-19 pandemic, support to local communities and future plans. The sessions were an open platform for stakeholders to share their concerns, expectations and recommendations.

One-to-one meetings were held with selected clients to gain a deep understanding of their perspective of Aramex's performance and to gather their expectations and feedback on Aramex's sustainability practices.

Employee engagement sessions were also held, in the absence of senior management, to discuss employee satisfaction levels, Aramex's sustainability performance, the company's support during the COVID-19 pandemic and their recommendations to improve the work experience at Aramex.

This report presents the key highlights and feedback gathered during the virtual stakeholder engagement sessions with Kenya's stakeholders on December 1st, 2020 and with Dubai's stakeholders on December 7th, 2020.

1. Scope and Methodology

External and internal stakeholders' group sessions

The stakeholder engagement sessions were conducted virtually with Aramex's external and internal stakeholders due to travel restrictions from the COVID-19 pandemic. The sessions were opened by providing Aramex's external and internal stakeholders with an overview of Aramex's stakeholder engagement management and sustainability material topics. A highlight of Aramex's sustainability strategy, initiatives and its COVID-19 responses in Kenya and Dubai were shared by the Chief Sustainability Officer.

An overview of Kenya and Dubai's key sustainability objectives and challenges and the key trends shaping the logistics sector were presented. Aramex's stakeholders shared insights on how these trends are impacting their businesses, operations and relationship with Aramex. Stakeholders were presented with a series of discussion points addressing the three pillars of sustainability and business innovation and continuity. Stakeholders insights on Aramex's business, sustainability performance and their suggested actions to support Aramex's social, environmental and economic value creation were collected from both Kenya and Dubai group sessions. Stakeholders collective feedback is presented in this report as received.

Individual meetings

One-to-one discussion was held with one of Aramex's clients in Kenya to capture in depth feedback. The client provided insights on Aramex's business, sustainability performance and their suggested actions to improve operations and communication.

Employees' closed sessions

Closed sessions were conducted with Aramex's employees, and insights on employees' satisfaction levels, concerns and recommendations were gathered.

1.2 Stakeholders

Stakeholder groups, who attended the sessions, comprised of Aramex's employees, clients, suppliers, government entities and local community representatives. A total of 48 stakeholders attended the virtual engagement sessions.

2. Executive Summary

The figure below presents the key takeaways based on stakeholders' feedback during the engagement sessions. Aramex's external and internal stakeholders provided insights and feedback on Aramex's sustainability strategy and initiatives, its environmental sustainability and social impact. In addition, to feedback on its strategic direction and business model.

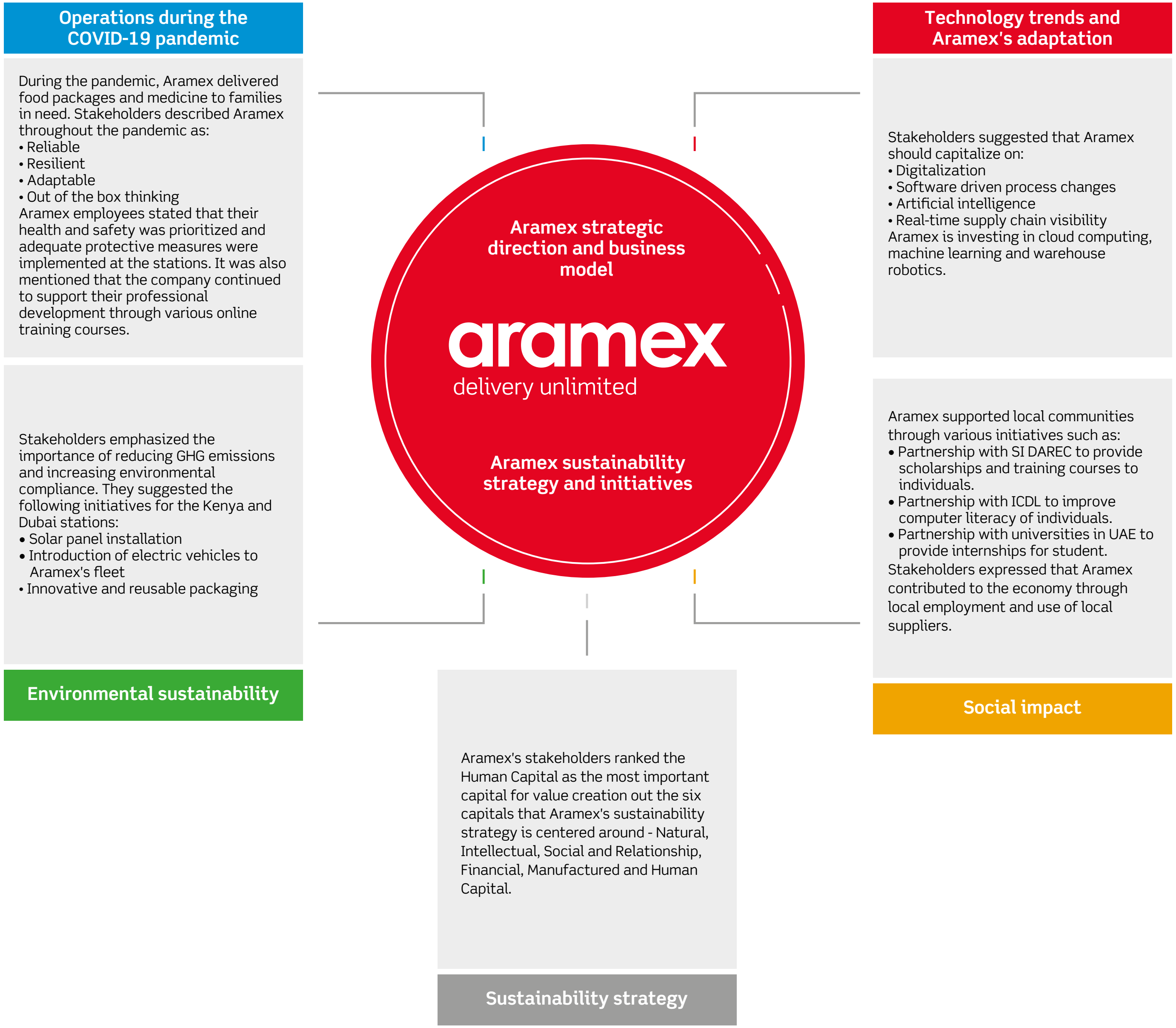


Figure 1: Key takeaways from the stakeholder engagement sessions

3. External and internal stakeholders' engagement sessions

Sessions' overview

Following the introduction by Aramex's Chief Sustainability Officer, Sub-Sahara Regional Manager and Kenya and Dubai Station Managers, a presentation was delivered outlining Aramex's material topics based on its 2019 annual report, Kenya and Dubai's key challenges and initiatives, the logistics sector key trends and COVID-19 impacts.

Throughout the sessions, open discussions were held with Aramex's external and internal stakeholders to understand their perception of Aramex's sustainability strategy and initiatives, business model, response to the COVID-19 pandemic and efforts to support local communities. Stakeholders shared their feedback and recommendations to improve Aramex's sustainable impact. The discussion also assisted with gathering stakeholders' insights on Aramex's response to the COVID-19 pandemic and the company's efforts to support the local communities.

3.1 Aramex sustainability strategy and initiatives

Aramex's sustainability strategy is reinforced and built on its stakeholders' inputs, it aims to respond to their needs, concerns and expectations. It also responds to the complex global changes impacting the sector and Aramex's markets of operation. Proactive stewardship of the six capitals, namely natural, intellectual, social and relationship capital, financial, manufactured, and human capital, is embedded into Aramex's approach.

Aramex's stakeholders ranked Human Capital as the most important capital for value creation with respect to their relationship with Aramex.

Stakeholders highlighted that human capital is crucial for businesses to succeed. Organizations that invest in employees' development, training and wellbeing boost their morale, improve

Aramex value creation capitals

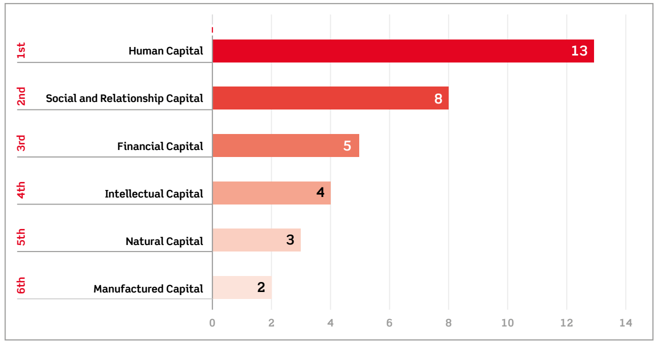


Figure 2: Stakeholders' prioritization of Aramex capitals of value creation

their skills and increase sense of appreciation. Organizations benefit from investing in human capital as developing employee skills has the potential to increase its productivity and profitability. It builds loyalty and harnesses innovation, which could lead to the identification of new business opportunities. Stakeholders perceived employees to be a key asset for Aramex's competitiveness and continuity.

Additionally, stakeholders underlined the importance of social and relationship capital; the capital enables organizations to foster a cooperative and collaborative environment with its stakeholders and thus facilitates innovation and positive value creation. Organizations that do not effectively manage the social capital might risk losing their social license to operate. Aramex contributes to the sustainable growth of communities by offering affordable and quality services and providing scholarships and training programs to accelerate community development. Aramex seeks to improve the well-being of communities, understanding individual and collective concerns, anticipating emerging social needs and supporting SMEs through its operations.

Highlights of Aramex's sustainability initiatives were shared by Aramex's Chief Sustainability Officer, for information on these initiatives refer to the sustainability section on page 49

Stakeholders from Dubai and Kenya provided the below feedback on Aramex's sustainability initiatives:

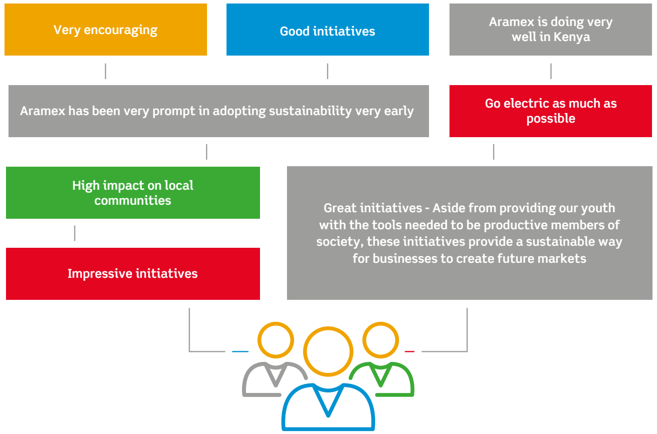


Figure 3: Feedback on Aramex's sustainability initiatives

Stakeholders expressed that Aramex has been supporting them with their sustainability goals and objectives, by providing business training, mentorship and assistance to integrate sustainability within their operations. Aramex's sustainability efforts, transparency and resilience during the COVID-19 pandemic attracted many business partners and increased loyalty of their current business partners.

3.1.1 Aramex environmental sustainability

Stakeholders were impressed by Aramex's environmental efforts to improve its performance by reducing its footprint and negative impact on the environment. They specifically appreciated the initiatives targeting climate change and Greenhouse Gases (GHG) emissions such as the deployment of solar panels and introduction of electric vehicles into its fleets. Stakeholders expressed that such initiatives should be launched and implemented in Kenya and the African market at the earliest.

Aramex regularly assesses its environmental risks and evaluates mitigation measures for their effectiveness, it also explores opportunities to promote the adoption of innovation, technology and emerging best practices. This proactive approach supports Aramex in reducing its environmental impacts, placing it ahead of emerging regulations; fostering its business resilience and continuity. It has helped Aramex to be recognized as a sustainability leader in driving environmentally sound practices in the logistics sector.

Aramex started calculating GHG emissions of its deliveries in 2010, it set a target to reduce its emissions by 20% by 2020. Aramex achieved this target in 2016 and was able to reach 44% emission reduction by 2019. Aramex is currently working on setting science-based targets to cut emissions by an additional 30% by 2025. Aramex introduced 10 electric vans in Jordan, it is currently conducting testing of e-vehicles in KSA and looking to introduce e-vehicles in UAE to reduce its emissions. As for packaging, Aramex is using biodegradable plastics for its packaging material to reduce plastic pollution and its negative impact on the physical environment and wildlife. Stakeholders considered GHG emissions and environmental compliance as the top environmental areas that Aramex should prioritize.

Aramex Environmental Focus Areas

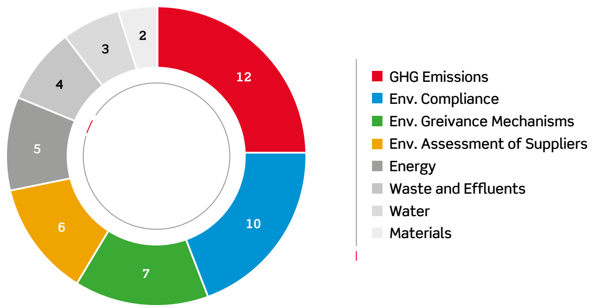


Figure 4: Stakeholders votes on Aramex's environmental focus areas

Stakeholders stated that environmental criteria are important factors during the evaluation and selection of service providers and partners. They expressed that Aramex should emphasize on reducing its emissions in Kenya by installing solar panels at its warehouses and introducing electric vehicles to its fleet. Aramex representative stated that the company is working on introducing electric vehicles to its fleets in Africa. However, this will require time due to the limited availability of technology and currently restricting regulations.

Stakeholders voiced that Aramex should emphasize on reusable packaging and innovative technology concepts in the UAE to further increase Aramex's positive environmental contribution. Aramex mentioned that it is employing biodegradable plastics for its packaging material. However, a challenge remains for confidential and nonconfidential documents packaging, which requires higher security measures and thus making reusable packaging impractical for courier services.

3.1.2 Aramex social impact

Aramex is driven by its mission to deliver a better future to society in the markets where it operates. Currently, Aramex has social initiatives and projects in 94% of its global operations. Aramex's external stakeholders highlighted the negative impacts COVID-19 had on employment, where many individuals lost their jobs and were not given the required support. Stakeholders shared insights of the positive influence Aramex created during these times. Through its social partners, Aramex supported families in need by delivering food packages and medical supplies. Aramex social efforts with their associated local NGOs, contributed to saving lives and made a difference in those families' livelihoods.

Aramex partnered with the Dubai Department of Economic Development (DED) and local taxi companies to deliver parcels and groceries to consumers. This initiative supported in protecting the safety of residences by reducing the need to go to stores for grocery and also providing job opportunities to local taxis as mobility decreased during the pandemic. Stakeholders agreed that social efforts should focus more on sustainable programs and initiatives to support the youth and local community in Kenya. Suggested initiatives by the stakeholders included training courses on data analytics and visualization, to improve youths' knowledge and skills on upcoming technological trends and future of work. Stakeholders advised that Aramex should support sports initiatives and to increase its support to SMEs and investment in internal talents.

3.2 Strategic direction and business model

Stakeholders perceived Aramex as a reliable, affordable and innovative service provider. Figure 5 represents the key responses received from Aramex's stakeholders from both Dubai and Kenya.

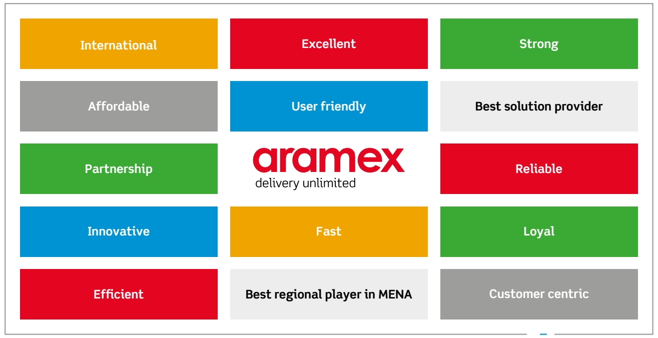


Figure 5: Stakeholders' perception of Aramex as a service provider

Stakeholders suggested that Aramex should consider fast track delivery service for heavy shipments from abroad as this could offer Aramex with a competitive advantage in the African market. Aramex's Country Manager expressed that the company is working on integrating its systems with the customs to smoothen out processing procedures for importing heavy and large shipments. In addition, stakeholders mentioned that Aramex should focus more on the B2C market in Africa by providing tailored services to individuals, they expect that will offer a significant business opportunity for Aramex in Africa. As for the UAE market, it was indicated that Aramex should increase its efforts in collecting customer feedback; as responding to customers' feedback will enable Aramex continuously to improve and provide tailored services. Furthermore, stakeholders expressed that faster turnaround time, providing offers and more competitive prices are areas that Aramex could improve on.

3.2.1 Technology trends and Aramex's adaptation

With respect to the latest technology trends, two main themes were highlighted in the sessions, digitalization and software-driven process changes. Stakeholders agreed that these trends are disrupting the logistics sector and their organizations. An Aramex supplier provided insights on how Aramex's digital enabled services positively impacted his organization's performance. It allowed the supplier to automatically and accurately update stock level information, which aided in increasing efficiency. Additionally, data visualization enabled the supplier to better forecast demand and thereby enhance decision-making, reliability and risk management.

Aramex's suppliers expressed that software-driven process changes, especially Internet of Things (IoT), improved the efficiency of their operations by capitalizing on sensors to monitor weather patterns, select delivery routes and collect real-time information on deliveries. Gathering real-time insights on supply and demand trends inform operational decisions and predicts supply chain interruptions allowing for corrective actions planning.

Stakeholders stated that artificial intelligence and real-time supply chain visibility are the technology trends that Aramex should focus on adopting within the coming years.
Stakeholders considered drones to be an opportunity for Aramex

Technologies to be considered by Aramex

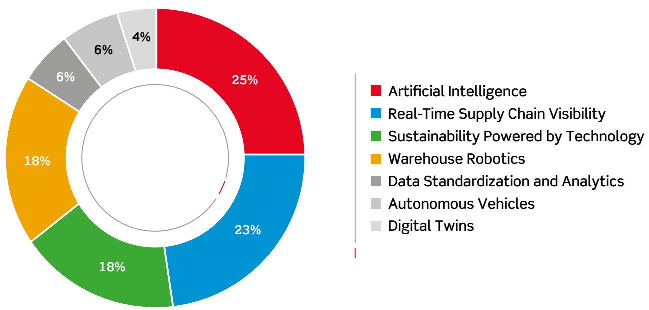


Figure 6: Recommended technologies for Aramex by stakeholders

as they are becoming an increasingly important method of delivery, specifically for rural areas that cannot be reached by road transport. Real time communication with drivers and couriers was also highlighted as a growing expectation from stakeholders.

Aramex future plans for Kenya and the African markets
Aramex Station Manager disclosed that Aramex is investing in cloud computing and machine learning as they are aware of the importance of technology innovation and its benefits to their operations. Aramex is in the process of implementing two new

technologies to improve real-time supply chain visibility and warehouse robotics in Kenya. These technologies are expected to be fully developed and integrated by 2021.

3.2.2 Operations during the COVID-19 pandemic

Stakeholders expressed that Aramex has been a reliable service provider during the COVID-19 pandemic, the company exhibited resilience, adaptability and out of the box thinking during challenging and uncertain times. Aramex Sub-Sahara Regional Manager credited this to Aramex's unique asset-light business model, which underlies Aramex's strategic decision-making. It has proven to be highly successful, allowing Aramex to swiftly adapt to challenging market conditions, execute last mile delivery solutions and quickly respond to changing customer trends and needs.

4. Employees' Sessions

Closed discussions were held with Aramex's employees from Kenya and Dubai stations, in the absence of senior management, to express their satisfaction level of working at Aramex and provide recommendations to improve the work experience. Additionally, employees provided insights on Aramex's sustainability performance and its support during the COVID-19 pandemic. furthermore, employees responded to a survey anonymously that had inquiries related to their work experience, career path, training and development, Aramex's sustainability performance and other employee related topics. The below section provides an overview of the feedback collected during the discussions.

A. Kenya

Aramex's work culture and benefits

Employees described Aramex's work environment as friendly, open and positively challenging. The office has an open door policy, which incentivizes employees to report issues without any concerns. Employees highlighted that they are continuously supported by their managers and are provided with appropriate training material and access to online learning opportunities to improve their skills and competencies. There is clear and open communication between team leaders and members and as a result employees are aware of their responsbilities and tasks.

When asked about learning opportunities and career paths, the following points were raised:

Employees recommended that Aramex revisit its salary scales,

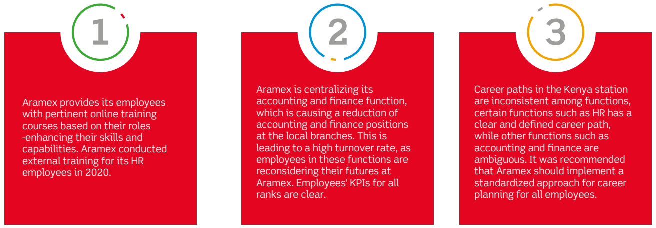


Figure 7: Employees feedback regarding learning opportunities and career paths clarity

as they expressed, they find there is room for improvement. Suggestions were made for Aramex to analyze competitor and market rates in order to continue recruiting and retaining high performers.

Employees added that while KPIs are clearly defined, they can be better tied into renumeration.

Employees also expressed the desire to improve connection between the different departments within the Kenya station. Adding o improve employees awareness and collaboration across functions it was recommended by the employees to hold more social events, increase communication and incentivize cooperation to achieve the company's objectives.

Figure 8: Employees responses to cross-departments

Aramex sustainability initiatives

Employees were proud to hear about Aramex's global sustainability initiatives and the support provided to local communities in Kenya. Employees highlighted additional initiatives Aramex is undertaking in Kenya, which included planting trees, school bag campaigns and cleaning campaigns for natural areas around Kenya.

Employees suggested that Aramex should install solar panels at its warehouses and introduce electric cars to its fleet in Kenya to improve its environmental footprint. On the other hand, employees expressed that Aramex has an opportunity to increase its business in Africa by increasing its efforts in e-commerce and expanding its online presence.

COVID-19 pandemic

Employees provided insights on the support they received from Aramex during the COVID-19 pandemic:

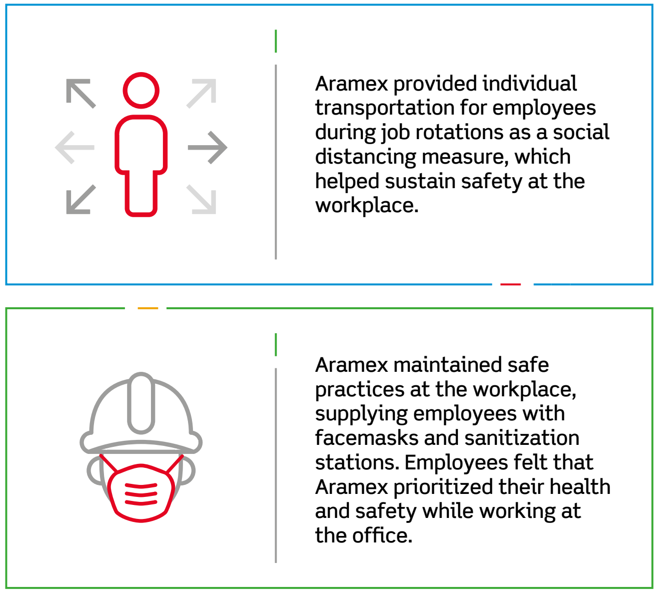


Figure 9: Aramex's support to employees during COVID-19

Many employees at the Kenya station had to work from home due to social distancing requirement resulting from the COVID-19 pandemic, which led to communication issues as most jobs require close interactions. To support its employees, Aramex covered data bundles costs to improve connectivity and ensure clear communication between colleagues. Employees expressed that Aramex's Work From Home Policy was adequate and clearly communicated, which facilitated the transition to remote working. Most employees mentioned that going forward they would prefer a work arrangement that allows working from home and at the office in a rotational format.

Employees mentioned that the Kenya station did not lay off any of its employees, which was not the case for other companies in the market. Employees also noted that while there was a decrease in some salaries due to the pandemic, Aramex's reduction was a fraction (10%) as compared to the rest of the market- which had to cut salaries down by 50%.

B. Dubai

A closed discussion was held with Aramex's employees from the Dubai station, with the absence of senior management, to express their levels of satisfaction, concerns and insights. The below provides an overview of the feedback compiled during the discussion.

Aramex's work culture

Employees consider Aramex working environment as positively challenging, competitive and dynamic - constantly requiring them to change and improve. Employees expressed that they feel supported and appreciated at work. It was agreed that promotion and progression are supported with adequate development opportunities and high work exposure. Career paths are defined and clear for all employees from the time they join Aramex.

Employees recommended that Aramex ensure that operations team organization is enhanced in order to increase recruitment and retention. It was suggested that Aramex should revisit KPIs and benefits integration in order to ensure that employees are all aware of the different benefits and evaluation criteria. More than 50% of employees stated that the Dubai office should hold more social events. Employees believe that social events would strengthen co-workers relationships and facilitate team work at the station.

Figure 10: Employees responses to social events at work

COVID-19 pandemic

All the attending employees agreed that the COVID-19 pandemic strengthened Aramex's performance and culture. Employees acknowledged that Aramex has made great efforts and determination to meet the difficulties faced by employees as individuals and as a company, and that Aramex maintained its employees and did not lay off employees at a time when most peers and rivals did.

Employees also acknowledged that over the past year, Aramex showed compassion and understanding for its employees. Regular check-up calls and meetings with employees were arranged to support employees' wellbeing. Employees stated that they felt safe and that their safety and wellbeing was put first by Aramex throughout the pandemic. The company provided the right equipment and tools that were needed to work remotely. Company's policies were made clear through appropriate guidance and support from managers, which helped facilitate an effective work from home.

As for training and development and the future of work, employees agreed that working from home did not affect any training sessions or programs. Aramex had provided adequate online trainings for employees in different functions including technical trainings and awareness sessions. Regarding the working condition post COVID-19, most of the employees indicated that they would prefer a hybrid work arrangement with the flexibility to work both from home and at the office.

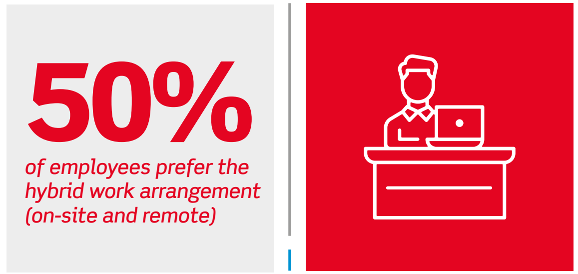


Figure 11: Employees responses to work arrangement

Suggestions and recommendations to Aramex by its Dubai employees:

- Provide employees with discounted rates for internet packages to increase internet speed at home, which would help improve their productivity
- Increase focus on mental health and conduct mental awareness sessions
- Establish a hotline for support, as there were instances where it was very stressful to work from home during the pandemic
- Re-assess salaries and benefits provided to employees to reduce the turnover rate and retain high performing employees
- Offer flexibility around non-financial benefits provided, where employees can benefit from those that are better suited for their needs and situation
- Provide more support to start-ups and SMEs to support their growth and increase local employment

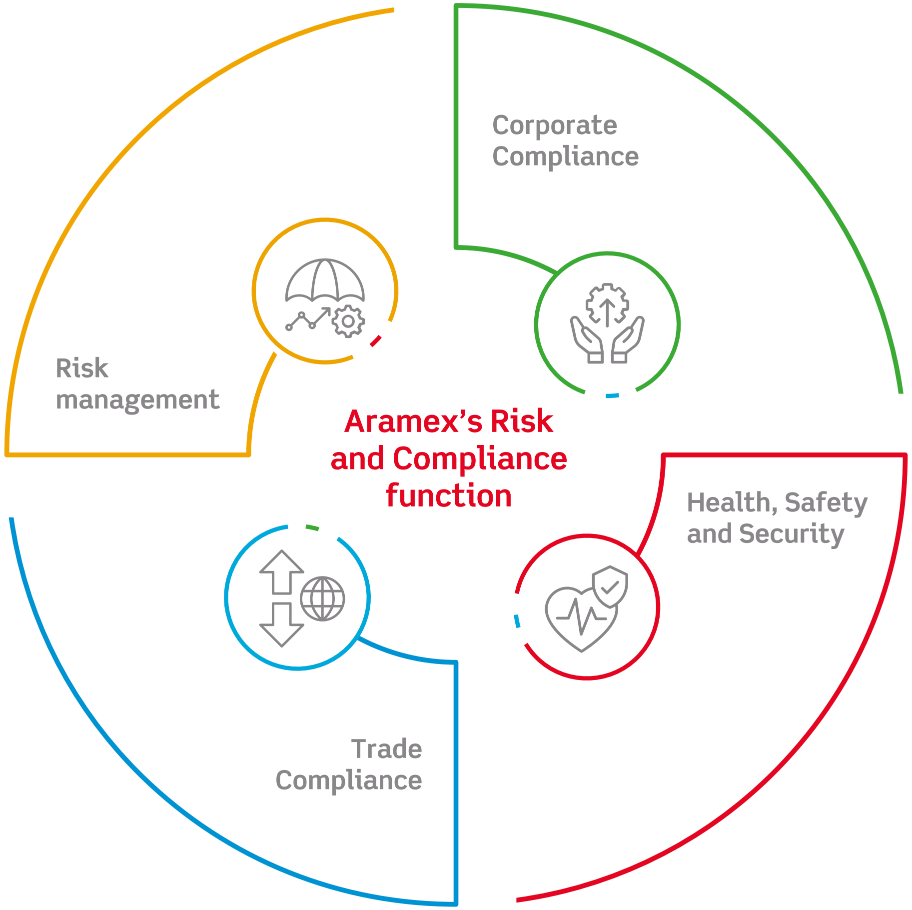
Compliance

II

Compliance

Risk and Compliance within Aramex

The Risk and Compliance function within Aramex consists of Risk management, Corporate Compliance, Trade Compliance as well as Health, Safety and Security. The Risk and Compliance function engages with teams across the 1st line of defense within Aramex to maintain Risk Management practices, comply with Corporate and Trade Compliance obligations and adhere to local and global Health, Safety and Security standards. This section of the annual report highlights the various activities being performed within each of these risk assurance areas.



Risk Management

The Risk Management section was established at Aramex in 2020 and is responsible for the establishment and maintenance of the Risk Management Framework and Methodology in order to assist Executive Management in actively and effectively managing risks and threats to the business.

Aramex recognizes that proactive risk management is essential to the achievement of its strategic objectives. Through its policy on Risk Management, the Aramex Board (via the Audit Committee) has committed Aramex to adopting a framework for effectively managing its key business risks.

Risk Management Governance and Process

Aramex has established a robust process for Risk Management which forms part of the 'three lines of defense' control environment.

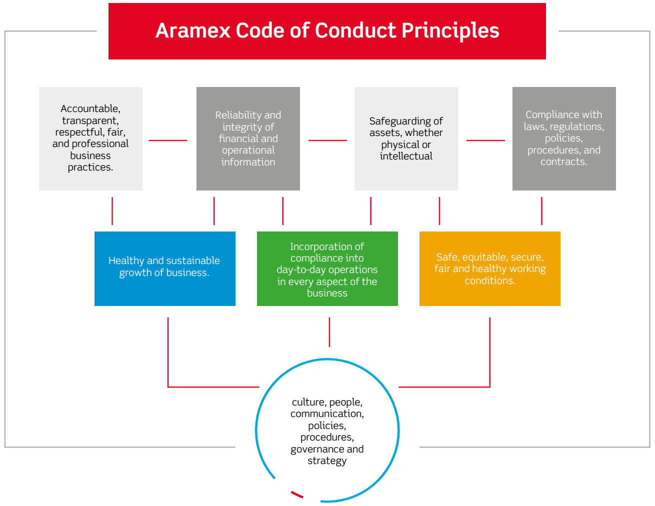
Aramex proactively and diligently manages its strategic, operational, compliance, financial and sustainability risks. Risks are identified, assessed and managed through a defined process across the Corporate, Country and Project level. As a result, business decisions are made with due consideration of associated risks and rewards, and Aramex continuously monitors its changing risk exposure and adjusts governance and control procedures accordingly.

Risk Capability Network	Risk Governance	Risk Review & Monitoring	Risk Reporting
Risk champions are identified across various corporate functions and locations to support in the implementation of proactive Risk Management. The Corporate Risk Management team ensure that these Risk Champions have the appropriate support and guidance to enable them to continuously assess, manage and monitor risks.	At the Corporate Level, Aramex has established a dedicated Management 'Risk Committee' that is chaired by the Aramex Group CEO. Other Executive Leadership team members form an integral part of this Risk Committee.	The Risk Committee meets on a regular basis to review and challenge important risk-related information such as the existing risk drivers, key controls in place, the status of Key Risk Indicators (KRIs), and the status of planned risk mitigation actions.	Summary risk reports are then provided to the Audit Committee for their consideration and review on a periodic basis. This allows the Audit Committee to review, monitor and ensure the operational effectiveness of the Risk Management program and processes.

Corporate Compliance

Our Corporate Compliance team is responsible for directing the implementation that lies with all involved parties (Senior Management, Managers, Employees) to minimize statutory, regulatory and reputational loss, and providing guidance for the business to be carried out in an ethical and compliant manner. The program provides the tools and trainings necessary to ensure that each employee is fully aware of their responsibility to act with integrity and transparency when preforming their different duties or representing the company

Aramex Code of Conduct, which guides the way in which we operate and interact with our stakeholders, promotes the following principles:



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

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

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

Where policies, procedures, and internal controls do not offer clear guidance for a particular course of action, employees and leaders are encouraged and expected to honor the spirit of the code or seek advice.
The Code of Conduct and related policies and documents are easily accessible within Aramex.

Our Code of Conduct is also accessible externally via our website, via the following link:

https://dotcomaramexprod.blob.core.windows.net/default/docs/default-source/latest-docs/aramex_code_of_conduct.pdf

To ensure the Aramex Code of Conduct and above-mentioned related policies are well understood and applied, the Risk & Compliance team continues to hold annual employee training awareness, both classroom and online based and perform compliance knowledge assessments that is critical in setting up our annual compliance strategy. As of the end of 2020, 82% of the total Aramex workforce has been trained. Additionally, we have enhanced our automated Conflict of Interest declaration form, which we request our employees to acknowledge and sign. All declared conflicts undergo a compliance review and recommendations are provided. in 2020, 83% of our employees have submitted signed forms.

Compliance training summary

Total Headcount *	Class-Room Training	Online Training	Total Trained	Completion %
14,917	4,923	7,348	12,271	82%

*There are 1,262 resigned employees, in which they were removed from the total headcount.

We continue to align our Code of Conduct with international and national regulations and standards, which include (but are not limited to):
- The World Economic Forum's Partnering Against Corruption Initiative (PACI), which was launched in 2004 with the aim of consolidating industry efforts to fight corruption.
- UK Bribery Act.
- U.S Foreign Corruption Practice Act (FCPA).
- Accountability principles standards AA1000.
- International Labor Organization (ILO).
- UN Declaration on Human Rights.
- Environmental standards.
- Other applicable international and local laws.

In 2020, we continued to enhance the evaluation processes of our suppliers' compliance-related issues including human and labor rights, anti-corruption and anti-bribery, as well as our Code of Conduct and social and environmental criteria. Also, we continue to perform risk assessments for vendors. Moreover, based on our vendors' risk assessment, we are maintaining the due diligence process to be conducted by third-party reputable provider for all high-risk vendors. This is conducted alongside our in-house screening process.

Therefore, all high-risk vendors undergo a due diligence process that is managed internally using our Code of Conduct and questionnaire and externally through a reputable independent provider. As a result, the Compliance team managed to clear 99% of our active database (customers and vendors).

Whistleblowing Policy

The Aramex whistleblowing policy provides management, employees, customers and stakeholders with guidelines on how to report any cases of possible fraud, irregularities, and grievances related to our Code of Conduct and the social and environmental performance at Aramex. We encourage our employees and stakeholders to use the whistle-blowing system by ensuring that they are aware of and able to access the system. For external and internal concerns and complaints, we have a dedicated email channel utilizing Microsoft Fresh Services tool in which Whistleblowers can report their complaints. Additionally, Whistleblowers have the option to report their concerns anonymously by using a non-identifiable e-mail address. In any case, all received reports will be treated with the highest level of confidentiality.

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

Trade Compliance

Our Trade and Customs Compliance program has undergone a restructure. In late 2020, we successfully expanded our traditional Trade Compliance program to add customs to become the Trade and Customs Compliance program. This new restructuring will allow for better customs oversite, support and better approach to support the business needs to their already existing customs clearance practices within the network.
In addition to the new customs compliance expansion, our trade compliance efforts have continued to add value to the organization through growing to encompass better compliance on the new CargoWise software implementation.
The new initiatives will greatly complement our existing denied party screening coverage as well as our existing sanctions program management. We will continue to drive our efforts and methodology via a strong risk-based approach to reduce risks posed in the ever-increasing trade risk environment.

Health and Safety

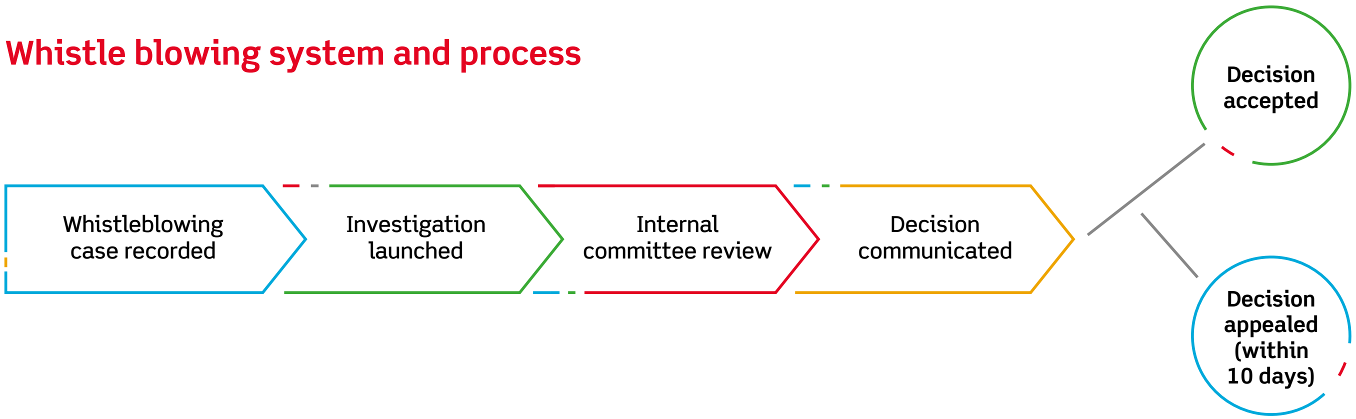
Safety of employees and the community is of extreme importance for Aramex. We ensure that the highest levels of safety are adhered to within our sites, facilities and across our logistics supply chain. Additionally, Aramex is committed to strict compliance with the specific HSE regulations of each country where we operate, in addition to, adopting international best practices and continually improving our own HSE standards.

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

Due to the global pandemic in 2020, we have prepared for emergencies well in advance. From the outset of the pandemic, crisis management teams were formed at the corporate, country and station levels with clearly defined responsibilities defined, comprehensive scenario planning, development, testing, and documentation.

Aramex coordinated and continues to coordinate across all its different offices globally to safeguard the safety of our employees, contractors, customers and the public throughout the COVID19 crisis. Many campaigns were initiated around awareness on COVID-19 including short videos, written communication, visual signs. Additionally, all stations were asked to form Crisis Management team and develop scenarios including – lockdowns, curfew, covid-19 cases within operations. We also continued to supply all the necessary Personal Protective Equipment for our personnel and ensured full compliance to local emergency procedures implemented by local government.

Whistle blowing system and process



Many campaigns were initiated around awareness on COVID-19 including short videos, written communication, visual signs.

Remote working polices were issued which many employees made use of (more details can be found on page 47).

Transportation safety continues to play a key role in our operations as we adhere to necessary regulations related to the transportation of shipments, loading, unloading, classification, labeling and packaging of materials, particularly as it relates to hazardous goods. We have launched our online training program for the handling of Dangerous Goods for relevant employees, as well as training related The European Agreement related to the international transport of Dangerous Goods by Road ADR training for all employees involved in land transportation. Our handling and transportation requirements, which we actively ensure are implemented appropriately, guarantee that materials are handled and transported according to the applicable regulations and the potential hazards they pose. We define transport incidents as accidents that cause personal injury or significant damage to property, or environmental impact, resulting from the release of substances, or leakage of hazardous goods.

Given our extensive safety precautions and training activities, transport incidents are rare, and in 2020, Aramex did not experience any accidents involving contact with hazardous materials.

The vehicular standards within Aramex have been the highest recorded via the GPS control room, this has been confirmed by the statistics we actively collect using the journey management process. We had major improvements to our tracking and monitoring of Oil and Gas movement vehicles, this, along with the pre-trip inspections and revision of results indicated that the training and standards implemented are effective. This is further bolstered by restructuring our GPS team and continuing to utilize the best-in-class technologies.

During 2020, we continued to develop our corporate health programs by conducting voluntary employee medical screenings by approved external medical providers within

Middle East region. This allowed us to identify any trends related to occupational health issues and address them, which in turn allowed us to progress towards our long-term health improvement goals. Additionally, there were no reported cases of occupational illness affecting employees working at our facilities throughout 2020.

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

Overall, we had good results in 2020, however, we believe there is always room for improvement.
Our goal in 2021 is to avoid any type of incident. With enhanced standards and even more commitment, we strive to continuously improve the already high safety level and our performance. We are working hard to create and maintain an active culture of safety and encourage employees to take personal responsibility for their actions.

Our main objectives for 2021 are to:
- Initiate the ISO 45001 global certification by increasing the number of certified stations by 10 New
- Implement the New HSSE tool and increase HSE team productivity by introducing the digital platform
- Reduce the Number of LTI and Lost working days by 5%
- Increase the Number of Safety inspections/ Audits by 25%

Health and Safety statistics

2020

Total Number of Fatalities including non-occupational related (excluding COVID and Beirut incident)	1
Total Number of Lost time injuries	93
Total Number of days lost	1638
Total number of incidents resulted in minor or no injuries	876
Total number of incidents resulted in injuries	42
Total number of incidents	918
Total Number of employees	17,404
Total number of working days	6,352,460
Total number of man hours worked	50,819,680
Total number of vehicle related incidents resulted in minor or no injuries	719
Total Number of Vehicle related incidents resulted in injuries	7
Total Number of Vehicle related incidents resulted in Lost time injuries	43
Total number of vehicle related incidents	726
Total number of days lost due to vehicle incidents	978
Total number of WH & Office related incidents resulted in minor or no injuries	157
Total Number of WH & Office related incidents resulted in injuries	35
Total Number of WH & Office related incidents resulted in Lost time injuries	50
Total number of WH & Office related incidents	192
Total number of days lost due to WH & Office related incidents	660

*these numbers exclude COVID-19 and Beirut incident

Health and Safety Indicators		
Lost time Injury Frequency rate (LTIFR)	1.83	Aramex experienced 1.73 LTIs for every 1,000,000 hours worked over the past year
Lost time Injury Incident rate (LTIIR)	0.53	Aramex experienced 0.53 LTI's per hundred employees
Severity Rate (SR)	17.61	On an average each LTI resulted in 17.61 days off work
Lost time injury Rate (LTIR)	0.37	For every 100 employees, 0.37 employees have been involved in LTI
Vehicle related Lost days rate (LDR)	8.03	Aramex experienced 8.03 vehicle related Lost days per million shipments
WH & Office related Lost days rate (LDR)	5.42	Aramex experienced 5.42 WH & Office related lost days per million shipments
Lost days rate (LDR)	13.45	Aramex experienced 13.45 lost days per million shipments
Accidents per million shipments	7.54	Aramex experienced 7.54 accidents per million shipments

Security

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

During 2020, we managed to grow the HSSE team further by adding dedicated HSSE resources in Middle East and Europe, including hiring national HSSE managers. In 2021 we set ambitions plans to expand our focus to North Africa, Europe and North America, whereby we plan to support the existing team members improve the Security standards and improve the implementation the Aramex policies and procedures on the day-to-day operations especially in the wake of the pandemic. Many of our locations upgraded the security infrastructure to the latest technologies, moving from CCTV systems to cargo screening technologies. Furthermore, the security team worked closely with local authorities to ensure shipment screening is carried out efficiently and that incidents, if any, are reported on time.

One of our key achievements in 2020 was the TAPA Certification of our Egypt and Hong Kong facilities, as many of our locations renewed the TAPA FSR-A Certification, additionally, a self-certification TAPA FSR C was launched to ensure that Aramex facilities are in line with highest international security requirements set for logistics facilities. In continuation of our 2020 efforts, we plan to start the journey for ISO 28001 (Security Management system for the supply chain standards) in 2021-2022 starting with an evaluation of key location.

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

Associations and Certifications

10

Associations and Certifications

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

ISO Certifications

Country	Branch/Station	ISO 9001: 2015	ISO 14001: 2015	ISO 45001: 2015
Amman, Jordan	1 - HQ - Aramex International Limited, GSO, Global Support Office			
	2 - Station: Al Quds Street, Muqabalain			
	3 - Qastal Warehouse			
	4 - Khalda Outlet			
Manama, Bahrain	1 - Aramex Bahrain S.P.C.			
Doha, Qatar	1 - Aramex Doha, Station			
	2 - 57 Industrial Area			
Muscat, Oman	1 - 3533 Service road			
	2 - Rumais – Al Shakhakheet			
Algiers, Algeria	1 - SARL Aramex Algérie			
Egypt	1 - Aramex International Egypt			
	2 - Office #116, Cargo Village			
	3 - K4.50 Cairo-Suze Road			
Dubai, UAE	1 - Aramex International Egypt			
	2 - Office #116, Cargo Village			
	3 - K4.50 Cairo-Suze Road			
Abu Dhabi, UAE	1 - Mussafah station			
Kuwait, Kuwait	1 - Aramex International Limited			
	2 - Sixth ring road			
JED, KSA	1 - Aramex Saudi Ltd.			
	2 - Aramex Jeddah Logistics Center “Jeddah Main Warehouse”			

Country	Branch/Station	ISO 9001: 2015	ISO 14001: 2015	ISO 45001: 2015
Beirut, Lebanon	1 - Aramex Lebanon SAL			
Mumbai, India	1 - 821, Solitaire Corporate Park			
	2 - EL 100, TTC Industrial Area			
Casablanca, Morocco	1 - Aramex Morocco, Station			
Paris, France	1 - Aramex International Courier			
Dammam, KSA	1 - Aramex, Dammam Khobar Coastal Road			
Netherlands	1 - Aramex Nederland BV, Oude Meer, The Netherlands			
	2 - Aramex Nederland BV, Rotterdam, The Netherlands			
	3 - Aramex Nederland BV, Eindhoven, The Netherlands			
6th of October, Egypt	1 - Aramex Mashreq for Logistic Services			
Riyadh, KSA	1 - King Fahed road, Tamkeen, Riyadh, Saudi Arabia]			
	2 - Istanbul Street			
Peliyagoda, Sri Lanka	1 - Aramex Lanka Private Limited			
South Africa	1 - Aramex South Africa (Pty) Ltd			
Nigeria	1 - Aramex Delivery Services Limited, 283a Ajose, Adeogun Victoria Island Lagos			

10

Reporting Process

Reporting Process

This is our 11th integrated report and 15th sustainability report. This report has been prepared in accordance with the GRI Standards: Comprehensive option and the International Integrated Reporting (IIR) Council Standards.

Our reporting process follows a robust and focused approach ensuring we comprehensively cover the various facets of our operations, management, and sustainability activities and procedures. To that end, this report acts as a powerful a tool with which we can continually measure and monitor how our operations create, extract, and transform value across the 6 Capitals. Through an iterative process of evaluation and assessments, we are able to sharpen our processes and procedures instruments for monitoring and improving operations, mitigating risk, and safeguarding community and environmental health.

Determining Our Priority Issues
We identify our priority using a thorough and proactive methodology underpinned an understanding of:

1-Our operations and their impact
2-Stakeholder engagement and feedback
3-Sustainability strategy and context

Given these three components and their interconnected features, we are able to identify the material elements and systematically report on them and establish appropriate boundaries to our reporting. Through this approach, we collect the extensive to capture and understand how our various value creation activities impact communities and the environment. This allows us to act both proactively and responsively to our communities and stakeholders, while producing sustainable financial returns in line with our short- and long-term value creation.

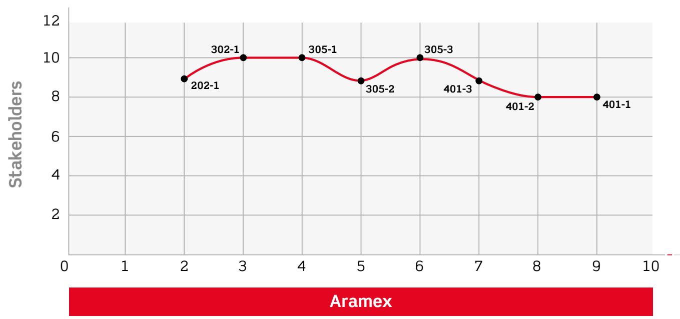
Materiality
Our materiality is determined in collaboration with our stakeholders. We consciously identify and engage our key stakeholder groups, utilizing diverse and tailored tools to seek and collect feedback on our materiality, sustainability, and reporting.

Feedback from stakeholders is carefully mapped onto relevant areas of our operations and sector. We make painstaking efforts to ensure that no stakeholder group is neglected when we assess our impact and identify our material issues. This is process is a critical element of our holistic approach to sustainability and value creation and allows us to identify material aspects through global, regional, and local contexts and approach material issues from multiple perspectives.

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

Materiality ranking

Materiality matrix: Ranking of Material Indicators



202-1: Ratios of standard entry level wage by gender compared to local min wage
302-1: Energy consumption within the organization
305-1: Direct GHG emissions scope 1
305-2: Energy indirect GHG emissions scope 2
305-3: Other indirect GHG emissions scope 3
401-3: Parental leave
401-2: Benefits provided to full-time employees that are not provided to temporary or part-time employees
401-1: New employee hires and employee turnover

Our approach allows us to nurture and grow our Human, Intellectual, Manufactured, and Financial Capitals while also being able to preserve and protect Natural Capital and build Social and Relationship Capital in the greater communities. For more details on our stakeholder engagement activities, please refer to the stakeholder engagement section, page 59.

We continuously assess and develop our systems, processes, and corporate culture is while also fostering an integrated approach to sustainability, with the goal of reducing negative impacts and contributing positively toward sustainable development.

Along with our materiality and priority issues determination, we assess the boundaries of each of these material aspects by mapping our operations and where each aspect and its impacts occur. You can find more details on these issues and boundaries on page 13.

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

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

GRI

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

IIRC

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

Measuring and Managing Our Green House Gas (GHG) Emissions:
This is the ninth consecutive year in which we report on our annual GHG emission. Details on our emissions can be found on page 55. When measuring and calculating our carbon footprint we adhered to the principles of the Green House Gas (GHG) Protocol accounting tool developed by World Business Council for Sustainability Development (WBCSD) and World Resources Institute (WRI). We utilize an operational control approach to measure our emissions.

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

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

While this business model keeps us agile, we often are forced to rely on estimates and data provided by suppliers for our scope three emissions, that is emissions that take place outside our company as a direct result of our operations. Due to this, we are often limited by the data provided by our suppliers, however, we work diligently with our suppliers and partners to ensuring and improving accuracy and completeness of all data collected. At present, our fuel consumption calculations (from which emissions are derived) include only fuel used in our owned and leased vehicles.

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

We strive to provide accurate and comprehensive data and therefore have different controls, data collection processes, and management systems in place. However, despite our efforts, the precision of different indicators may vary. Data measurement necessarily involves some level of estimation. Wherever estimations have been made, we have provided an explanation, including the level of accuracy and approach to data collection used to produce the relevant indicator.

*No changes in reporting and no restatement

Disclosures on Management Approaches

Maximizing positive economic, social, and environmental outcomes across the Six Capitals is a responsibility shared by all employees from the individual employee up through the Board of Directors and with scope ranging from internal operations out through the external areas of influence in our value chain worldwide. Economic matters are handled by our Chief Executive Officer, Chief Financial Officer, Chief Operating Officer, Vice President of Legal Affairs, and Chief Risk and Compliance Officer in an ethical and sustainable manner which includes compliance with major national and international norms and legislation such as the World Economic Forum's Partnering Against Corruption Initiative (PACI), UK Bribery Act, US Foreign Corruption Practice Act (FCPA), International Labor Organization (ILO), UN Declaration on Human Rights, and others. More information on financial targets and our outlook for 2020 can be found in the CEO letter on page 4, while information on grievance mechanisms such as our whistleblowing system can be found on page 69. Social, environmental, and external economic matters are equally as important to Aramex as our internal profitability. Internal social impacts on the workforce and Human Capital are managed by the Chief Human Resources Officer (CHRO) guided

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by our Code of Conduct and HR policies that govern areas such as equal remuneration for women and men, protecting diversity, compulsory labor, and allowing the right of collective bargaining. Respect for human and labor rights is also achieved by meeting or exceeding all local and international standards and norms and verifying this through a human and labor rights impact assessment with external auditors to ensure both policy and practice are aligned.

With oversight from the Sustainability Committee of the Board of Directors, the Chief Sustainability Officer manages sustainability programs, which set out to reduce negative and increase positive impacts on environmental, external economic, and external social areas linked to Aramex.

These areas work to build on Social and Relationship Capital as well Natural Capital.
These programs are centered around four Pillars:
1. Environmental Stewardship and Climate Change Mitigation
2. Youth Education and Empowerment
3. Entrepreneurship

To create value in Social and Relationship Capital in our communities, we budget 1% of pre-tax profit each year for sustainability projects across our network. These projects include the Startup Support Program, which supports innovative startups and helps accelerate development in their communities. We also support and sponsor our employees in sports events to promote good health and boost company morale. In addition, we form partnerships with NGOs and other socially driven organizations in sustainability and community projects and partnerships to assist in the development of our communities and meeting their needs. These partnerships are always apolitical and areligious. For more on sustainability including goals and targets please refer to page 60.

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

Our robust environmental initiatives include action to reduce Green House Gas (GHG) emissions, energy use, packaging materials and waste, as well as Leadership in Energy and Environmental Design (LEED certification) and ISO 14001 environmental management systems at our facilities. These initiatives reduce the amount of value we must extract from Natural Capital, particularly nonrenewable Natural Capital. The Aramex Environmental Policy and Socially Responsible Procurement Policy guides our approach in this domain. In addition to this, we are expanding our use and generation of renewable energy such as solar to power operations and charge our expanding fleet of emissions-free electric vehicles. Given that we met and exceeded our goal of cutting our carbon emissions per shipment by 20% by 2020 earlier than expected (by 2019), we are committing to an additional 20% decrease of carbon emissions from our own operations. All environmental, economic, and social concerns can be addressed through our whistleblowing system, which is outlined below.

Whistleblowing Policy

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

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

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

Materiality Index

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

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

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 employees are an integral part of our success and the quality of our services. We aim to offer competitive wages to our employees - for our entry level employees, these are equal and often in excess of the local minimum wage. Our wages are important to our employees as well as other stakeholders as they are indicative of our impact on the community.	
202	2	Proportion of senior management hired from the local community at significant locations of operation	Material	Within our entire operations	We aim to employ members of the local communities in which we operate, as it is important to us that we have a healthy percentage of senior management hired from the local community, due to their understanding of the local market. Moreover, it is important for our stakeholders because it indicates our investment in the capacity of the communities in which we operate. We have 17 grades and our top 3 grades are considered Senior Management.	Aramex employs 55% local and 45% expat senior management in our global corporate operations. We define local vs. expat based on the location of the employee (example, a Jordanian employee in Jordan is considered local, while a Jordanian employee in Dubai is considered expat) Our Senior management numbers reflect senior management of the global team.

Material Aspects			Materiality	Aspect Boundary	Notes on Materiality	Notes
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 the communities in which we work	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 2020.	
Environmental Aspects						
301	1	Materials used by weight or volume	Material	Within our entire operations and outside as it is related to the suppliers of our materials and the companies and municipalities that provide us with waste management and recycling services	In our operations, our degradable pouches are used for 99% of our shipments, making up a large proportion of the materials we use. Other materials include envelopes, labels, AWBs, canvas and bag tags. The amount of materials we use in our operations is important, due to the environmental impacts of these materials – especially since they are mainly made of plastics or paper.	
301	2	Percentage of materials used that are recycled input materials	Material	Within our entire operations and outside as it is related to the suppliers of our materials and the companies and municipalities that provide us with waste management and recycling services	Given that most of the materials we use in our operations are sourced from plastics (non-renewable) and paper, both have environmental impacts – it is important that we work to recycle these materials in order to reduce our environmental impacts.	

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Material Aspects			Materiality	Aspect Boundary	Notes on Materiality	Notes
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 60,744,941 Kw and 24,377,975 liters of fuel (1 liter = 38.7 mega joules - HHV Diesel 1 liter = 34.8 mega joules - HHV Gasoline)
302	2	Energy consumption outside of the organization	Immaterial		Given that we rely on third party suppliers, information regarding the energy consumed outside our organization is unavailable. However, using the GHG protocol, we account for the impact of the energy use outside our organization through our scope 3 emissions	Given that we rely on third party suppliers, information regarding the energy consumed outside our organization is unavailable. However, using the GHG protocol, we account for the impact of the energy use outside our organization through our scope 3 emissions
302	3	Energy intensity	Material	Within our entire operations, except our franchisees	This is an important measure of our energy footprint, since the energy intensity per shipment is a strong indicator of how this footprint relates to the context and growth of our operations. Energy intensity gives our stakeholders a better understanding of how our energy consumption is related to our operations.	
302	4	Reduction of energy consumption	Material	Within our entire operations, except our franchisees	The amount of reductions in our energy consumption is an important measure of our environmental and efficiency initiatives.	
302	5	Reductions in energy requirements of products and services	Immaterial		Because we report on our overall energy and emissions trends and consumption	

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

Material Aspects			Materiality	Aspect Boundary	Notes on Materiality	Notes
Emissions						
305	1	Direct Greenhouse Gas (GHG) emissions (Scope 1)	Material	Within our entire operations, except our franchisees	Due to environmental impacts	Our Carbon footprint baseline year is 2012, since it is provides the first comprehensive footprint for our operations, given that in 2012 we were able to fine tune our GHG measurement and management systems.
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, since it is provides the first comprehensive footprint for our operations, given that in 2012 we were able to fine tune our GHG measurement and management systems.
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	We calculate our commuting footprint using a bi-annual employee survey, produced as per the GHG protocol
305	4	Direct Greenhouse Gas (GHG) emissions intensity	Material	Within our entire operations, except our franchisees, outside as it is related to our scope 3 emissions	Due to environmental impacts	
305	5	Reduction of Greenhouse Gas (GHG) emissions	Material	Within our entire operations, except our franchisees	Due to environmental impacts	

Material Aspects			Materiality	Aspect Boundary	Notes on Materiality	Notes
Emissions						
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 2020 were 33,222 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	
306	3	Total number and volume of significant spills	Material			
306	4	Weigh of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basal Convention Annex I, II, III, and VIII and percentage of transported waste shipped internationally	Immaterial		Aramex is handling hazardous waste, there are strict policies and procedures in place for this, to safegaurd health and safety	
306	5	Identity, size, protected status and biodiversity value of water bodies and related habitats significantly affected by the organization's discharges of water and run-off	Immaterial		All of our water is discharged through municipal sewage systems	

Material Aspects			Materiality	Aspect Boundary	Notes on Materiality	Notes
Products and Services						
301	3	Percentage of products sold and their packaging materials that are reclaimed by category	Immaterial		We do not sell any product - the pouches which make up 99% of our packaging material are degradable	
Compliance						
307	1	Monetary value of significant fines & total number of non-monetary sanctions for non-compliance with environmental laws and regulations	Material	Within our entire operations	This is important to our operations and to our stakeholders	We didn't receive any monetary fines or sanctions for non-compliance with environmental laws and regulations
Transport Supplier Environmental Assessment						
308	1	Percentage of new suppliers that were screened using environmental criteria	Material	Outside our operations as it is related to our supply chain	This is important to our operations and to our stakeholders	
308	2	Significant actual and potential negative environmental impacts in the supply chain and actions taken	Material	Outside our operations as it is related to our supply chain	This is important to our operations and to our stakeholders	
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 2020.	
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		Our contractual agreements with parttime employees exclude health insurance and social security as in line with local regulations on part-time work	
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.	

102-9, 102-29, 102-31, 102-46, 102-47, 102-48, 103-1, 201-2, 201-4, 203-1, 203-2, 204-1, 302-2, 308-1, 308-2, 401-1, 401-2, 401-3

Material Aspects			Materiality	Aspect Boundary	Notes on Materiality	Notes
Labor/Management Relations						
402	1	Minimum notice periods regarding operational changes, including those specified in collective agreements	Material	Within our entire operations, except franchisees	Direct impact on our business and stakeholders, especially employees	While we do not prevent them, we currently do not have any collective bargaining agreements. Moreover, whenever we have any operational changes, we meet with related stakeholders to set a plan for the roll-out of these changes
Occupational Health and Safety						
403	1	"Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs"	Material	Within our entire operations, except franchisees	The high level of representation of our employees in formal health and safety committees is important as it allows for better decision making in incident prevention mechanisms. We seek to have a safe and healthy environment for our employees. This is important for our stakeholders and the sustainability of our operations.	
403	2	Type of injury and rates of injury, occupational diseases, lost days, absenteeism and total number of work-related fatalities, by region and by gender	Material	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 as well as voluntary medical assessments for our employees- our employees adhere to the strictest international protocols related to the handling of any dangeroud goods, as well as, attened required training, 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	

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

Material Aspects			Materiality	Aspect Boundary	Notes on Materiality	Notes
Supplier Assessment for Labor Practices						
414	1	Percentage of new suppliers that were screened using labor practices criteria	Material	Outside our operations as it is related to our supply chain	Labor rights are important to us – we strive to ensure that all of our employees and workforce have their rights as per national and international laws and regulations. To that end, we began screening our suppliers so that we could align our supply chain to our principles and standards	
414	2	Significant actual and potential negative impacts for labor practices in the supply chain and actions taken	Material	Within and outside our operations as it is related to our supply chain	It is important to act on any violations we find while evaluating our supply chain for labor rights. In 2020, our screening did not raise any red flags related to labor practice violations	
Labor Practices Grievance Mechanisms						
103	2	Number of grievances about labor practices filed, addressed and resolved through formal grievance mechanisms	Material	Within and outside our operations as it is related to our supply chain	We make an effort to ensure that we protect the labor rights of all of our workforce. Therefore, we ensure that we have a clear labor rights policy, along with a whistleblowing system to report any concerns or grievances – whether related to our operations or those of our suppliers, in order to remedy any issues immediately	
Labor Practices Grievance Mechanisms						
103	2	Number of grievances about labor practices filed, addressed and resolved through formal grievance mechanisms	Material	Within and outside our operations as it is related to our supply chain	We make an effort to ensure that we protect the labor rights of all of our workforce. Therefore, we ensure that we have a clear labor rights policy, along with a whistleblowing system to report any concerns or grievances – whether related to our operations or those of our suppliers, in order to remedy any issues immediately	
Human Rights Investment						
412	3	Total number & percentage of significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	Material	Outside our operations as it is related to our supply chain	Human rights are vital to us and we strive to uphold human rights principles in all our operations. Therefore, we evaluate our suppliers' compliance with international laws and conventions related to human rights to ensure there are no violations in our supply chain. Human rights violations can impact our operations and stakeholders negatively, which is why we track and prevent any violations	
412	2	Average hours of training per year per employee – by gender and by employee category	Material	Within our operations, except franchisees	In order to ensure human rights are upheld, we make sure that we communicate their importance to our employees and how they relate to our code of conduct. We make sure that we keep our employees informed in order to avoid any violations	

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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.	There were no incidents in 2020
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	* Europe & North America: None of our employees are unionized or having bargaining agreements. * Kenya: 85 Union Members * South Africa: 391 Union Members * Bahrain: 56 Union Members out of 269 employees * All other GCC: No unionized employees * Asia/ANZ: No unionized employees * Libya :No Unionised employees * Morocco: 3 unionised employees * Tunisia: 3 are part of a professional body * Jordan: 10 are part of a professional body * Egypt: as it is a personal choice for the employee whether to be part of a union, and they have no obligation to declare it with the HR team."

Material Aspects			Materiality	Aspect Boundary	Notes on Materiality	Notes
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	No risks were identified in 2020
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	No risks were identified
Security Practices						
410	1	Percentage of security personnel trained in the organization's human rights policies or procedures that are relevant to operations	Material	Within and outside our operations as it is related to our suppliers	In order to ensure that they are upheld, we make sure that we communicate with our employees on the importance of human rights and how they relate to our code of conduct. We make sure to keep our employees informed in order to avoid any violations. This includes our security staff, as they are an important aspect of our operations, are constantly on-site and therefore have a high potential to prevent and report any violations	
Indigenous Rights						
411	1	Total number of incidents of violations involving rights of indigenous peoples and actions taken	Material		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. In 2018, we conducted a Human Rights Impact Assessment, you can find details in our 2018 Annual Report	We conduct assessments every 3 years, the upcoming assement will be in 2021, the previous assessment was in 2018

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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	All high-risk vendors undergo a due diligence process that is managed internally using our Code of Conduct and questionnaire and externally through a reputable independent provider. As a result, the Compliance team managed to clear 95% of our active database (customers and vendors
414	2	Significant actual and potential negative human rights impacts in the supply chain and actions taken	Material	Within and outside our operations as it is related to our supply chain	Direct impact on our business, stakeholders and supply chain	Our 2018 Human Rights Impact Assessment ensured that there are no negative impacts that are not addressed or mitigated in our operations or supply chain
Human Rights Grievance Mechanisms						
103	1	Number of grievances about human rights impacts filed, addressed and resolved through formal grievance mechanisms	Material	Within and outside our operations as it is related to our supply chain	Given that we place high value on human rights, we ensure that our stakeholders are aware of the channels available to report any discrimination cases in order for us to investigate and remedy them	We have no such grievances in 2020

Material Aspects			Materiality	Aspect Boundary	Notes on Materiality	Notes
Society Local Communities						
413	1	Percentage of operations with implemented local community engagement, impact assessment and development programs	Material as determined through the process of internal assessments, stakeholder engagement, and current industry practices	Inside and outside our operations in the countries where we are able to have projects on the ground. The percentage is calculated from operations that have projects on the ground in relation to all operations where we are able to have sustainability projects.	Aramex strives to have a positive impact in all areas in which we operate, as we believe it is vital to engage with local communities and empower them. Our social and sustainability initiatives impact the communities' well-being and enhances our relationships with our stakeholders	In 2020, 94% of our operations had implemented community and/ or sustainability programs or porjects. We report on different categories of beneficiaries. Our community beneficiaries exclude children, students, startups and interns (which are accounted for separately)
413	2	Operations with significant actual or potential negative impacts on local communities	Immaterial		Given the nature of our operations, we do not operate any factories or manufacturing facilities that pose health risks, nor do we mine or extract resources, ensuring that our operations do not pose any negative social impacts and have mechanisms in place to report any issues or concerns.	
Anti-Corruption						
205	1	Total number and percentage of operations assessed for risks related to corruption and the significant risks identified	Material	Within our entire operations	Corruption can have significant legal and financial implications, as well as a negative impact on our stakeholders and on the areas in which we operate. This is why Aramex's compliance and internal audit functions are dedicated to the reduction of risks related to corruption	
205	2	Communications and training on anti-corruption policies and procedures	Material	Within our entire operations	Corruption can have significant legal and financial implications, as well as a negative impact on our stakeholders and on the areas in which we operate. This is why Aramex's compliance and internal audit functions are dedicated to the reduction of risks related to corruption and to ensuring that our employees are trained and aware of our code of conduct and anti-corruption policies. We also have a whistleblowing policy and mechanism in place to report any incidents.	
205	3	Confirmed incidents of corruption and actions taken	Material	Within our entire operations	Due to the importance of keeping our operations corruption- free we have formal channels to report any cases, along with a comprehensive procedure to investigate and take action against perpetrators	No such incidents in 2020

102-29, 102-31, 102-46, 102-47, 102-48, 103-1, 201-2, 201-4, 203-1, 203-2, 204-1, 302-2, 413-1, 413-2, 205-1, 205-3

Material Aspects			Materiality	Aspect Boundary	Notes on Materiality	Notes
Public Policy						
415	1	Total value of political contributions by country and recipient/beneficiary	Material	Within our entire operations	As we do not affiliate ourselves with any political or governmental system, we have a strict policy against giving political contributions to governments	
Anti-competitive Behavior						
206	1	Total number of legal actions for anti-competitive behavior, anti-trust and monopoly practices and their outcomes	Material	Within our entire operations	Direct impact on our business and stakeholders	In 2020, 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 2020, 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

102-29, 102-31, 102-46, 102-47, 102-48, 103-1, 201-2, 201-4, 203-1, 203-2, 204-1, 302-2, 415-1, 206-1

Material Aspects			Materiality	Aspect Boundary	Notes on Materiality	Notes
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	If so, we can say: All high-risk vendors undergo a due diligence process that is managed internally using our Code of Conduct and questionnaire and externally through a reputable independent provider. As a result, the Compliance team managed to clear 95% of our active database (customers and vendors
414	2	Significant, actual and potential negative impacts on society in the supply chain and actions taken	Material	Outside our operations as it is related to our supply chain	Direct impact on our business and stakeholders	Same comment as above
Grievance Mechanisms for Impacts on Society						
103	2	Number of grievances about impacts on society filed, addressed and resolved through formal grievance mechanisms	Material	Within and outside our operations as it is related to our supply chain	Direct impact on our business and stakeholders	Same comment as above

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	We can say: All high-risk vendors undergo a due diligence process that is managed internally using our Code of Conduct and questionnaire and externally through a reputable independent provider. As a result, the Compliance team managed to clear 95% of our active database (customers and vendors
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	We did not have any such incidents in 2020

102-29, 102-31, 102-46, 102-47, 102-48, 103-1, 201-2, 201-4, 203-1, 203-2, 204-1, 302-2, 416-1, 416-2

Material Aspects			Materiality	Aspect Boundary	Notes on Materiality	Notes
Product and Service Labeling						
417	1	Type of product and service information required by the organization's procedures for product and service information and labeling. Percentage of significant product and service categories subject to such information requirements	Immaterial		We do not produce any products or services that require specific labeling	
417	2	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes	Immaterial		We do not produce any products or services that require specific labeling	
417	3	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion and sponsorship, by type of outcomes	Material	Outside our organization as it is related to international and national laws and regulations	Direct impact on our business and stakeholders	We had no such incidents in 2020
102	43	Approach to stakeholder engagement Key topics and concerns raised	Material	Within our entire operations and outside as it is related to our customers	Customer satisfaction is important to Aramex. Therefore, measuring customer satisfaction through these surveys allows us to know more about our services and identify any gaps or needs for improvement. In this way, we are able to maintain positive long term relationships with our customers	
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	

102-29, 102-31, 102-46, 102-47, 102-48, 103-1, 201-2, 201-4, 203-1, 203-2, 204-1, 302-2, 417-1, 417-2, 417-3

Material Aspects			Materiality	Aspect Boundary	Notes on Materiality	Notes
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 2020 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	

102-29, 102-31, 102-46, 102-47, 102-48, 103-1, 201-2, 201-4, 203-1, 203-2, 204-1, 302-2, 419-1, 418-1

GRI Content Index

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

GRI 101: Foundation 2016 General Disclosures	Disclosure number	Disclosure Title	Page number / notes	Omission	External Assurance
GRI 102: General Disclosures 2016	102-1	Name of the organization	1		
	102-2	Activities, brands, products, and services	17, 1		
	102-3	Location of headquarters	1		
	102-4	Location of operations	1, 2		
	102-5	Ownership and legal form	1		
	102-6	Markets served	2, 1		
	102-7	Scale of the organization	1		
	102-8	Information on employees and other workers	1, 39-47		
	102-9	Supply chain	1, 21, 55, 59, (66 - 69), 83, 88		
	102-10	Significant changes to the organization and its supply chain	4-6, 17-20, 23-29,		
	102-11	Precautionary Principle or approach	56		
	102-12	External initiatives	8, 14, 49-57		
	102-13	Membership of associations	75		
	102-14	Statement from senior decision-maker	4-6		
	102-15	Key impacts, risks, and opportunities	4-6, 14, 15, 17-20, 55		
	102-16	Values, principles, standards, and norms of behavior	23, 66, 3		
	102-17	Mechanisms for advice and concerns about ethics	66		
	102-18	Governance structure	23		
	102-19	Delegating authority	23		

102-53, 102-55

GRI 101: Foundation 2016 / General Disclosures	Disclosure number	Disclosure Title	Page number / notes	Omission	External Assurance
GRI 102: General Disclosures 2016	102-20	Executive-level responsibility for economic, environmental, and social topics	23		
	102-21	Consulting stakeholders on economic, environmental, and social topics	49, 21, 59-64		
	102-22	Composition of the highest governance body and its committees	23		
	102-23	Chair of the highest governance body	23		
	102-24	Nominating and selecting the highest governance body	23		
	102-25	Conflicts of interest	23		
	102-26	Role of highest governance body in setting purpose, values, and strategy	23		
	102-27	Collective knowledge of highest governance body	23		
	102-28	Evaluating the highest governance body's performance	23		
	102-29	Identifying and managing economic, environmental, and social impacts	8, 9, 21, 49, 66, (79 -100)		
	102-30	Effectiveness of risk management processes	66		
	102-31	Review of economic, environmental, and social topics	14, 15, 23, 49, 59, (81 -100)		
	102-32	Highest governance body's role in sustainability reporting	23, 78, 79, 80		
	102-33	Communicating critical concerns	23, 66		
	102-34	Nature and total number of critical concerns	66-69		
	102-35	Remuneration policies	23		
	102-36	Process for determining remuneration	23		
	102-37	Stakeholders' involvement in remuneration	23		
	102-38	Annual total compensation ratio	18		
	102-39	Percentage increase in annual total compensation ratio	23		
	102-40	List of stakeholder groups	59, 21		

GRI 101: Foundation 2016 General Disclosures	Disclosure number	Disclosure Title	Page number / notes	Omission	External Assurance
GRI 102: General Disclosures 2016	102-41	Collective bargaining agreements	89		
	102-42	Identifying and selecting stakeholders	59 - 64, 21		
	102-43	Approach to stakeholder engagement	59 - 64, 21		
	102-44	Key topics and concerns raised	59 - 64, 21		
	102-45	Entities included in the consolidated financial statements	2, 13, 1		
	102-46	Defining report content and topic Boundaries	8, 9, 13, 78, (81 - 100)		
	102-47	List of material topics	78, (81 - 100)		
	102-48	Restatements of information	78, (81 - 100)		
	102-49	Changes in reporting	78		
	102-50	Reporting period	8		
	102-51	Date of most recent report	8		
	102-52	Reporting cycle	8		
	102-53	Contact point for questions regarding the report	101		
	102-54	Claims of reporting in accordance with the GRI Standards	78		
	102-55	GRI content index	101		
	102-56	External assurance	111-113		
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	4, 5, 6, 13, 14, 31, 49, 66, (81 - 100)		
	103-2	The management approach and its components	14, 21, 31, 39, 49, 66, 79		
	103-3	Evaluation of the management approach	4, 5, 6, 14, 21, 31, 39, 49, 66, 79		

GRI 101: Foundation 2016 General Disclosures	Disclosure number	Disclosure Title	Page number / notes	Omission	External Assurance
GRI 201: Economic Performance 2016	201-1	Direct economic value generated and distributed	4, 14		
	201-2	Financial implications and other risks and opportunities due to climate change	55, (81-100)		
	201-3	Defined benefit plan obligations and other retirement plans	39		
	201-4	Financial assistance received from government	(81 -100)		
GRI 202: Market Presence 2016	202-1	Ratios of standard entry level wage by gender compared to local minimum wage	109		
	202-2	Proportion of senior management hired from the local community	39		
GRI 203: Indirect Economic Impacts 2016	203-1	Infrastructure investments and services supported	4, 5, 6, 14, 17, 18, 66, (81 - 100)		
	203-2	Significant indirect economic impacts	14, 49, 66, (81- 100)		
GRI 204: Procurement Practices 2016	204-1	Proportion of spending on local suppliers	(81 - 100)		
GRI 205: Anti-corruption 2016	205-1	Operations assessed for risks related to corruption	(66 - 69) , 95		
	205-2	Communication and training about anti-corruption policies and procedures	66-69		
	205-3	Confirmed incidents of corruption and actions taken	95		
GRI 206: Anti-competitive Behavior 2016	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	96		
GRI 207: Tax 2019	207-1	Approach to tax	119, 122-124, 127, 133,134, 137-140,142-144, 146, 148, 154, 156-158, 160, 162, 163, 166, 167, 169, 171		
	207-2	Tax governance, control, and risk management	119, 122-124, 127, 133,134, 137-140,142-144, 146, 148, 154, 156-158, 160, 162, 163, 166, 167, 169, 171		
	207-3	Stakeholder engagement and management of concerns related to tax	36, 80		
	207-4	Country-by-country reporting	119, 122-124, 127, 133,134, 137-140,142-144, 146, 148, 154, 156-158, 160, 162, 163, 166, 167, 169, 171		

GRI 101: Foundation 2016 General Disclosures	Disclosure number	Disclosure Title	Page number / notes	Omission	External Assurance
GRI 301: Materials 2016	301-1	Materials used by weight or volume	109		
	301-2	Recycled input materials used	109		
	301-3	Reclaimed products and their packaging materials	87		
GRI 302: Energy 2016	302-1	Energy consumption within the organization	56		
	302-2	Energy consumption outside of the organization	(81 -100)		
	302-3	Energy intensity	56		
	302-4	Reduction of energy consumption	14 , 56		
	302-5	Reductions in energy requirements of products and services	14 , 56		
GRI 303: Water and Effluents 2018	303-1	Interactions with water as a shared resource	109		
	303-2	Management of water discharge-related impacts	85		
	303-3	Water withdrawal	85		
	303-4	Water discharge	87		
	303-5	Water consumption	110		
GRI304: Biodiversity 2016	304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	85		
	304-2	Significant impacts of activities, products, and services on biodiversity	85		
	304-3	Habitats protected or restored	85		
	304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	85		

GRI 101: Foundation 2016 General Disclosures	Disclosure number	Disclosure Title	Page number / notes	Omission	External Assurance
GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG emissions	55, 86		
	305-2	Energy indirect (Scope 2) GHG emissions	55, 86		
	305-3	Other indirect (Scope 3) GHG emissions	55, 86		
	305-4	GHG emissions intensity	55, 86		
	305-5	Reduction of GHG emissions	56, 14		
	305-6	Emissions of ozone-depleting substances (ODS)	86		
	305-7	Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	86		
GRI 306: Waste 2020	306-1	Waste generation and significant waste-related impacts	87		
	306-2	Management of significant waste-related impacts	87		
	306-3	Waste generated	87		
	306-4	Waste diverted from disposal	87		
	306-5	Waste directed to disposal	87		
GRI 307: Environmental Compliance 2016	307-1	Non-compliance with environmental laws and regulations	87		
GRI 308: Supplier Environmental Assessment 2016	308-1	New suppliers that were screened using environmental criteria	68, 88		
	308-2	Negative environmental impacts in the supply chain and actions taken	55, 88		
GRI 401: Employment 2016	401-1	New employee hires and employee turnover	42, 88, 39		
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	88 , 39		
	401-3	Parental leave	46, 88, 39		
GRI 402: Labor/Management Relations 2016	402-1	Minimum notice periods regarding operational changes	89		

GRI 101: Foundation 2016 General Disclosures	Disclosure number	Disclosure Title	Page number / notes	Omission	External Assurance
GRI 403: Occupational Health and Safety 2018	403-1	Occupational health and safety management system	69-72, 89		
	403-2	Hazard identification, risk assessment, and incident investigation	69-72, 89		
	403-3	Occupational health services	89		
	403-4	Worker participation, consultation, and communication on occupational health and safety	89		
	403-5	Worker training on occupational health and safety	70		
	403-6	Promotion of worker health	69		
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	69		
	403-8	Workers covered by an occupational health and safety management system	69		
	403-9	Work-related injuries	72		
	403-10	Work-related ill health	72		
GRI 404: Training and Education 2016	404-1	Average hours of training per year per employee	43-44		
	404-2	Programs for upgrading employee skills and transition assistance programs	39-47		
	404-3	Percentage of employees receiving regular performance and career development reviews	39, 43, 44, 90		
GRI 405: Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees	25-27, 23, 43-45, 39		
	405-2	Ratio of basic salary and remuneration of women to men	109, 90		
GRI 406: Non-discrimination 2016	406-1	Incidents of discrimination and corrective actions taken	92		
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	66-69, 92		
GRI 408: Child Labor 2016	408-1	Operations and suppliers at significant risk for incidents of child labor	66-69, 93		

GRI 101: Foundation 2016 General Disclosures	Disclosure number	Disclosure Title	Page number / notes	Omission	External Assurance
GRI 409: Forced or Compulsory Labor 2016	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	66-69, 93		
GRI 410: Security Practices 2016	410-1	Security personnel trained in human rights policies or procedures	93		
GRI 411: Rights of Indigenous Peoples 2016	411-1	Incidents of violations involving rights of indigenous peoples	93		
GRI 412: Human Rights Assessment 2016	412-1	Operations that have been subject to human rights reviews or impact assessments	93		
	412-2	Employee training on human rights policies or procedures	68, 91		
	412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	91, 68		
GRI 413: Local Communities 2016	413-1	Operations with local community engagement, impact assessments, and development programs	2, 14, 49, 9		
	413-2	Operations with significant actual and potential negative impacts on local communities	95		
GRI 414: Supplier Social Assessment 2016	414-1	New suppliers that were screened using social criteria	91, 68		
	414-2	Negative social impacts in the supply chain and actions taken	91		
GRI 415: Public Policy 2016	415-1	Political contributions	96		
GRI 416: Customer Health and Safety 2016	416-1	Assessment of the health and safety impacts of product and service categories	98		
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	98		
GRI 417: Marketing and Labeling 2016	417-1	Requirements for product and service information and labeling	99		
	417-2	Incidents of non-compliance concerning product and service information and labeling	99		
	417-3	Incidents of non-compliance concerning marketing communications	99		
GRI 418: Customer Privacy 2016	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	100		
GRI 419: Socio economic Compliance 2016	419-1	Non-compliance with laws and regulations in the social and economic area	100		

Appendix

RATIOS OF STANDARD ENTRY LEVEL WAGE BY GENDER AT SIGNIFICANT LOCATIONS OF OPERATION		
Country	**Local Currency/Month**	**Ratio (Female To Male Wage)**
Jordan (JOD)		
Entry Level		
Female	350	1.46
Male	240	1
5-Years' Experience		
Female 566.09 (Jod) 1.03	551	1
Male 551.94 (Jod) 1	1	1
United Arab Emirates (AED)		
Entry Level		
Female	2400	1.2
Male	2000	1
5-Years' Experience		
Female	3600	1
Male	5900	1.6
South Africa (ZAR)		
Entry Level		
Female	7095	1
Male	7095	1
5-Years' Experience		
Female	12047	
Male	12047	
Netherlands (Euro)		
Entry Level		
Female	20168	1
Male	20168	1
5-Years' Experience		
Female	500	1.25
Male	438	1

RATIOS OF STANDARD ENTRY LEVEL WAGE BY GENDER AT SIGNIFICANT LOCATIONS OF OPERATION		
Country	**Local Currency/Month**	**Ratio (Female To Male Wage)**
Bahrain (BHD)		
Entry Level		
Female	300	1
Male	250	1.2
5-Years' Experience		
Female	500	1.14
Male	438	1
Hong Kong (HKD)		
Entry Level		
Female	1200	1.14
Male	1050	1
5-Years' Experience		
Female	15000	1
Male	15000	1
Egypt (EGP)		
Entry Level		
Female	3500	1
Male	4000	1.14
5-Years' Experience		
Female	6200	1
Male	6720	1.08

202-1, 301-1, 301-2, 303-1, 405-2

Change in Materials and Water use for 2020

WATER 2019 (L)	WATER 2020 (L)	DIFF %
11,526,200	10,658,692	-8%
PAPER 2019 (Ream)	Paper 2020 (Ream)	
98,326	91,325	-7%

Recycling for 2020

Recycling Material	Quantity (KG)
Paper (Reams)	200
Plastic (KG)	25
Aluminum (KG)	30
Cardboard (KG)	11500
Packaging (KG)	190
Envelopes (KG	250
Electronics (KG)	105
Wood (KG)	120
Plastic Wrap (KG)	40
Plastic film	62545
Red Plastic Bags	27368
Wooden Pallets	39354
Increase in recycling materials by 3 % from 2019	

303-5

Independent Assurance Statement

EY
Building a better working world

Ernst & Young Jordan
P.O. Box 1140
Building No. 300
King Abdullah Street
Amman 11118
Hashemite Kingdom of Jordan

Tel: +962 6 552 6111
+962 6 552 7666
Fax: +962 6 553 8300
amman@jo.ey.com
ey.com

Independent accountant's assurance report

Scope
We have been engaged by **Aramex PJSC** to perform a 'limited assurance engagement,' as defined by International Standards on Assurance Engagements, here after referred to as the engagement, to report on **Aramex PJSC's** *performance metrics including Eight (8) disclosures below :*

- Disclosure 305-1: Direct (Scope 1) GHG emissions
- Disclosure 305-2: Energy indirect (Scope 2) GHG emissions
- Disclosure 305-3: Other indirect (Scope 3) GHG emissions, (excluding Commuting)
- Disclosure 305-7 Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions
- Disclosure 403-9: Work-related injuries
- Disclosure 405-2: Ratio of basic salary and remuneration of women to men
- Disclosure 202-1: Ratios of standard entry level wage by gender compared to
- local minimum wage
- Disclosure 202-2: Proportion of senior management hired from the local
- community

(the "Subject Matter") **as of 01 January 2020** and **for the year ended 31 December 2020 for the Company's two selected sites which are Amman (Jordan) and Dubai (United Arab Emirates).**

Other than as described in the preceding paragraph, which sets out the scope of our engagement, we did not perform assurance procedures on the remaining information included in the Report, and accordingly, we do not express a conclusion on this information.

Criteria applied by **Aramex PJSC**
In preparing the **Subject Matter**, [**Aramex PJSC** applied the Global Reporting Initiative Standards (GRI) and the Greenhouse Gas Protocol (GHG Protocol) (Criteria).

Aramex PJSC*'s responsibilities*
Aramex PJSC's management is responsible for selecting the Criteria, and for presenting the **Subject Matter** in accordance with that Criteria, in all material respects . This responsibility includes establishing and maintaining internal controls, maintaining adequate records and making estimates that are relevant to the preparation of the subject matter, such that it is free from material misstatement, whether due to fraud or error.

EY's responsibilities
Our responsibility is to express a conclusion on the presentation of the Subject Matter based on the evidence we have obtained.

We conducted our engagement in accordance with the *International Standard for Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* ('ISAE 3000'), and the terms of reference for this engagement as agreed with **Aramex PJSC** on 04 February 2020.Those standards require that we plan and perform our engagement to obtain limited assurance about whether, in all material respects, the Subject Matter is presented in

accordance with the Criteria, and to issue a report. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risk of material misstatement, whether due to fraud or error.

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our limited assurance conclusions.

Our Independence and Quality Control
We have maintained our independence and confirm that we have met the requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants and have the required competencies and experience to conduct this assurance engagement.

EY also applies International Standard on Quality Control 1, *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements,* and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Description of procedures performed
Procedures performed in a limited assurance engagement vary in nature and timing from and are less in extent than for a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Our procedures were designed to obtain a limited level of assurance on which to base our conclusion and do not provide all the evidence that would be required to provide a reasonable level of assurance.

Although we considered the effectiveness of management's internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal controls. Our procedures did not include testing controls or performing procedures relating to checking aggregation or calculation of data within IT systems.

A limited assurance engagement consists of making enquiries, primarily of persons responsible for preparing the Eight (8) disclosures mentioned above and related information and applying analytical and other appropriate procedures.

Our procedures included:
Our assurance team visited the Company's station in Dubai (United Arab Emirates) and performed virtual meetings with the station in Amman (Jordan) to check the disclosures outlined in the Scope above. Our key steps were as follows:

- Conducted interviews with personnel to understand the business and reporting process
- Conducted interviews with key personnel to understand the process for collecting, collating and reporting the subject matter during the reporting period
- Checked that the calculation criteria have been correctly applied in accordance with the methodologies outlined in the Criteria
- Undertook analytical review procedures to support the reasonableness of the data

- Identified and testing assumptions supporting calculations
- Tested, on a sample basis, underlying source information to check the accuracy of the data.

We also performed such other procedures as we considered necessary in the circumstances.

Conclusion
Based on our procedures and the evidence obtained, we are not aware of any material modifications that should be made to Eight (8) Disclosures listed under Scope above **as of [01 January 2020 for the year ended** 31 December 2020 in order for it to be in accordance with (**or based on**) the Criteria.

ERNST & YOUNG
Amman - Jordan

Ernst & Young Jordan
Waddah Barkawi

18th of April 2021

Amman, Jordan

Our Performance

ARAMEX PJSC AND ITS SUBSIDIARIES

REPORT OF THE DIRECTORS' AND CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2020

ARAMEX PJSC AND ITS SUBSIDIARIES

REPORT OF THE DIRECTORS' AND CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2020

Contents

aramex (PJSC) ارامكس (ش م ع)

Dear valued shareholder,

We are pleased to report that Aramex produced a stable financial performance in a year punctured with challenges and uncertainty. Our Revenues were up 9% compared to 2019, to a record AED 5,510 million. While Net Income fell 46% to AED 267 million, this was mainly owed to non-core business activities and one-off events, therefore on a like-for-like basis Net Income would have been AED 377.6 million.

In 2020, Aramex demonstrated its operational resilience and agility to respond swiftly to fast-changing operational conditions thanks to our ongoing efforts and investments in our digital infrastructure, disciplined financial approach, diversified business model, and determined management and teams. Moreover, over the last 12 months, Aramex reinforced its reputation as a trusted brand that can deliver high levels of service in a reliable, safe, and timely manner under unprecedented circumstances.

One of the most critical and sudden changes to our business in 2020 was significantly higher levels of Domestic Express volumes and the accelerated demand for last-mile services. We were well-prepared to swiftly scale and service the unexpected surge in e-commerce activity, which afforded us the opportunity to capture greater market share in our core markets, further cementing our market dominance. However, over the course of the year, the greatest challenge was managing line haul operations and associated costs. While the innovative and problem-solving mindset of our teams enabled us to resolve those challenges with minimal impact on our service level, it came at an additional cost. As such, we are currently reassessing our asset-light approach and are considering various options to reconfigure our cross-border operations in a strategic, cost-effective, and sustainable manner.

As the world shifts focus to various vaccination programs, we are incredibly proud to be part of such a critical undertaking. In late 2020, we joined the Hope Consortium, an Abu Dhabi-led public-private partnership to help distribute billions of vaccines to over 170 countries. Our participation is a strong testament of our capabilities, international presence and the confidence the government of Abu Dhabi has in our Company.

Looking ahead, we believe global macro-economic conditions will continue to improve as the global vaccine program gathers pace, boosting global business confidence and encouraging a resumption of business activities to pre-COVID-19 levels. However, there are certain sectors we believe will fare better than others and are considered a key driver for our growth, specifically, e-commerce. To that end we will continue to invest in scaling our operations with focus on the last mile infrastructure and relevant technologies to improve efficiencies and demonstrate our leadership in customer service excellence. On the B2B side, we believe various industries will have differing recovery paths and timelines, with some witnessing a paradigm shift in their fundamentals. However, on balance we believe that certain sectors such as healthcare, FMCG, aerospace and defense will support our expansion and diversification strategy, and we are therefore targeting those sectors more aggressively in 2021.

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

aramex (PJSC) ارامكس (ش م ع)

Supply-side, we anticipate a consolidation of market participants, creating stronger, more efficient, and technology-powered logistics service providers that are better able to offer customized solutions. We have the financial and liquidity firepower to enable us to capture value accretive opportunities in the near future.

We would like to extend our sincerest appreciation to all our stakeholders, including our shareholders, employees, customers and business partners for continuing to be key drivers of growth of Aramex's business, network and brand.

Sincerely yours,

Captain Mohamed Juma Alshamsi
Chairman
Aramex PJSC

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INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF ARAMEX PJSC

Report on the audit of the consolidated financial statements

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Aramex PJSC (the "Company") and its subsidiaries (together referred to as the "Group") as at 31 December 2020, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

What we have audited

The Group's consolidated financial statements comprise:

- the consolidated statement of financial position as at 31 December 2020;
- the consolidated statement of income for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

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

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

Independence

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

Our audit approach

Overview

Key audit matter

- Revenue recognition
- Impairment of goodwill

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

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

Key audit matters

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

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

Key audit matters (continued)

Key audit matter	How our audit addressed the key audit matter
Revenue recognition The Group focuses on revenues as a key performance measure and as a driver for growth and expansion. For the year ended 31 December 2020, the Group had revenue of AED 5.5 billion (2019: 5.1 billion) - Note 28. Due to the materiality of the amounts involved, diversity of the Group's geographical footprint, and susceptibility of such revenues to overstatement/understatement and fraud risk, we assess revenue recognition as a key audit matter.	Our audit procedures performed in relation to revenue recognition included • considering the appropriateness and testing the consistency of the Group's revenue recognition policies; • assessing the compliance of such policies with the applicable International Financial Reporting Standards; • reviewing the control environment and testing internal controls over the completeness, accuracy and occurrence of revenue recognised; • obtaining a representative sample of transactions and testing their occurrence, accuracy and recognition; • selecting a sample of transactions before and after the year end to verify recognition in the current reporting period; • performing substantive analytical procedures to identify inconsistencies and/or unusual movements during the year; and • assessing the adequacy of the Group's disclosures in the consolidated financial statements in connection with revenue recognition.
Impairment of goodwill As at 31 December 2020, the Group had goodwill of AED 1,136 million (Note 8). As required by IAS 36 – Impairment of Assets, the Group is required to annually test goodwill for impairment. Management's assessment process is complex and highly judgemental, and is based on assumptions, in particular the discount rate and growth rate estimates which are affected by expected future market or economic conditions. Any changes in assumptions could result in impairment of the goodwill. Accordingly, we consider goodwill impairment to be a key audit matter.	Our audit procedures performed in relation to the assessment impairment of goodwill included • testing the integrity of the model and on a sample basis the cash flow forecasts and assessed that the methodology used is consistent with IAS 36; • assessing the appropriateness of forecast revenue and net operating profit before taxes growth rates through comparison to historical data; • assessing the appropriateness of weighted average cost of capital through comparison with external economic benchmarking data to determine if it provided corroborative or contradictory evidence in relation to management's assumptions; • with the involvement of our internal valuation expert, we assessed the discount rate assumptions and the mathematical accuracy of the impairment models and the methodology applied by management for consistency with the requirements of IAS 36; and • assessing the completeness and accuracy of disclosures within the financial statements in accordance with IFRS.

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

Other information

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

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

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

If, based on the work we have performed, on the other information that we obtained prior to the date of this auditor's report, 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.

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

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

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

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

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

Auditor's responsibilities for the audit of the consolidated financial statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

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

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

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

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

Report on other legal and regulatory requirements

Further, as required by the UAE Federal Law No. (2) of 2015, we report that for the year ended 31 December 2020:

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

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

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

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

(v) Notes 12, 13, and 14 to the consolidated financial statements disclose the Group's investments in shares during the year ended 31 December 2020;

(vi) Note 33 to the consolidated financial statements discloses material related party transactions, and the terms under which they were conducted;

(vii) based on the information that has been made available to us, nothing has come to our attention which causes us to believe that the Group has contravened during the year ended 31 December 2020 any of the applicable provisions of the UAE Federal Law No. (2) of 2015 or in respect of the Company, its Articles of Association which would materially affect its activities or its consolidated statement of financial position as at 31 December 2020; and

(viii) as disclosed in Note 30 to the consolidated financial statements, the Group has made social contributions during the year ended 31 December 2020.

PricewaterhouseCoopers
16 March 2021

برايس ووترهاوس كوبرز
ص.ب: ١١٩٨٧-دبي
P.O. Box : 11987, Dubai
PricewaterhouseCoopers

Rami Sarhan
Registered Auditor Number 1152
Dubai, United Arab Emirates

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 31 December 2020

	Notes	2020 AED'000	2019 AED'000
ASSETS			
Non-current assets			
Property, plant and equipment	6	**956,755**	1,005,085
Right of use assets	7	**890,129**	854,112
Goodwill	8	**1,135,511**	1,128,337
Other intangible assets	9	**216,405**	214,241
Investment in joint ventures and associates	12,13	**39,803**	26,631
Financial assets at fair value though other comprehensive income	14	**25,451**	32,656
Deferred tax assets	15	**7,786**	7,359
Other non-current assets		**4,800**	5,536
		3,276,640	3,273,957
Current assets			
Accounts receivable, net	16	**1,093,927**	1,196,466
Other current assets	17	**271,874**	272,323
Margins and bank deposits	18	**252,359**	260,740
Cash and cash equivalents	18	**1,002,407**	739,318
		2,620,567	2,468,847
Assets held for sale	11	**217,963**	–
TOTAL ASSETS		**6,115,170**	5,742,804
EQUITY AND LIABILITIES			
Equity			
Share capital	19	**1,464,100**	1,464,100
Statutory reserve	20	**408,929**	367,095
Foreign currency translation reserve	20	**(344,425)**	(398,720)
Reserve arising from acquisition of non-controlling interests	20	**(335,186)**	(335,186)
Reserve arising from other comprehensive income items	20	**(7,064)**	272
Retained earnings		**1,504,306**	1,519,928
Equity attributable to equity holders of the Parent		**2,690,660**	2,617,489
Non-controlling interests		**16,301**	15,053
Total equity		**2,706,961**	2,632,542
LIABILITIES			
Non-current liabilities			
Interest-bearing loans and borrowings	22	**162,000**	157,636
Lease liabilities	7	**701,190**	673,020
Employees' end of service benefits	23	**149,187**	146,983
Deferred tax liabilities	15	**58,359**	49,515
		1,070,736	1,027,154
Current liabilities			
Accounts payable	24	**328,879**	266,814
Lease liabilities	7	**186,548**	189,849
Bank overdrafts	25	**68,059**	151,204
Interest-bearing loans and borrowings	22	**542,841**	582,510
Income tax provision	15	**78,165**	86,995
Other current liabilities	26	**1,038,975**	805,736
		2,243,467	2,083,108
Liabilities held for sale	11	**94,006**	-
Total liabilities		**3,408,209**	3,110,262
TOTAL EQUITY AND LIABILITIES		**6,115,170**	5,742,804

To the best of our knowledge, the consolidated financial statements present fairly, in all material respects, the consolidated financial position, consolidated results of operation and consolidated cash flows of the Group as of, and for the year ended 31 December 2020.

Mohamed Juma Alshamsi
(Chairman)

Bashar Obeid
(Chief Executive Officer)

Nadia Abu Sara
(Chief Financial Officer)

The notes on pages 119 to 169 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF INCOME
At 31 December 2020

	Notes	2020 AED'000	2019 AED'000
Continuing operations			
Rendering of services	28	**5,510,299**	5,068,145
Cost of services *	29	**(3,976,508)**	(3,412,693)
Gross profit		**1,533,791**	1,655,452
Selling and marketing expenses		**(220,668)**	(193,652)
Net impairment loss on accounts receivable	16	**(25,319)**	(24,783)
Net impairment loss on bank balances	18	**(21,301)**	-
Administrative expenses	30	**(791,926)**	(822,351)
Losses on property and customer goods	35	**(89,611)**	-
Other income, net	31	**14,582**	5,012
Operating profit		**399,548**	619,678
Finance income		**10,446**	11,364
Finance expense		**(65,639)**	(79,562)
Share of results of joint ventures and associates	12,13	**10,998**	4,470
Profit before tax from continuing operations		**355,353**	555,950
Income tax expense	15	**(108,951)**	(79,326)
Profit for the year from continuing operations		**246,402**	476,624
Discontinued operations			
Profit after tax for the year from discontinued operations	11	**23,293**	24,456
Profit for the year		**269,695**	501,080
Attributable to:			
Equity holders of the Parent			
Profit for the year from continuing operations		**244,843**	474,069
Profit for the year from discontinued operations		**21,809**	23,331
		266,652	497,400
Non-controlling interests			
Profit for the year from continuing operations		**1,559**	2,555
Profit for the year from discounted operations		**1,484**	1,125
		3,043	3,680
		269,695	501,080
Earnings per share attributable to the equity holders of the Parent:			
Basic and diluted earnings per share from continuing operations	34	**AED 0.167**	AED 0.324
Basic and diluted earnings per share from discontinued operations	34	**AED 0.015**	AED 0.016

The notes on pages 119 to 169 form an integral part of these consolidated financial statements.

207-1, 207-2, 207-4

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME
At 31 December 2020

	Notes	2020 AED'000	2019 AED'000
Profit for the year		**269,695**	501,080
Other comprehensive income, net of tax:			
Other comprehensive income items to be reclassified to the consolidated statement of income in subsequent periods:			
Gain on debt instruments at fair value through other comprehensive income	14	**-**	733
Exchange differences on translation of foreign operations		**12,106**	(38,500)
Impact of hyperinflation		**(22,394)**	-
		(10,288)	(37,767)
Other comprehensive income items not to be reclassified to the consolidated statement of income in subsequent periods			
Loss on equity instruments at fair value through other comprehensive income	14	**(1,284)**	(7,152)
Remeasurements of post-employment benefit obligations through other comprehensive income	20	**(1,315)**	-
		(2,599)	(7,152)
Other comprehensive loss for the year, net of tax		**(12,887)**	(44,919)
Total comprehensive income for the year		**256,808**	456,161
Attributable to:			
Equity holders of the Parent		**255,037**	463,478
Non-controlling interests		**1,771**	(7,317)
		256,808	456,161
Total comprehensive income attributable to Equity holders of the Parent arises from:			
Continuing operations		**239,044**	439,363
Discontinued operations		**15,993**	24,115
		255,037	463,478

The notes on pages 119 to 169 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
At 31 December 2020

	Share Capital AED'000	Statutory reserve AED'000	Foreign currency translation reserve AED'000	Reserve arising from acquisition of non controlling interests AED'000	Reserve arising from other comprehensive income items AED'000	Retained earnings AED'000	Equity attributable to equity holders of the Parent AED'000	Non-controlling interests AED'000	Equity AED'000
For the year ended 31 December 2020									
At 31 December 2019	**1,464,100**	**367,095**	**(398,720)**	**(335,186)**	**272**	**1,519,928**	**2,617,489**	**15,053**	**2,632,542**
Impact of hyperinflation	-		63,311	-	-	-	63,311	-	63,311
At 1 January 2020 (adjusted)	**1,464,100**	**367,095**	**(335,409)**	**(335,186)**	**272**	**1,519,928**	**2,680,800**	**15,053**	**2,695,853**
Profit for the year	-	-	-	-	-	266,652	266,652	3,043	269,695
Other comprehensive loss	-	-	(9,016)	-	(2,599)	-	(11,615)	(1,272)	(12,887)
Total comprehensive (loss)/income for the year	-	-	(9,016)	-	(2,599)	266,652	255,037	1,771	256,808
Directors' fees paid (Note 21)	-	-	-	-	-	(3,600)	(3,600)	-	(3,600)
Transfer of gain on disposal of equity investments at fair value through other comprehensive income to retained earnings	-	-	-	-	(4,737)	4,737	-	-	-
Non-controlling interests	-	-	-	-	-	-	-	(523)	(523)
Dividends to shareholders (Note 21)	-	-	-	-	-	(241,577)	(241,577)	-	(241,577)
Transfer to statutory reserve (Note 20)	-	41,834	-	-	-	(41,834)	-	-	-
At 31 December 2020	**1,464,100**	**408,929**	**(344,425)**	**(335,186)**	**(7,064)**	**1,504,306**	**2,690,660**	**16,301**	**2,706,961**

The notes on pages 119 to 169 form an integral part of these consolidated financial statements.

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

The notes on pages 119 to 169 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
At 31 December 2020

	Notes	2020 AED'000	2019 AED'000
OPERATING ACTIVITIES			
Profit before tax from continuing operations		**355,353**	555,950
Profit before tax from discontinued operations	11	**26,569**	26,703
Profit before tax		**381,922**	582,653
Adjustment for:			
Depreciation of property and equipment	6	**119,365**	108,303
Depreciation of right of use assets	7	**240,896**	220,722
Amortisation of other intangible assets	9	**8,860**	4,294
Provision for employees' end of service benefits	23	**38,377**	28,109
Net impairment loss on financial assets		**50,071**	28,999
Net finance expense		**10,196**	24,706
Finance costs – lease liability		**48,146**	46,960
Employees' benefit plan expense	27	**-**	1,702
Share of results of joint ventures and associates	12,13	**(10,998)**	(4,470)
Loss on sale of property and equipment		**417**	2,419
Loss on property damages	6	**1,102**	-
		888,354	1,044,397
Working capital adjustments:			
Accounts receivable		**44,359**	(128,801)
Accounts payable		**67,877**	(23,822)
Other current assets		**(13,820)**	13,279
Other current liabilities		**267,580**	81,630
Net cash flows generated from operating activities before employees' end of service benefit, employees' benefit liability paid and income tax paid		**1,254,350**	986,683
Employees' end of service benefits paid	23	**(22,346)**	(20,464)
Employees' benefit plan paid	27	**-**	(47,380)
Income tax paid	15	**(125,260)**	(58,923)
Net cash flows generated from operating activities		**1,106,744**	859,916

The notes on pages 119 to 169 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
At 31 December 2020

	Notes	2020 AED'000	2019 AED'000
INVESTING ACTIVITIES			
Purchase of property and equipment	6	**(138,050)**	(159,506)
Proceeds from disposal of property and equipment		**3,560**	9,315
Financial assets at fair value though other comprehensive income	14	**5,349**	15,181
Interest received		**10,771**	12,133
Net cash disposed from discontinued operations	11	**(42,115)**	-
Acquisition of non-controlling interests		**-**	(293,808)
Purchase of intangible assets	9	**-**	(6,856)
Other non-current assets		**1,298**	898
Margin deposits		**(1,316)**	(1,719)
Fixed deposits		**9,697**	(249,466)
Loan granted to joint venture		**-**	(557)
Investments in joint ventures and associates		**-**	752
Net cash flows used in investing activities		**(150,806)**	(673,633)
FINANCING ACTIVITIES			
Interest paid		**(82,399)**	(68,684)
Proceeds from loans and borrowings		**5,223**	734,518
Repayment of loans and borrowings		**(35,347)**	(448,380)
Principal elements of lease payments		**(204,020)**	(213,984)
Dividends paid to non-controlling interests		**(523)**	(1,728)
Dividends paid to former shareholder	5	**-**	(10,441)
Non-controlling interests		**-**	1,961
Directors' fees paid		**(3,600)**	(3,640)
Dividends paid to shareholders		**(241,577)**	(241,577)
Net cash flows used in financing activities		**(562,243)**	(251,955)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (before impairment provision)		**393,695**	(65,672)
Net foreign exchange difference		**(26,160)**	(52,856)
Cash and cash equivalents at 1 January		**588,114**	706,642
CASH AND CASH EQUIVALENTS AT 31 DECEMBER (before impairment provision)	18	**955,649**	588,114

Non-cash transaction:

Non-cash transactions are disclosed in Note 42.

The notes on pages 119 to 169 form an integral part of these consolidated financial statements.

1 General information

Aramex PJSC (the “Parent Company” or “Company”) was established as a Public Joint Stock Company on 15 February 2005 and is registered in the Emirate of Dubai, United Arab Emirates under the Federal Decree Law No. 2 of 2015. The consolidated financial statements of the Company as at 31 December 2020 comprise the Parent Company and its subsidiaries (together referred to as the “Group” and individually as “Group entities”).

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

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

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

Federal Decree Law No. 26 of 2020 which amends certain provisions of Federal Law No. 2 of 2015 on Commercial Companies was issued on 27 September 2020 and the amendments came into effect on 2 January 2021. The Company is in the process of reviewing the new provisions and will apply the requirements thereof no later than one year from the date on which the amendments came into effect.

On 17 September 2020, Alpha Oryx Limited, a subsidiary of Abu Dhabi Development Holding Company (“ADQ”) acquired 22.5% of Aramex PJSC’s issued share capital.

The Group has not purchased or invested in any shares during the financial year ended 31 December 2020.

The consolidated financial statements was authorised for issue by the Board of Directors on 16 March 2021.

2 Summary of significant accounting polices

2.1. Basis of preparation

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

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

The consolidated financial statements have been prepared under a historical cost basis adjusted for the effects of inflation where entities operate in hyperinflationary economies, except for financial assets at fair value through other comprehensive income at fair value and defined benefit pension plans that have been measured the present value of future obligations using the Projected Unit Credit Method. The principal accounting policies applied in the preparation of these consolidated financial statements are set out below.

The Lebanese economy is considered to be hyperinflationary. Accordingly, the results, cash flows and financial position of the group’s subsidiary, Aramex Lebanon SARL has been expressed in terms of measuring unit current at the reporting date.

2.2. Changes in accounting policies

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

The following new and revised IFRS, which became effective for annual periods beginning on or after 1 January 2020, have been adopted in these consolidated financial statements. The application of these revised IFRS, except where stated, have not had any material impact on the amounts reported for the current and prior periods.

(a) **Definition of Material – amendments to IAS 1 and IAS 8** - These amendments to IAS 1, ‘Presentation of financial statements’, and IAS 8, ‘Accounting policies, changes in accounting estimates and errors’, and consequential amendments to other IFRSs: i) use a consistent definition of materiality throughout IFRSs and the Conceptual Framework for Financial Reporting; ii) clarify the explanation of the definition of material.

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

(c) **IFRIC Revised Conceptual Framework for Financial Reporting** - The IASB has issued a revised Conceptual Framework which will be used in standard-setting decisions with immediate effect. Key changes include:

- increasing the prominence of stewardship in the objective of financial reporting
- reinstating prudence as a component of neutrality
- defining a reporting entity, which may be a legal entity, or a portion of an entity

2 Summary of significant accounting policies (continued)

2.2 Changes in accounting policies (continued)

IFRIC Revised Conceptual Framework for Financial Reporting (continued)

- revising the definitions of an asset and a liability
- removing the probability threshold for recognition and adding guidance on derecognition
- adding guidance on different measurement basis, and
- stating that profit or loss is the primary performance indicator and that, in principle, income and expenses in other comprehensive income should be recycled where this enhances the relevance or faithful representation of the financial statements.

(d) **Interest Rate Benchmark Reform** – amendments to IFRS 9, IAS 39 and IFRS 7 - These amendments provide certain reliefs in connection with interest rate benchmark reform. The reliefs relate to hedge accounting and have the effect that IBOR reform should not generally cause hedge accounting to terminate. However, any hedge ineffectiveness should continue to be recorded in the condensed interim consolidated statement of income. Given the pervasive nature of hedges involving IBOR based contracts, the reliefs will affect companies in all industries.

The Group did not have to make retrospective adjustments as a result of adoption of the aforementioned standards.

New and revised IFRS issued and early applied

- **Amendments to IFRS 16 'Leases' (effective 1 June 2020)** – On 28 May 2020, the IASB issued amendments to IFRS 16, which provide relief for lessees in accounting for rent concessions granted as a direct consequence of COVID-19. This amendment provide the lessees with an exemption from the requirement to determine whether a COVID-19-related rent concession is a lease modification, in addition it requires the lessees that apply the exemption to account for COVID-19-related rent concessions as if they were not lease modifications.

The practical expedient applies only to the rent concession occurring as a direct consequence of the COVID-19 pandemic and only if all the following criteria are met:

(a) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;

(b) any reduction in lease payments affects only payments originally due on or before 30 June 2021 (for example, a rent concession would meet this condition if it results in reduced lease payments on or before 30 June 2021 and increased lease payments that extend beyond 30 June 2021); and

(c) there is no substantive change to other terms and conditions of the lease.

During the year ended 31 December 2020, the Group has early applied the amendments to IFRS 16 'Leases' ("IFRS 16") retrospectively starting on 1 January 2020. In accordance with the transition provisions in IFRS 16 amendments, the new practical expedient was applied to all rent concessions occurring as a direct consequence of the COVID-19 pandemic meeting the criteria without any impact on retained earnings as on 1 January 2020. As a result, comparatives for the year 2019 financial information are not restated and the information presented for 2019 does not reflect the new requirements of the IFRS 16 amendments, therefore, it is not comparable to the information presented for 2019 under IFRS 16' lease excluding the new practical expedient. The impact on the application of the amended standard is disclosed in Note 7.

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

(a) IFRS 17, 'Insurance contracts' (effective 1 January 2023);
(b) Amendments to IAS 1 and IAS 8 (effective 1 January 2022).

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

2.3 Basis of consolidation

Subsidiaries

The consolidated financial statements comprise of the financial statements of the Company and its subsidiaries as at 31 December 2020 and 31 December 2019. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group:

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

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

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing

2 Summary of significant accounting policies (continued)

2.3 Basis of consolidation (continued)

Subsidiaries (continued)

whether or not the Group's voting rights in an investee are sufficient to give it power, including:

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

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

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

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

Changes in the Group's ownership interest in existing subsidiaries

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

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

2.4 Property and equipment

Property 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 and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of property 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 equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the consolidated statement of income during the financial period in which they are incurred.
Except for capital work in progress and land, depreciation is calculated on a straight-line basis, the estimated useful lives of the assets is as follows:

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

Depreciation relating to the property and equipment of Aramex Lebanon SARL is based on restated amounts, which have been adjusted for the effects of hyperinflation.

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

An item of property 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

2 Summary of significant accounting policies (continued)

2.4 Property and equipment (continued)

the consolidated statement of income when the asset is derecognised.

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

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

2.5 Business combinations and goodwill

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred;
- liabilities incurred to the former owners of the acquired business;
- equity interests issued by the Group;
- fair value of any asset or liability resulting from a contingent consideration arrangement; and
- fair value of any pre-existing equity interest in the subsidiary.

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

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

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

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

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

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

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

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

2.6 Other intangible assets

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

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

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at

2 Summary of significant accounting policies (continued)

2.6 Other intangible assets (continued)

the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the consolidated statement of income in the expense category that is consistent with the function of the intangible assets.

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

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

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

2.7 Investments in associates and joint arrangements

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

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

Joint ventures

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

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

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

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

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

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

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

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

2.8 Prepaid agency fees

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

2 Summary of significant accounting policies (continued)

2.9 Impairment of non-financial assets

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

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

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

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

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

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

2.9 Impairment of non-financial assets (continued)

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

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

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

2.10 Cash and cash equivalents

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

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

2.11 Accounts receivable

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

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

The Group's accounts receivable are subject to the expected credit loss model. The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a

2 Summary of significant accounting policies (continued)

2.11 Accounts receivable (continued)

lifetime expected loss allowance for all accounts receivable. To measure the expected credit losses, accounts receivable have been grouped based on shared credit risk characteristics and the days past due.

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

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

2.12 Financial assets

Financial assets are classified as follows:

- those to be measured subsequently at fair value (either through OCI or through profit or loss), and;
- those to be measured at amortised cost.

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

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

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

(a) Classification

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

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

(i) Investments at fair value through other comprehensive income (continued)
Debt securities where the contractual cash flows are solely principal and interest and the objective of the Group's business model is achieved both by collecting contractual cash flows and selling financial assets.

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

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

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

(b) Initial recognition and subsequent measurement

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

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

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

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

FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash

The notes on pages 119 to 169 form an integral part of these consolidated financial statements.

2 Summary of significant accounting policies (continued)

2.12 Financial assets (continued)

(b) Initial recognition and subsequent measurement (continued)

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

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

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

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

(c) Derecognition of financial assets

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

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

2.13 Impairment and uncollectibility of financial assets

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

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

2.14 Loans, borrowings and other financial liabilities

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

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

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

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

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

2 Summary of significant accounting policies (continued)

2.15 Accounts payable and accruals

These amounts represent unsettled liabilities for goods and services provided to the Group prior to the end of financial year. These amounts are unsecured and are usually paid within 60 days of the date of recognition. Trade and other payable are presented as current liabilities, except those whose payment is due after 12 months of the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

2.16 Provisions

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

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

2.17 Employees' end of service benefits

(i) Short-term obligations
Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the consolidated statement of financial position.

A provision is made for the estimated liability for employees' entitlement to annual leave and leave passage as a result of services rendered by eligible employees up to the reporting date. The provision relating to annual leave and leave passage is considered as a current liability.

(ii) Other long-term employee benefit obligations
In some countries, the Group also has liabilities for long service end of service benefits that are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. These obligations are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period, using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period of high-quality corporate bonds with terms and currencies that match, as closely as possible, the estimated future cash outflows. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in the consolidated statement of comprehensive income.

The provision for employees' end of service benefits, disclosed as a long-term liability, where their respective labour laws require providing indemnity payments upon termination of relationship with their employees. The provision relating to end of service benefits is disclosed as a non-current liability.

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

Cash-settled transactions

The cost of cash-settled transactions is measured initially at fair value at the grant date using a binomial model, further details of which are given in Note 27. This fair value is expensed over the period until the vesting date with recognition of a corresponding liability. The liability is remeasured to fair value at each reporting date up to, and including the settlement date, with changes in fair value recognised in employee benefits expense.

2.18 Financial liabilities

Initial recognition and measurement

The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value and in the case of loans and borrowings fair value of the consideration received less directly attributable transaction costs.

The Group's financial liabilities include amounts lease liability, interest-bearing loans and borrowings and trade and other payables.

(a) Subsequent measurement
The measurement of financial liabilities depends on their classification as loans and borrowings:

After initial recognition, loans and borrowings are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in the consolidated

2 Summary of significant accounting policies (continued)

2.18 Financial liabilities (continued)

statement of income when the financial liabilities are derecognised as well as through the amortisation process.

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

2.19 Social security

Payments made to the social security institutions in connection with government pension plans applicable in certain jurisdictions are dealt with as payments to defined contribution plans, where the Group's obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan. The Group pays contributions to the social security institutions on a mandatory basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as an employee benefit expense in the period to which the employees' service relates.

2.20 Revenue recognition

The Group recognises revenue from contracts with customers based on five step model as sets out in IFRS 15 - Revenue from contracts with customers:

- Step 1: Identify the contract(s) with a customer;
- Step 2: Identify the performance obligations in the contract;
- Step 3: Determine the transaction price;
- Step 4: Allocate the transaction price to the performance obligations in the contract; and
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

Revenue is measured based on the consideration to which the Group expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control of a product or service to a customer.

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

The standards require that revenue be recognised as a company satisfies a performance obligation by transferring control of a good or service. A performance obligation can be satisfied over time or at a point in time.

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty or discounts. The Group assesses its revenue arrangements against specific criteria to determine if it is acting as principal or agent. The Group has concluded that it is acting as a principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements, has pricing latitude and is exposed to credit risks.

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

Express and shop 'n' ship services revenue
The Group provides courier and express to businesses and private customers. Delivery occurs when the packages have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the end user, and either the end user has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

Freight forwarding revenue
The Group transportation services to businesses and private customers. Delivery occurs when the packages have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the end user, and either the end user has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

Revenue from logistics and document storage services
The Group provides logistics and documentation storage services to customers. Delivery of service occurs when the contractual terms of agreement are satisfied, and either the end user has accepted the services in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

All the contracts and work orders include a single deliverable, and does not include an integration service and could not be performed by another party. It is therefore accounted for as a single performance obligation.

2.21 Interest income

Interest income is recorded using the effective interest rate (EIR), which is the rate that exactly discounts the estimated future cash payments or receipts through the expected

2 Summary of significant accounting policies (continued)

2.21 Interest income (continued)

life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability. Interest income is included in finance income in the consolidated statement of income.

2.22 Borrowing costs

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

2.23 Taxes

Current income tax
The Group provides for income taxes in accordance with IAS 12. As the Parent Company is incorporated in the UAE, profits from operations of the Parent Company are not subject to taxation. However, certain subsidiaries of the Parent Company are based in taxable jurisdictions and are therefore liable to tax. Income tax on the profit or loss for the year comprises of current and deferred tax on the profits of these subsidiaries. Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in countries where the Group operates and generates taxable income.

Management periodically evaluates position taken in the tax returns with respect to situation in which applicable tax regulations are subject to interpretation and establishes provision where appropriate.

Deferred tax
Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss or
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future

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

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets are not used as security for borrowing purposes.

From 1 January 2019, leases are recognised as right-of-use assets and corresponding liabilities at the date at which the leased assets is available for use by the Group.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payment that are based on an index or a rate;
- Amounts expected to be payable by the lessee under residual value guarantees;
- The exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and

2 Summary of significant accounting policies (continued)

2.23 Taxes (continued)

Deferred tax (continued)

- Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received,
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group, which does not have recent third party financing, and
- makes adjustments specific to the lease, ie, term, country, currency and security.

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to the consolidated statement of income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

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

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

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

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

Sales tax

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

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

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

2.24 Leases

The Group leases various lands, buildings, warehouses and vehicles. Rental contracts are typically made for fixed periods of 6 months to 10 years, but may have extension options as described below.

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases containing immaterial non-lease component for which the Group is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets are not used as security for borrowing purposes.

From 1 January 2019, leases are recognised as right-of-use assets and corresponding liabilities at the date at which the leased assets is available for use by the Group.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

2 Summary of significant accounting policies (continued)

2.24 Leases (continued)

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payment that are based on an index or a rate;
- Amounts expected to be payable by the lessee under residual value guarantees;
- The exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group:
- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received,
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group, which does not have recent third party financing, and
- makes adjustments specific to the lease, ie, term, country, currency and security.

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to the consolidated statement of income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right of use assets are initially measured at cost comprising the following:

- The amount of the initial measurement of lease liability.
- Any lease payments made at or before the commencement date less any lease incentives received.
- Any initial direct costs, and
- Restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. Depreciation relating to Aramex Lebanon SARL is based on restated amounts, which have been adjusted for the effects of hyperinflation. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in the consolidated statement of income. Short-term leases are leases with a lease term of 12 months or less.

Extension and termination options are included in a number of property and equipment leases across the Group. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor.

Rent concessions have been granted to a number of vehicles, property, and equipment leases across the Group, as a result of the COVID-19 pandemic. Rent concessions include payment holidays and deferral of lease payments.

2.25 Cash dividend

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

2.26 Earnings per share

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

2.27 Discontinued operations

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

2 Summary of significant accounting policies (continued)

2.27 Discontinued operations (continued)

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 and equipment and intangible assets are not depreciated or amortised once classified as held for distribution.

Assets and liabilities classified as held for distribution are presented separately as current items in the consolidated statement of financial position.

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

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

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

Additional disclosures are provided in Note 11. All other notes to the financial statements include amounts for continuing operations, unless otherwise mentioned.

2.28 Offsetting financial instruments

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

2.29 Fair value of financial instruments

The fair value of financial instruments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business on the consolidated statement of financial position date. For financial instruments where there is no active market, fair value is determined using valuation techniques. Such techniques may include using recent arm's length market transactions, reference to the current fair value of instruments that are substantially similar, discounted cash flow analysis or other valuation models.

2.30 Amortised cost of financial instruments

Amortised cost is computed using the effective interest method less any provision for impairment and principal repayment or discounts. The calculation takes into account any premium or discount on acquisition and includes transaction costs and fees that are an integral part of the effective interest rate.

2.31 Current versus non-current classification

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

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

All other assets are classified as non-current.

A liability is current when:

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

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

2.32 Foreign currencies

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

Transactions and balances

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

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rate of exchange at the reporting date.

2 Summary of significant accounting policies (continued)

2.32 Foreign currencies (continued)

Transactions and balances (continued)

Differences arising on settlement or translation of monetary items are recognised in the consolidated statement of income with the exception of monetary items that are designated as part of the hedge of the Group's net investment in a foreign operation. These are recognised in other comprehensive income until the net investment is disposed, at which time, the cumulative amount is reclassified to the consolidated statement of income. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in other comprehensive income.

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

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

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

The results, cash flows and financial position of the group entities which are accounted for as entities operating in hyperinflationary economies and that have functional currencies different from the presentation currency of the group are translated into the presentation currency of its immediate parent at rates of exchange ruling at the reporting date. As the presentation currency of the group is that of a non-hyperinflationary economy, comparative amounts are not adjusted for changes in the price level or exchange rates in the current financial year.

2.33 Hyperinflation

The financial statements (including comparative amounts) of the group entities whose functional currencies are the currencies of hyperinflationary economies are adjusted in terms of the measuring unit current at the end of the reporting period.

As the presentation currency of the group or the company is that of a non-hyperinflationary economy, comparative amounts are not adjusted for changes in the price level in the current year. Differences between these comparative amounts and current year hyperinflation adjusted equity balances are recognised in other comprehensive income.

The carrying amounts of non-monetary assets and liabilities are adjusted to reflect the change in the general price index from the date of acquisition to the end of the reporting period. On initial application of hyperinflation prior period gains and losses are recognised directly in equity. An impairment loss is recognised in profit or loss if the restated amount of a non-monetary item exceeds its estimated recoverable amount.

Gains or losses on the net monetary position are recognised in profit or loss.

All items recognised in the consolidated statement of income are restated by applying the change in the general price index from the dates when the items of income and expenses were initially earned or incurred.

At the beginning of the first period of application, the components of equity, except retained earnings, are restated by applying a general price index from the dates the components were contributed or otherwise arose. These restatements are recognised directly in equity as an adjustment to opening retained earnings. Restated retained earnings are derived from all other amounts in the restated statement of financial position. If on initial application of hyperinflation accounting the restated value of the non-monetary assets exceed their recoverable amount, the amount in excess of the recoverable amount is recorded as a reduction in retained earnings. At the end of the first period and in subsequent periods, all components of equity are restated by applying a general price index from the beginning of the period or the date of contribution, if later.

All items in the statement of cash flows are expressed in terms of the general price index at the end of the reporting period.

The Lebanese and Iranian economies have been classified as hyperinflationary. Accordingly, the results, cash flows and financial position of the Group subsidiary; Aramex Lebanon SAL has been expressed in terms of the measuring unit current at the reporting date. The impact of IAS 29 on results, cash flows and financial position of Armak International Co., PJS is insignificant. Impact of applying IAS 29 for the year ended 31

2 Summary of significant accounting policies (continued)

2.33 Hyperinflation (continued)

December 2020 has been disclosed in each impacted financial statement line item note.

3 Financial risk management

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign currency risk, price risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance as well as policies covering specific areas.

The Group's risk management is predominantly controlled by a central treasury and credit department under approved policies.

(a) Market risk
(i) Foreign currency risk
Foreign currency risk is the risk that the fair value of future cash flows of financial instruments will fluctuate because of changes in foreign currency exchange rates.

The Group is exposed to currency risk mainly on purchases and sales that are denominated in a currency other than the respective functional currencies of the Group entities, primarily the United States Dollar (USD), Euro (EUR), Egyptian Pound (EGP), Sterling (GBP), South African Rand (ZAR), Turkish Lira (TRY) and the Indian Rupee (INR). The currencies in which these transactions are primarily denominated are Euro, USD, ZAR, TRY and GBP. The Parent Company and a number of other Group entities' functional currencies are either the USD or currencies that are pegged to the USD. As a significant portion of the Group's transactions are denominated in USD, this reduces currency risk. The Group also has currency exposures to currencies that are not pegged to the USD.

Significant portion of the Group's trade payables and all of its foreign currency receivables, denominated in a currency other than the functional currency of the respective Group entities, are subject to risks associated with currency exchange fluctuation. The Group reduces some of this currency exposure by maintaining some of its bank balances in foreign currencies in which some of its trade payables are denominated.

The following table demonstrates the sensitivity to a reasonably possible change in the AED exchange rate, with all other variables held constant, of the Group's profit before tax (due to changes in the fair value of monetary assets and liabilities).

	Changes in currency rate to AED %	Effect on profit before tax AED'000
2020		
EUR	+10	(753)
INR	+10	130
GBP	+10	3,133
EGP	+10	(682)
TRY	+10	(849)
ZAR	+10	84
2019		
EUR	+10	(853)
INR	+10	442
GBP	+10	711
EGP	+10	(794)
TRY	+10	(138)
ZAR	+10	25

The effect of decreases in exchange rates are expected to be equal and opposite to the effects of the increases shown.

(ii) Price risk

The Group is not exposed to price risk because as the Group has not invested in listed securities.

(iii) Interest rate risk
Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group is exposed to interest rate risk on its interest bearing liabilities which carry variable interest rates (bank overdrafts, notes payable and term loans).

The Group in not exposed to interest rate risk on its interest bearing assets, as the term deposits carry a fixed interest rate with the respective financial institutes.

The sensitivity analysis calculates the effect of a reasonably possible movement in the interest rate on the consolidated statement of income:

	2020 AED'000	2019 AED'000
Variable rate instruments		
+100 bps	(7,034)	(7,473)
- 100 bps	7,034	7,473

(b) Credit risk
The Group is exposed to credit risk, which is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to meet an obligation.

Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables. Individual risk

3 Financial risk management (continued)

3.1 Financial risk factors (continued)

(b) Credit risk (continued)

limits are based on management's assessment on a case-by-case basis. The utilisation of credit limits is regularly monitored.

Risk management
The Group's policy is to place cash and cash equivalents with reputable banks and financial institutions.

The Group trades only with recognised, creditworthy third parties in addition to establishing credit limits for customers' balances. Receivable balances and credit limits are monitored on an ongoing basis with the result of discontinuing the service for customers exceeding certain limits for a certain period of time. The Group earns its revenues from a large number of customers spread across different geographical segments. However, geographically 65% percent of the Group's Accounts receivable are based in Middle East and Africa. Credit risks limited to the carrying values of financial assets in the consolidated statement of financial position.

At 31 December 2020 the Group had 5 customers (2019: 5 customers) that accounted for approximately 33% (2019: 34%) of all the receivables outstanding.

The Group's investments in debt instruments are considered to be low risk investments. The credit ratings of the investments are monitored for credit deterioration.

Security
For some receivables the Group may obtain security in the form of guarantees, deeds of undertaking or letters of credit which can be called upon if the counterparty is in default under the terms of the agreement.

Impairment of financial assets
The Group has three types of financial assets that are subject to the expected credit loss model:

- accounts receivable,
- debt investments carried at FVOCI, and
- cash and bank balances
- margins and bank deposits

Accounts receivable
The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all accounts receivable and contract assets.

To measure the expected credit losses, accounts receivable have been grouped based on shared credit risk characteristics and the days past due. The impairment loss for accounts receivable is based on assumptions about risk of default and expected loss rates.

The expected loss rates are based on the roll rates of receivables over a period of 12 quarter before 31 December 2020 or 1 January 2020 respectively and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current factors affecting the ability of the customers to settle the receivables.

On that basis, the impairment loss as at 31 December 2020 and 31 December 2019 was determined as follows for accounts receivable:

	Between current - 90 days past due	Between 90 - 180 days past due	Between 180 - 270 days past due	Between 270 - 365 days past due	More than 365 days past due	Total
31 December 2020						
Expected loss rate	2%	13%	39%	56%	100%	7%
Gross carrying amount - trade receivables in AED'000	1,040,453	66,314	16,421	12,007	46,530	1,181,725
Expected credit loss in AED'000	19,229	8,897	6,395	6,747	46,530	87,798
Carrying amount in AED'000	1,021,224	57,417	10,026	5,260	-	1,093,927
31 December 2019						
Expected loss rate	1%	12%	42%	50%	100%	8%
Gross carrying amount - trade receivables in AED'000	1,118,248	83,563	24,127	12,795	62,225	1,300,958
Expected credit loss in AED'000	15,778	10,076	10,053	6,360	62,225	104,492
Carrying amount in AED'000	1,102,470	73,487	14,074	6,435	-	1,196,466

3 Financial risk management (continued)

3.1 Financial risk factors (continued)

(b) Credit risk (continued)

Impairment of financial assets (continued)

Accounts receivable (continued)

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either but not limited to the following main criteria are generally not recoverable.

- when there is a breach of financial covenants by the counterparty; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above analysis, the Group considers that potential default may occur when a financial asset is more than 365 days after invoice issuance date unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

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

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

Debt investments carried at FVOCI
All of the entity's debt investments at FVOCI are considered to have low credit risk, and the impairment loss recognised during the year was therefore limited to 12 months' expected losses. Management consider 'low credit risk' for listed bonds to be an investment grade credit rating with at least one major rating agency. Other instruments are considered to be low credit risk where they have a low risk of default and the issuer has a strong capacity to meet its contractual cash flow obligations in the near term.

Cash and bank balances and margins and bank deposits

During the year ended 31 December 2020 the impairment loss on cash bank balances amounted to AED 21,301 thousand due to the economic in Lebanon as detailed in Note 18.

(c) Liquidity risk
Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents, the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions. Management aims to maintain flexibility in funding by keeping committed credit lines available.

	Less than 3 months AED'000	3 - 12 months AED'000	Between 1 and 2 years AED'000	Between 2 and 5 years AED'000	Over 5 years AED'000	Total contractual cash flows AED'000	Carrying amount AED'000
31 December 2020							
Interest-bearing loans and borrowings	533,814	26,161	23,244	46,895	103,787	733,901	704,841
Lease liabilities	85,056	146,522	156,826	277,112	602,152	1,267,668	887,738
Bank overdrafts	68,341	-	-	-	-	68,341	68,059
Accounts payable, Income tax provision and other current liabilities	1,420,449	-	-	-	-	1,420,449	1,420,449
	2,107,660	172,683	180,070	324,007	705,939	3,490,359	3,081,087
31 December 2019							
Interest-bearing loans and borrowings	158,313	433,444	152,761	6,432	255	751,205	740,146
Lease liabilities	71,560	143,963	168,166	228,253	527,223	1,139,165	862,869
Bank overdrafts	151,894	-	-	-	-	151,894	151,204
Accounts payable, Income tax provision and other current liabilities	1,131,249	-	-	-	-	1,131,249	1,131,249
	1,513,016	577,407	320,927	234,685	527,478	3,173,513	2,885,468

3 Financial risk management (continued)

3.2 Capital risk management

The Group's objectives when managing capital are to safeguard its ability to continue as a going concern in order to provide returns for its shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

Loan covenants
Under the terms of the major borrowing facilities, the Group is required to comply with the certain financial covenants. The Group has complied with these covenants as of the end of the reporting period.

3.3 Fair value estimation

Fair values of financial instruments
The Group uses the following hierarchy for determining and disclosing the fair value of assets and liabilities by valuation technique:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: Techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

During the year ended 31 December 2020 and 2019, there are no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

As at 31 December 2020, items measured at fair value have been measured at level 3 valuation techniques for an amount of AED 25,451 thousand (2019: AED 32,656 thousand), the movement in level 3 is disclosed in Note 14.

Level 3 valuations are reviewed on a quarterly basis by the Group's valuation team. The valuation team considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques. In selecting the most appropriate valuation model the valuation team performs back testing and considers which model's results have historically aligned most closely to actual market transactions. In order to value level three equity investments, for the year ended 31 December 2020, the Group utilized the same approach as the prior year to obtain the recent transaction price as a fair value measurement of the investment.

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.

4 Key estimates and judgments

Provision for expected credit losses of accounts receivable

Measurement of ECLs is a significant estimate that involves determination methodology, models and data inputs. Details of ECL measurement methodology are disclosed in Note 3.1.

The following components have a major impact on credit loss allowance: definition of default, probability of default ("PD"), exposure at default ("EAD"), and loss given default ("LGD"). The Group regularly reviews and validates the models and inputs o the models to reduce any differences between expected credit loss estimates and actual credit loss experience.

The Group uses a provision matrix to calculate ECLs for accounts receivable. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type and rating, and coverage by letters of credit and other forms of credit insurance).

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

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.

Useful lives of property and equipment
The Group's management determines the estimated useful lives of its property 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.

4 Key estimates and judgments (continued)

Provision for expected credit losses of accounts receivable (continued)

Useful lives of property and equipment (continued)

The sensitivity analysis calculates the effect of a reasonably possible movement in the useful lives on the consolidated statement of income:

	Changes in useful lives %	Effect on profit before tax
Leasehold improvements	+10	(1,492)
Buildings	+10	(1,833)
Furniture and fixtures	+10	(470)
Warehousing racks	+10	(777)
Office equipment	+10	(2,289)
Computers	+10	(4,190)
Vehicles	+10	(885)

Hyperinflation

The Group exercises significant judgement in determining the onset of hyperinflation in countries in which it operates and whether the functional currency of its subsidiaries, associates or joint ventures is the currency of a hyperinflationary economy.

Various characteristics of the economic environment of each country are taken into account.
These characteristics include, but are not limited to, whether:

- the general population prefers to keep its wealth in non-monetary assets or in a relatively stable foreign currency;
- prices are quoted in a relatively stable foreign currency;
- sales or purchase prices take expected losses of purchasing power during a short credit period into account;
- interest rates, wages and prices are linked to a price index; and
- the cumulative inflation rate over three years is approaching, or exceeds, 100%.

Management exercises judgement as to when a restatement of the consolidated financial statements of a group entity becomes necessary. Following management's assessment, the group's subsidiaries, Aramex Lebanon SARL and Armak International Co., PJS have been accounted for as entities operating in hyperinflationary economies. The results, cash flows and financial positions of Aramex Lebanon SARL and Armak International Co., PJS have been expressed in terms of the measuring units current at the reporting date.

Aramex Lebanon SARL

The economy of Lebanon was assessed to be hyperinflationary during 2020, and hyperinflation accounting has been applied since. Upon first application of hyperinflation, net prior period gains of AED 63,311 were recognised directly in equity during 2020. The uplift of the assets on initial adoption resulted in the net asset value of Aramex Lebanon SARL exceeding its estimated recoverable amount.

The general price index used as published by the International Monetary Fund is as follows:

	Base year	General price index	Inflation rate (%)
31 December 2020	2020	1.54	173.4

The cumulative inflation rate over three years as at 31 December 2020 is 173.4%. The average adjustment factor used for 2020 was 1.54.

Armak International Co., PJS

The economy of Iran was assessed to be hyperinflationary during 2020, and hyperinflation accounting has been applied since. Upon first application of hyperinflation, net prior period gains is insignificant.

Goodwill impairment
The impairment test is based on the "value in use" calculation. These calculations have used cash flow projections based on actual operating results and future expected performance, refer to Note 8 for the additional key assumptions used in calculating the goodwill impairment.

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.

Intangible assets with indefinite lives
Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at

4 Key estimates and judgments (continued)

Intangible assets with indefinite lives (continued)

the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable, refer to note 9 for the additional key assumptions used in calculating the impairment of the intangible assets with indefinite lives.

Lease extension, termination options and incremental borrowing rate

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). Potential future cash outflows exceeding the lease term have not been included in the lease liability because it is not reasonably certain that the leases will be extended (or not terminated).

The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee. During the year ended 31 December 2020, no significant events or significant change in circumstances occurred that caused the management to reassess the lease term.

Management has determined the IBR based on the rate of interest per territory that the Group would have to pay to borrow over similar borrowing characteristics for the respective Group entity. Accordingly, management has decided to use a discount rate depending the Group entities credit portfolio by making adjustments specific to the lease, (ie, term, country, currency and security) as the IBR for discounting future lease payments.

5 Acquisition of non-controlling interests

Acquisition of additional interest in Aramex Saudi Company Limited, formerly knows as Tal Saudi Arabia for Commerce and Contracts Co. Ltd., during 2018

In December 2018, the Group acquired an additional interest of the voting shares of Aramex Saudi Company Limited, formerly knows as Tal Saudi Arabia, located in KSA. The Company's operations were already controlled by the Group. A consideration of AED 244,796 thousand payable was in 2018, and, the amount due from the shareholder of AED 49,012 thousand was settled against the additional shares acquired. The carrying value of the additional interest acquired was AED 14,152 thousand. The difference of AED 279,656 thousand between the consideration given and the carrying value of the additional interest acquired has been recognised within equity as a reserve arising from acquisition of non-controlling interests.

Following is a schedule of additional interest acquired in Aramex Saudi Limited Company:

	AED'000
Consideration payable to non-controlling shareholders	244,796
Settlement of debt to acquire additional non-controlling interests	49,012
Subsequent dividends distribution for 2018 profits*	10,441
Less: carrying value of the additional interest in Aramex Saudi Limited Company	(14,152)
Difference recognised as a reserve from acquisition of non-controlling interests	290,097

* During the year ended 31 December 2019, the Group paid an amount of AED 10,441 thousand to the former shareholder in connection with the above acquisition transaction which resulted an adjustment to the reserve arising from the acquisition of non-controlling interest.

6 Property and equipment

2020	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 2020	87,815	129,204	587,250	47,600	108,284	237,099	316,037	82,372	23,427	1,619,088
Impact of hyperinflation	-	8,817	7,615	2,573	3,181	5,335	3,567	4,226	-	35,314
At 1 January 2020 (adjusted)	87,815	138,021	594,865	50,173	111,465	242,434	319,604	86,598	23,427	1,654,402
Additions	-	14,826	26	4,847	7,288	29,683	43,238	11,704	29,258	140,870
Transfers	-	629	-	63	855	4,436	2,154	-	(8,137)	-
Disposal	-	(3,205)	(2,319)	(1,063)	(880)	(1,783)	(8,253)	(4,868)	-	(22,371)
Losses on property damages	-	-	(1,102)	-	-	-	-	-	-	(1,102)
Discontinued operations (Note 11)	(3,312)	(12,203)	(40,554)	(3,814)	(48,120)	(31,512)	(24,536)	(1,356)	(2,059)	(167,466)
Impact of hyperinflation	-	(66)	(3,775)	(179)	(334)	(338)	(27)	(48)	-	(4,767)
Exchange differences	1,616	550	4,619	114	467	2,275	2026	(814)	-	10,853
At 31 December 2020	**86,119**	**138,552**	**551,760**	**50,141**	**70,741**	**245,195**	**334,206**	**91,216**	**42,489**	**1,610,419**
Depreciation:										
At 1 January 2020	-	64,168	126,184	27,482	43,670	118,259	176,450	57,790	-	614,003
Impact of hyperinflation	-	1,242	4,231	1,205	414	1,924	3,113	3,321	-	15,450
At 1 January 2020 (adjusted)	-	65,410	130,415	28,687	44,084	120,183	179,563	61,111	-	629,453
Charge for the year	-	14,916	18,334	4,700	7,774	22,895	41,898	8,848	-	119,365
Disposals	-	(2,840)	(876)	(980)	(595)	(1,480)	(6,908)	(2,797)	-	(16,476)
Discontinued operations (Note 11)	-	(6,645)	(12,014)	(2,732)	(24,688)	(19,865)	(19,146)	(1,205)	-	(86,295)
Impact of hyperinflation	-	1,600	(870)	61	67	229	157	336	-	1,580
Exchange differences	-	403	1,416	192	292	1,633	2,147	(46)	-	6,037
At 31 December 2020	**-**	**72,844**	**136,405**	**29,928**	**26,934**	**123,595**	**197,711**	**66,247**	**-**	**653,664**
Net book value:										
At 31 December 2020	**86,119**	**65,708**	**415,355**	**20,213**	**43,807**	**121,600**	**136,495**	**24,969**	**42,489**	**956,755**

During the year ended 31 December 2020, an amount of AED 2,820 thousand have been reclassified from right-of-use assets to vehicles in property and equipment.

6 Property and equipment (continued)

2018	Land AED'000	Leasehold improvements AED'000	Buildings AED'000	Furniture And fixtures AED'000	Warehousing racks AED'000	Office equipment AED'000	Computers AED'000	Vehicles AED'000	Capital work in progress AED'000	Total AED'000
Cost:										
At 1 January 2019	85,600	103,743	531,121	44,026	90,854	206,560	282,625	141,665	41,747	1,527,941
Additions	56	23,717	36,926	4,842	17,795	41,925	35,429	13,183	29,633	203,506
Transfers	485	12,298	16,537	3,064	990	5,784	8,795	-	(47,953)	-
Disposal	-	(9,785)	-	(4,265)	(2,515)	(17,867)	(11,913)	(11,785)	-	(58,130)
Reclassification to right-of-use assets	-	-	-	-	-	-	-	(61,463)	-	(61,463)
Exchange differences	1,674	(769)	2,666	(67)	1,160	697	1,101	772	-	7,234
At 31 December 2019	**87,815**	**129,204**	**587,250**	**47,600**	**108,284**	**237,099**	**316,037**	**82,372**	**23,427**	**1,619,088**
Depreciation:										
At 1 January 2019	-	59,108	107,368	26,270	37,532	113,764	149,025	85,159	-	578,226
Charge for the year	-	12,412	18,342	4,568	7,117	18,768	38,203	8,893	-	108,303
Disposals	-	(6,925)	-	(3,273)	(1,307)	(14,772)	(11,509)	(8,610)	-	(46,396)
Reclassification to right-of-use assets	-	-	-	-	-	-	-	(28,264)	-	(28,264)
Exchange differences	-	(427)	474	(83)	328	499	731	612	-	2,134
At 31 December 2019	-	64,168	126,184	27,482	43,670	118,259	176,450	57,790	-	614,003
Net book value:										
At 31 December 2019	**87,815**	**65,036**	**461,066**	**20,118**	**64,614**	**118,840**	**139,587**	**24,582**	**23,427**	**1,005,085**

6 Property and equipment (continued)

Depreciation charge for the year is allocated as follows:

	2020 AED'000	2019 AED'000
Administrative expense (Note 30)	**68,313**	65,416
Cost of services (Note 29)	**38,664**	30,885
Discontinued operations	**12,388**	12,002
	119,365	108,303

7 Leases

Right of use assets

	Land AED'000	Buildings AED'000	Equipment AED'000	Motor vehicles AED'000	Total AED'000
Cost:					
At 1 January 2019	187,169	550,899	21,308	120,295	879,671
Additions	23,530	133,562	4,104	85,820	247,016
Reclassification	(1,344)	19,234	(17,890)	-	-
Disposals	-	(19,999)	(994)	(29,322)	(50,315)
Exchange differences	-	(3,834)	(220)	(20)	(4,074)
At 31 December 2019	**209,355**	**679,862**	**6,308**	**176,773**	**1,072,298**
Impact of hyperinflation	-	42,438	-	7,400	49,838
At 1 January 2020 (adjusted)	**209,355**	**722,300**	**6,308**	**184,173**	**1,122,136**
Additions	2,347	234,053	1,122	95,009	332,531
Reclassification	2,592	(1,917)	(192)	(483)	-
Disposals	(1,473)	(106,686)	(419)	(47,742)	(156,320)
Discontinued operations (Note 11)	(18,034)	(40,951)	(170)	(4,800)	(63,955)
Exchange differences	2	14,414	393	838	15,647
Impact of hyperinflation	-	(504)	-	(871)	(1,375)
At 31 December 2020	**194,789**	**820,709**	**7,042**	**226,124**	**1,248,664**

7 Leases (continued)

Right of use assets (continued)

	Land AED'000	Buildings AED'000	Equipment AED'000	Motor vehicles AED'000	Total AED'000
Accumulated depreciation:					
At 1 January 2019	-	-	-	28,264	28,264
Charge for the year	9,410	145,469	1,905	63,938	220,722
Reclassification	(1,344)	1,344	-	-	-
Disposals	-	(9,480)	(577)	(21,294)	(31,351)
Exchange rate difference	2	731	23	(205)	551
At 31 December 2019	**8,068**	**138,064**	**1,351**	**70,703**	**218,186**
Impact of hyperinflation	-	3,387	-	3,004	6,391
At 1 January 2020 (adjusted)	**8,068**	**141,451**	**1,351**	**73,707**	**224,577**
Charge for the year	10,492	157,555	1,949	70,900	240,896
Disposals	(1,080)	(53,990)	(369)	(39,414)	(94,853)
Discontinued operations (Note 11)	(2,577)	(17,867)	(88)	(1,909)	(22,441)
Exchange rate difference	3	2,903	122	390	3,418
Impact of hyperinflation	-	4,799	-	2,139	6,938
At 31 December 2020	**14,906**	**234,851**	**2,965**	**105,813**	**358,535**
Net book value:					
At 31 December 2020	**179,883**	**585,858**	**4,077**	**120,311**	**890,129**
At 31 December 2019	**201,287**	**541,798**	**4,957**	**106,070**	**854,112**

Depreciation charge for the year is allocated as follows:

	2020 AED'000	2019 AED'000
Administrative expense (Note 30)	**69,313**	77,375
Cost of services (Note 29)	**158,206**	128,663
Discontinued operations	**13,377**	14,684
	240,896	220,722

7 Leases (continued)

Lease liabilities

	Future minimum lease payments AED'000	Interest AED'000	Present value of minimum lease payments AED'000
2020			
Within one year	231,578	45,030	186,548
After one year	1,036,090	334,900	701,190
Total	**1,267,668**	**379,930**	**887,738**
2019			
Within one year	215,523	25,674	189,849
After one year	923,642	250,622	673,020
Total	**1,139,165**	**276,296**	**862,869**

Lease liabilities measured at present value were unwound during the year ended 31 December 2020 for an amount of AED 45,228 thousand (31 December 2019: AED 43,937 thousand) where a portion amounting to AED 231 thousand was unpaid as of 31 December 2020 (31 December 2019: AED 11,749 thousand).

The impact on the consolidated financial position and the consolidated statement of income on the application of the amendment of IFRS 16 is as follows:

(a) Impact on the consolidated statement of financial position

	As previously stated AED'000	Impact on application AED'000	As at 31 December 2020 AED'000
Current	188,438	1,890	186,548
Non-current	701,190	-	701,190
	889,628	**1,890**	**887,738**

In accordance with the IFRS 16 amendments, the right of use assets was not impacted on the application of the amendments.

(b) Impact on the consolidated statement of income
During the year ended 31 December 2020, an amount of AED 1,890 thousand was recognized as income on the derecognition of lease liabilities on the early application of the new amendments to IFRS 16 within other income/(expenses). The depreciation on the right of use assets was not impacted as a result of this application.

8 Goodwill

	2020 AED'000	2019 AED'000
At 1 January	1,128,337	1,124,695
Discontinued operations (Note 11)	(6,438)	-
Exchange differences	13,612	3,642
At 31 December	**1,135,511**	**1,128,337**

The Group performed its annual impairment test on 31 December 2020 and 2019. The Group considers the relationship between its market capitalisation and its book value among other factors, when reviewing for indicators of impairment. As at 31 December 2020, the market capitalisation of the Group was above the book value of its equity. The recoverable amounts of the cash generating units have been determined based on a value in use calculation using cash flow projections from financial forecast approved by board of directors covering a five year period.

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

	2020 AED'000	2019 AED'000
Domestic shipping	498,542	485,736
Express shipping	272,863	271,641
Freight forwarding	169,799	169,038
Documents storage	109,389	117,343
Logistics	75,731	75,392
Publication and distribution	9,187	9,187
	1,135,511	**1,128,337**

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

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

Transaction volumes – based on average annual growth rate over the five-year forecast period; based on past performance and management's expectations of market development. The terminal value was determined using the fifth year projections adjusted by incorporating the weighted average cost of capital (WACC) and the growth rate.

Discount rates – Discount rates represent the current market assessment of the risks specific to each cash generating unit, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Group and its operating segments and is derived from its WACC for the industry which ranges between 9.42% to 12.31% (2019: ranges between 10.37% to 13.25%). 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.

8 Goodwill (continued)

Growth rate estimates – Growth rate used of 3.3% (2019: 3.3%) is based on actual operating results and future expected performance based on current industry trends and including long-term inflation forecasts for each territory.

Sensitivity to changes in assumptions

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

9 Other intangible assets

Cost:	Customer lists and other intangible assets with definite useful life AED'000	Franchises with indefinite useful life* AED'000	Other intangible assets AED'000	Total AED'000
At 1 January 2019	67,459	180,764	-	248,223
Additions	-	-	6,856	6,856
Exchange differences	-	486	-	486
At 31 December 2019	67,459	181,250	6,856	255,565
Additions	-	-	-	-
Discontinued operations (Note 11)	(10,699)	-	-	(10,699)
Exchange differences	-	12,935	-	12,935
At 31 December 2020	**56,760**	**194,185**	**6,856**	**257,801**
Amortisation and impairment:				
At 1 January 2018	37,030	-	-	37,030
Amortisation	4,294	-	-	4,294
At 31 December 2019	**41,324**	**-**	**-**	**41,324**
Amortisation	4,288	-	4,572	8,860
Discontinued operations (Note 11)	(8,788)	-	-	(8,788)
At 31 December 2020	**36,824**	**-**	**4,572**	**41,396**
Net book value				
At 31 December 2020	**19,936**	**194,185**	**2,284**	**216,405**
At 31 December 2019	**26,135**	**181,250**	**6,856**	**214,241**

* Intangible assets acquired through a business combination. These assets have indefinite useful lives and are tested for impairment annually as they represent an operational system used by the Group entities which is considered to have indefinite useful life.

The Group performed its annual impairment test on 31 December 2020 and 2019. 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 2020, the market capitalization of the Group was above the book value of its equity. The recoverable amounts of the cash generating units have been determined based on a value in use calculation using cash flow projections from financial forecast approved by board of directors covering a five year period.

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

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

Transaction volumes – based on average annual growth rate over the five-year forecast period; based on past performance and management's expectations of market development. The terminal value was determined using the fifth year projections adjusted by incorporating the weighted average cost of capital (WACC) and the growth rate.

Growth rate estimates – Growth rate used of 2.5% (2019: 2.5% - 2.6%) is based on actual operating results and future expected performance based on current industry trends and including long-term inflation forecasts for each territory.

Discount rates – Discount rates represent the current market assessment of the risks specific to each cash generating unit, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Group and its operating segments and is derived from its weighted average cost of capital (WACC) for the industry of 8.46% to 8.58 % (2019: 8.5% – 10.5%). The WACC takes into account both debt and equity. The

9 Other intangible assets (continued)

cost of equity is derived from the expected return on investment by the Group's investors. The cost of debt is based on the interest-bearing borrowings the Group is obliged to service. Segment-specific risk is incorporated by applying individual beta factors. The beta factors are evaluated annually based on publicly available market data. Adjustments to the discount rate are made to factor in the specific amount and timing of the future tax flows in order to reflect a pre-tax discount rate.

Sensitivity to changes in assumptions

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

10 Non-controlling interests

As at 31 December 2020 and 2019, there were no subsidiaries with material non-controlling interest to the Group.

11 Discontinued operation

2020

On 3 February 2021, the Company entered into a Sale and Purchase Agreement (SPA) to dispose of its 100% equity interest in Information Fort LLC, products of Information Fort LLC, and other group of assets. Information Fort LLC is a leading records and information management provider that operates in the Middle East, North Africa, and Turkey regions.

The 2020 results of the consolidated statement of income and consolidated statement of comprehensive income reflect on the above disposals within results from discontinued operations.

Analysis of results of operations discontinued during the year ended 31 December 2020 is as follows:

	2020 AED '000	2019 AED '000
Rendering of services	166,759	177,395
Direct costs	(78,896)	(88,489)
Gross profit	**87,863**	**88,906**
Selling and marketing expenses	(9,654)	(10,402)
Administrative expenses	(45,153)	(43,592)
Net impairment loss on financial assets	(3,452)	(4,216)
Other income/(expense), net	114	(524)
Operating profit	**29,718**	**30,172**
Finance income	324	769
Finance expense	(3,473)	(4,238)
Profit before tax	**26,569**	**26,703**
Income tax expense	(3,276)	(2,247)
Profit for the year	23,293	24,456
Other comprehensive income	-	-
Total comprehensive income	**23,293**	**24,456**
Profit for the year attributable to:		
Equity holders of the Parent	21,809	23,331
Non-controlling interests	1,484	1,125
	23,293	24,456

The summarised financial position for Information Fort LLC, which is accounted as disposal group classified as held for sale as at 31 December 2020:

Assets	2019 AED '000
Non-current assets	
Property and equipment	81,171
Right-of-use assets	41,514
Goodwill	6,438
Intangible assets	1,911
Deferred tax assets	885
	131,919
Current assets	
Accounts receivable	29,409
Due from related parties	-
Other current assets	14,520
Cash and bank balances	42,115
	86,044
Total assets	**217,963**
Liabilities	
Non-current liabilities	
Employees' end of service benefits	14,949
Lease liabilities	33,757
Deferred tax liabilities	1,038
Interest bearing loans and borrowings	4,091
	53,835
Current liabilities	
Trade payables	5,814
Due to related parties	-
Lease liabilities	9,324
Other current liabilities	21,126
Income tax provision	2,818
Interest bearing loans and borrowings	1,089
	40,171
Total liabilities	**94,006**
Net assets directly associated with disposal group	**123,957**

11 Discontinued operation (continued)

Cash flows from discontinued operations

	2020 AED '000	2019 AED '000
Net cash used in operating activities	50,034	48,974
Net cash used in investing activities	(6,483)	(12,277)
Net cash generated from financing activities	(39,267)	(32,941)
Net cash (outflows) inflows	4,284	3,756

12 Investment in joint ventures

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

	Ownership percentage		Country of incorporation	Nature of activity	Book value	
	2020 %	2019 %			2020 AED'000	2019 AED'000
Aramex Sinotrans Co. LTD	50%	50%	China	Express, freight and logistics services	33,215	15,348
Others	50%	50%			-	-
					33,215	15,348

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

	2020		
	Aramex Sinotrans Co. LTD AED'000	Others AED'000	Total AED'000
Non-current assets	7,191	55,258	62,449
Current assets*	134,182	17,827	152,009
Non-current liabilities	(2,218)	(59,090)	(61,308)
Current liabilities**	(72,725)	(13,995)	(86,720)
Equity	**66,430**	**-**	**66,430**
Proportion of the Group's ownership	50%	-	50%
Carrying amount of the investment	**33,215**	**-**	**33,215**

* The current assets of Aramex Sinotrans Co. Ltd include cash at banks amounted to AED 80,482 thousand, accounts receivable amounted to AED 42,394 thousand and other current assets amounted to AED 11,306 thousand.

** The current liabilities of Aramex Sinotrans Co. Ltd include, accruals amounted to AED 32,574 thousand, trade payables amounted to AED 26,426 thousand, other current liabilities amounted to AED 8,794 thousand, tax provisions amounted to AED 2,493 thousand and lease liability of AED 2,438 thousand.

	2019		
	Aramex Sinotrans Co. LTD AED'000	Others AED'000	Total AED'000
Non-current assets	5,779	59,240	65,019
Current assets*	68,641	17,667	86,308
Non-current liabilities	(2,863)	(61,527)	(64,390)
Current liabilities**	(40,860)	(15,380)	(56,240)
Equity	**30,697**	**-**	**30,697**
Proportion of the Group's ownership	50%	-	50%
Carrying amount of the investment	**15,349**	**-**	**15,349**

* The current assets of Aramex Sinotrans Co. Ltd include cash at banks amounted to AED 38,704 thousand, accounts receivable amounted to AED 22,120 thousand and other current assets amounted to AED 7,817 thousand.

** The current liabilities of Aramex Sinotrans Co. Ltd include, accruals amounted to AED 13,041 thousand, trade payables amounted to AED 19,064 thousand, other current liabilities amounted to AED 7,295 thousand, tax provisions amounted to AED 792 thousand and lease liability of AED 668 thousand.

12 Investment in joint ventures (continued)

Summarised statement of profit or loss of the joint ventures:

	2020		
	Aramex Sinotrans Co. LTD AED'000	Others AED'000	Total AED'000
Revenue	386,732	17,217	403,949
Cost of sale	(310,126)	(6,119)	(316,245)
Administrative expenses	(28,165)	(9,806)	(37,971)
Other expenses	(6,062)	(1,583)	(7,645)
Profit/(loss) before tax	**42,379**	**(291)**	**42,088**
Income tax	(10,649)	-	(10,649)
Profit/(loss) for the year	31,730	(291)	31,439
Group's share of profit/(loss) for the year	**15,865**	**(146)**	**15,720**

	2019		
	Aramex Sinotrans Co. LTD AED'000	Others AED'000	Total AED'000
Revenue	225,557	20,335	245,892
Cost of sale	(183,606)	(8,667)	(192,273)
Administrative expenses	(26,672)	(10,104)	(36,776)
Other expenses	(2,227)	(2,031)	(4,258)
Profit/(loss) before tax	**13,052**	**(467)**	**12,585**
Income tax	(3,326)	-	(3,326)
Profit/(loss) for the year	9,726	(467)	9,259
Group's share of profit/(loss) for the year	**4,863**	**(234)**	**4,630**

The joint ventures had no contingent liabilities or capital commitments as at 31 December 2020 and 2019.

13 Investment in associates

The details of the investments in associates were as follows:

	Ownership percentage		Country of incorporation	Nature of activity	Book value	
	2020 %	2019 %			2020 AED'000	2019 AED'000
Linehaul Express Australia Pty Ltd	34.3%	26.4%	Australia	Domestic services	403	138
WS One Investment LLC	25%	25%	UAE	Express services	5,378	10,483
Aramex Thailand Ltd	49%	49%	Thailand	Logistics and transportation	807	662
					6,588	11,283

13 Investment in associates (continued)

The associates are accounted for using the equity method in the consolidated financial statements. The following table illustrates the summarized financial information of the Group's investments in associates:

	2020			
	Linehaul Express Australia PTY Ltd AED'000	WS One Investment LLC AED'000	Aramex Thailand Ltd AED'000	Total AED'000
Non-current assets	1,335	24,144	948	26,427
Current assets	12,314	15,120	4,000	31,434
Non-current liabilities	(575)	-	(1,731)	(2,306)
Current liabilities	(11,898)	(17,753)	(1,570)	(31,221)
Equity	**1,176**	**21,511**	**1,647**	**24,334**
Proportion of the Group's ownership	34.3%	25%	49%	-
Group's share	**403**	**5,378**	**807**	**6,588**
Carrying amount of the investment	**403**	**5,378**	**807**	**6,588**

	2019			
	Linehaul Express Australia PTY Ltd AED'000	WS One Investment LLC AED'000	Aramex Thailand Ltd AED'000	Total AED'000
Non-current assets	565	25,397	391	26,353
Current assets	6,100	19,942	3,156	29,198
Non-current liabilities	-	(70)	(1,274)	(1,344)
Current liabilities	(6,142)	(3,337)	(924)	(10,403)
Equity	**523**	**41,932**	**1,349**	**43,804**
Proportion of the Group's ownership	26.4%	25%	49%	-
Group's share	**138**	**10,483**	**661**	**11,282**
Carrying amount of the investment	**138**	**10,483**	**661**	**11,282**

13 Investment in associates (continued)

	2020			
	Linehaul Express Australia PTY Ltd AED'000	WS One Investment LLC AED'000	Aramex Thailand Ltd AED'000	Total AED'000
Revenue	80,000	106,759	9,751	196,510
Cost of sale	(76,063)	(85,432)	(6,527)	(168,022)
Administrative expenses	(2,996)	(41,746)	(2,941)	(47,683)
Other income	(226)	-	(6)	(232)
Profit/(loss) before tax	**715**	**(20,419)**	**277**	**(19,427)**
Income tax	-	-	-	-
Profit/(loss) for the year	**715**	**(20,419)**	**277**	**(19,427)**
Group's share of (loss)/profit for the year	**247**	**(5,105)**	**136**	**(4,722)**

	2019			
	Linehaul Express Australia PTY Ltd AED'000	WS One Investment LLC AED'000	Aramex Thailand Ltd AED'000	Total AED'000
Revenue	29,650	-	6,844	36,494
Cost of sale	(28,761)	(925)	(3,787)	(33,473)
Administrative expenses	(1,176)	-	(2,978)	(4,154)
Other income	-	-	222	222
Profit/(loss) before tax	**(287)**	**(925)**	**301**	**(911)**
Income tax	-	-	-	-
Profit/(loss) for the year	**(287)**	**(925)**	**301**	**(911)**
Group's share of (loss)/profit for the year	**(76)**	**(231)**	**147**	**(160)**

The associates had no contingent liabilities or capital commitments as at 31 December 2020 and 2019.

14 Financial assets at fair value through other comprehensive income

At 31 December 2020, the Group designated investments disclosed in the following table as equity and debt securities at FVOCI. The FVOCI designation was made because the investments are expected to be held for strategic purposes rather than with a view to profit on a subsequent sale, and there are no plans to dispose of these investments in the short or medium term.

	Ownership percentage				Book value	
	2020 %	2019 %	**Country of incorporation**	**Nature of activity**	**2020 AED'000**	2019 AED'000
Unquoted equity financial assets						
What 3 Words Ltd	**1.89**	2.04	UK	Global addressing systems	**15,241**	15,241
Jamalon Inc.	**7.49**	7.49	British Virgin Islands	Online book retail	**6,481**	6,481
Gutechno Logisitcs Private Ltd	**5.68**	-	India	Local delivery solutions	**1,844**	1,844
Flirtey Tech Pty Ltd.	**1**	1	USA	Drone Technology	**79**	74
Tu Share Pty Ltd	**-**	4.21	Australia	Courier service provider to small businesses	**-**	6,630
Mawarid Technology LLC	**1.56**	1.56	UAE	Technology Solutions	**-**	-
Unquoted equity financial assets						
Cell captive			South Africa	Insurance	**704**	733
Shippify Inc			USA	Food delivery	**1,102**	1,102
Cash Basha			British Virgin Islands	Online shopping platform	**-**	551
					25,451	32,656

For equity instruments at fair value through OCI, gains and losses on these financial assets are never recycled to the consolidated statement of income. Dividends are recognised as other income in the consolidated statement of income when the right of payment has been established. Equity instruments designated at fair value through OCI are not subject to impairment assessment. During 2020 and 2019, the Group invested in and disposed of certain shares and securities for strategic and commercial purposes as shown in the following table:

	2020 AED'000	2019 AED'000
As at 1 January	**32,656**	53,787
Disposals	**(5,349)**	(15,181)
Transfers	**(551)**	-
Gain from revaluation of debt instruments	**-**	733
Net (loss)/gain from revaluation of equity instruments	**(1,284)**	(7,152)
Exchange differences	**(21)**	469
	25,451	32,656

15 Income tax

The major components of income tax expense for the years ended 31 December 2020 and 2019 are:

Consolidated statement of income

	2020 AED'000	2019 AED'000
Current income tax expense	114,072	82,571
Deferred tax	(5,121)	(3,245)
Income tax expense reported in the consolidated statement of income	**108,951**	**79,326**
Deferred tax relates to the following:		
Provision for expected credit losses	**3,629**	3,570
Impact of hyperinflation	**(8,054)**	-
Impact of IFRS 16	**4,159**	2,270
Depreciation	**(8,762)**	(8,579)
Employees' end of service benefits	**3,871**	3,206
Net operating losses carried forward	**1,085**	2,399
Intangible assets with indefinite useful life	**(56,132)**	(51,945)
Others	**9,631**	6,923
	(50,573)	(42,156)
Recognised as follows:		
As deferred tax assets	**7,786**	7,359
As deferred tax liabilities	**(58,359)**	(49,515)
	(50,573)	(42,156)
Reconciliation of deferred tax liability, net:		
As of 1 January	**(42,156)**	(44,975)
Deferred tax assets	**5,121**	3,228
Foreign exchange	**(13,538)**	(409)
As of 31 December	**(50,573)**	(42,156)

Reconciliation between accounting profit and taxable profit:

	2020 AED'000	2019 AED'000
Accounting profit before income tax	355,353	555,950
Non-deductible expenses	125,745	17,461
Taxable profit	**481,098**	**573,411**
Income tax expense reported in the consolidated statement of income	108,951	79,326
Effective income tax rate	**30.66%**	**14.27%**
Movements on income tax provision were as follows:		
At 1 January	**86,995**	66,325
Income tax expense for the year	**114,072**	82,571
Discontinued operations	**2,997**	2,230
Income tax paid	**(125,260)**	(58,923)
Foreign exchange	**(639)**	(5,208)
At 31 December	**78,165**	86,995

In some countries, the tax returns for certain years have not yet been reviewed by the tax authorities. In certain tax jurisdictions, the Group has provided for its tax exposures based on the current interpretation and enforcement of the tax legislation in the jurisdiction. However, the Group's management is satisfied that adequate provisions have been made for potential tax contingencies.

Aramex PJSC is registered in the United Arab Emirates of where there is a zero corporate income taxation. Income tax appearing in the consolidated statement of financial position represents the income tax provision of Group's subsidiaries as of 31 December.

16 Accounts receivable, net

	2020 AED'000	2019 AED'000
Accounts receivable	1,181,725	1,300,958
Less: impairment for expected credit losses	(87,798)	(104,492)
	1,093,927	**1,196,466**

Geographic concentration of accounts receivable as of 31 December is as follows:

	2020 %	2019 %
Middle East and Africa	57	68
Europe	12	8
North America	6	4
Asia and others	25	20

As at 31 December 2020, Accounts receivable at nominal value of AED 87,798 thousand (2019: AED 104,492 thousand) were impaired. Movement on expected credit losses was as follows:

	2020 AED'000	2019 AED'000
At 1 January	104,492	85,211
Charge for the year, net	25,319	24,783
Amounts written-off	(30,137)	(6,885)
Discontinued operations	(11,292)	4,216
Foreign exchange	(584)	(2,833)
At 31 December	87,798	104,492

See Note 3.1b on credit risk of accounts receivable, which explains how the Group manages and measures credit quality of accounts receivable that are neither past due nor impaired.

17 Other current assets

	2020 AED'000	2019 AED'000
Prepaid expenses	40,378	43,290
Advances to suppliers	76,539	69,941
Refundable deposits	44,168	37,202
Withholding tax	29,768	29,607
Other receivables *	81,021	92,283
	271,874	**272,323**

* As at 31 December 2020, the Group had other receivables amounting to AED 81,021 thousand (2019: AED 92,283 thousand) that mainly represent stationary, supplies and other receivables.

18 Cash and cash equivalents

	2020 AED'000	2019 AED'000
Cash and bank balances	1,002,407	739,318
Margins and bank deposits *	252,359	260,740
	1,254,766	1,000,058

Long-term deposits are held with local and foreign banks. These are long-term in nature with an original maturity of more than three months at an effective interest rate ranging between 2.6% - 2.8% per annum (2019: 2.6% - 2.8% per annum).

Included in cash at banks are amounts totalling AED 736,100 thousand (31 December 2019: AED 581,975 thousand) of cash held at foreign banks abroad and amounts totalling approximately AED 235,228 (2019: AED 192,513 thousand) of cash on delivery collected by the Group on behalf of customers, the same balance was recorded as other current liabilities on the consolidated statement of financial position.

* Margins and bank deposits consist of margin deposits of AED 9,276 thousand (2019: AED 7,960 thousand) and long-term deposits with maturities greater than 3 months of AED thousand 243,083 (2019: AED 252,780 thousand).

	2020 AED'000	2019 AED'000
Cash and bank balances	1,023,708	739,318
Less: impairment for expected credit losses	(21,301)	-
	1,002,407	**739,318**

As at 31 December 2020, cash and cash equivalents of AED 21,301 thousand (2019: AED nil) were impaired for cash at banks in Lebanon. Movement on expected credit losses was as follows:

	2020 AED'000	2019 AED'000
At 1 January	-	-
Charge for the year	21,301	-
At 31 December	**21,301**	**-**

For the purpose of the statement of cash flows, cash and cash equivalents consist of:

	2020 AED'000	2019 AED'000
Cash and bank balances	1,002,407	739,318
Less: bank overdrafts (Note 25)	(68,059)	(151,204)
Add: impairment for expected credit losses	21,301	-
	955,649	**588,114**

19 Share capital

	2020 AED'000	2019 AED'000
Authorised, issued and paid up capital		
1,464,100,000 ordinary shares of AED 1 each (2019: 1,464,100,000 ordinary shares of AED 1 each)	1,464,100	1,464,100

20 Reserves

Statutory reserve

In accordance with the Company's Articles of Association and the UAE Federal Law No. (2) of 2015, 10% of the net profit for each year is required to be transferred to a statutory reserve. Such transfers may be ceased when the statutory reserve equals half of the paid-up share capital of the applicable entities. This reserve is non-distributable except in certain circumstances. The consolidated statutory reserve reflects transfers made post-acquisition for subsidiary companies together with transfers made by the Parent Company. It does not, however, reflect the additional transfers to the consolidated statutory reserves which would be made if the retained post-acquisition profits of the subsidiaries were distributed to the Parent Company.

Foreign currency translation reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of the consolidated financial statements of foreign subsidiaries.

Reserve arising from acquisition of non-controlling interests

The reserve represents the difference between the consideration paid to acquire non-controlling interests and the carrying amount of those interests at the date of acquisition.

20 Reserves (continued)

Reserve arising from other comprehensive income items

Reserve arising from other comprehensive income items comprise of the following reserves:

Fair value reserve of financial assets at fair value through other comprehensive income
The fair value reserve of financial assets at fair value though other comprehensive income is used to record the differences arising from the fair valuation of the Group's financial assets at fair value through other comprehensive income.

	2020 AED'000	2019 AED'000
At 1 January	(193)	10,252
Net loss from revaluation	(1,284)	(6,419)
Transfer of gain on disposal of equity investments at fair value through other comprehensive income to retained earnings	(4,737)	(4,026)
At 31 December	**(6,214)**	**(193)**

Remeasurements of post-employment benefit obligations
The remeasurements of post-employment benefit obligations is used to record the differences arising between the end of service benefits recorded in accordance with the local law requirements and the actuarial valuation performed at the end of the reporting period in accordance with IAS 19.

	2020 AED'000	2019 AED'000
At 1 January	465	-
Remeasurements of post-employment benefit obligations	(1,315)	465
At 31 December	**(850)**	**465**

21 Retained earnings

Dividends

At the Annual General Meeting of the shareholders held on 22 June 2020, the shareholders approved a cash dividend of 16.5% (dividends per share amount to AED 0.165) for the performance of the year ended 31 December 2019 (31 December 2018: cash dividend of 16.5% and dividends per share amount to AED 0.165) of the issued and paid up capital amounting to AED 1,464,100 thousands (31 December 2019: AED 1,464,100 thousands).

Directors' fees paid

Directors' fees of AED 3,600 thousand representing remuneration for attending meetings and compensation for professional services rendered by the directors for the year 2019 were paid in 2020 (2019: AED 3,640 thousand representing remuneration for attending meetings and compensation for professional services rendered by the directors for the year 2018 were paid in 2019).

22 Intrest-bearing loans and borrowings

	2020 AED'000	2019 AED'000
Non-current		
Term loans (a)	154,510	156,425
Notes payable	7,490	1,211
	162,000	**157,636**
Current		
Term loans (a)	539,149	579,944
Notes payable	3,692	2,566
	542,841	**582,510**

(a) Term loans

Syndicated loan

On 23 April 2019, Aramex PJSC entered into a new 5 year revolving credit facility agreement with a syndicate of banks comprising of HSBC Bank Middle East Limited, CITIBANK, N.A, Emirates NBD Bank PJSC, First Abu Dhabi Bank PJSC and DBS Bank LTD (DIFC Branch). The rate of interest on each loan for each interest period is the percentage rate per annum which is aggregate of the applicable margin and LIBOR. The total limit of this facility is USD 200 million (equivalent to AED 735 million), the total balance utilized as at 31 December 2020, amounted to USD 140 million (equivalent to AED 514 million) (2019: USD 150 million (equivalent to AED 551 million)). The purpose of this facility is to fund capital expenditure and working capital requirements including permitted acquisitions. The loan is secured by corporate guarantee extended by Aramex PJSC, Aramex Abu Dhabi LLC, Aramex Emirates LLC, Aramex International LLC, Aramex Hong Kong, Limited, Aramex Int'l Egypt for Air & Local Services (Egypt) and Aramex Saudi Limited company.

HSBC loan (1)

During 2016, Aramex Fastway entered into a 5 year term loan agreement with HSBC Bank Australia for a total amount of AED 108 million (AUD 39.6 million) bearing annual interest rate of AUD (BBSY) plus a margin of 1.5% p.a. The term loan is repayable in 20 consecutive quarterly instalments; the first instalment was due on 30 June 2016. The purpose of this facility is to finance new acquisitions. The loan is secured by corporate guarantee extended by Aramex PJSC.

HSBC loan (2)

During 2016, Aramex New Zealand entered into a 5 year term loan agreement with HSBC Bank New Zealand for a total amount of AED 115 million (NZD 44.2 million) bearing annual interest rate of NZD (BKBM) plus a margin of 1.5% p.a. The term loan is repayable in 20 consecutive quarterly instalments; the first instalment was due on 30 June 2016. The purpose of this facility is to finance new acquisitions. The loan is secured by corporate guarantee extended by Aramex PJSC.

22 Intrest-bearing loans and borrowings (continued)

There were several financial covenants attached to the interest-bearing loans and borrowings. The Group's subsidiaries complied with financial covenants as of 31 December 2020.

Others

Term loans also include a number of loans obtained by Group with a balance of AED 15 million to finance their operating activities. These loans carry interest at commercial rates, are repayable in regular installments and are subject to covenants consistent with the Group's borrowing policies. The loans are secured by corporate guarantees extended by various Group's subsidiaries.

The principal instalments payable after 2021 for long-term loans as of 31 December 2020 are as follows:

Year	AED'000
2022	12,274
2023	12,138
2024	13,155
2025 thereafter	116,943
	154,510

23 Employees' end of service benefits

Movements on provision for employees' end of service benefits were as follows:

	2020 AED'000	2019 AED'000
Provision as at 1 January	146,983	140,167
Provided during the year	38,377	28,109
Paid during the year	(22,346)	(20,464)
Discontinued operations (Note 11)	(14,949)	-
Actuary valuation through other comprehensive income	1,315	-
Exchange differences	(193)	(829)
Provision as at 31 December	**149,187**	**146,983**

Principal assumptions used in determining benefit obligations for the Company are shown below:

	2020 %	2019 %
Discount rate	2.88	3.51
Salary increase rate	2.43	2.99
Normal retirement age (years)	52	52

A quantitative sensitivity analysis for significant assumptions on the defined benefit obligation as at 31 December 2020 and 31 December 2019 is, as shown below:

	Impact on defined benefit obligation	
	2020 AED'000	2019 AED'000
Discount rate:		
0.5% increase	(556)	(801)
0.5% decrease	604	898
Salary increase rate:		
0.5% increase	624	916
0.5% decrease	(578)	(824)

The sensitivity analysis above have been determined based on a method that extrapolates the impact on the defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period. The sensitivity analysis are based on a change in a significant assumption, keeping all other assumptions constant. The sensitivity analysis may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation of one another.

24 Accounts payable

Accounts payable mainly include payables to third party suppliers against invoices received from them for line haul, freight services, handling and delivery charges.

25 Bank overdrafts

The Group maintains overdrafts and lines of credit with various banks. Overdrafts and lines of credit include the following:

Aramex Tunisia has outstanding overdrafts from Citi Bank of nil as at 31 December 2020 (2019: AED 305 thousand) and with Arab Bank of AED 202 thousand as at 31 December 2020 (2019: AED 898 thousand).

25 Bank overdrafts (continued)

Aramex Algeria SARL has outstanding overdrafts from Citi Bank of AED 3,586 thousand as at 31 December 2020 (2019: AED 11,559 thousand).

Aramex International LLC has outstanding overdrafts from HSBC of AED 51,416 thousand as at 31 December 2020 (2019: AED 51,416 thousand).

Aramex Special Logistics has outstanding overdraft from Citi Bank of AED 12,834 thousand as at 31 December 2020 (2019: AED 86,480 thousand).

Aramex Kenya Limited has outstanding overdraft from Citibank of AED 21 thousand as at 31 December 2020 (2019: AED 546).

These overdraft facilities are secured by corporate guarantees extended by various Group's subsidiaries.

26 Other current liabilities

	2020 AED'000	2019 AED'000
Accrued expenses	454,194	402,158
Deferred revenue	25,570	28,296
Sales tax and other taxes	130,522	53,992
Customers' deposits	10,761	14,567
Social security taxes payable	11,046	7,271
Claims	104,246	27,924
Others *	302,636	271,528
	1,038,975	**805,736**

* As at 31 December 2020, the Group has had other liabilities related mainly to cash on delivery collected by the Group on behalf of the customers, amounting to AED 235,228 thousand (2019: AED 192,513 thousand) (Note 18).

27 Employees' benefit liability

In February 2014, a total of 37,000,000 phantom shares were granted to senior executives under a long term incentive plan. The exercise price of the options of AED 3 was equal to the market price of Aramex shares on the date of grant. The fair value at grant date was estimated using the binomial pricing model, taking into account the terms and conditions upon which the options were granted. The contracted life of each option granted is six years. The awards will be settled in cash.

In 2015, the plan was modified but the number of phantom shares subject to the plan remained the same. The new plan has non-market vesting conditions and variable exercise prices depending on the Group's performance. According to the modified plan, the value of exercise price will be based on achieved certain performance targets for the Group over the remaining three year period of the plan contractual life.

The Group settled in cash the employees' benefit liability during the first quarter of 2019.

Movements on provision for employees' benefits liability were as follows:

	2019 AED'000
At 1 January	45,678
Employees benefit plan expense for the year	1,702
Paid during the year	(47,380)
At 31 December	-

28 Rendering of services

	2020 AED'000	2019 AED'000
International express	2,573,330	2,349,132
Domestic express	1,362,069	1,108,326
Freight forwarding	1,084,731	1,138,328
Logistics	374,862	354,953
Others*	115,307	117,406
	5,510,299	**5,068,145**

* Represents revenues from other special services which the Group renders, including airline ticketing and travel, publications and distribution, visa services and revenues from document retention business. All related costs are reflected in cost of services.

The Group does not expect to have any contracts where the period between the transfer of the promised services to the customer and payment by the customer exceeds one year. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

29 Cost of services

	2020 AED'000	2019 AED'000
International express costs	1,337,599	972,957
Freight forwarding costs	839,547	875,222
Domestic express costs	618,580	497,482
Salaries and benefits (Note 32)	612,004	567,741
Depreciation of right of use assets (Note 7)	158,206	128,663
Logistics costs	123,758	104,615
Vehicle running and maintenance	72,917	72,915
Supplies	44,140	36,845
Depreciation of property and equipment (Note 6)	38,664	30,885
Communication expenses	10,863	9,633
Government fees and taxes	4,128	2,929
Others	116,102	112,806
	3,976,508	**3,412,693**

30 Administrative expenses

	2020 AED'000	2019 AED'000
Salaries and benefits (Note 32)	356,123	400,769
Depreciation of right of use assets (Note 7)	69,313	77,375
Repairs and maintenance	69,110	66,844
Depreciation of property and equipment (Note 6)	68,313	65,416
Communication expenses	50,404	51,938
Professional fees	28,729	34,632
Government fees and taxes	24,878	17,196
Insurance and security	19,633	19,073
Utilities	12,656	14,028
Legal expenses	9,711	3,739
Printing and stationary	6,642	6,336
Entertainment	5,607	8,057
Travel expenses	4,529	19,717
Corporate social responsibility*	3,178	3,247
Vehicle running expenses	2,556	4,104
Sponsorship	124	191
Others	60,420	29,689
	791,926	**822,351**

* These amounts are paid to accredited well-known institutions that management has reviewed individually and is comfortable that they comply with international ethical regulations.

31 Other income, net

	2020 AED'000	2019 AED'000
Exchange (loss)/gain	(1,217)	(5,782)
Loss on sale of property and equipment	(417)	(2,351)
Miscellaneous income	16,216	13,145
	14,582	**5,012**

32 Staff costs

	2020 AED'000	2019 AED'000
Salaries and allowances	1,112,572	1,094,022
End of service benefits	36,428	25,487
Other employees' benefits	17,716	16,642
	1,166,716	**1,136,151**

Staff costs are allocated as follows:

	2020 AED'000	2019 AED'000
Administrative expenses (Note 30)	356,123	400,769
Selling and marketing expenses	198,589	167,641
Cost of services (Note 29)	612,004	567,741
	1,166,716	**1,136,151**

33 Related party transactions

Certain related parties (directors, officers of the Group and companies which they control or over which they exert significant influence) were suppliers of the Company and its subsidiaries in the ordinary course of business. Such transactions were made on substantially the same terms as with unrelated parties.

Transactions with related parties included in the consolidated statement of income are as follows:

Key management compensation

Compensation of the key management personnel, including executive officers, comprises the following:

	2020 AED'000	2019 AED'000
Salaries and other short term benefits	10,844	14,112
Board remuneration	3,600	3,640
End of service benefits	572	147
	15,016	**17,899**

Directors' fees paid were disclosed in Note 21.

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 Muscat LLC
Aramex Emirates LLC, UAE
Aramex Ireland Limited
Aramex South Africa PTY Ltd.
Aramex Hong Kong Limited
Aramex Saudi Limited Company
Aramex International Hava Kargo Ve Kerye Anonim Sirketi
Aramex International Logistics Private Ltd.
Aramex (UK) Limited

All of the above subsidiaries are 100% owned by the Parent Company.

The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year in the normal course of business. The outstanding balances as at 31 December 2020 and 2019, are included in Notes 16 and 24:

		Sales to related parties AED'000	Cost from related parties AED'000	Amounts owed by related parties* AED'000	Amounts owed to related parties** AED'000
Associates:	**2020**	**1,615**	**1,197**	**53**	**970**
	2019	662	1,647	-	586
Joint ventures in which the parent is a venture:	**2020**	**83,105**	**981**	**25,329**	**53**
	2019	75,444	1,176	24,519	4,919
Companies controlled by directors and shareholders:	**2020**	**60,808**	**-**	**-**	**-**
	2019	145,601	-	32,804	6,892
Related parties and companies controlled by shareholders ****	**2020**	**658**	**-**	**4,721**	**-**
	2019	-	-	-	-

* These amounts are classified as accounts receivable.

** These amounts are classified as accounts payable.

*** Transactions with the previous shareholders and entities under common control by the shareholders were presented for the period from 1 January 2020 to 17 September 2020. The related outstanding balances as at 31 December 2020 are not included in the above disclosure since those entities ceased to be a related parties on 17 September 2020.

**** Included in the above disclosure balances as at 31 December 2020 and transactions for the period from 17 September 2020 to 31 December 2020 with companies under common control by the new shareholder, Alpha Oryx Limited, which acquired 22.5% of Aramex PJSC's issued shares on 17 September 2020 as detailed in Note 1.

34 Earnings per share

	31 December 2020	31 December 2019
Profit attributable to shareholders of the Parent (AED'000)		
Profit for the year from continuing operations	**244,842**	474,069
Profit for the year from discontinued operations	**21,809**	23,331
	266,651	497,400
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)	**0.167**	0.324
Basic and diluted earnings per share from discontinued operations (AED)	**0.015**	0.016

As of 31 December 2020, basic and diluted earnings per share from discontinued operations amounted to 0.015 (2019: AED 0.016).

35 Losses on property and customer goods

On 4 August 2020, an explosion occurred in the Port of Beirut, Lebanon, which resulted in a damage to the entire warehouse facility of the Group's subsidiary in Beirut, Lebanon (Aramex Lebanon SARL "Aramex Lebanon"). Furthermore, a fire incident occurred during September 2020 in a storage facility of the Group's subsidiary in Casablanca, Morocco (Aramex Morocco Logistics SARL "Aramex Morocco") which resulted in damage to three chambers of that storage facility.

These facilities are covered under existing comprehensive insurance policies and Group management has appointed an independent loss assessor to manage the claims in Lebanon with the respective insurance company while the incident in Morocco is being managed internally by the insurance, legal and compliance teams. The assessment of both incidents is still its initial stage.

35 Losses on property and customer goods (continued)

Based on the Group's initial assessment, management booked a provision of AED 7,712 thousand (AED 1,469 thousand representing property damages and AED 6,243 thousand representing estimated loss on the customers goods) and AED 45,173 thousand (AED 1,102 thousand representing property damages and AED 44,071 thousand representing estimated loss on the customers goods) to cover the estimated losses as at 31 December 2020 for Aramex Lebanon and Aramex Morocco respectively. As a result of the fire incident in Morocco, a provision of AED 36,726 thousand was provided during the year ended 31 December 2020 (Note 37).

Management is confident that the amounts will be recovered for both incidents and will only recognize any reimbursement from the insurance companies when it is certain to be received.

36 Segmental information

For management purposes, the Group is organised into five operating segments:

- International express: includes delivery of small packages across the globe to both, retail and wholesale customers.
- Freight forwarding: includes forwarding of loose or consolidated freight through air, land and ocean transport, warehousing, customer clearance and break-bulk services.
- Domestic express: includes express delivery of small parcels and pick up and deliver shipments within the country.
- Logistics: includes warehousing and its management distribution, supply chain management, inventory management as well as other value-added services.
- Other operations: includes catalogue shipping services, document storage, airline ticketing and travel, visa services, and publication and distribution.

Management monitors the operating results of the operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on gross profit.

Transfer prices between operating segments are on an arm's (length basis in a manner similar to transactions with third parties.

The following table presents revenue and profit information for each of the Group's operating segments for the years ended 31 December 2020 and 2019, respectively.

	Courier** AED'000	Freight forwarding AED'000	Logistics AED'000	Others AED'000	Total AED'000
Year ended 31 December 2020					
Revenue					
Total revenues	3,935,400	1,084,732	374,862	115,305	5,510,299
Timing of revenue recognition					
Goods transferred at a point in time	3,935,400	1,084,732	374,862	115,305	5,510,299
Services transferred overtime	-	-	-	-	-
Total revenues from contracts with customers	3,935,400	1,084,732	374,862	115,305	5,510,299
Gross profit	1,273,801	135,357	49,903	74,730	1,533,791
Earnings before interest and tax*	457,705	16,519	(84,705)	10,029	399,548
Year ended 31 December 2019					
Total revenues	3,457,459	1,138,330	354,953	117,403	5,068,145
Timing of revenue recognition					
Goods transferred at a point in time	3,457,459	1,138,330	354,953	117,403	5,068,145
Services transferred overtime	-	-	-	-	-
Total revenues from contracts with customers	3,457,459	1,138,330	354,953	117,403	5,068,145
Gross profit	1,346,581	163,313	67,675	77,883	1,655,452
Earnings before interest and tax*	541,690	41,005	23,975	13,008	619,678

* Earnings before interest and tax from "Logistics" is AED 5,758 thousand, after excluding losses from the incidents of AED 89,611 thousand (Note 35), and impairment losses on bank balances of AED 852 thousand for the year ended 31 December 2020

** Courier segment includes international express and domestic express.

Transactions between stations are priced at an arm's length basis. All material intra group transactions have been eliminated on consolidation. The Group does not segregate assets and liabilities by business segments and, accordingly, such information is not presented.

36 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:

	2020 AED'000	2019 AED'000
Revenues		
United Arab Emirates	**825,202**	945,033
Middle East and Africa excluding United Arab Emirates	**2,213,309**	2,062,781
Europe	**682,645**	556,665
North America	**216,977**	203,304
Asia and others	**1,572,166**	1,300,362
	5,510,299	5,068,145
Assets		
United Arab Emirates	**2,500,029**	2,551,664
Middle East and Africa excluding United Arab Emirates	**1,728,207**	1,523,909
Europe	**557,409**	464,800
North America	**164,070**	140,183
Asia and others	**1,165,455**	1,062,248
	6,115,170	5,742,804

	2020 AED'000	2019 AED'000
Non - current assets*		
United Arab Emirates	**761,421**	936,729
Middle East and Africa excluding United Arab Emirates	**764,362**	611,719
Europe	**123,598**	95,853
North America	**45,116**	50,742
Asia and others	**434,046**	437,682
	2,128,543	2,132,725
Liabilities		
United Arab Emirates	**1,269,148**	1,476,543
Middle East and Africa excluding United Arab Emirates	**1,192,633**	790,162
Europe	**185,060**	130,037
North America	**75,935**	60,682
Asia and others	**685,433**	652,838
	3,408,209	3,110,262

* Non-current assets for this purpose consist of property and equipment, other intangible assets, right of use assets, financial assets at fair value through other comprehensive income and investments in joint ventures and associates. Goodwill is allocated to business segments (Note 8).

37 Commitments and contingencies

Guarantees

	2020 AED'000	2019 AED'000
Letters of guarantee	**138,995**	146,348

Capital commitments

As at 31 December 2020, the Group has capital commitments of AED 15 million (2019: AED 40.1 million) towards purchase/ construction of property and equipment.

Legal claims contingency

The Group is a defendant in a number of lawsuits amounting to AED 302,490 thousand representing legal actions and claims related to its ordinary course of business (2019: AED 136,454 thousand). The management and its legal advisors believe that the provision recorded of AED 47,628 thousand as of 31 December 2020 is sufficient to meet the obligations that may arise from the lawsuits (2019: AED 11,182 thousand).

A portion of the AED 302,490 thousand represents a lawsuit from a customer claiming a total amount of AED 149,008 thousand resulting from the fire incident in one of the Group's subsidiaries, Aramex Morocco Logistics SARL. The management and its legal advisors believe that the provision recorded of AED 36,726 thousand as of 31 December 2020 is sufficient based on a subsequent initial settlement with the respective customer (Note 35). Accordingly, the legal claims amounted to AED 153,482 thousand after excluding the legal claim against Aramex Morocco Logistics SARL.

38 COVID-19 impact assessment

The economic fallout of COVID-19 crisis is significant globally and is still evolving. Regulators and governments across the globe have introduced fiscal and economic stimulus measures to mitigate its impact. The Group is continuously monitoring the impact of COVID-19 pandemic on the business, operations and its finances, particularly on the international express costs which was affected mainly due to the transportation restrictions imposed globally.

38 COVID-19 impact assessment (continued)

COVID-19 impact on measurement of ECL:

IFRS 9 framework requires the estimation of Expected Credit Loss ("ECL") based on current and forecast economic conditions. In order to assess ECL under forecast economic conditions, the Group utilises a range of economic scenarios of varying severity, and with appropriate weightings, to ensure that ECL estimates are representative of a range of possible economic outcomes. The Group has reviewed the potential impact of COVID-19 outbreak on the inputs and assumptions for IFRS 9 ECL measurement in light of available information. Overall, the COVID-19 situation remains fluid and is evolving at this point, which makes it challenging to reliably reflect impacts on the ECL estimates. However, management has performed revised assessments and no material impact has been accounted for in these consolidated financial statements. These assumptions will be revisited at each reporting date according to the evolution of the situation and the availability of data allowing better estimation.

Liquidity management:
The global market stress brought on by the COVID-19 crisis can negatively affect the liquidity. In this environment, the Group has taken measures to manage liquidity risk until the crisis is over. The Group's credit and treasury department is closely monitoring the cash flows and forecasts.

Business continuity planning:
The Group is closely monitoring the situation and has invoked crisis management actions to ensure the safety and security of the Group's staff as well as uninterrupted customer service. Alternative working arrangements have been made and administrative staff are currently working remotely.

39 Financial instruments by category

	2020 AED'000	2019 AED'000
Financial assets at fair value though other comprehensive income		
Equity instruments	**21,801**	**28,426**
Debts instruments	**3,650**	4,230
	25,451	32,656
Financial assets at amortised cost		
Trade and other receivables (excluding prepayment, advances to suppliers and withholding tax)	**1,219,116**	1,325,951
Margins and bank deposits	**252,359**	260,740
Cash and cash equivalence	**1,002,407**	739,318
	2,473,882	2,326,009
Financial liabilities at amortised cost		
Bank overdrafts	**68,059**	151,204
Lease liabilities	**887,738**	862,869
Interest-bearing loans and borrowings	**704,841**	740,146
Accounts payable, income tax provision, and other current liabilities (excluding deferred revenue)	**1,420,449**	1,131,249
	3,081,087	2,885,468

For the purpose of the financial instruments disclosure, non-financial assets amounting to AED 146,685 thousand (2019: AED 142,838 thousand) have been excluded from trade and other receivables. Non-financial liabilities amounting to AED 25,570 thousand (2019: AED 28,296) have been excluded from trade and other payables.

The fair values of the Group's financial assets and financial liabilities carried at amortised cost at the end of reporting period approximate their carrying values. The fair values of the Group's loans and borrowings approximate the carrying amount, as the interest on the borrowings are provided based on the market rates.

40 Representation of comparative figures

Comparative figures for the consolidated statement of income and its related notes were represented to match the current presentation as a result of classifying the disposal group as discontinued operations (Note 11). Management believes that the current presentation provides more meaningful information to the readers of the consolidated financial statements.

41 Prior year reclassification

During the year ended 31 December 2019, the Group classified direct costs, which included salaries and benefits, vehicle running and maintenance, depreciation of property, plant and equipment, right of use assets and other expenses incurred for

41 Prior year reclassification (continued)

rendering of services, as "other operating expenses" which relates to costs of services. Accordingly, the Group reclassified the "other operating expenses" on the consolidated statement of income for the year ended 31 December 2019 to "cost of services" to comply with the consolidated financial statements presentation for the current year. Management believes that the current period presentation provides more meaningful information to the users of the consolidated financial statements.

Consolidated statement of income as at 31 December 2019

	As previously reported AED	Reclassifications increase/(decrease) AED	As Restated AED
Cost of services	**2,488,576**	924,117	3,412,693
Other operating expenses	**924,117**	(924,117)	-

42 Non-cash transactions

	2020 AED'000	2019 AED'000
Additions of right of use assets (Note 7)	**332,531**	247,016
Disposal of right of use assets (Note 7)	**61,467**	18,964
Property and equipment (Note 6)	**2,820**	-
Right of use assets (i)	**-**	851,407
Lease liability (i)	**-**	817,090
Property and equipment (ii)	**-**	44,000
Settlement of debt and other current assets to acquire additional non-controlling interests (Note 5)	**-**	49,012

(i) Upon the adoption of IFRS 16, right of use asset was measured at the amount equal to the lease liability of AED 817,090 thousand, adjusted by the amount of prepayments of AED 17,662 thousand, other liabilities and accruals of AED 16,527 thousand and the net book value of the finance lease previously recognised under IAS 17 amounting to AED 33,182 thousand totalling to the right of use asset of AED 851,407 thousand at the date of adoption.

(ii) During the year ended 31 December 2019, the Group had received non-cash consideration from a customer as settlement of accounts receivable for an amount measured at fair value amounting to AED 44,000 thousand.

The notes on pages 119 to 169 form an integral part of these consolidated financial statements.

Contact us

Aramex International LLC.
Plot WF 07

Dubai Logistics City, Jebel Ali
Dubai, UAE
P.O. Box: 95946
Telephone: +971 600 544000

aramex
delivery unlimited