

INTERNAL CONTROLS POLICY

I. PURPOSE

This policy provides guidelines to the Shareholders, Board of Directors, Management and Employees of Aramex with respect to the Internal Controls. The purpose of this policy is to ensure compliance with ESCA Ministerial Resolution No. 518/2009 on the Internal Controls.

The Shareholders, Board of Directors and Management need to ensure that internal controls are established, properly documented, maintained and adhered to in each department of the major stations as part of the normal day-to-day management, financial, operations and support processes.

II. SCOPE

- The general rule which will be applied as part of the Control Self Assessment is that at least **50%** of the stations (in terms of Gross Profit Generated) and **50%** of processes will be included in the CSA scope.
- A completely acceptable approach for the selection of stations and processes would be to rely on the Internal Audit Department's Risk Assessment.

III. DEFINITIONS

- The Control Self Assessment (CSA) is the process where Management, in the form of Process Owners or Control Owners, review and test the controls under their responsibility.
- The Internal Controls Department is the department to assist and support process and control owners to design, build and implement internal control activities for further embedding of proper internal controls into their areas of responsibility.

IV. AUTHORITY AND RESPONSIBILITY

1. Management

- The Company shall have a precise system for internal controls; the system shall aim at setting an evaluation for the methods and the procedures for risk management in the Company, applying the rules of governance thereon in the due manner, insuring the compliance of the Company and its staff with the provisions of the applicable laws, bylaws, and decisions that regulates the operation thereof, as well as the internal policies and procedures, and reviewing the financial statements which are presented to the supreme management in the company and which are used to prepare the financial lists.
- The Company shall appoint a Compliance Officer who shall be responsible for verifying the extent to which the Company and the staff thereof are abiding by the issued laws, bylaws, decisions, and regulations. The positions of Compliance Officer and the Internal Controls Manager may be held contemporarily by the same person.
- A key principle of the CSA process is the ownership of Management of the internal control framework. Regardless of who carried out the CSA testing, Management at a particular location will assume responsibility for the CSA test results and will certify their acceptance of the internal controls effectiveness conclusions.

2. Internal Controls Department

- The Internal Controls Department is responsible for facilitating (through the provision of advice and tools) and coordinating the sign-off process for the CSA. In addition, the Internal Controls Department will provide the BOD / Audit Committee with an overall opinion on whether the results of the CSA indicate that the controls are effective or not. This will be done by looking at the control deficiencies identified in aggregate and assessing the impact on the organization as a whole.
- To meet its objectives, the Internal Controls Department has unrestricted access, at all times, to the records, personnel, property and operations of Aramex. The Internal Controls Department has responsibility for the safekeeping and confidentiality of all information provided.
- The Internal Controls Manager reports functionally to the Chairman of the Board of Directors / Audit Committee and administratively to the Chief Executive Officer. The Organizational Structure of the Internal Controls Department could be found in (Appendix A).
- The Internal Controls Manager is required to report to the Chairman of the Board of Directors / Audit Committee and the Chief Executive Officer on any matters identified that involve fraud or significant breaches of laws and regulations.

3. BOD and Audit Committee

- The internal controls system shall be issued by the Board of Directors after consulting with the Management, and shall be applied by a department specialized in internal controls.
- The Board of Directors shall specify the goals, duties, and powers of the Internal Controls Department that shall have adequate independence to perform its duties and shall directly report to the Board of Directors
- The Board of Directors shall execute an annual review to ensure the efficiency of the internal controls system in the Company and its Subsidiaries, and shall disclose the results to the shareholders in the Annual Corporate Governance Report.
- The annual review shall include the following elements in particular:
 - The substantial elements for monitoring; including the control over the financial affairs, operations, and risk management.
 - The changes that affected the nature and the extent of the main risks since the last annual review, and the Company's capability to respond to such changes in its business as well as in the surrounding environment.
 - The extent and the type of the continuous control by the Board of Directors over the risks, the internal controls system, and the performance of the internal auditors.
 - The number of the times of notifying the BOD or the Audit Committee thereof with the results of the works of control in order to enable the same from evaluating the status of the internal controls in the Company as well as the efficiency of the risk management.
 - The cases of failures or weaknesses in the control system that were discovered, and the emerging, unexpected circumstances that substantially affected, or that are likely to substantially affect, the performance or the financial situation of the Company.
 - The efficiency of the Company's operations in regard to the preparation of the financial reports as well as the abidance by the "Listing Rules" and those relating to disclosure.
- The Board of Directors shall disclose in the Corporate Governance report the extent to which the Company is abiding by the internal controls system during the duration of the report, this disclosure shall include the following:
 - The mechanism by which the internal control department is functioning in the Company.

- The measure that the Company applied for specifying, valuating, and managing big risks.
 - Any additional information that helps in understanding the operations of risk management and the internal controls system in the Company.
 - An acknowledgement by the BOD of its responsibility for the internal controls system in the Company and for its review and efficiency.
 - The measure that the Company applied to review the efficiency of the internal controls system.
 - The measure that the Company applied to deal, from the prospective of the substantial internal controls, with any serious problems that have been disclosed in the annual reports and accounts.
- The Board of Directors shall verify that all the disclosures of the Company provide sufficient and punctual information that are not misleading to the investors thereon, and which are issued in full compliance with the rules of disclosure.
 - The Audit Committee shall have the following duties and missions:
 - To review the systems of financial controls, internal controls, and risk management in the Company.
 - To discuss the internal audit system with Management, and ensuring that the same is performing its duty in establishing an efficient system for the internal controls.
 - To review the results of the main investigations in the matters of internal controls as assigned by the Board of Directors, or as initiated by virtue of the initiative of the Committee that is approved by the Board of Directors.
 - To submit a report to the Board of Directors concerning the matters mentioned in this Item.
 - The Chairman of the Board of Directors / Audit Committee reviews the authority, scope of work and resources of the IAD on a regular basis to confirm if any changes are required.

V. RISK MANAGEMENT

With regards to Risk Management, the Company will rely on the Internal Audit Department's Risk Assessment to identify and rate major business risks. Accordingly, Management will list the highest risks and provide action plans to monitor and lower such business risks. This should be reported to the BOD on an annual basis.

VI. INDEPENDENCE AND OBJECTIVITY

The Internal Controls Department shall maintain its independence in substance and appearance at all times through its direct reporting to the Board of Directors. Internal Controls Department shall not assume any responsibilities or perform any duties within the Company that are outside the scope of this policy that have not been approved by the Chairman of the Board of Directors / Audit Committee.

Internal Controls Department shall continually strive to be objective in performing its responsibilities and work hand-in-hand with management in the common pursuit of continuous growth and productivity.

VII. POLICY ADMINISTRATION

This policy will be approved by the Board of Directors and communicated to the shareholders.

This policy will be revised as needed by the Board of Directors while sparing no effort to ensure the consistency and transparency of its implementation over the years.

APPENDIX A

INTERNAL CONTROLS DEPARTMENT ORGANIZATIONAL CHART

