

June 2012



Disclaimer

To all our stakeholders;

This is our Communication on Progress Report for the year 2011, which is based on our second sustainability report which was issued mid 2011 covering the years 2009 and 2010.

Message from CEO

2012 has been a tough year for our businesses, our country and in fact the whole of the Middle East and North Africa region.

The Arab Spring has brought a lot of changes to the whole community, and it opened our eyes to issues that we did not really consider in the past. The overall economic scene in Egypt is on the negative side and the results of the FY 2011 are not that great in general.

Based on that, I would like to highlight the fact that no new initiatives have taken place this year. There was a cost cutting exercise that took place internally in order to ensure that no human capital will be let go of due to any economic downfalls. At the same time, a lot of efforts were also put behind charity / philanthropy drives to help the poor part of the population and also provide basic supplies to the needy in such times, via the Mansour Foundation for Development.

Another point that needs to be highlighted is the fact that we produce our sustainability report every 2 years and the coming one will be issued in mid 2013. Having said that, we have committed in 2011 and 2012 to continue working on the projects that are in the last sustainability report.

Therefore, we will use [2010 Sustainability Report](#) as our COP for 2011 and we will add a few pages on the projects and initiatives that took place during that year.

As for the Group, *“Mansour Group’s mission is **to make money, make it ethically and make a difference**. We consistently strive to apply a set of core principles and values in the way we do business at Mansour Group. As such, integrity and our commitment to our stakeholders have been our primary focus over the years. In all of our business dealings, honesty, truthfulness, and consistency are the rule. Moreover, our commitment to stakeholders governs how we balance our work and life. World-class companies usually have cutting-edge technology, superior management systems, outstanding electronic systems, and database management, but their reputations all come back to **human beings – the people who make decisions and take actions in these organizations**. One of the critical characteristics of our success is that our company carefully balances between the values, interests, goals, and objectives of the organization, and the values of the individuals who work for us.*

We aim to lead by example in the area of responsible business conduct by raising awareness of the Egyptian Business Community on the importance of Global Compact principles such as Human Rights, Labor Rights, Environment and Anti-Corruption. Respecting these principles today will ensure a better future for today and tomorrow. I commit to pursue the implementation deeper within all companies in the years to come.

When I look at global trends today, there is no s no doubt that sustainability is one of Mansour Group’s greatest opportunities to make a difference for business, for our customers, for our community and for the planet. That’s why I hope you will see in this report a real sense of our company’s long-term commitment to sustainability and my strong personal commitment as well.

Youssef L. Mansour
Chairman – Mansour Group

This document will showcase some extracts of important projects that we have been engaged to in the year 2011 – focusing on the engagement with the Global Compact office and some other projects that took place in the country. We will start by the most important subject – stakeholders – to whom this document is intended to;

Our stakeholders

- Management and board members
- Employees
- Consumers
- Peers and private sector companies
- Media
- Government officials
- NGO's
- Business associations
- International organizations
- Business partners
- Surrounding communities.
- Opinion leaders
- Suppliers
- Educational institutions
- International Organizations

Our stakeholders' value

Some of the most significant sources of value for an organization are elusive, non-quantifiable and not easily discerned. One way to cast a wide-enough net for capturing these elusive elements of value is to take a stakeholder approach to the business as opposed to the traditional shareholder only view of everything. By taking this stakeholder view, resources are better utilized for long-term value creation. By adhering to this policy, Mansour Group seeks to earn the trust and respect of our stakeholders and to be recognized as the industry leader in Stakeholder Engagement performance. We expect our efforts will improve our ability to access resources in a cost-effective and timely manner, and aid us in our goal of bringing mutual benefits and long-term value to the company and its stakeholders.

Stakeholders Engagement Policy:

Our stakeholder thinking tends to be both deep and broad. Our stakeholder's approach complies with the following set of characteristics:

- Sustainable, competitive thinking that tends to be visionary.
- Multi-view of the organization regardless if it is quantifiable.
- Performance evaluations follow strategic issues, not just operations.
- Strong value systems across the entire value-chain, extending to external stakeholders
- Easy flow of new ideas and innovation (very change oriented).
- Management does not embrace quick fix solutions; instead opting to move cautiously and incrementally to avoid paying a heavy price.
- People who create value are most likely to advance within the organization.
- The bottom line focus is on value – what value are we adding?
- Growth through the intangibles – relationships, competitiveness, knowledge workers; thinking in terms of opportunities for growing the business around core competencies.
- Business success is what we create for all stakeholders, not just shareholders.

To implement this policy, Mansour Group:

- Demonstrates visible and active leadership that sets the example for and emphasizes the importance of stakeholder engagement.
- Establishes clear roles, responsibilities, authorities and accountabilities for employees involved in stakeholder engagement activities.
- Manages all projects, activities and processes in ways that foster and protect stakeholder relationships, are inclusive of stakeholder values, needs and interests, and minimize impacts to the biophysical environment in which we operate or plan to operate.
- Provides employees with the capabilities, knowledge, resources and incentives necessary to act as ambassadors for the company and achieve excellence in stakeholder engagement.
- Provides contractors and service providers with Company principles, policies and procedures around stakeholder engagement and requires them to develop and implement practices supportive of our policy and to report on their efforts.
- Measures, audits and publicly reports stakeholder engagement activities and performance and maintains open dialogue with stakeholder groups and communities where we operate or plan to operate.
- Recognizes and respects the unique history, culture and legal rights of the Egyptian community.
- Communicates our commitment to this policy to our external stakeholders, parent company, employees and contractors and seeks their support.
- Utilizes the Company's Stakeholder Engagement Procedures and Practices to guide, direct, coordinate and resource the implementation of this Policy into our day-to-day and long-term business.

Corporate Responsibility - Vision and mission

Mansour Group's commitment towards sustainable social investment is guided by national priorities and needs in addition to global benchmarks such as the Millennium Development Goals which world leaders pledged to achieve by the year 2015. All the work that is carried out under Mansour Group's is geared towards achieving results and accelerating development progress in Egypt at large.

Our strategy in over the years can be grouped under three main areas:

Community investment projects where we provide either philanthropic donation, in kind contributions, or even technical know-how to support an important cause or priority be it education, supporting the handicapped, providing scholarships etc... Stemming from Mansour Group's conviction that businesses must give back to their communities, the Mansour Group continues to invest in projects that make a difference in people's lives. As responsible corporate citizens, Mansour Group is active in a variety of community endeavors.

Policy advocacy role and global engagement - leading by example as a responsible business. Under this area falls our work and commitment to disseminate information regarding the UN Global Compact principles including our work in the area of Human Rights under the Global Business Initiative (GBI) for Human Rights (mentioned earlier).

Developing innovative investments or pro-poor business models where we integrate the poor as consumers, producers or employees in our business model. This inclusive approach has proved to be a win-win situation for both the citizens as well as our company.

This document, along with the [2010 Sustainability Report](#) will explore the above points and more, but not necessarily in the above order.

I. On the LEAD Commitments, engagements and advocacy

A. Engagement with the GCO and the Special Initiatives / Working Groups:

1. Global Business Initiative on Human Rights – GBIHR:

Mansour Group has joined the Global Business Initiative on Human Rights in 2009. The Global Business Initiative on Human Rights is led by business for business by a core group of companies: - ABB, Cerréjon, Flextronics, General Electric Company, Hewlett-Packard, JSL Stainless Limited, Mansour, Novo Nordisk A/S, Royal Dutch Shell plc, The Coca-Cola Company, Total S.A. and Unilever. GBI works is supported by the Swiss Government and works in co-ordination with the United Nations Global Compact.

The involvement of Mansour Group in the GBI is out of the deep commitment to promote Global Compact principles globally especially those principles that are the most challenging and the most difficult to monitor such as the Human Rights principle. Indirectly, the advocacy work on the principle of Human Rights will have some direct impact on some of the Millennium Development Goals related to the environment and decent work.

The group became engaged with the initiative and with other peer companies within the group since. In 2010, the Mansour Group, in coordination with the GBIHR and other stakeholders, has committed to advocate the case in Egypt and in the MENA Region. Within that context, end of 2010, the group has organized – a first time ever – open conference to discuss the topic and has invited John Ruggie to take an active part in that discussion amongst local and regional companies. The Group has also committed after that to bring the agenda forward in the MENA Region to bring more companies and stakeholders on board.

Besides advocacy, the group has utilized the Human Rights Matrix in order to measure the gaps in what the company does and it what should do. With respect to that, several measures were taken in terms of policy adjustments which cover both, human rights and labor rights.

Policies and procedures

In order to achieve its high standard demands, Mansour Group selects the best talented people on the market and offers them real career perspectives. Recruitment therefore follows a rigorous process. Mansour Group is however deeply committed to impeding any kind of discrimination when hiring new people – whether it be religious-related, race-related or gender-related. Conscious of the creativity and energy youth can bring to the company, the Group is just as eager to favour the hiring of young graduates. Just the same, Mansour recognises and valorises the experience and “wisdom” the senior workers are there to provide.

Conveying the strategy, passing on key information, keeping people updated on the Groups current events is part of respecting these people. It is also a way of keeping the ties between all the employees in such a large group.

This is why internal communication is fully part of the Group’s Human Resources policy. A website and a quarterly internal magazine have been created for that purpose.

On the same subject, it is worth mentioning that the GCO – Human Rights Working Group – has also developed a case study on the usage of the HR matrix by the Mansour Group – [matrix case study](#)

2. Caring for Climate Working Group:

Mansour Group has joined the Caring for Climate initiative in 2009. Due to the nature of the work of the group which is mainly focusing on retailing and little food manufacturing, it has committed to advance the GC principles on that front as much as it can and has also committed to support – financially – the work of the initiative on that front. The Group has conducted several studies and analysis on its

businesses and the results were quite satisfying on emissions and on water usage. Even waste management was calculated and was found out that the group is at very adequate levels. Moreover, due to a lack of resources (look at section on GCO engagement), the group has limited its participation to that WG, but will convene full participation in the near future.

B. Engagement with the Local Networks:

Local networks are clusters of participants who come together to advance the United Nations Global Compact and its principles within a particular geographic context. We perform increasingly important roles in rooting the Global Compact within different national, cultural and language contexts, and also in helping to manage the organizational consequences of the Global Compact's rapid expansion. Our role is thus to facilitate the progress of companies (both local firms and subsidiaries of foreign corporations) engaged in the Global Compact with respect to implementation of the ten principles, while also creating opportunities for multi-stakeholder engagement and collective action. As many of you know, the UN Global Compact is a strategic policy initiative for businesses that are committed to align their operations and strategies with **ten universally accepted principles** in the areas of human rights, labor, environment and anti-corruption: By doing so, business, as a primary driver of globalization, can help ensure that markets, commerce, technology and finance advance in ways that benefit economies and societies everywhere.

Overall, the Global Compact pursues two complementary objectives:

1. Mainstream the ten principles in business activities around the world
2. Catalyze actions in support of broader UN goals, including the Millennium Development Goals (MDGs)

With these objectives in mind, the Global Compact has shaped an initiative that provides collaborative solutions to the most fundamental challenges facing both business and society. The Global Compact is global and local; private and public; voluntary yet accountable.

The Local Network in Egypt has been hosted in the UNDP from the period of 2004 – 2008. After that, the **Egyptian Corporate Responsibility Center (ECRC)** was established as an initiative between the Ministry of Investment (MOI) and the United Nations Development Program (UNDP). It offers Corporate Responsibility (CR) services including awareness, training and consulting services and acts as the secretariat for the United Nations Global Compact (UNGC) in Egypt, in partnership with Mansour Group. Mansour Group is the major donor to the center.

The ECRC empowers businesses by providing CR services including capacity building, advocacy, consultations, knowledge management and certification. The center is set with the ultimate goal of forming sustainable business models, which encourage businesses to comply to CR principles and improve the national capacity to design, apply and monitor sustainable CR policies while addressing geographical disparities and creating fulfilling impacts for businesses.

The Center's overall mission is to promote CR awareness in businesses and act as knowledge centre on CR in Egypt Compact through:

- Support the effective and professional increase of corporate involvement in socially responsible business activities.
- Promote awareness for effective corporate social responsibility strategies within business units.
- Develop CR guidelines and manuals that facilitate the efficient execution of CR strategies within business practices.
- Build the capacities of companies and NGOs by delivering internationally accredited training programs, CR advocacy and world class education programs and events.
- Assist the companies to comply with labor and environmental standards by enhancing transparency and accountability.

- Create successful CR business modules and best practices, offering support to various business sectors.
- Encourage, sustain and empower the Global Compact Local Network of businesses within Egypt. Mansour Group has been engaging with the local network since it joined the compact in 2003. As of 2008, the group became the representative of the network. As Representative, our role is to promote and raise awareness on global compact principles. As a local networks, we play an essential role in the initiative and are an integral part of the overall governance of the Global Compact. We meet annually with other local network representatives at the Annual Local Networks Forum. The purpose of the Local Networks Forum is for Local Networks to learn from each other's experiences in building a network, review and compare progress, identify best practices and adopt recommendations intended to enhance the effectiveness of Local Networks, including relating to governance. Moreover, a selected steering committee was formed end of 2011 and mansour Group was re-elected to stay as the official representative till end of 2013 – as per the LN governance documents. Beginning of 2012, the group has renewed the agreement with the UNDP to support the project for 2 more years. It is clear that the coming two years are the essential and important ones in terms of CR formation and the most needed time for policy dialogue and collective action for GC participants to act up and shape the future.

C. Other engagement with the Global Compact Office:

1. Secondment:

Last but not least, to further lead by example and to promote GC principles beyond Egypt's border, Mr. Youssef Mansour has signed a protocol agreement with the GC Office in New York for Mr. Walid Nagi, CR and Communications Manager in Mansour to spend a three year secondment with the GC office NY acting as the GC Local Networks Manager for MENA and Europe Regions.

2. Copenhagen GC week support:

To support the Global Compact internationally, Mansour Group sponsored the GC Week that took place in Copenhagen, Denmark in May 2011; along with 3 other international sponsors.

The GC week concept was implemented for the first time and it combined the Annual Local Networks Forum (ALNF), Local Networks Exchange sessions, all issue working groups regular meetings, LEAD session, and a half day Global Compact Day which has brought together all business and non business participants and of course local networks from around the globe with more than 550 participants.

D. Local Advocacy:

1. Support of the annual CSR Conference in Egypt:

Mansour Group took an active part in supporting the Egyptian Annual CSR conference that took place in Cairo in June 2011.

2. Support for the PRI and the Expert Group on Investment in Egypt:

The group also was one of the first supporters to the statement issued by PRI and the Expert Group on business and peace encouraging foreign investments in Egypt. The group has also disseminated this document to all LN members in order to get their support.

2011 Initiatives:

Internally:

The first 4 points are focusing on internal actions that were implemented internally in order to ensure the overall security and the welfare of the human capital, which is the most important success factor for the group, with regards to the events that took place during 2011:

1. Minimum salary setting:

Following the revolution in Egypt and in order to cope with the minimum requirements of the basic life and in view of the economic downturn that the country is witnessing, the Chairman of Mansour Group has committed that he will not down size at all and that all departments need to watch for their cost and to keep it at an acceptable level and to avoid any unnecessary expenses. He has also increased the minimum level of salaries for the lowest paid jobs to reward them for their loyalty in such difficult times

Principles Covered: Human Rights and labor rights issues.

2. Hiring security officers and vehicles to protect salesmen:

Due to the nature of the business which is focusing on the distribution of food products, and hence carrying cash money back to the safes; private security officers were hired to accompany the salesmen when they do their daily calls. Additionally, security vehicles were also hired to accompany the big shipments in order to ensure the security of the staff members, the merchandise and the money

Principles Covered: Human Rights and labor rights issues.

3. Training on fire fighting:

Connected to the above 2 points and due to the unstable security situation overall, the HR department conducted several trainings on fire fighting for all employees of the group. In the past, only certain individuals and security officers had this task. Now the training was given to everyone to ensure security and safety in the office premises and also in the employees' houses

Principles Covered: Human Rights.

4. Regular e-mails to all employees on security measures to be taken when driving in the streets: Still on the same subject, regular weekly emails are sent to all staff members regarding security updates in general and what they should do in times of crisis. The messages also advise them to change routes whenever they can. A dedicated phone line was also created in order for employees to use in times of accidents or whatever mishaps happen on the roads due to the general lack of security.

Principles covered: Human Right and labor rights.

5. Compliance Committee and the code of ethics:

Code of Conduct: To reinforce commitment to maintaining a culture of integrity the Mansour Group issued a Code of Conduct that defines the core principles that govern employee behavior at the company and how the company conducts its business.

The Mansour Group has always been value driven based on five core values of integrity, understanding, excellence, unity and responsibility. The Mansour code of conduct which is the ethical road map for the group is a derivative of these core values.

The code's purpose is to promote:

1. honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships
2. compliance with applicable governmental laws, rules and regulations

3. the prompt internal reporting of violations of the Code to an appropriate person or persons identified in the Code; and
4. accountability for adherence to the Code.

Standards of Conduct:

It is the Company's policy to observe and comply with all Laws applicable to it. This requires the practice of fair dealing, honesty and integrity by Directors and Employees in every aspect of dealing with other Company Employees, the public, the business community, stakeholders, customers, suppliers, competitors and governmental and regulatory authorities. Directors and Employees when acting on behalf of the Company shall not take unfair advantage through manipulation, concealment, abuse of privileged information, misrepresentation of material facts, or other unfair-dealing practices.

It is the policy of the company not to discriminate against employees, directors, customers or suppliers on account of race, color, age, gender or religion.

Administration of Code of Business Conduct

The Compliance Committee periodically reviews the Code of Business Conduct, and when necessary or desirable, makes recommendations to the Board of Directors

- (i) to ensure its continued conformance to applicable Law,
- (ii) to ensure that it meets or exceeds industry standards, and
- (iii) to ensure that any weaknesses revealed through monitoring, auditing and reporting systems are eliminated or corrected.

To ensure the continued dissemination and communication of the Code of Business Conduct, the Compliance Committee takes reasonable steps to communicate effectively through the human resources department the standards and procedures included in the Code of Business Conduct to Directors, Employees and distributors of the Company.

Each employee has to sign the code of conduct when they start work and they have to renew his/her commitment to the code and the policies on annual basis.

The Compliance Committee also monitors and audits compliance with the Code of Business Conduct, including the establishment of monitoring and auditing systems. The Compliance Committee also assumes the role of updating all policies on periodical basis.

Directors and Employees are both encouraged and obligated to promptly report any violations of the Code of Business Conduct. The Compliance Committee established a reporting system that allows violations of the Code of Business Conduct to be reported and acted upon by Directors, Officers or other Employees of the Company with sufficient authority to deal objectively with the reported matters.

While investigating violations, anonymity and credibility are maintained at all times and disciplinary measures are put in place as deemed appropriate. The disciplinary measures which may be invoked include, but are not limited to, counseling, oral or written reprimands, warnings, probation or suspension without pay, demotions, termination of employment and restitution.

Persons subject to disciplinary measures shall include, in addition to the violator, others involved in the wrongdoing such as

- (i) persons who fail to use reasonable care to detect a violation,
- (ii) persons who if requested to divulge information withhold material information regarding a violation, and
- (iii) supervisors who approve or condone the violations or attempt to retaliate against Employees or agents for reporting violations or violators.

Principles covered: Ant-Corruption

Externally towards the community:

Our commitment towards sustainable social investment

Our approach

We are guided by international principles and obligations such as those of the UN Global Compact and the Millennium Development Goals, nevertheless, our approach is to localize such principles to fit within the Egyptian value system and culture.

Our strategy

We work closely with our beneficiaries, engaging them in initial phase of developing any project to ensure that they are involved in the initial stages of planning. We also partner with international organizations such as UNIDO and UNDP to ensure that we bring in international experience and know how to managing projects.

All of our projects are developed in consultation with our stakeholders with benchmarks, indicators and targets to ensure that a results based monitoring framework is in place at the initial phase to ensure that the project is on track and is delivering on its results.

We also work closely with NGOs as well as the government since they are essential partners also working in the area of social and sustainable development in Egypt.

Managing our Corporate Responsibility (CR)

Corporate Responsibility (CR) is integrated into our decision making. By placing CR oversight at the highest level of the company, we are accelerating our drive for CR leadership in our manufacturing. We have in place CR Operational Bodies such as the CR department, which pilots and coordinates implementation of the Company's CR strategy and initiatives. The CR Team, which implements the CR Strategy, follows up action plans and discusses current CR issues and best practices with the company's CEO on monthly basis. The CR Department is also in charge of consolidating all of the GRI indicators to help monitor progress at corporate, social and environmental level.

Our Community investment

1. Three blood donation campaigns - Volunteering

Due to the violent incidents that took place in the Tahrir Square during the 18 days revolution and the incidents that followed, there were numerous injuries and a shortage of blood stocks in the hospitals. Based on those facts, the administration department along with volunteers; 3 blood donations were conducted through the year.

2. American University in Cairo (AUC) Scholarships

A good education is a key factor in securing a decent job especially if it is accompanied by practical trainings for skill building.

The support to scholarships by Mansour Group was driven by the above conviction. The project is in collaboration with AUC where Mansour Group provides two scholarships a year for the two best students from public schools (Thannaweya Amma certificate). Coupled by this scholarship is also a practical opportunity of conducting a summer internship programme at Mansour Group with the hope of employing some of the interns at the end of their internship. The internship programme offers candidates a chance of getting a feel of what it is like to work in a company: daily chores, management structures, deadlines, reports, assignments, etc...

Students who have done this have attested that the internships have been of such a great value to them and that they have provided them with a taste of what it is like to work in a company. It was also an added value for them when they got back to the University in their future semesters where they have referred to their practical experiences in the field.

The project is contributing to the MDGs, namely Goals 1 and Goal 2 related to eradicating poverty (including employment and decent jobs) and education.

3. Gerhart Center for Civic Engagement

The idea of launching a corporate sustainability capacity building program was born out of a clear need for the private sector in the Middle East, North Africa and South Asia to not only understand what corporate sustainability means to their business, but to acquire the skills and know-how to go about integrating it in a manner that is effective and that will serve the bottom-line of their companies. For the Gerhart Center, the belief that businesses can contribute to sustainable social change in a more meaningful manner if they apply a sustainability lens to the overall management of their businesses. The corporate sector, through more socially-aware policies and work decisions can have a positive impact on poverty, inequality, climate change, and building more participatory societies. Thus the center's growing work in this area became an effective way to leverage greater social responsibility and active citizenship in the Arab region. It is for this reason that Al Mansour Group supported the Gerhart center, the leading provider of knowledge and resources for strengthening philanthropic practice in the Arab region, in the launch of the Corporate Sustainability Capacity Building Program in partnership with Aramex International, Abraaj Capital and along with other key entities at the American University in Cairo including the International Executive Education Institute (IEEI) and the Khizandar Case Study and Research Center (KCC) in addition to the United Nations Development Program. Several courses were conducted in Cairo, Amman, Lebanon and Dubai. The program will continue through the end of 2012. The center also made a case study about Mansour Group to be used in the courses and also made available to all students of the AUC ([Link to the AUC case study](#))

These two projects are fully in line with the promotion and advocacy of Global Compact principles in Egypt. Indirectly, it also contributes to the Millennium Development Goals through its support and capacity building to CR Practitioners to enable them to design and monitor community or social investment projects in the area of education, employment, health and environment.

4. ADVANCE School for autism

Established in 1999, the Egyptian Society for developing Skills of Children with Special Needs known as Advance, is a non-profit organization founded by a group of families of children with autism and other related development disorders. The society aims to offer life span services to help children and adults develop their abilities and reach their full potential. It is the only specialized learning center for autistic children in Egypt. Such a great endeavour requires proper funding, which the Mansour Group has helped to provide, as Advance's sole corporate sponsor.

Mansour Group started its support to Advance in 2000 by paying the rent for their premises where they operate. This idea then progressed to a more sustainable idea that of building a small village for Advance where children can reside, grow as well as work in order to provide for themselves and gain a sense of independence. This model will also allow the project to introduce some elements of self-sustainability.

In 2004 Mansour Group purchased the land for Advance and helped them with the establishment and refurbishment of a new premises. A small school was established starting with 10 students. Today, the school serves around 60 students and with the completion of the project premises the school will be able to serve a total of 200 students.

Mansour Group is also helping Advance fundraise in order to expedite the completion of a permanent complex. In 2007 Advance has started its first steps of building the complex and recently all foundations and basements have been built and work continues. Up to date almost 60% of the work has been concluded and the full fledged school will be ready for inauguration by 2010. It is envisioned that Mansour Group will exit this project in 2011 after the premises and school are both completed. Due to the current circumstances, the project did not reach a completion point due to the lack of funding and Mansour Group will take an active part trying to fund raise until the project ends and is sustainable on its own.

The project is contributing to the Millennium Development Goals, namely Goal 1 on eradicating poverty (including decent jobs) and Goal 2 on education by providing the children with special needs life skills and an education for them to be able to join the labor market. This is also in line with the UN Global Compact principles related to equal and fair employment for all people, even those with special needs.

5. BOP Project study and research

Innovative investments for sustainable development: A new research

The model: Mansour Group has started a research along with the UNDP Egypt and the Industry Modernization Center to build a new business model for retailing focusing on the poor rural areas in Egypt with an objective of creating job opportunities and also providing healthy and affordable nutrition products to the people living in those areas in order to eradicate poverty on the long run and provide healthy products to them.

The company began implementing a broader strategy of incorporating the local communities into its supply chain both as consumers and suppliers, diversifying sources of production, retail alternatives, and cutting distribution costs. This initiative required the company to make considerable investments in: (i) training local suppliers (aiming to ensure the local production of quality goods); (ii) training existing local retailers, or new micro-retailers owned by youth groups and women; (iii) financial sponsorships (microfinance) to enable distributors and retailers to buy motorbikes and tricycles for product distribution.

The objectives/drivers: Limited by the high costs of distribution in rural areas, Mansour Group was unable to extend its market base and bring quality food products to under-served populations in these areas at affordable prices.

The expected results:

The model is still being built and implementation will start as of mid 2012 in one area as a pilot and the expected results are:

- the simultaneous effect of unleashing the potential of a previously under-exploited market by increasing profits, while also having an empowering impact on these populations.
- tailoring products to a new market with different demands and necessities.
- The investments to generate new sources for employment and economic welfare, boosting economic entrepreneurship and providing rural populations with new skills.
- A potential consequence will be to grow in terms of social capital and competitiveness, and avoid the need to establish a dedicated Mansour retail chain.
- Company to partner with local wholesalers, reducing transportation and warehousing costs.
- Ensuring the development of multiple suppliers would be able to be challenge price and quality.
- Training local populations would ensure commitment, and ultimately improved the company's long term business prospects in these locations.

This project will contribute to MDG's 1, 3, and 8; relating to the eradication of poverty, promote gender equality, and develop partnerships for development.

GRI Disclosure and Performance Indicators - in the sustainability report



This is our **Communication on Progress** in implementing the principles of the **United Nations Global Compact**.

We welcome feedback on its contents.