

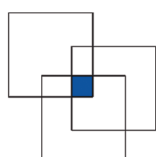


INDUSTRIAL LEADERS OF EGYPT TOWARDS CREATING SHARED VALUE



International
Labour
Organization

VOLUME I



THE AMERICAN
UNIVERSITY IN CAIRO
JOHN D. GERHART CENTER



SCHOOL OF
BUSINESS
PHILANTHROPY
CIVIC ENGAGEMENT
RESPONSIBLE BUSINESS



اتحاد الصناعات المصرية
FEDERATION OF EGYPTIAN INDUSTRIES

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First published 2015

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CSR – Industrial Leaders of Egypt – Towards Creating Shared Value – Volume I

(Print) 978-92-2-130743-3

(Web PDF) 978-92-2-130744-0

CSR – Industrial Leaders of Egypt – Towards Creating Shared Value – Volume II: Food Industry

(Print) 978-92-2-130745-7

(Web PDF) 978-92-2-130746-4

Arabic Edition:

التجارب الرائدة للمسؤولية الاجتماعية للشركات الصناعية في مصر – نحو خلق قيمة مشتركة - الجزء الأول

978-92-2-630743-8 (طباعة)

978-92-2-630744-5 (نشر إلكتروني pdf)

التجارب الرائدة للمسؤولية الاجتماعية للشركات الصناعية في مصر – نحو خلق قيمة مشتركة - الجزء الثاني: قطاع الغذاء

978-92-2-630745-2 (طباعة)

978-92-2-630746-9 (نشر إلكتروني pdf)

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Printed in Egypt

Forewords

Corporate Social Responsibility (CSR) has evolved from its limited status as a mere social concern into a multi-functional and new concept of operational efficiency and competitive advantage.

With this ever-maturing understanding of CSR in mind, the Federation of Egyptian Industries (FEI) has come to view Egypt's business ecosystem as suitable for promoting CSR principles in the industrial sector in order to advance alongside this existing opportunity. Successful businesses can only thrive in healthy social and environmental conditions. For this reason, the mainstreaming of CSR principles into business operational models is perceived as an adequate tool to attain these conditions.

This two volume booklet series has been developed in partnership with the International Labor Organization (ILO) and The American University John D. Gerhart Center with the intention of promoting CSR as an integral component of sustainable business practices and societal progress. It is intended to document the CSR systems of Egyptian industrial leaders, and highlight the economic and social returns of good CSR policies.

The FEI pledged its commitment to CSR with the launch of a dedicated CSR unit to promote CSR principles and encourage decent work among companies and governmental entities. The unit has been set up in collaboration with the ILO to foster a culture of socially responsible business through awareness raising, capacity building and partnerships with relevant local and international organizations. It intends to help stakeholders address the needs and challenges associated with applying CSR policies and principles, in addition to providing tailored support for Small and Medium Enterprises to garner their interests in CSR.



The publication, therefore, seeks to make a business case for CSR and decent work principles by showcasing successful CSR initiatives of industrial leaders in the private sector in Egypt. Highlighted trends are indicative of the benefits that companies, which adopted strategic values of CSR principles, have gained from improved risk management and stronger relations translating into greater access to capital, talent and new markets.

It signals the FEI's openness to engage the government, companies, academics and the public in a dialogue to achieve a deeper understanding of CSR and hopefully, inspire the entire business community to embrace the concept of CSR.

We owe our sincere gratitude to all the parties involved in the preparation of this publication. We hope that the publication becomes a platform that could lay out examples of best practices in addition to facilitating the exchange of lessons learnt and new ideas.

A handwritten signature in blue ink, appearing to read 'Mohamed El Sewedy', written in a cursive style.

Mohamed El Sewedy,
Chairman of the Federation of Egyptian Industries

Corporate Social Responsibility (CSR) is a management concept whereby companies integrate social and environmental approaches into their business models and operations to achieve a three-pillar approach integrating an economic, social and environmental balance that benefits the whole community. There has been a growing interest by investors, consumers, and civil society in recognizing and rewarding companies that have a comprehensive CSR strategy in place. Genuine improvements in company impact on employees, customers, communities and the environment have positively enhanced their corporate reputation and competitiveness. Complying with local and international labor principles and practices is considered an integral component of good CSR -- a notion that is not commonly known to many.

This booklet series consisting of two volumes has been prepared by the John D. Gerhart Center of The American University in Cairo with the support of the ILO Office in Cairo through the project "Creating a conducive environment of the effective recognition and implementation of fundamental Principles and Rights at work", the ILO Bureau for Employers' Activities (ACT/EMP) and the Federation of Egyptian Industries (FEI). It is meant as a knowledge source, to provide both insight and inspiration to governments, companies, civil society and academia by drawing upon successful CSR activities in Egypt in diverse areas that include education, health, safety and the environment. Special sections are dedicated to highlighting the impact of good and fair labor practices on a company's ability to attract and retain employees, raise labor productivity levels, and enhance the perception by the community.

As a tripartite organization composed of the Government and of the many representatives employers' and workers' organizations, the ILO supports the private sector, and its organizations in supporting the adoption of policies and regulations that promote the creation and growth of sustainable enterprises. For the ILO, CSR is a means to define the role that a company should play in the society in which it operates. It should also influence its own operations by respecting international labor principles, social dialogue and national labor laws, which can therefore result in higher productivity and improved product quality, thus enabling companies to compete in the global markets by achieving market access. It should also encourage companies to adopt a process aiming to integrate social, environmental, ethical, human rights and consumer concerns into their business operations and core strategy by identifying, preventing and mitigating their possible adverse impacts.



We convey our appreciation to all the parties involved in the preparation of this publication, and we hope that it will inspire other companies from all sectors in Egypt to follow suit in building their reputation as socially responsible and sustainable businesses.

A handwritten signature in dark ink, consisting of a long, sweeping horizontal line followed by a stylized, angular mark.

Peter van Rooij,
Director, ILO Decent Work Team for North Africa/Cairo

Acknowledgements

This first volume of the two booklet series is the result of collaborative and concerted efforts of the International Labor Organization (ILO), the Federation of Egyptian Industries (FEI) and the John D. Gerhart Center (GC): the developmental arm of the Business School at The American University in Cairo.

The ILO, the FEI, and their representative teams have been strongly supportive throughout information gathering and the drafting process to ensure that this publication is a realistic representation of selected industrial companies, and their Corporate Social Responsibility strategies and programs. As the main publishers of this first booklet, the ILO and FEI commissioned the GC to design the research and drafting process for the publication.

A special thank you is dedicated to the research team behind the publication: Menatallah Darrag and Menan Omar, Gerhart Center Research Consultants and the principal authors of the publication under the supervision of Heba Abou Shnief, the head of the research unit at the center.

The publication was prepared under the guidance and the directions of Sina Hbous, the Assistant Director of the Gerhart Center in coordination with Eric Oechslin, ILO Senior Specialist for Employers' activities and El Sayed El Torky, National Coordinator for Employers' Organizations, Conducive Environment Project, ILO Cairo Office; Nagui El Fayoumi, Executive Director of the FEI, and Basmah Osman, Senior Advisor at the FEI, who are all gratefully acknowledged for their valuable inputs and suggestions. Special recognition is due to our selected CSR Industrial Leaders for their valuable time and effort. The study came into light through the generous cooperation of the participating companies who dedicated time to share their experiences and expertise. Their open sharing of information has exponentially facilitated the development of this publication ensuring realistic portrayal of their CSR activities and preserving informational integrity.

1. **El Araby Group** : Mohyielden Mahmoud Elaraby Chief Marketing Officer.
2. **Egyptian German Industrial Corporation** : Ashraf Farouk, Head of CSR; Magdy Hassan, Executive Director of the EPF.
3. **Mansour Group** : Rania A. Hamoud, Managing Director, Board Member and CSR Consultant.
4. **Pharco Corporation** : Shereen Helmy, CEO; Shady Mourad, Export Director.
5. **Sanofi Egypt** : Vivian Fikry, Communication & CSR Manager.
6. **Santex Group** : Mohamed Sabry, CEO and Mohamed Anwar, Technical Office Manager.
7. **Suez Cement - Italcementi Group** : Zena Spinelli, Communication and Image Manager; Mohamed Hussein, External Relations Manager.
8. **TITAN Egypt** : Sohalia Mohamed, Compensation, Benefits & CSR Department Manager; Khaled Khorshed, HR Department Manager of Alexandria Plant; Mohamed Abdel Nabi, Health and Safety Manager of Alexandria Plant; Mohamed Haggag, Environment Department Manager.

The John D. Gerhart Center is grateful to the ILO for the generous funding, which made the development of this publication possible. The Gerhart Center also appreciates the trust that the FEI has showcased and support given to develop this publication.

Executive Summary

The first of its kind in Egypt in mapping successful company CSR profiles, this booklet series is meant to document the experience of 15 industrial companies that are considered early leaders in introducing and developing programs and activities that address various elements of corporate social responsibility (CSR). Their CSR agendas include an integration of labor practices, community outreach, and environmental accountability in addition to promoting shared value across the operational supply chain.

This first volume of the booklet series portrays a pool of 8 companies representing different industrial sectors.

While the second volume focuses on presenting 7 companies working in the the Food and Beverage Industry with the objective of providing a sectoral bird's eye on CSR trends and patterns in this particular sector.

Both volumes are part of a larger initiative undertaken by the Federation of Egyptian Industries (FEI) in partnership with the International Labor Organization (ILO) on promoting CSR and sustainable development.

Presented CSR company profiles seek to shed light on the drivers, implementation approaches, success factors and challenges facing companies as they attempt to advance their CSR agendas. It is also an opportunity to explore the role of government and civil society in promoting CSR. The results of this series will assist to further guide industrial policies, and program development in advancing and integrating principles of CSR as a means to enhance company competitiveness and societal welfare. The booklet consists of three chapters.

CHAPTER 1

It acts as an introductory gateway to the overall objective and adopted research methodology. It also sets the conceptual stage by discussing existing CSR definitions and the ILO CSR framework adopted by the publication through reviewing the gradual evolution of the concept of CSR both globally and nationally.

CHAPTER 2

It presents the assembled CSR profiles of 8 selected industrial companies operating in a wide range of different industries. For detailed descriptions of the drivers, benefits, challenges and success factors, readers are encouraged to read the individual case studies. Company profiles were arranged by alphabetical order, and all included information that has been provided by the companies through interviews and presented documents.

CHAPTER 3

It presents the overall conclusions, existing CSR trends, as well as lessons learned that have gradually emerged throughout a journey of research and data collection for this booklet. It is an attempt to increase the accessibility of brief guidelines to support policy makers, encourage companies to follow suit and enrich a local CSR academic discipline.

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INDUSTRIAL LEADERS OF EGYPT TOWARDS CREATING SHARED VALUE

CHAPTER I

Setting The Stage

Introduction:

In its diligent efforts to champion Corporate Social Responsibility (CSR) in Egypt, the Federation of Egyptian Industries (FEI) has embarked on ambitious reforms to ensure compliance with international labor standards and encourage decent work. To this end, the FEI has launched three new units to support women in business, manage labor affairs and finally, to promote CSR. The International Labor Organization (ILO) brings a wealth of experience in shaping policies and implementing programs that reflect the views of workers, employers and governments in quality labor standards, which is a key CSR focus area.

The FEI has therefore expressed an interest in advancing the level of cooperation with the ILO through technical assistance to support the creation of the aforementioned CSR unit. To build its knowledge acumen on CSR activities in Egypt, the FEI has partnered with the ILO and the John D. Gerhart Center for Philanthropy and Civic Engagement (John D. Gerhart Center) at the American University in Cairo (AUC) to showcase successful activities of CSR industrial leaders.

As a think tank under the AUC School of Business that focuses on responsible business models and corporate social responsibility, the John D. Gerhart Center is keen to support the commendable efforts of both the ILO and FEI in embedding the principles of CSR to address Egypt's economic and social challenges.

Objective:

This research endeavor is intended to serve as a leading step in documenting the experience and progress of industrial companies in applying CSR principles and labor standards in Egypt. The booklet series aims to support the efforts of FEI/ILO in mapping CSR initiatives to provide industries, governmental agencies and civil society with an insight of functioning CSR in Egypt, in addition to building a valuable knowledge base for both academics and educators.

The benchmarking of company CSR activities was based on the ILO definition of CSR.¹ The ILO understanding of CSR insinuates that it should be perceived as a voluntary commitment by which management goes beyond the legal obligations of any corporation to fully integrate its operational impact on society, and the environment in its business strategy.² To this end, individual company profiles have been structured to provide the reader with an overview of the CSR vision, governance structure, budgeting scheme and reporting mechanism. Also a detailed review of their CSR activities in focus is also examined.

Although at first glance, the presented company CSR profiles seem to have overlapping structures and CSR implementation strategies, each individual company actually has a unique understanding of CSR that allows them to achieve a competitive edge in their related practices.

¹For a more understanding of CSR in the context of ILO and labor practices. Please visit: http://www.ilo.org/empent/Informationresources/WCMS_101253/lang-en/index.htm

²This is a link to a factsheet that summarizes ILO efforts in supporting CSR globally.
http://www.ilo.org/wcmsp5/groups/public/---ed_emp/---emp_ent/---multi/documents/publication/wcms_116336.pdf



Promoting each company's success factors and challenges in applying CSR, allows FEI/ILO to maintain transparency, while strategically supporting Egyptian businesses in building a socially responsible corporate reputation for better business outcomes. Finally, shedding the light on successful initiatives of CSR industrial leaders and lessons learnt serves to encourage other companies in Egypt, and the Middle East to follow suit.

Methodology:

The booklet series was put together over the course of four months and is the result of thorough research that emerged from detailed semi-structured interviews with CSR managers or relevant representatives of featured companies. The interviews spanned from 1-2 hours and were conducted in-person, either at individual company premises or at the John D. Gerhart Center.

The companies were selected by the FEI/ILO based on a multi-tiered criteria to ensure representation of a diverse portfolio of CSR activities in Egypt. These included membership of the FEI, the extent to which their CSR activities are linked to the concept of sustainable development, and finally, their availability during the preparation phase of the publication. The companies were initially invited to participate in the booklet series by the FEI/ILO, and those who confirmed their willingness to share information about their CSR programs were then contacted by the research team at John D. Gerhart Center to schedule the interviews.

The interview questions were developed by the research team to optimize CSR understanding, while simultaneously being time sensitive to make the utmost use of CSR industrial leaders' participation. The research team followed a stringent interview protocol to ensure maximum information and data gathering and to minimize interviewer subjectivity. This allowed the researchers to maximize the objectivity of the lessons learnt and conclusions that are provided at the end of each of the two booklets.

Company CSR profiles were drafted and executed by the John D. Gerhart Center and consequently each profile was respectively shared with each company for review and feedback. The write-ups were revised based on the feedback of company representatives to accommodate their overall preferences and confidentiality requests and then, sent back to them for their final approval. Upon receiving their written consent for publishing the case studies, the ILO commenced the editorial and translation work of the publication.

While CSR company profiles are primarily based on the information and data gathered during the interviews, and follow-up correspondences, meetings were held to complement the individual write-ups. The authors of the booklets have also conducted secondary research to support the information given at the interview, all of which remained confidential until the final approval of each company was obtained.

CSR: An Overview:

Since its inception, CSR has held varying, but somewhat parallel definitions that have been adopted by academia and field practitioners around the globe. Perhaps this fact has been a blessing in disguise, through the opening of opportunities for different principles and guidelines all pertaining to CSR, and also the emergence of standards by different international institutions and organizations. This section seeks to provide the reader with an overview of this ever-evolving understanding of CSR, which determines the foundation of the definition used throughout the rest of this publication.

From a conceptual point of view, the definition has evolved from being a mere societal obligation³ into a fully integrated system to promote greater alignment of corporate and public interests. In the 1960s,⁴ CSR represented a limited relationship between corporations and society. The concept of stakeholder mapping and engagement was then introduced into the conceptual discourse of CSR in the 1970s⁵ to address socio-economic problems and improve the quality of life. Furthermore, the 1980s⁶ brought about concepts of voluntariness, ethics and socially supportive corporations into the CSR research arena.

³(Heald, 1957)

⁴(Walton, 1967)

⁵(Johnson, 1971)

⁶(Jones, 1980)

The definition and understanding of CSR further evolved in the 1990s when environmental accountability and compliance became important considerations for companies to address through their supply chain operations and as part of regulatory requirements.

Similarly and simultaneously, companies became increasingly aware of national, regional and international chronic social and economic challenges and their roles in perpetuating or alleviating factors, such as poverty, unemployment, inequality, lack of access to basic needs and decent living. Although such challenges might not seem to be a direct responsibility of companies, they hindered market expansion opportunities, extensions in customer base and the long term profitability of companies. Thus, the Triple Bottom Line (TBL)⁷ concept of people, planet, and profit came to be a pivotal part of conceptualizing CSR.⁸

Finally, the 21st century witnessed an integration of social, economic and environmental concepts to form the now globally accepted three-pillar understanding of CSR. This evolved understanding stressed best practices with respect to ethical behavior, improving the quality of life of citizens, in addition to focusing on human and labor rights, protection of the environment, fight against corruption, transparency and accountability.

International organizations and institutions recently expanded on this evolved CSR understanding by supporting the creation of a range of CSR instruments and principles to enable companies to build capacity and provide them with international community endorsement. To this end, the World Business Council for Sustainable Development in 1999 defined CSR as the commitment of business to contribute to sustainable economic development, working with employees, their families, the local community and society at large, in order to improve the quality of life.⁹

Likewise, The European Commission in 2001 argued that CSR is a concept whereby companies take up responsibilities for their impact on society; where they integrate social and environmental concerns in their business operations and in their social interaction with their stakeholders on a voluntary basis.¹⁰

⁷To know more about the Triple Bottom Line Approach please find it at: <http://www.triplepundit.com/topic/triple-bottom-line/>

⁸(Elkington, 1997)

⁹<http://www.wbcsd.org/work-program/business-role/previous-work/corporate-social-responsibility.aspx>

¹⁰<http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52001DC0366&from=EN>

This definition was revisited to reflect newer trends and conceptualization in 2011. This new definition stipulates CSR as¹¹ :

“the responsibility of enterprises for their impacts on society”. Respect for applicable legislation, and for collective agreements between social partners, is a prerequisite for meeting that responsibility. To fully meet their corporate social responsibility, enterprises should have in place a process to integrate social, environmental, ethical, human rights and consumer concerns into their business operations and core strategy in close collaboration with their stakeholders, with the aim of¹²:

- **Maximising the creation of shared value for their owners/shareholders and for their other stakeholders and society at large;**
- **Identifying, preventing and mitigating their possible adverse impacts.**

The rationale behind this new understanding of CSR by the EU was related to factors such as:

“ the size of the enterprise and the nature of its operations. For most small and medium-sized enterprises, especially micro-enterprises, the CSR process is likely to remain informal and intuitive¹³.”

Based on a core concept of ‘ creating shared value” , the new EU approach to encourage enterprises:

“ to adopt a long-term, strategic approach to CSR, and to explore the opportunities for developing innovative products, services and business models that contribute to societal wellbeing and lead to higher quality and more productive jobs.

To identify, prevent and mitigate their possible adverse impacts, large enterprises, and enterprises at particular risk of having such impacts, are encouraged to carry out risk-based due diligence, including through their supply chains¹⁴. ”

¹¹Communication From The Commission To The European Parliament, The Council, The European Economic And Social Committee And The Committee Of The Regions A Renewed Eu Strategy 2011-14 For Corporate Social Responsibility, COM/2011/0681 final. Can be found at: <http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=celex:52011DC0681>

¹²Ibid, page 6

¹³Ibid

¹⁴Ibid



Moreover, leading United Nations (UN) bodies and initiatives, mainly the United Nations Global Compact (UNGC), the Organization for Economic Cooperation and Development (OECD) and the International Labor Organization (ILO) have also been active in researching and implementing CSR through the creation of publications, guidelines and standardizing principles of CSR.

The mission of the United Nations Global Compact,¹⁵ the world's largest corporate sustainability initiative, is to encourage businesses to act as a force for good. By committing to sustainability, businesses can take shared responsibility in achieving a better world.

As per the initiative, CSR builds on a principled approach towards doing business, through meeting fundamental responsibilities in target areas of human rights, labor, environment and anti-corruption. The initiative promotes ten main principles based on the Universal Declaration of Human Rights, the International Labour Organization's Declaration on Fundamental Principles and Rights at Work, the Rio Declaration on Environment and Development, and the United Nations Convention against Corruption.

The ten principles include¹⁶ as exactly mentioned by the initiative's website:

Human Rights:

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and
Principle 2: make sure that they are not complicit in human rights abuses.

Labour:

Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
Principle 4: the elimination of all forms of forced and compulsory labor; and
Principle 5: the effective abolition of child labor; and
Principle 6: the elimination of discrimination in respect of employment and occupation.

¹⁵<https://www.unglobalcompact.org/at:>

<http://www.triplepundit.com/topic/triple-bottom-line/>

¹⁶<https://www.unglobalcompact.org/what-is-gc/mission/principles>

Environment:

Principle 7: Businesses should support a precautionary approach to environmental challenges;
Principle 8: undertake initiatives to promote greater environmental responsibility; and
Principle 9: encourage the development and diffusion of environmentally friendly technologies.

Anti-Corruption:

Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

Similarly, the OECD in 2015 defined CSR to be the search for the "fit" between business and societies in which they operate, resulting in mutual dependence, whereby the prosperity and/or the deterioration of one depends on the other. The OECD developed Guidelines for Multinational Enterprises that embed CSR in the core of the managerial practices of enterprises. Additionally, the OECD endorses conventions and principles supporting CSR like The Bribery Convention and other anti-corruption initiatives such as the Corporate Governance Principles¹⁷.

Likewise, the International Labour Organization (ILO) is amongst the leading advocates in globally promoting CSR principles and practices. The ILO's definition (2006) of CSR; encompasses the CSR understandings of OECD and the UNGC:

"A way in which enterprises give consideration to the impact of their operations on society and affirm their principles and values both in their own internal methods and processes and in their interaction with other actors. CSR is a voluntary, enterprise-driven initiative that refers to activities that are considered to exceed compliance with the law¹⁸."

¹⁷<http://www.oecd.org/corporate/mne/corporateresponsibilityfrequentlyaskedquestions.htm>

¹⁸http://www.ilo.org/empent/Publications/WCMS_116336/lang-en/index.htm. Direct excerpt from:
http://www.ilo.org/wcmsp5/groups/public/---ed_emp/---emp_ent/--multi/documents/publication/wcms_116336.pdf



The two main reference points for the ILO in relevance to CSR are the ILO Declaration on Fundamental Principles and Rights at Work in 1998, as well as the Tripartite Declaration of Principles Concerning Multinational Enterprises and Social Policy “the MNE Declaration”. The Declaration which was first issued in 1977 and the respectively amended in 2000 and 2006 is the:

“ILO’s international guide on enterprises and their interaction with labor and social policy issues. It is both a voluntary and practical instrument to promote good practice by enterprises accepted internationally by employers, workers and governments, and based on international labor standards. The objective of the MNE Declaration is to encourage and support the positive contribution that enterprises can make to economic and social progress¹⁹.”

In 2000, the ILO accepted the UN invitation to promote for the Global Compact, and inspired by its work on the MNE Declaration, it launched an ‘In Focus’ initiative focusing on CSR good policies and practices in 2006. As per the ILO²⁰:

The InFocus initiative supports the constituents and seeks to inform the diverse ways in which enterprises can give effect to the MNE Declaration through CSR by:

- Developing knowledge on the different aspects of CSR
- Facilitating dialogue in the ILO to clarify issues and share views on what constitutes good CSR practice
- Developing and providing training to support the constituents and other actors to give effect to the MNE Declaration
- Developing models of good practice on how enterprises, including within their supply chain architecture, are giving effect to the MNE Declaration in a particular country context through their CSR activities
- Collecting and disseminating information by upgrading the business and social initiatives database (BASI), publishing working papers and case studies, and supporting the activities of the ILO constituents
- Building dialogue with international intergovernmental organizations and engaging with other international initiatives related to CSR.

¹⁹Direct excerpt from the ILO and the MNE Declaration web page: <http://www.ilo.org/pardev/partnerships/public-private-partnership/s/csr/lang--en/index.htm>

²⁰Direct excerpt mentioned in : http://www.ilo.org/empent/Informationresources/WCMS_101253/lang--en/index.htm

In 2009, the ILO launched a help desk that included the provision of information, assistance, referral and advice regarding CSR and the implementation of labor standards (ILO, 2009).²¹

The above presented overview on the evolution of CSR from an experimental concept to becoming an internationally acclaimed discipline is a crucial starting point for this publication. It sets the background and provides the argument for the importance of promoting CSR in Egypt and encouraging companies to adopt its principles. Therefore, this report’s understanding of CSR is based on the above showcased definitions and principles of CSR. In particular it adopts the conceptual framework on CSR, including an emphasis on labor practices as set forth by the ILO knowledge platforms and CSR propagated principles. The next section will focus on CSR in the Egyptian context to provide the reader with an additional layer of understanding of the recent CSR development and evolution in the Egyptian context.

CSR in the Egyptian Context:

Corporate Social Responsibility in Egypt has, to a large extent, remained a generalized concept where efforts to adopt international principles of CSR and integrate them into operations and management have been hindered, in many instances, by bureaucratic barriers and the absence of mandatory laws that would force companies to adopt CSR.²²

Prior research on CSR in the Egyptian context identified that some CSR practices, especially donations, had roots in the Bedouin tradition, as well as Islamic and Christian doctrines prevailing in Egypt. While it has been surmised that the majority of CSR practices by companies in Egypt are philanthropic in nature, the importance of these roots cannot be discounted.²³

Accordingly, many studies have highlighted that CSR in Egypt is linked to cultural, and religious influence, and it conforms with the Egyptian traditions and values of the society.

²¹Ibid

²²(Haque, 2011; Rice, 1999; 2006; Khallaf, 2011)

²³(Obalola, Omotoso and Adelopo, 2009)



However, multinational companies operating in Egypt are gradually carving out new trends and patterns by introducing CSR principles with international standards. These companies have created CSR specialized units, or created a CSR dedicated function under relevant departments, to address not only community development through traditional donations, but also to start ingraining CSR-related labor practices in the managerial fabric of operations internally. Thus, they transitioned from CSR activities based on charitable donations to more developmental and sustainable activities directly tied to the corporate mission, vision and high-level leadership.

This shift could be indicative of a new evolutionary development of what defines CSR in Egypt. Recently, the Arab Fund for Development has conducted a review of CSR operations within Egypt, which highlighted that CSR has earned an increased interest and size in the scale of operations compared to earlier times, bearing in mind that Multinational Corporations (MNCs) and Large Enterprises (LEs) dominate such operations that mainly focus on education, health and environmental programs.²⁴ In light of the above, recent CSR practices of companies in Egypt are beginning to conform to the ILO's and other international organization's understanding of CSR.

There are real and significant benefits that could result from this new emerging trend in CSR in Egypt. It stands to serve in repositioning Egypt as a country with increasing CSR activities regionally, and globally. A more developmental, and internationally attuned CSR practices based approach could represent an innovative solution to some of the chronic problems in Egypt, including unemployment, poverty and the underdeveloped public services sector.

Moreover, the Organization for Economic Cooperation and Development (OECD, 2010) recommended that launching several programs within the realm of CSR in coalition with the private sector, or business companies, would eventually serve for better social and economic development to all community stakeholders, including businesses themselves. This recommendation shows that CSR is a path that Egypt should pursue to alleviate its socio-economic challenges, and/or endemic problems. Similarly, the Carnegie Endowment's latest report about Egypt's transition period after the 2011 revolution has focused on the importance of governmental coordination with the private sector on the already-existing and new CSR initiatives to serve the social needs and demands of the disadvantaged. It highlighted that the government's ability to create political, and social stability predominantly depends on the strategic coordination with different stakeholders.

Against this backdrop, this overview of CSR in the Egyptian context sheds a light on the paramount need to present successful models of companies, especially in the industrial sector that adopt modern CSR practices. The featured 15 industrial companies in the two booklet series have been indicatively selected based on the relevance of their CSR vision, principles and activities to the above presented international CSR tools and principles, especially principles that have been cemented by the ILO. While all of these industrial CSR leaders have common shared CSR values, each has a unique CSR philosophy directly tied to its overall business mission, reflected in variant strength areas within a spectrum of impactful community programs, environmental initiatives, labor practices, workplace wellbeing, and sustainable development across the supply chain.

The results and lessons learnt emerging from this series are important and significant in acting as a barometer of the latest CSR, and sustainability trends endorsed by lead companies showcased herein. It is interesting to evaluate and measure the development of CSR as a concept in the Egyptian context, and in relation to international CSR tools and instruments to assess whether there is room for improvement by Egyptian industrial companies in this regards.

²⁴(USA IBP, 2007)



**INDUSTRIAL LEADERS OF EGYPT
TOWARDS CREATING SHARED VALUE**

CHAPTER II

Featured Companies

1. EL ARABY

EL ARABY
Since 1964



**A Family's Commitment to Sustainability
and Corporate Social Responsibility**



AT A GLANCE

*El Araby is an Egyptian joint-stock family enterprise established in 1964.

*El Araby Group manufactures, trades and markets various home appliances.

*It is considered one of the major industrial companies in Egypt and the Middle East, with more than 22,000 employees.

*It exports electronic and consumer durable goods to over 22 Arab and African countries.

*El Araby Group has two industrial complexes in Benha and Quesna that contain nine factories.

A.

THE COMPANY CSR APPROACH

Vision and Philosophy:

The CSR philosophy of El Araby Group is rooted in the owner's vision for a unified family between management, employees and the local community. Through its diverse portfolio of CSR activities that stem from an overriding sense of responsibility towards Egypt, Al Araby seeks to nurture a tradition of family giving, and inspire its own employees to follow suit in giving back to their community. To this end, El Araby has fully integrated "employee volunteering" as a tool for delivering development objectives and motivating employees.

"We, [at El Araby] are a family,
[and] CSR is our way of life".



CSR Governance and Reporting Mechanism:

Members from the Department of Internal Communication, the Human Resource Department and Beit El Araby, the company's internal syndicate, have formed a committee that steers and implements the company's CSR activities. This committee is managed by the Board of Directors, and issues periodic reports to track the progress of the CSR activities. A single report is dedicated to each, and every activity in order to ensure transparency and accountability across the different departments.



CSR Activities:

El Araby CSR activities focus on areas as diverse as employees, the community and the environment. While the focus of this case study is on El Araby's labor practices and community outreach, it is important to highlight some of its key initiatives that are geared towards reducing the company's environmental impact, for which it was awarded the ISO 14001 certification. Firstly, El Araby has set up a furnace to produce soda lime glass -- an environmentally friendly and non-toxic type of glass used for windowpanes, glass containers and light bulbs. Furthermore, El Araby has collaborated with a number of graduates from the Faculty of Agriculture to grow 1000 trees along the Cairo-Alexandria Agricultural Road to increase the green landscape in the vicinity of Al-Qaliubeya Governorate, and to raise awareness about the importance of desertification and environmental protection. Finally, waste streams generated from production facilities are recycled to reduce the environmental footprint of El Araby Group and to boost its operational efficiency.



B.

IN FOCUS

Community Outreach:

El Araby does not limit itself to a specific focus area for its community-targeting activities because the goal is to work for the advancement of Egypt and to respond to the needs of different communities. To this end, the company community outreach portfolio is diverse and includes many initiatives that are direct responses to the fluidity of needs, including upgrading the educational system, providing health services and filling infrastructure gaps. However, there are three permanent activities that provide much-needed support to single-parent mothers, and information about these target groups are obtained from the Ministry of Social Solidarity.

On the educational front, El Araby has launched a number of initiatives to empower the local communities by advancing scientific research and interactive learning facilities. For example, El Araby fully sponsors researchers to complete a two-year Master Program in the field of technology at the Egyptian Japanese University, and hosts students wishing to use company labs and production facilities. The company also offers internships to students enrolled in technical schools and provides them with monthly stipends and full transportation coverage to Al Araby production plants. To date, 250 out of 1500 trainees with a demonstrated learning commitment have been hired by El Araby. Furthermore, the company has launched a campaign to distribute more than 5000 school bags among students in underprivileged communities in Upper Egypt. Finally, El Araby has cooperated with the Ministry of Education to provide public schools with interactive boards, projectors, laptops and tablets to encourage teachers to foster the effectiveness of technological tools in learning.

On the health front, El Araby has launched a number of initiatives to provide the community with access to key medical services, most notable of which is the El Araby's Blood Donation Campaign. It offers free blood tests using safe and sterile equipment to encourage staff members to donate blood to meet patient's need for blood transfusions.

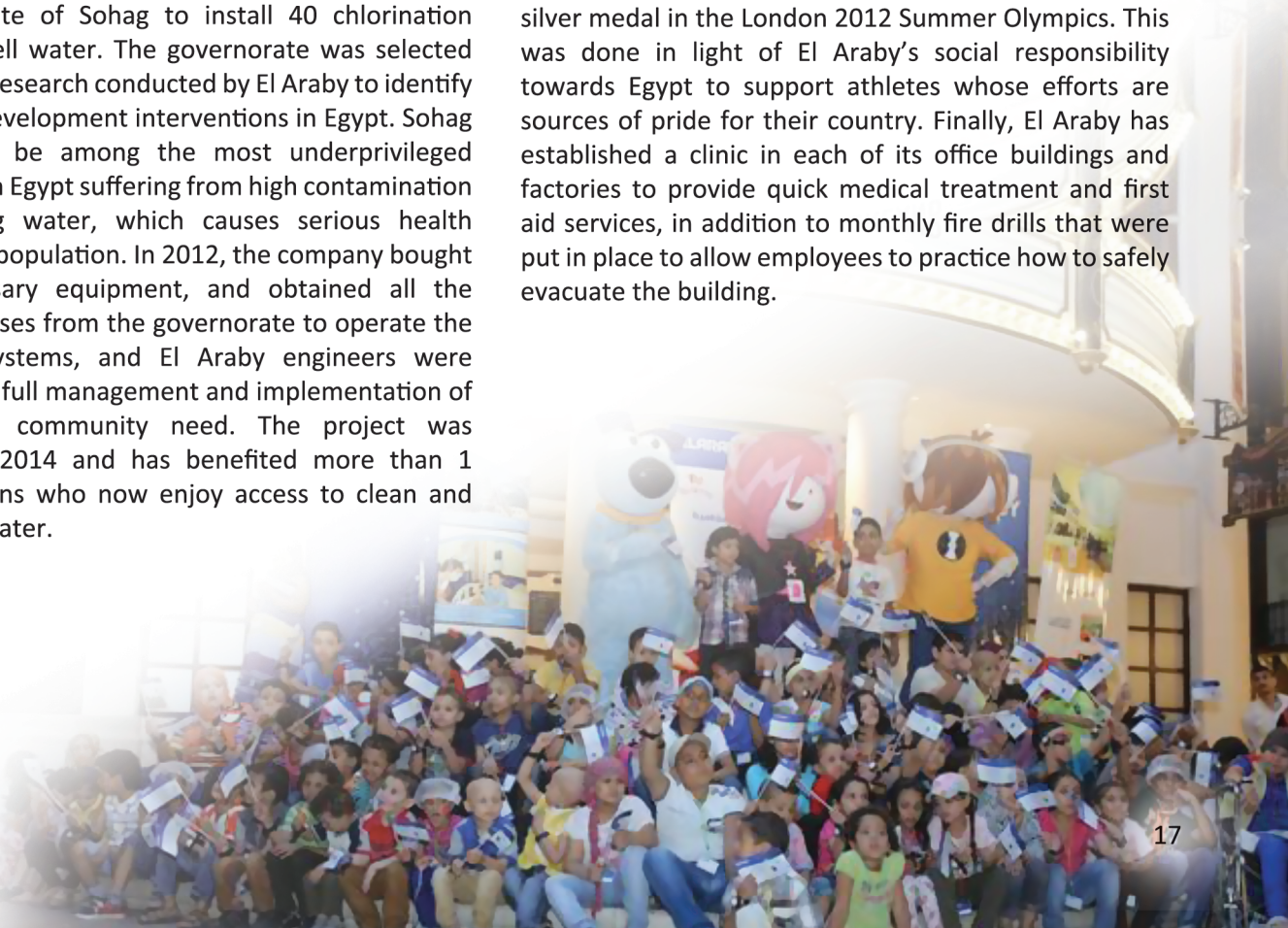
Furthermore, particular attention is given to people with special needs and disabilities to make them feel active and provide them with a sense of belonging within their communities. For example, El Araby has collaborated with Al Sawy Cultural Wheel to host creative workshops for children with special needs to discover their talents and capitalize on their creative potential to eventually build their confidence levels to achieve valuable peer to peer interaction. These workshops are part of El Araby's nationwide awareness campaign "Leyya Dor", meaning I have a role, that aims at engaging both children and their parents in overcoming the challenges associated with integrating children with special needs and disabilities into complex environments. Similarly, El Araby Group has fully funded a trip to Kidzania for 200 children with cancer to signal the company's commitment to advocating the rights of children with cancer to partake in educational, and recreational activities. It has also provided the 57357 Children's Cancer Hospital with air purifiers to remove viruses and harmful microorganisms. All of these activities have positively influenced people's perception of Al Araby's CEO, in particular his image as a socially responsible leader in the Egyptian community, who is true to his values of compassion and care.

Finally, to meet the local community needs for improved access to drinking water, El Araby has partnered with the Governorate of Sohag to install 40 chlorination systems for well water. The governorate was selected based on field research conducted by El Araby to identify the need for development interventions in Egypt. Sohag was found to be among the most underprivileged governorates in Egypt suffering from high contamination of its drinking water, which causes serious health hazards to the population. In 2012, the company bought all the necessary equipment, and obtained all the necessary licenses from the governorate to operate the chlorination systems, and El Araby engineers were entrusted with full management and implementation of the identified community need. The project was completed in 2014 and has benefited more than 1 million Egyptians who now enjoy access to clean and safe drinking water.

Labor Practices at El Araby Group:

El Araby complies with Egyptian Labor Laws and offers generous benefit packages that exceed the local legal requirements and standards. Full medical coverage is provided to the employees through "El Araby Hospital", including about 300 patient beds that offers both commercial managed care, and charity medical programs to the public. Female employees benefit from amenable work policies that include paid maternity leave and flexible working hours, in order to enjoy motherhood and to ensure that women are able to balance work-life requirements. Finally, employees wishing to upgrade their knowledge and skills, benefit from subsidized Master's Programs by El Araby and enjoy special benefits in recognition of their higher education.

Employees' comfort and health lies at the core of El Araby CSR activities, as the company has followed a number of measures to promote their emotional and physical wellbeing. To start with, the company offers its employees annual vacation packages to relaxing getaways in the North Coast of Egypt, where they are accompanied by El Araby's CEO or Board Members to form a shared sense of being; namely a family. Furthermore, El Araby promotes active forms of recreation by organizing internal sports tournaments for its teams comprising of more than 2000 of the company employees, who participate in the annual sport leagues organized by the Egyptian Companies Sports Federation. Al Araby Group has also signed a contract to sponsor Egyptian fencer Alaaeddin Abul-Kassem, who won a silver medal in the London 2012 Summer Olympics. This was done in light of El Araby's social responsibility towards Egypt to support athletes whose efforts are sources of pride for their country. Finally, El Araby has established a clinic in each of its office buildings and factories to provide quick medical treatment and first aid services, in addition to monthly fire drills that were put in place to allow employees to practice how to safely evacuate the building.





C.

CHALLENGES

*Red tape and bureaucratic procedures that often times delay the implementation of projects.



D.

SUCCESS FACTORS

*El Araby's commitment to its ethical values of compassion, care and giving, as well as the group vision for a family-style method of management, and among its employees and the local community.

*Support from El Araby's management who harness all the resources to meet and implement the company's CSR activities, while also meeting the development challenges of the local community.



E.

NEXT STEPS: JOURNEY ON

*El Araby is looking into the possibility to widely scale its water chlorination program to include other Governorates in Egypt to address the challenge of ensuring safe drinking water and sanitation.

El Araby has also established a number of initiatives to promote itself as an environment of companionship and fraternity. To start with, it has launched an internal literacy program for its employees to teach their fellow workers. Employees wishing to volunteer as teachers are selected in accordance with the rules set by the Egyptian National Institute of Adult Education, in order not to compromise the quality of the educational experience. Furthermore, El Araby's internal syndicate, Beit El Araby, liaises with the Communication and Human Resource Departments to discuss employees' complaints, suggestions and needs, to ensure that their voices are heard and respected. The company employees elect their fellow workers to become members of Beit El Araby, thus ensuring representation and protection of their rights. These members are accessible around the clock, especially as all of El Araby employees enjoy free inter-company calls and text messages. Finally, events that specifically target employees' families include day trips for their children to El Araby's production facilities to introduce them to their parents' work environment.

Finally, El Araby firmly believes in the importance of recognizing its employees for their outstanding achievements. The group has launched a number of initiatives to promote a spirit of appreciation and gratitude. For instance, all employees reaching a 10 year milestone of loyal employment at the company receive a fully funded Omra tour to Saudi Arabia along with a companion of their choice; or the equivalent monetary amount to non-Muslim employees. Moreover, the company hosts a number of activities, competitions and prizes to honor the contributions of its deceased employees on "Loyalty Day". Additionally, El Araby has launched its "Thank You Mother" Campaign to celebrate Mother's Day and to recognize exemplary mothers at the company. The group also hosts special ceremonies to honor soon-to-retire employees. All of these initiatives serve to positively influence El Araby's perception by the employees and their families, and promoting the company as a desirable workplace.

2. EGYPTIAN GERMAN INDUSTRIAL CORPORATION



**Towards an Equilibrium of Giving and Taking
Driving Sustainable Development for EGIC
Stakeholders**



AT A GLANCE

*EGIC is a family-owned joint stock company that was established in 1991.

*Mainly specializes in sanitary products and accessories, including pipes and fittings for water supply and drainage.

*EGIC has production facilities in Beni Suef (200 employee) and 6th of October (250 employees).

*EGIC sales values increased from \$5.7 million in 2005 to \$213 million in 2015, and the company sales volume increased from 2.72 thousand tons in 2005 to 37.6 thousand tons in 2015.

A.

THE COMPANY CSR APPROACH

Vision and Philosophy:

The CSR vision of the Egyptian German Industrial Corporation (EGIC) has evolved from being charity-driven to a systematic integrative approach for the company's business operations. The aim was to maintain a sustainable developmental perspective, while supporting the employees and the local community, thereby reflecting the management's sense of responsibility to give back to the community where it does business. The company CEO and Chairman stated that EGIC strives to:

"Support and invest in [the] citizens and employees; the roots that flourish the success of any productive country".

EGIC Equilibrium



CSR Governance:

According to Mr. Ashraf Farouk, the company's head of CSR, a division was established to steer the activities of CSR for the company, and to cater to its different stakeholders that include: employees, plumbers, sanitary requirement traders, company stakeholders, and finally, the local community. The CSR unit has two social arms that employ about 130 individuals to execute different activities. The first entity, **"Nahdet Beni Suef"**, is the social arm that operates under the umbrella of the Egyptian Ministry of Social Solidarity to respond to the needs of the local community in the Beni Suef governorate. This is due to the fact that almost all of EGIC employees are from Beni Suef and thus, the company is keen on starting with its own community. The other social arm, the Egyptian Plumbing Foundation (EPF), is predominantly responsible for addressing the socio-economic needs of the plumbers and traders of sanitary accessories in Egypt. Rather than relying on external partners from civil society, this structure was devised to ensure the efficient allocation of monetary resources, as well as the effective use of staff development. It also enhances the monitoring system of the progress of activities against well-defined Key Performance Indicators (KPIs).

Budget and Reporting:

Given EGIC's strong focus on having a sustainable developmental impact on the local community in Beni Suef, the company has allocated EGP 20-30 million annually to respond to their needs. The company's CSR Head is responsible for reporting on the funding and progress of the activities via the company's annual report. A key principle that guides the operations of the CSR unit is transparency in disseminating the CSR strategy and activities through periodic workshops and meetings with company employees to keep information accessible.

CSR Activities:

EGIC CSR activities are not only focused on having a developmental impact on the company employees and community, but are also guided by a strong commitment to an ethical code of conduct for business. For example, EGIC does not contract suppliers and distributors who are implicated in violations of applicable Egyptian Laws or Tax Evasion. **"Tax payment to the state is an integral part of the social responsibility of the company"**, explained Mr. Ashraf Farouk. Furthermore, EGIC production facilities comply with the German Safety and Quality Standards, thus providing the employees with a safe work environment. EGIC has also embedded a management system that ensures the quality of the products and processes, as evidenced by its diverse third party certifications, including ISO 9001 and SGC Switzerland. Last but not least, EGIC places high value on customer satisfaction by providing clients with the highest quality products and support services. Through its dedicated customer support team of more than 300 employees and 10-year warranties on all of the company products, EGIC has succeeded in exceeding customer expectations, which has resulted in greater customer loyalty.

B.

IN FOCUS

Community Outreach:

Given EGIC's strong interest in improving the livelihood of the Beni Suef community in a sustainable manner, the company has entrusted a group of dedicated staff "Nahdet Beni Suef" that conduct periodic surveys and needs assessments to design development interventions that best respond to their needs. The programs are implemented in conjunction with 122 Community Development Associations (CDA) to ensure the sustainability of interventions that are centered on four key areas as outlined next:



1.Economic Development:

A microfinance program was launched to provide the local community with interest-free loans to fund initiatives with special focus on agribusinesses. This is due to Beni Suef's status as an agricultural city with a strong potential to contribute to sectoral growth, as well as the value chain of the food processing industry. For example, EGIC has constructed a milk processing plant and has provided the community with the equipment and veterinary services needed to run the plant, thereby reducing dependency, empowering the community and creating jobs. To realize the principle of fair-trading, EGIC assists business owners in market access and knowledge sharing by distributing and selling their milk products at a competitive price. Furthermore, EGIC empowers the women of Beni Suef through a special **"women-only"** lending arm to further foster knowledge sharing among a wide range of female entrepreneurs.

2.Health:

To provide poor and vulnerable villages with access to medical facilities, EGIC has constructed small hospitals and clinics that provide essential medical and emergency services, including X-ray and laboratory services. EGIC also noted the absence of a public medical provider in Beni Suef, and instead the prevalence of private health care providers that are not affordable to the majority of people within this governorate. The company's determination to make medical treatment both affordable and accessible to the local community has prompted EGIC to revamp and fully equip the Beni Suef Educational Hospital. EGIC has also revamped key units at the hospital, notably the emergency department, where it has increased the number of hospital beds from 3 to 70. Not only did EGIC fund these initiatives, but it also co-managed the facilities for 1-2 years, to disseminate key managerial and operational skills to the hospital staff through on-site training in Egypt and e-learning programs in collaboration with the University of Georgia in the U.S.A. This is done as part of EGIC's comprehensive **"exit strategy"** to ensure a smooth take-over by the community and the overall sustainability of EGIC interventions.

3.Education:

Given the significantly high unemployment rate among graduates in Beni Suef, EGIC was determined to address the gap between demand and supply for the domestic labor market. The key educational initiatives of EGIC involved surveying companies in the industrial zone of Beni Suef, and reviewing the curricula at the University of Beni Suef to identify the skills gap, between students and potential employees. Based on this assessment, EGIC signed an agreement protocol with an educational organization that offers self-learning kits on key behavioral and communication skills, at no cost. With an additional 1.5 million EGP spent on establishing face-to-face training facilities and examination labs, EGIC was able to target a higher number of students and potential employees. About 1,500 students were trained between 2014 and 2015, with 85% being hired shortly after program's completion. For those who were not successful at finding employment, EGIC is committed to help them develop a feasibility study to fund their own projects. Furthermore, EGIC has partnered with the Association of Canadian Community Colleges (ACCC) to upgrade the knowledge and skills base of employees in key specialty construction jobs, including plumbers and mechanics, through vocational training. Finally, EGIC partnered with **"Takatof"** NGO to revamp the sanitation facility of a public school in Beni Suef to enhance the **"enabling environment"** for the students. All of these initiatives reflect EGIC's commitment to promoting quality education and job creation, both of which are considered major social challenges in Egypt.

4.Environment:

To minimize the risk of disease and epidemic, EGIC develops sanitary systems and constructs wetlands in four different villages every year, a design that takes into account the poor state of the existing infrastructure. During the construction phase, EGIC launches awareness campaigns and trainings in the villages on key maintenance and operational procedures to prevent sewage flooding and clogging. Treated wastewater is used for the irrigation of woodland that provides a natural windshield to the communities, while ensuring environmental safety and protection. Finally, EGIC conducts voluntary environmental audits in collaboration with the Egyptian Ministry of Environment to signal its strong commitment to embedding sustainable and environment-friendly production processes.



Supply Chain and Marketplace:

"Plumbers and traders" represent a key target group of CSR activities for EGIC and thus, the main beneficiary group is the **"Egyptian Plumbing Foundation"**. To start with, this group of CSR stakeholders benefit from the Social Solidarity Trust Fund of the Company through social protection plans until retirement and insurance policies in the case of death. Full medical coverage is also provided to the plumbers and traders, in addition to an injury benefit scheme that offers financial support according to the following criteria:

- a. Temporary injury allowance, food supplies and full medical insurance for plumbers and traders that lose income for up to 3 months.
- b. Permanent injury allowance for plumbers and traders, with additional financial support to help them start their own business, thus providing them with a sustainable source of income for their families. Medical insurance in the case of permanent injury fully covers all affected plumbers and traders for up to 6 months.
- c. In the case of death, EGIC supports the family of the deceased plumber or trader to start a business that could provide them with a sustainable source of income. Their needs are firstly assessed to develop small projects that meet the skills and capacities of family members.

Furthermore, EGIC has launched a microfinance program for plumbers and traders to purchase necessary equipment, accessories and cheap motorized transport including scooters and finally, to finance pilgrimage tour packages. Finally, plumbers and traders enjoy annual summer resorts paid through interest-free installments to EGIC. All of these initiatives serve to maintain quality relationships with key stakeholders to EGIC, thereby enhancing the company's image.



Labor Practices:

Another central aspect of EGIC CSR strategy is related to promoting favorable labor practices and working conditions for EGIC employees, who are considered the key drivers of the company's success. EGIC is committed to the principle of equal opportunity employment and about 20-25% of its employees are women, who primarily hold administrative, sales and managerial positions. Furthermore, EGIC goes beyond the requirements of the Egyptian Law, as it provides full medical coverage to both the employees and their families. Employees also have access to interest-free loans to finance familial events and personal emergencies, in addition to life insurances covered by EGIC. Finally, plant workers are offered several meals throughout the day to ensure an adequate intake of energy and essential nutrients.

In promoting the professional development of EGIC, a special training unit in the HR department is entrusted with the task of assessing the needs of employees and the type of trainings required to enhance build their skills and knowledge. The company offers practical training courses at the EGIC training academy and allows a 50-70% subsidy to finance specialized training programs and advanced degrees, including MBAs, that employees pursue at external institutions.

These initiatives have signaled EGIC's serious commitment to the wellbeing of its employees as well as the promotion of the company as a desirable workplace.

C.

WITNESSED CHALLENGES

- *Resistance to change from stakeholders who are oftentimes inclined to accept initiatives that are fast to implement without considering the sustainability impact of the proposed interventions.
- *Bureaucracy associated with obtaining licenses for the facilities and construction work.
- *Building the capacity of different stakeholders and partners to effectively operate and manage the facilities. And to ensure the positive impact of EGIC interventions implemented through these partners.

D.

SUCCESS FACTORS

- *The creation of social arms that operate under the umbrella of the Egyptian Ministry of Social Solidarity were the key to enhancing the acceptability of the socio-economic interventions by the Beni Suef community.
- *The company's governance structure has granted it the flexibility to tailor and expand its activities depending on the community needs, unlike in-kind contributions that have a limited developmental impact.
- *Most of the CSR staff comes from a development background and bring a breadth of practical experience through their work with Beni Suef community and other communities in Egypt. This allows EGIC to efficiently allocate its resources into developing tailored community-targeting initiatives.
- *The generous budget and strong management support have allowed EGIC to effectively address the needs of its stakeholders, including the employees, plumbers and local community.

E.

NEXT STEPS: JOURNEY ON

- *Extending the community-targeting initiatives to other villages in Beni Suef and, eventually, other governorates in Egypt.



3. MANSOUR GROUP



**“Making money ethically
while creating impactful change”**



AT A GLANCE

*Founded by the late Loutfy Mansour in the 1950s, the Mansour Family Business has successfully upheld its dedication to its strategic global partners, through demanding political and economic climates, for the past 65 years.

*Since its early conception, the Mansour Group has had a clear mission, which is to generate profit in an ethical manner, while creating impactful change. They consistently strive to apply a set of core principles and values in the way they do business.

*Since the 1980s, the Mansour brothers began to forge joint ventures with reputable global brands. In doing so, they established the Mansour Brands in Egypt and abroad. Now they are leading a business group with consolidated revenues of over \$4 billion and a workforce of nearly 38,000 employees.

*The group has also focused on diversifying its market geographically. It currently operates ventures in 13 countries (Egypt, Iraq, Saudi Arabia, United Arab Emirates, Libya, Chad, Nigeria, Ghana, Sierra Leone, Tanzania, Uganda, Kenya, Angola, and Russia) via its headquarters in Cairo.

*Companies under the Mansour Group are: GM, Metro market, McDonalds Egypt, Imperial Tobacco, Xerox, Red Bull, IBM, Palm Hills Development, Suzuki, Chevrolet, L'Oreal, Microsoft, UPS, CATERPILLAR, MOS, Credit Agricole and VANGUARD Logistic Service.

A.

THE COMPANY'S CSR APPROACH

Vision and Philosophy:

In 1990, Mansour Group embarked upon its CSR activities from a purely charity based standpoint which was not organized, nor structured. In 2001, the Group started moving towards crystallizing and formalizing these activities to match the evolution of CSR itself. As a result, the Mansour Foundation for Development (MFD) had been created to handle the Group's CSR.

"MFD's mission statement is channeled towards community development, as well as advancing and building society by offering individuals and institutions the widest possible range of development programs, mainly in the corporation's priority areas: education, health, and capacity building."

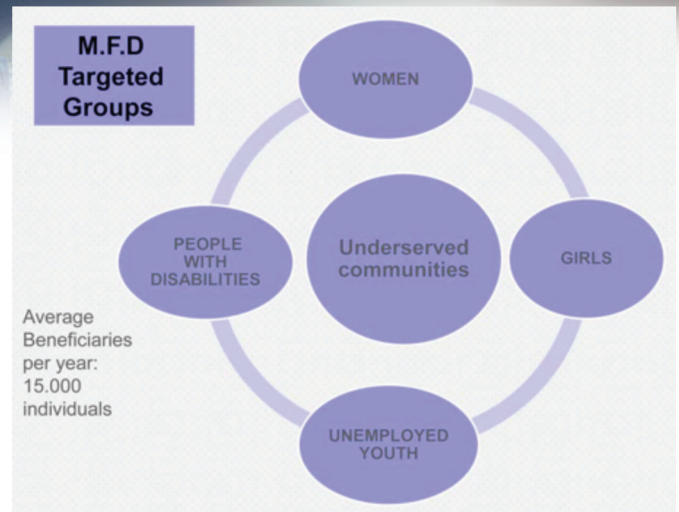




In 2009, MFD had successfully developed the corporate foundation stakeholder CSR model, its vision and mission were centered on the values of social responsibility and were identified to be built on passion, commitment, and duty. Afterwards in 2011, a variety of other CSR inspired activities had also been explored, and were underway.

MFD's vision is to become the ultimate role model, as a foundation that adheres to its promises and takes pride in the fact that its funding comes from Egyptian Corporations. In doing so, they seek two intertwined strategic goals: to maximize the outputs of their developmental activities to their direct recipients; and to establish a successful model that would convince other businesses to invest in communities they operate in, aiming to increase the resources available for social development at large. MFD's core values stem from sound business ethics, and it therefore endeavors to apply business thinking, models, and disciplines to each development program, so as to ensure that the best aspects of the private sector are transferred to civil society.

Therefore, to venture into successful practices, the mission had to be translated to tangible objectives where MFD targeted main CSR practices including: upgrading public educational facilities and buildings; supporting poor and/or insolvent students; providing educational scholarships in Egypt and abroad; preventing girls from dropping out of schools; combating illiteracy; developing the health facilities and providing medical care to underprivileged people; supporting health activities in deprived hospitals; providing technical support for NGO staff; providing educational, technical, and economic support to marginalized sectors; and finally supporting people with special needs in the field of sports. MFD's approach is highly based on a strong spirit to developing human potential in society and its notion of CSR is therefore based on community-driven projects. The below figure highlights MFD's targeted beneficiaries -- an approximate average of 15,000 individuals annually.



Mansour Group CSR Profile (2015).

CSR Governance:

The MFD currently manages the CSR and development activities of the group of corporations comprising Mansour Group, including Mansour Holding Company for Financial Investments (MHCFI). Through this approach, Mansour Group centralizes its socially conscious efforts through the MFD to maximize their impact on different fronts. Meanwhile, on an independent basis, the group corporations also engage on a number of independent society-related activities in local communities, taking into consideration that the bulk of their work is carried out under the umbrella of the Central MFD. The MFD operates on three levels: the first level relates to internal CSR and is directed towards workers and employees; the second level relates to external CSR and community development; and the third level relates to advocacy for sustainable development.

Budget:

The MFD acquired a yearly fixed budget ranging between EGP 10-20 million. Moreover, Mansour Group contributes to activities that seek to advance community development and sustainability beyond the reach of their original CSR plans, such as the **"Tahya Masr"** project where their contribution amounted to a sum of EGP 100 million, and the new Suez Canal project, with over EGP 10 million in terms of investment certificates for disadvantaged vulnerable women in Upper Egypt. Additionally, Mansour Group launched fundraising campaigns for various activities that differ from the activities which MFD funds (e.g. fundraising campaign for Cancer Institute that automatically goes to the institution).

Reporting:

The company produces an annual report outlining its key activities in line with the 10 principles of the UN Global Compact, in relation to its main four CSR pillars of human rights, labor practices, the environment and anti-corruption. The company issues an annual report that includes a detailed sustainability section following the GRI requirements, and which is subject to a third-party verification. Being part of the Sustainable World Initiative, the company can only benefit from disclosing its CSR activities in the environmental field to reinforce its commitment to such global initiatives that seek the advancement and preservation of our planet.

CSR Activities:

Mansour Group launched a number of activities to build its reputation as a sustainable and socially responsible business through MFD. Starting with its supply chain, Mansour Group deals with small to medium enterprises (SMEs) and ensures compliance through third-party audits. Their contracts with suppliers are not restricted to goods provision, but also stipulate strict standards that suppliers should comply with (e.g. safety standards and workers' rights, harassment, abuse and child labor).

Mansour Group gives due diligence to its employees' rights and safety. Accordingly, competitive salaries are ensured throughout Mansour Corporations, where they always try to exceed the minimum requirements set by Egyptian Labor Law. Mansour Group provides its staff with further benefits including: health insurance with a private insurance company, meals or food allowance for workers, transportation allowance when travelling, a company car and mobile phone allowance according to grade, transportation to the factory and finally special rewards for outstanding workers. Also, Mansour Group arranges socializing opportunities via the arrangement of Ramadan "Iftar" events for workers with their families in the factories, celebrating orphans' day in the company, holding football competitions between workers and employees. Finally, Mansour Group has an inverted pyramid strategy for supporting health operations, where the lower grade employees are more protected and covered in their expense coverage than higher grade employees to directly meet the needs of their employees and the community.

Mansour Group stresses on reducing its environmental impact, by recycling its yogurt and milk waste, while complying with the safety regulations of production (e.g. shelf-life of milk and yogurt is only 3 days, after which the products are disposed). Additionally, energy saving activities, as well as some environmental activities, such as cleaning natural reserves (e.g. "Wadi Degla" reserve) and renovating streets, are one of the various activities that MFD undertook among an array of other activities following the January 25th 2011 revolution. Moreover, Mansour Group Corporations are keen on the acquisition of a variety of ISO certificates such as ISO 14001, ISO 9001, ISO 14000, ISO 22000, ISO 9001 and ISO 22000 to ensure their competitiveness.

B.

IN FOCUS



Community Outreach:

The MFD has engaged in various projects since its inception, with programs in areas of: health, education, relief, awareness, employment, capacity building, entrepreneurship, and volunteerism. It is worth highlighting that there are other CSR activities undertaken by Mansour Group outside of Egypt, mainly in African Countries,, such as Kenya, Ghana, Uganda and Tanzania -- an example of the wide breadth of CSR impact. The section below expands on MFD's programs within Egypt in each of the highlighted areas.

1- Health-related efforts included activities such as vaccination against Hepatitis-A, where convoys were directed towards orphans and underprivileged groups; technical grants to eye hospitals; annual contribution targeting renovation of the diagnostic radiation section of the Cancer Institute in Kasr Al-Ainy Hospital; contribution to the Children's Cancer Hospital; establishment of Al Ziniya Medical Unit in Luxor Governorate; and finally regular blood donation campaign drives with volunteers.

2- Education-related efforts included activities such as Mansour Sustainable Development Scholarships, titled **"We Will Learn"** initiative; alongside providing literacy innovative classes, **"I am a good citizen"** campaign to enforce values in kids; the improvement of pre-school nurseries & orphanages in rural areas; back-to-school programs; and providing **"Youth for Peace"** school camp. In addition, McDonald's has launched an initiative for developing unplanned communities, improving and restoring educational institutions in poor areas starting with Ezbet Khair Allah (between Old Cairo and Dar El Salam). McDonald's has also developed and renovated 9 pre-school nurseries in cooperation with **"Peace and Plenty"** (Kheir Wa Baraka) association.

3- Relief Convoys & Awareness Campaigns-related efforts included activities such as **"Best Volunteered Employee"** competition; participation in **"One-Million Blanket"** campaign; sponsorship of the Downtown Contemporary Arts Festival (D-CAF); participating in Stand-up Against Poverty Campaign; launching 12 local/regional food and medical convoys to underprivileged areas in the aftermath of the revolution and finally sponsoring the Alexandria Special Needs Marathon and Rally Event. In 2009, MAC (Mansour Automotive Company) participated in the National Safety Campaign for Promoting Awareness of the New Traffic Law in partnership with the Ministry of Interior.



4- Research and Development Grants-related efforts included activities such as **"Corporate Sustainability and Social Entrepreneurship Efforts"** manifested in mapping out trends in the Arab Region; participating in the UNDP Takaful 2012 Business Solutions Report in partnership with the John D. Gerhart Center, and finally participating in the Arab Foundations Forum for Arab Grant Makers' Union.

5- Vocational Training, Employment & SME's-related efforts included activities such as the **"Lead Program"** for microfinance; stock house agent training for students of the Faculty of Economics; provision of hotel & tourism internships; sponsoring the **"First Employment Forum for Special needs"** at El Sawy Cultural Wheel, as well as the **"Third Employment Forum for Graduates at Cairo University"**; providing NGOs Capacity-Building Courses, and finally setting up a retail academy, and the provision of internships. In 2008, MAC had launched the GM Academy in cooperation with the Egyptian Industrial Training Center (Ministry of Industrialization & Trade) for preparing and qualifying automotive technicians for the Egyptian auto industry.

6- Vulnerable Groups Capacity Building-related efforts included activities such as **"Hand in Hand"** initiative for sponsoring children and youth athletes with special needs; **"Bridges crossed...Dreams Fulfilled"** campaign for empowering vulnerable girls and women; provision of annual orphanage support; funding annual therapeutic cures and surgeries; and finally Microfinance Programs for women and people with special needs.

7- Youth, Entrepreneurship and Volunteerism-related efforts included activities such as the Mansour Young Business Awards for fresh graduates and Annual Youth Volunteerism Program. In 2009, MAC sponsored the Society of Automotive Engineers in Egypt.

C.

WITNESSED CHALLENGES

A challenge that the MFD faced was the shortage of funds allotted to CSR activities. Such shortages stem from the gap between the budget and activities, versus the high demand that exceeds the availability provision. Nonetheless, the Group is trying to fulfill the commitments it has undertaken effectively, and sustainably venture into the development of more projects to satisfy the increasing demand.

The lack of governmental vision or holistic plan, which the Group was obliged to comply with in regards to the private sector role and participation in the community development, had been an impeding factor for MFD efforts. This has eventually led to a lack of support from the government, which has further complicated venturing into additional activities.

A further underlying obstacle arose internally and it was represented in the middle-line management that had challenged the corporate level commitment towards CSR for its employees, in terms of employee volunteerism and community work hours, under the claims that it would waste working hours and negatively affect productivity.

Turbulence post the January 25th 2011 revolution and its repercussions, manifested in a lack of security, which made operations in communities sometimes dangerous (e.g. set of inducements to Bedouin tribes in Sinai and the 6th of October region to secure MFD's fleet inland transportation, and to prevent their theft). Three supermarket stores were robbed, incurring EGP 155,000 of losses. Moreover, the economic instability due to local currency fluctuation versus foreign currencies had further hindered the enhancement of operating conditions in Egypt. Nonetheless, some improvement could be sensed, however, such improvement was too minimal to allow MFD to resume complete operations of their CSR activities.

D.

SUCCESS FACTORS

To start with, having the commitment to CSR in the mission of Mansour Group has contributed highly to its success in a wide range of different operations. Mansour Group's stability was essential to ensure its success in CSR activities under the MFD. The key to the foundation's success is the existence of a uniform vision as well, adopting a flexible approach in dealing with priorities as well as community needs. Moreover, the availability of a youthful, adequately-trained professional team, with a multi-faceted experience, has enabled the team to attain and secure the full support of the Board Members of Mansour Group. To summarize, MFD is committed to the cause of ethically advancing itself, side by side with making profits.

E.

NEXT STEPS: JOURNEY ON

Mansour Group has set an ultimate social objective underlying its economic operations, which is a model that could be replicated across Egypt to substantially help in eradicating poverty and illiteracy, whilst recognizing the positive impact on productivity and employee culture to increase profit. While the objective itself is noble, taking into consideration the scale of the corporation, it cannot be single-handedly achieved all over Egypt. As such, Mansour Group has developed a sequential plan to eradicate these two social ills from within, by addressing them in their factories among their workers and employees.

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4. PHARCO PHARMACEUTICALS



**A CSR Model Inspired by Islamic Values
A Journey of Unconditional Giving
to both Employees and Community**



AT A GLANCE

*Pharco Pharmaceuticals is a family-run business that started operations on January 14, 1987. In 1997, Dr. Hassan Abbas Helmy bought the majority partner shares in Pharco Pharmaceuticals, which developed into Pharco Corporation through acquisitions and expansions.

*Pharco Corporation is a group of eleven health companies in the pharmaceutical industry that develop, manufacture, market and distribute a comprehensive array of branded and generic drugs and licensed pharmaceutical products. Pharco also exports its products to 57 countries.

*Pharco has 8000 employees working on providing "effective [and] safe pharmaceutical products to patients at an affordable price".

*Pharco ranks number 1 in the Egyptian pharmaceutical market, with a market share of 12.9 % (2014 figure) and more than 514 million units in sales.

A.

THE COMPANY CSR APPROACH

Vision and Philosophy:

*Dr. Sherine Helmy citing Gary Hamel,
"Create a Cause not a Business"*

Pharco's unique CSR model is inspired by Islamic values and serves the cause of responding to the suffering of others. While charity in Islam is about the concept of social justice, CSR, according to Pharco CEO, Dr. Sherine Helmy, strives to achieve the perfect spiritual stature of God through unconditional "gratitude". The root of the Arabic word for "gratitude" means "overflowing" or "overabundance" and with this in mind, Pharco's CEO explained that his vision of CSR is to spend abundant wealth to support those that are less fortunate. To emphasize the notion of overabundance, he used the metaphor of perennial withdrawals from God's treasuries that are always full.

CSR Governance:

Pharco Pharmaceuticals has two social arms that manage CSR activities and the company provides the necessary funding through an uncapped budget that is subject to external audits by the Egyptian Ministry of Social Solidarity. Each of the two entities has its own manager, as well as an elected board to steer and implement CSR activities that best respond to the needs of both employees and local communities.

The first entity, the "Abbas Helmy Association", is responsible for providing medical support to the local community at an affordable price of EGP 2. For patients who cannot afford to pay the rather symbolic fee of EGP 2, the hospital admission officers do not deny them access to medical care, and issue an admission fee receipt for them to take their turn. In collaboration with the Egyptian Healing Bank, the treatment is administered to the individual patients in 10 clinics with different medical profiles.

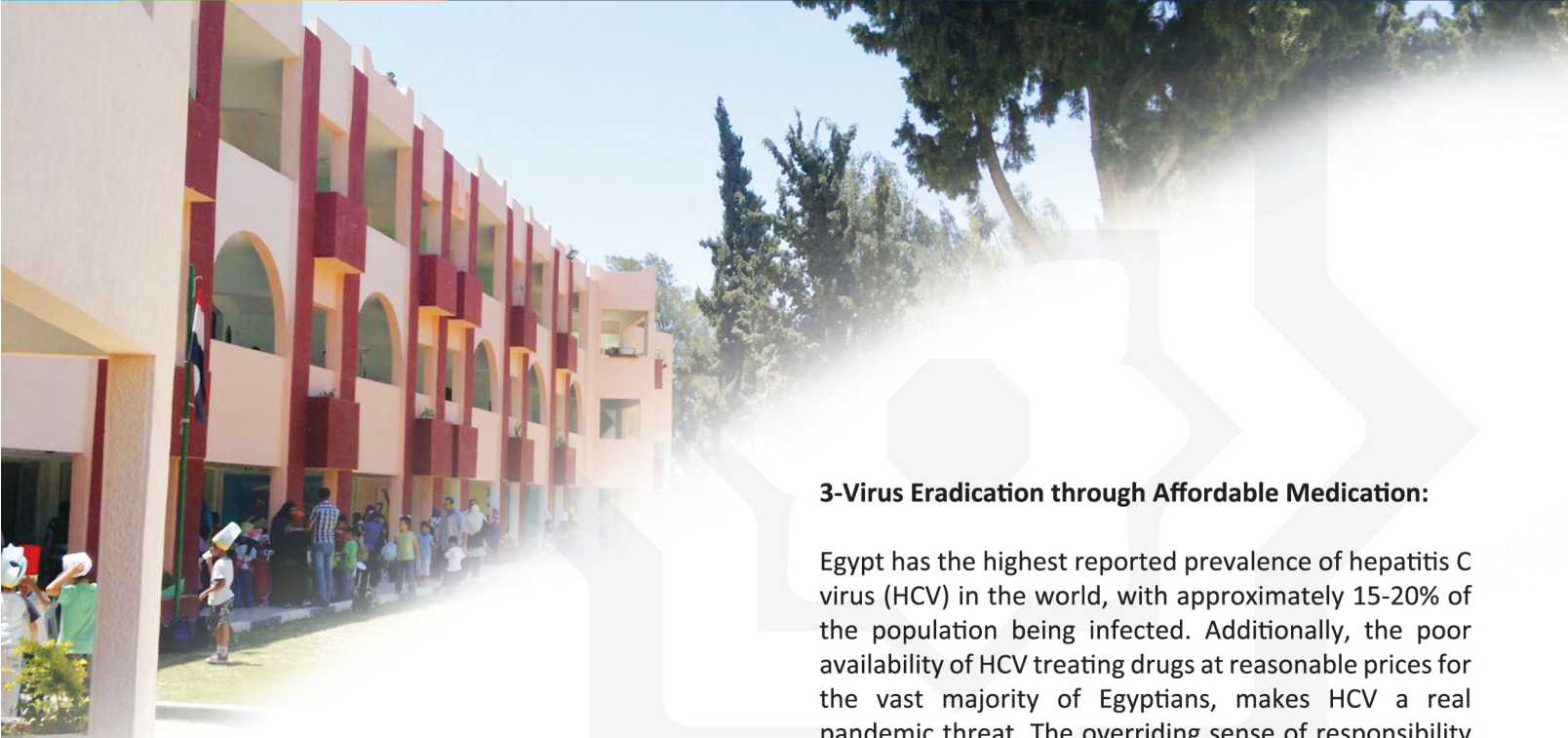
The second entity "Hassan Abbas Helmy Foundation", employs about 40 administrative members on staff and it has been entrusted with the important task of responding to the most pressing needs of the local community. There are currently 11,000 families receiving monthly cash transfers to support them, in addition to full medical coverage. Furthermore, the foundation sponsors charity food tables for indigents all year round, and provides 400 cooked meals to poor families every day, as well as essential food supplies to 500 other families every week. Other support services that are being provided to the families range from bridal furniture to special arrangements for catastrophic events.

B.

IN FOCUS

Pharco Community Outreach:

Pharco Pharmaceuticals prides itself as a business whose operations are guided by Islamic principles and a moral responsibility to extend an arm to the needy, which represents a key to building a solid positive corporate reputation.



1-Reconstructing Hospitals for the Well-being and Health of Alexandria Community:

Pharco completed the reconstruction of the historical, 100-year-old Farouk Ophthalmology Hospital in Alexandria after a 16-year suspension resulting from the lack of funding. Additionally, the company revamped several governmental hospitals, elderly homes and drug rehabilitation centers, as well as the sponsorship of several medical missions to Sudan to perform critical surgeries to Glaucoma patients.

2-Education: Passing the Torch of Knowledge to Another Generation:

As a result of Pharco's deep belief in the importance of education, it has built a number of public schools in Burj Al Arab and the city of Alexandria, alongside the restoration of many of the schools that collapsed following the 1992 earthquake in Egypt. To encourage current and prospective students to give back to their community, Pharco has funded the construction of the Science Park at Alexandria University, a state of the art research facility at the Faculty of Pharmacology and has donated \$42 million to Nobel Laureate Ahmed Zewail's Science City.

3-Virus Eradication through Affordable Medication:

Egypt has the highest reported prevalence of hepatitis C virus (HCV) in the world, with approximately 15-20% of the population being infected. Additionally, the poor availability of HCV treating drugs at reasonable prices for the vast majority of Egyptians, makes HCV a real pandemic threat. The overriding sense of responsibility of Pharco's CEO towards the local community propelled him to take action. Within six months, Pharco spent over \$30,000 to import a single pack of the drug, then reproduced it using different elements and local manufacturing methods, and finally, sold it at a more affordable price of only \$153. Not only did Pharco intend to provide more affordable and available access to medication, but the company also intended to enhance the productivity of infected Egyptians who consequently suffered from fatigue syndrome.

This non-for-profit provision of the HCV treating drug will support President Abdel Fattah Al Sisi's ambitious plan to provide free treatment to 1,000,000 HCV cases in Egypt. To this end, a protocol has been signed between Pharco and the Egyptian Healing Bank under the auspices of the Egyptian Ministry of Health to administer the treatment for free to those who cannot afford to pay the aforementioned price. Additionally, Pharco partnered with the Egyptian Government to provide free medication and disaster relief assistance to other countries including Libya, Sudan and Iraq. These humanitarian and health initiatives reflect Pharco's commitment to its value system, which in turn, enhances the company's perception by both employees, and the community at large. In "leading by example", Pharco Pharmaceuticals has inspired millions of Egyptians and led by example on the possible ways to give back to their community.

Finally, in partnership with the Egyptian National Health Insurance Scheme and the Egyptian Ministry of Education, Pharco developed an awareness-raising program and distributed Iron, Zinc and Vitamin C capsules to combat anemia in children in Alexandria and other Egyptian Governorates.

Pharco Labor Practices:

It all started in 1986, when Pharco Corporation recruited Agriculture and Science University graduates for jobs at its facilities to develop and manufacture pharmaceutical products. This was at a time when most university graduates aspired to attain public sector careers, through the **“Employment Guarantee Scheme”** that was launched in the 1960s as a part of an ambitious nationalization drive by the Egyptian Government. Through this scheme, graduate students of universities, vocational secondary schools and technical schools reserved the right to apply to employment opportunities in the public sector, offered by the Egyptian Ministry of Manpower.

Pharco Corporation sensed a strong potential in those qualified students and did not only offer them competitive jobs in the private sector, but also provided them with the essential means to lead a comfortable life. Firstly, Pharco constructed housing units that were offered to the employees at no cost. Furthermore, the company built a nursery and a school in King Mariout in Alexandria, and supported the educational journey of the employees’ children through a financial subsidy that covers up to 50% of the tuition fees.

Pharco’s mission to provide **“safe and effective pharmaceutical products that are affordable and available to every patient”** equally applies to the employees of the corporation. To this end, Pharco established several clinics to provide its employees and their families with the best available health care through fully covered medical insurance, in addition to building cemeteries to bury deceased employees and their families. Other fully financed services that Pharco offers to its employees include pilgrimage tour packages, which are very expensive and unaffordable to many Egyptians. Finally, 1% of the dividends are allotted to a trust fund that finances welfare activities of employees, as well as personal and familial events through interest-free loans. These services reflect a strong conviction in the value system of the company that is centered on “giving, care and compassion”. In the CEO’s own words, it is this strong belief in the company values that keeps **“Pharco employees work with a sense of purpose”**.

C.

WITNESSED CHALLENGES

*Bureaucratic procedures associated with obtaining licenses pose a challenge. Although it has not impeded Pharco from pursuing its ambitious CSR plans, it required adopting new managerial approaches, patience and high flexibility on behalf of management to accommodate this challenge.

D.

SUCCESS FACTORS

*A strong commitment to company values and its mission that derives from a strong sense of responsibility towards the betterment of society.

E.

NEXT STEPS: THE JOURNEY ON

*Pharco is in the process of applying for Prequalification of Medicines Programs at international organizations that include the World Health Organization (WHO), Medicine Sans Frontiers (MSF), Drugs for Neglected Disease Initiative (DNDi) and the Clinton Foundation to extend its medical and disaster relief services to countries other than Egypt, thereby promoting its mission of **“making the unaffordable accessible”** worldwide.

*A laboratory bench at the University of Central Michigan’s research facility was funded by and named in Dr. Hassan Abbas Helmy’s honor to develop cancer treatment and also to manufacture oncological products in Egypt.



5. SANOFI EGYPT



“Your Health – Our Priority”
From the Employee to the Patient
A Commitment to Improving Healthcare



AT A GLANCE

*The company has been operating in Egypt since 1962, with the Cairo regional site exporting to 7 countries that include Bahrain, Sudan, the UAE and Malaysia.

*SANOFI has over 110,000 employees globally and about 1000 employees in Egypt.



A.

THE COMPANY CSR APPROACH

Vision and Philosophy:

SANOFI Egypt's CSR approach is aligned with the CSR and business strategies of the international mother company, which states that **"Acting ethically and responsibly enables Sanofi to go beyond what is required of a company, which means employees working to protect and promote access to healthcare for the highest number of people"**. SANOFI's CSR strategy is built on four pillars, namely **"Patient"**, **"People"**, **"Ethics"**, and **"Planet"**. In addition, Sanofi's commitment to respecting human rights provides the foundation for all its initiatives.

"Each day across the globe, SANOFI 110,000 employees are working to protect health and improve access to healthcare for as many patients as possible."

Prior to 2011, SANOFI Egypt's CSR profile was limited to a series of community-targeting activities with a basic philanthropic intention, such as raising funds and donations to revamp the SOS Children's Village playground, and to celebrate **"Orphan Day"** in Egypt. However, to achieve the company's mission of **"delivering sustainable, long-term growth"**, SANOFI Egypt had to redefine its CSR strategy by fostering the concepts of **"sustainability"** and **"effectiveness"** as it strives to improve the lives of both its employees and patients. To this end, the company collaborated with an external consultancy group to conduct a materiality test in 2012. The materiality survey is a methodological process that engages internal and external stakeholders, in order to determine those CSR issues that are both crucial to business success and are most meaningful to stakeholders. This allowed SANOFI Egypt to prioritize its CSR efforts to match the society's expectations of the pharmaceutical industry and thus, it could effectively respond to its needs.

In 2013, the results of the test were presented to a committee of representative stakeholders contributing to public health (i.e. patients' associations, NGOs, authorities, academic bodies, Syndicate of Pharmacists...) After this initial meeting, the committee decided to act as an advisory board to SANOFI Egypt, and convenes on an annual basis to help adapt the global CSR approach to the Egyptian context. Participants to this committee are regularly renewed to allow for diversified opinions, proper representation, and fresh input.

CSR Governance:

CSR is managed by the Department of Public Affairs and Communication, and there is a CSR manager responsible for steering and driving the activities along with a number of **"internal ambassadors"** from various departments of the company.

Budget:

Based on the results of the annual meeting with the company's external stakeholders committee, SANOFI Egypt defines its action plan. To this end, the budget changes every year, as it primarily depends on the proposed projects, in addition to sustaining the previous programs.



Reporting:

Reporting on the company's CSR activities is conducted on the macro level and is disseminated to be accessible globally through the company's annual report, which includes individual sections on country-specific and regional activities. CSR activities in Egypt are also highlighted in the "SANOFI and Africa" publication, which sheds the light on the company CSR approach and programs on the continent.

Sanofi Egypt issues a CSR brochure that presents its programs in the fields of patient care, employees and communities, ethics and environment along with well-designed Key Performance Indicators (KPIs) to track the company's progress in fulfilling its CSR objectives.

SANOFI Group is listed in the Dow Jones Sustainability Index, the Access to Medicine Index and the UN Global Compact (among others), all of which signal its commitment to upholding the principles of human rights and environmental sustainability. This transparent reporting is also the key to increasing the public's trust in SANOFI, especially as most of its services are directly focused on people's most important asset: their health. Gaining the trust of the company's customers and society as a whole is crucial for the success and sustainability of the company's operation.

Partners:

- *Governmental agencies, including the Ministry of Health, Ministry of Education and the Ministry of Social Solidarity
- *Patients' Associations
- *Egyptian Pharmacists Syndicate
- *Civil Society

SANOFI Egypt conducts a due diligence process to identify the NGOs with the best-track record in their field of intervention.

CSR Activities:

SANOFI Egypt's CSR activities are geared towards the following four pillars of the company's CSR strategy.

1. **Patients:** Improving access to healthcare, thus placing the patient's health at the core of the company business. This is done through an integrated approach to lifelong patient care and a wide range of health solutions adapted to patients.
2. **People:** Enforcing health and safety in the workplace and supporting employees' professional career advancement through development opportunities and trainings.
3. **Ethics:** Ensuring ethical research and development of company products and an overall ethical conduct of business.
4. **Planet:** Protecting the environment through energy and water management projects.

To safeguard the health of the planet, SANOFI Egypt has committed itself to reducing its carbon footprint and preserving key natural resources. For example, SANOFI Egypt launched the "Ampoule" water-recycling program to control water use and consumption, which resulted in around 9,600 liters of water savings per day.

Furthermore, the employees and suppliers are all committed to upholding SANOFI Egypt high ethical standards in all business operations. To this end, the procurement team conducts periodic checks on the different vendors and suppliers to ensure their compliance with the Egyptian Labor Law.



B.

IN FOCUS

Community Outreach

“As a global healthcare leader, we use our expertise and resources to improve access to healthcare for needy people around the world. SANOFI sustainability approach places the patient at the heart of its CSR strategy”.

Sanofi’s ambition is to protect the health and to respond to the hopes of 7 billion people. As a leading global healthcare company, Sanofi is committed to improving access to innovative and safe healthcare solutions for patients. In Egypt, SANOFI has launched a number of community-targeting and patient-oriented programs to serve the two-fold objective of:

- Improving access to healthcare of populations through integrated programs encompassing raising population awareness, affordable medication, physicians trainings and education of patients.
- Reducing health inequalities by focusing on the health of the future generation and by promoting quality care by fighting counterfeit medicines.

“Diabetes: From Awareness to Education”: With 15% of the Egyptian population suffering from diabetes and an estimated 50% undiagnosed, the company has developed successful partnerships with the Ministry of Health and Civil Society to raise awareness and educate people about diabetes.



One of SANOFI Egypt’s most successful patient-oriented initiatives is the “National Diabetes Awareness Campaign”, which was first launched in 2010. On World Diabetes Day of 2013, SANOFI Egypt achieved a Guinness World Record for the highest number of blood glucose screenings taken in 24 hours. In partnership with the Egyptian Pharmaceutical Students Federation and the National Institute of Diabetes, a total of 8,600 people were diagnosed as part of the “Control Diabetes Before It Controls You” campaign at the Mall of Arabia in Cairo. In 2013 and 2014, more than 28,600 people have benefited from the free blood screenings. SANOFI Egypt continues to organize the “National Diabetes Awareness Campaign” on an annual basis and relies on creative means to cover the largest number of governorates through roadshows and mobile booths. In addition, SANOFI Egypt’s **“My Diabetes Story”** promoted through their social network provides people with a safe space to ask questions about diabetes and share their personal experiences for others to learn from.

Furthermore, given the high prevalence rate of diabetes among Egyptian children, SANOFI Egypt is implementing a number of educational awareness activities. For example, the company has partnered with the International Diabetes Federation and the International Society of Pediatric and Adolescent Diabetes to launch the “KIDs Program” to support the management of children with type 1 diabetes while at school and raise awareness of healthy lifestyles among school aged children.

“Healthy Children, Happy Children”:

Pediatric health care is particularly crucial in Egypt, where infant mortality rates have reached 22.41 death/1000 live births in 2014. In response to children’s needs for integrated solutions to reduce health inequality, SANOFI is committed to developing a diversified portfolio of drugs for children and also to strengthening the training of healthcare professionals in pediatric diseases. In addition, SANOFI has launched a number of awareness-raising initiatives to educate the public about children’s healthcare. To this end, SANOFI Egypt has partnered with “Save the Children” NGO, the Ministry of Health, the Ministry of Education and the Ministry of Social Solidarity to design and introduce a comprehensive educational health program at schools through the “Protecting Future Generation” project. Assiut Governorate in Upper Egypt has an extremely high poverty rate, according to a poverty assessment map conducted by SANOFI Egypt, which justifies the company’s choice to pilot the “Protecting Future Generation” project there.

Together with “Save the Children”, SANOFI Egypt has set up health caravans to distribute coloring books with caricatures, thereby raising children’s awareness about important diseases and best sanitation practices. This program contributes to enhancing awareness of the communities, teachers and parents, who are in the immediate surroundings of the children, thereby ensuring their healthy growing. In 2014, the project reached out to 4,440 children in 10 public schools in Assiut and around 40 teachers were trained on disseminating their knowledge to the children.

Supporting Cancer and Hematology Patients:

SANOFI Egypt partners with Cansurvive and the National Cancer Institute to help cancer patients continue their treatment cycles. Over 2013 and 2014, more than 1,550 patients got access to treatment thanks to the program, in addition to that more than 80 oncologists benefited from trainings. Furthermore, SANOFI Egypt offers free **“Evoltra”** treatment to children diagnosed with cancer at specialized hospitals. Finally, SANOFI Egypt is also the first and only pharmaceutical to provide effective care to hematology patients through the SANOFI Bone Marrow Hub. **“Stent for Life”** – A Program for Cardiac Patients: In Egypt, more than 50% of myocardial infarction patients die during the first hour, due to lack of awareness on how to deal with them, as they require immediate action within a treatment timeframe of 90 minutes. To this end, in collaboration with the Ministry of Health and the Egyptian Society of Cardiology, the **“Stent for Life”** Program was launched to raise the awareness of cardiac patients care, as well as educating doctors and emergency medical teams on how to save the patients in a timely manner. Between 2012 and 2014, 1,600 patients were reached through this program.

SANOFI Pasteur – Protection Against Seasonal Flu:

Additionally, SANOFI Pasteur and Vacsera have launched a partnership to raise the public’s awareness about influenza at malls, universities and schools, reaching about 7 million people in 2014. This represents a part of the company’s partnership with the Ministry of Health and 13 medical societies to launch a National Flu Campaign to raise the awareness of millions of Egyptians, especially at-risk patients about the dangers of the flu and the importance of vaccination. This is because ill-treated influenza can result in complications that include pneumonia and cardiovascular diseases.

An integrated approach to the needs of Rural Disadvantaged Populations:

To realize the company’s objective of improving access to affordable medication, SANOFI Egypt has launched a comprehensive **“Affordable Quality Care Program”** that encompasses many initiatives. Firstly, the company provides a tailored set of daily treatments that cost LE 1 to patients in rural underprivileged communities. Furthermore, in partnership with the Syndicate of Medicine, the company exclusively sponsors the National Educational Program for fresh graduates from the Faculty of Medicine, and provides current medical students with educational sessions through the EG Hope and Scope programs, respectively. Between 2014 and 2015, around 4,500 graduates benefitted from the EG Hope program and more than 1,800 resident doctors at 11 educational hospitals benefitted from the EG Scope program.

The Fight against Counterfeit Medicines:

In an effort to protect Egyptian patients, SANOFI Egypt has partnered with the Ministry of Health to introduce a simple and affordable program that allows patients to identify the authenticity of the drug before purchasing it. In addition to this **“Mobile Authentication Service”**, the company has supported national authorities in criminal intelligence investigations to take all legal actions against suppliers of illegal and counterfeit drugs. Not only does this program foster a positive perception of SANOFI Egypt by its employees and society, but it also promotes the company as a reliable and ethical partner to the Egyptian Government, which can only facilitate future collaborations outlined under **“Next Steps”** below.

**‘Healthy Children, Happy Children’
Aswan, 2015**



Employee Wellbeing:

Their Health Matters Too: SANOFI Health, Safety and Environment (HSE) Policy is designated to promote the health and well-being of both employees and contractors, which the company considers an integral part of its social responsibility. SANOFI Egypt upholds the principles of the HSE Policy at the plant, pharma-operational and supply chain levels. To this end, SANOFI was awarded the OHSAS 18001, an internationally applied British Standard for occupational health and safety management systems, in recognition of its sound occupational health measures and safety performance.

Because the employees’ health lies at the core of the businesses of SANOFI Egypt, the company has chosen the month of October to raise awareness about the seasonal flu through a number of fun activities and competitions. The company’s 900 employees gather in big and family-friendly outdoor spaces, where they enjoy free health tips, free vaccination and free blood checks.

By increasing their awareness about the importance of regular check-ups, as well as proper sanitation practices, the company spreads a culture of safety and good health among its employees who then pass on their knowledge to their local communities, thereby reducing the number of flu infections and seasonal illnesses. Furthermore, the company has distributed information pamphlets instructing its employees on healthy postures for desktop users and in-office exercises to promote SANOFI Egypt as a happy workplace, thereby enhancing the employee's productivity and perception of the company. Management plays a vital role in encouraging the employees to apply the health tips through regular visits to the employees in their offices to ensure that they have followed the ergonomics instructions outlined in the brochure, as well as developing programs to remind them of exercising.

This personalized care and concern that the management staff exhibits is the key to positively influencing the company's perception by the employees, increasing their productivity and enhancing their sense of loyalty. Finally, SANOFI Egypt has provided its employees with 10 golden rules to promote safe and environment-friendly driving habits, for which it has won **"Road Safety Champions Award"** at SANOFI Global HSE Competition in 2014.



C.

WITNESSED CHALLENGES

The main challenges that the company experienced included:

- *Appropriate selection of adequate partners to ensure supportive implementation of the programs and assessing the full extent of the impact.

D.

SUCCESS FACTORS

- *Support from SANOFI Egypt's senior management to the CSR activities gives value to the company's positive perception by its employees and society at large.

- *A smooth line of communication with different governmental agencies that clearly shows the added-value from the community projects, which facilitates the process of obtaining the necessary approvals.

E.

NEXT STEPS: JOURNEY ON

- ***Mental Health:** In collaboration with the General Secretariat under the Ministry of Health, SANOFI Egypt sponsors a public awareness campaign to fight the stigma associated with mental illness and to educate people on the diversity of symptoms, thereby encouraging them to visit doctors to seek help and treatment. The campaign includes the production of short documentaries on individual mental illnesses to be broadcasted at El-Sawy Cultural Wheel to raise public awareness about mental health, in addition to other media channels to reach out to the public.

- ***Epilepsy Awareness:** In March of 2015, SANOFI Egypt collaborated with Cairo Runners to celebrate the International Purple Day on Epilepsy to raise awareness about this important disease, which according to the WHO, is the world's most common serious brain disorder.

6. SANTEX / SABRY GROUP

Sabry GROUP



**Investing in the Egyptian economy
“Re-investing exports in Egypt”**



AT A GLANCE

*Santex is one of the factories owned and operated by Sabry group. It is an Egyptian corporation based in Alexandria. It operates in three plants with a scale of 35,000 and 10,000 square meters in the free zone in Alexandria, where Santex is one of them.

*Annual turnover reaches around \$12 million annually, and the workforce reaches 1,070 employees.

*Santex's main products are mainly textiles (e.g. beddings, bathrobes, etc.) and furniture (sofas, bedrooms, etc.).

*Santex exports all of its production that reaches more than 2,000,000 pieces annually to Western Europe main retailers such as Debenhams, ZARA Home, Habitat, La Redoute & Marks and Spencer and other leading names.

A.

THE COMPANY CSR APPROACH

Vision and Philosophy:

Santex has built its philosophy and vision on four pillars: Environment, Innovation, Safety and health, and Social initiatives. The drive to upgrade the skills and knowledge of its employees and workers has led to setting plans of cooperation with the Industrial Modernization Center (IMC) to help Santex generate a culture of knowledge and skills improvement, and to upgrade its competitiveness in the marketplace. Accordingly, building partnerships with schools, civil society, government agencies and corporate engagement with society via these activities became a main mission of Santex. Most of the workers in the corporation reside around the plant's surrounding neighborhoods; this advantage has sparked an initiative for **"corporate volunteerism"**, which serves as a very powerful tool towards attaining Santex's vision and applying its philosophy alongside fulfilling its community development. By engaging the employees in CSR activities, they themselves become active agents in their neighborhoods as they are the most capable of identifying and carry the local knowledge of dual operational and community challenges for the corporation to intervene and support, thus, simultaneously serving their communities. Moreover through volunteerism, employees' and workers' time and efforts are better channeled towards the enhancement and further development of their local communities.

Sabry Group, which is the mother company to Santex, perceives that it is able to influence and motivate its workers' and employees' perception about the corporation, and accordingly improve their loyalty to the corporation, while also serving the community. In short, the Chairman outlined his vision stating:

"Employees and workers of the plants have to be engaged in the main mission, in order to comprehend that they do compete with the international market. This will increase their motivation and will drive them to work harder! To work more and produce better products."

CSR Governance:

A Financial Fund for the workers, employees, and their families exists in each of Sabry Group corporations and also extends to serve the needy neighborhoods where the factories exist. Over the financial year, managers cover more than 90% of this box, and workers invest the remaining 10%.

Budget:

Santex as a part of a larger industrial group called 'Sabry group' and utilizes an allotted fixed budget for CSR practices allocated to its workers, known as the Financial Funds Fund. The corporation prefers to invest in activities related to providing job opportunities in addition to some charity activities.

CSR Activities:

Sabry group has launched a number of activities to build its reputation as a sustainable and socially responsible business. Starting with a responsible supply chain and marketplace, Santex assists small factories who serve as domestic suppliers within the textile and furniture industry by providing training for their employees and workers. Also, they tended to provide training courses, and support, in addition to providing households with needed know-how and resources to help them in producing, as well as receiving high quality products, alongside providing job opportunities to these households and by delivering competitive Egyptian household products to the international market.

Sabry Group reduces environmental impact: All of Sabry Group plants are ISO 14001, 18001 certified, which signals a serious commitment to mitigating its operation's negative impact on the environment. Sabry group products are considered environmentally-friendly products with a high eco-efficient technology. Recently, Santex had acquired ISO 9001 environmental certificate, which stipulates having very strict conditions related to production in relevance to environmental protection and sustainability. Moreover, through cooperating with a German Environmental Corporation, Santex had provided a complete study for reducing wastes, reducing used water, reducing used energy. In addition, Santex acquired the OEKO-TEX Certificate, indicating "Green Factories" and earning the right to place the label "Green-made products" on their products, signaling that their factories follow the international environmental laws. All packaging is environmentally friendly, and while this is costly, the benefits to the environment easily allow for it to be the policy of the group. Furthermore, the group does not use extinct-threatened woods for environmental preservation purposes.

Reporting:

Santex, as a corporation under Sabry group, is annually audited globally by Sedex (a non-for-profit membership organization dedicated to driving improvements in ethical and responsible business practices in global supply chains). Sedex is an innovative and effective supply chain management solution helping to reduce risk, protect corporate reputation, and improve supply chain practices. Current and potential customers can identify the enlisted ratings for corporations before dealing with the corporation. Sedex provides annual auditing reports in different areas including employees' safety and health, working environment, labor rights, energy efficiency and anti-corruption.

B.

IN FOCUS

Santex has a remarkable CSR record mainly centered on community outreach related to employment and education, as well as supply chain. Santex and the totality of Sabry group have a strong sense of corporate citizenship, embedding it into their employees leading to almost zero turnovers.





Community outreach:

In supporting and empowering the local community, Santex has undertaken various initiatives to address community needs embodied in the educational-vocational gap. **“School to Work”** is a program that aims at preparing students to work, starting with preparing them for the job market via training, skill building such as teaching crafts, and educating the students on how to make a feasibility study, while also providing them with funds to start off their careers upon completion of their education. School to work cannot be compared to **“Mubarak Cool”** (it is a dual education system between Egypt and Germany for the vocational education system started in 1996) in which Sabry group took high school aged students and trained them in factories across a minimum of 10 specialty majors, from which the student would choose one major and then be tested to enter their target major. After this process, they would be trained for four working days in factories and companies, in addition to two days training at school. These activities reflect the company’s strong sense of responsibility towards improving the livelihoods of the local community, by providing them with access to important basic services, and further career and professional development these efforts would act as sustainable investments for Santex, and all involved parties.

Employees and labor:

Sabry group has a unique policy addressing employees and workers. It has a Financial Fund for more than 20 activities, where some of these activities take place at the beginning of each academic year and some are directed towards group support for employee marriages, and medical emergencies (e.g. childbirth, surgeries). Moreover, healthcare is fully provided to all employees and workers in Santex. Nutrition is also taken into account, for instance, hot meals are provided on a daily basis, as well as Ramadan Iftar offered for employees and their families. Also, local transportation is a privilege provided by Santex for its employees. Additionally, entertainment is not disregarded, as leisure trips, as well as religious ones are supported from the Fund. On a monthly basis, employees are assessed and certificates of recognition are awarded to “employees of the month” to spark motivation. With regards to labor proportions, over 60% of the workforce is women; no child labor is allowed in the factories, and employees and workers with disabilities constitute 4-5% of the workforce, which is more than the 1-2% of workers set in governmental regulations. Santex is committed to eliminating occupational hazards and accidents, through placing the safety and security of the workers and employees as a main concern. All of these activities build on the corporation’s successful collaboration with the ILO, and the Egyptian Ministry of Manpower that aimed at raising awareness about the key safety and health hazards that workers may encounter. The Egyptian Trade Union Federation and the Federation of Egyptian Industries (FEI) targeted the workers, their families, and communities to create a leap in their cultural attitudes and behaviors towards safety and health at work, and to educate them about the causes and consequences of work-related injuries and how to prevent them.

Supply Chain & Marketplace:

Santex assists around 18-20 small factories that serve as domestic suppliers within the textile and furniture process, through training. In addition to providing resources to families who live near their factories and teaching simple supplementary crafts, such as handcrafting carpets. By doing so, Santex benefits its community of suppliers and the marketplace through the provision of its much needed materials and products to use in exports. Thus, these families and suppliers work and compete in the international market of Europe and the United States.

While Sabry Group supports and empowers the local community, Santex has taken on its shoulders various initiatives to address community needs embodied in the vocational education gap. Some of these projects are **“School to work”** and **“Mubarak Cool”**, which are Santex’s main area of focus.



C.

WITNESSED CHALLENGES

The main challenges reported by Santex have been in the 'Culture' and related constraints, and misconceptions in the laws and common practices of the Egyptian community. One main obstacle had been related to the Egyptian Labor Law. Its clauses are deemed to be inadequately articulated and applied. For example, the formal hiring and resignations of laborers in factories is not well defined or implemented. As such, workers' rights are not protected, and accordingly they are not motivated to work efficiently and effectively, and additionally they can easily exit or resign with no legal repercussions, as well as no severance pay.

Culture also stands as an obstacle in the sense that workers are not culturally expected or encouraged to get higher education and this clearly affects the quality of their performance, work ethics as well as work practices. Additionally, the role of religion in the Egyptian context is quite substantial, especially in the working levels of factory workers as it affects their practices and work ethics. Hence, it is deemed essential for any corporation to have working policies that sensibly acknowledge their moderately-religious workers.

Moreover, governmental corruption, bureaucracy and red tape stand out as obstacles that face corporate CSR practices. The lack of communication with government is the main problem that corporations face because any effort that must be coordinated with government is vulnerable to the communication challenges, but requires it to be addressed or else it fails. Additionally, not all governmental bodies possess adequate managerial skills to effectively deal with corporations. Despite this, the government does possess basic infrastructure; however, it is not strong or flexible enough to proceed with corporate efforts towards CSR-related developmental projects.

D.

SUCCESS FACTORS

The concentration on employees' and workplace safety and security substantially contributed towards employees' turnover reduction, which is a main obstacle that faces corporate success in the sector; alternatively, this contributed towards corporate success and fostered attention on safety. Furthermore, it increased the employees' satisfaction levels as it tended to increase financial security, solve their work-related problems and created a healthy environment in the plants.

Employees' involvement and engagement in setting the mission, vision and decision making of the group has enhanced workers' motivation to work as they sensed higher 'engagement' in the related CSR decision making, as well as in the implementation processes. For the workers, it is no longer about conducting their main task of delivering a product, rather it exceeds that to be more about the image of Egyptian products abroad and the company's image as Egyptian workers who can produce high quality products to be exported outside of Egypt. Moreover, engagement has expanded its base of stakeholders to include the government, civil society and the local communities, specifically the schools, in order to satisfy the community-related needs that the corporations operate within.

E.

NEXT STEPS: JOURNEY ON

Santex perceives that the way forward is to improve corporate volunteering, as it will encourage more workers to take part in community-based projects that lead to development. This view is the result of having witnessed several success stories that reflected the corporation's seriousness and commitment to CSR through corporate volunteering.



7. SUEZ CEMENT GROUP



Safety Comes First



AT A GLANCE

*In 2001, Italcementi took part in the first privatization phase of Suez Cement to later become the principal shareholder in 2005.

*Suez Cement Company is one of the largest cement producers in Egypt, with five production facilities in Suez, Kattameya, Tourah, Helwan and El Minya, as well as 15 operating quarries.

*The company production capacity is about 10 million metric tons of clinker per year.

*The company has more than 3,000 direct employees operating in a safe work environment.

*To expand the scope of its operations, Suez Cement has completed a business verticalization through the purchase of a majority stake in Ready Mix Beton, the leading ready-mixed concrete producer in Egypt.

A.

THE COMPANY CSR APPROACH

Vision and Philosophy:

Sustainability for Suez Cement is built around four pillars: environment, innovation, safety and health, and social initiatives. By building partnerships with civil society and government agencies, the company has committed itself to work for the sustainable development of local communities, particularly those surrounding the Group's plants.

The CSR strategy of the company is inspired by that of the mother company, but is being locally adapted to accommodate the needs of Egyptian society. In the words of Mrs. Zena Spinelli, the company Communication and Image Manager:

With most of the company employees coming from the surrounding neighborhoods, the company saw a powerful opportunity in encouraging **"corporate volunteerism"**. By engaging the employees in CSR activities, they are able to actively contribute to the wellbeing of their own neighborhoods, since their local knowledge enables them to identify the duality between implementation and community challenges for the company to intervene and support. Furthermore, by volunteering their time and effort for the betterment of their local communities, Suez Cement is able to positively influence the employees' perception of the company and thus, enhance their loyalty to the company. According to Mrs. Spinelli:

"There is a business case for CSR if the company seeks to remain in the market and become fully integrated in the society in which it operates".

CSR Governance:

The Sustainable Development Department, chaired by the Sustainable Development Director, is in charge of steering the CSR activities in Suez Cement. There are three subsidiary units that focus on three key areas, namely: the environment, safety and social initiatives. They all report to the Director of Sustainable Development Department and work closely with the Communications Department of the company to establish an effective dialogue from within and out into the communities about CSR.

Budget:

The company does not have a fixed budget for CSR activities, as it varies depending on the overall needs. For example, Suez Cement Group has allocated a relatively high budget to enforce strict safety standards in the company and has spent an additional EGP 30 million to support the "Tahya Masr" Project. While Suez Cement does receive requests for philanthropic donations, the company prefers to invest in activities with a sustainable and empowering impact on the local communities.

"We think globally, but act locally".



Reporting:

The company has a well-defined sustainability policy, as well as seven additional policies that reflect its commitment to key areas including human rights, safety, health and energy efficiency, all of which are in line with the principles of the UN Global Compact Network in Egypt and internationally. As such, the company produces an annual report outlining its key activities in line with the 10 principles of the UN Global Compact, including human rights, labor practices, the environment and anti-corruption.

For Suez Cement Group, regular and accurate reporting is key to establishing a transparent dialogue and garnering the support of the company shareholders, employees, and communities. To this end, the company issues a progress report on its CSR activities every 3 months and sends it to the main headquarters in Italy. Furthermore, the company issues an annual report that includes a detailed sustainability section following the GRI requirements that is subject to verification from a third party. Being a part of the Sustainable World Initiative, the company can only benefit from transparency and disclosing of its CSR activities in the field of environment to reinforce its commitment to such global initiatives that seek to advance the preservation of the planet. Finally, the company participates in publications by the Federation of Egyptian Industries to enhance its visibility and to signal its commitment to transparent communication about its CSR record. It also increases the public confidence in its management and establishes solid local and international recognition.

Selecting Partners:

It is important to emphasize that the Suez Cement Group has carefully designed criteria for selecting the NGOs it collaborates with to ensure successful implementation of projects. Firstly, the NGO should be recognized by the Egyptian Government to ensure compliance with Egyptian NGO Law. Furthermore, the company conducts background checks on the NGOs by examining its progress reports and financial records and also, through consultations with the EU Commission in Cairo. Finally, it consults an NGO that has a track record of successful interventions in the area of the local communities to facilitate the establishment of rapport and trust, thereby enhancing the project acceptability by the local communities.

CSR activities:

Suez Cement Group has a remarkable CSR record that is largely centered around a safe and hazard-free workplace for the company employees. At the same time, the company has a strong sense of corporate citizenship, as evidenced through its community outreach program.

The most notable community-targeting CSR activities include establishing a partnership with the Don Bosco Institute of Technology in 2006, through which the Suez Cement Group funds the institute operations and activities. Particular focus is given to upgrading the institute's infrastructure through the construction and renovation of classrooms and laboratories for the first International Telematic University "Uninettuno". The Group also supported the introduction of new trilingual training programs to enhance prospective employability of students. The Group is also dedicated to providing funds for students who are in need of financial assistance. To date, the company has invested more than 400,000 Euros in supporting Don Bosco and has hired more than 50 graduates and trained 170 students. Since 2013, 23 students were successfully admitted to university programs to complete their education with support provided by the Suez Cement Group.

Apart from the Don Bosco Institute of Technology, Suez Cement provides vocational training to underprivileged communities in Helwan and Torah to improve the quality of education and provide new job opportunities for the youth. Other educational initiatives include financial support to the University of Minya to construct new computer labs and provide financial scholarships for outstanding students to attain Master Degrees in Civil Engineering at the Polytechnic University of Milan.

Furthermore, in 2007, the Group launched a comprehensive program to improve the living conditions of the communities of Kafr El Elw and El Maasara in collaboration with the National Council for Childhood and Motherhood (NCCM). Teachers and Heads of the Environmental Department of the Ministry of Education were trained on how to organize environmental camps to train 1,344 students on becoming environmental guards, thereby raising their awareness about the importance of environmental protection. In collaboration with the Ministry of Education and the Cairo Governorate, another sixty campaigns were launched to raise awareness about the key social issues in the target communities that include children's rights, drugs, smoking and female genital mutilation. The collaboration with the NCCM also involved revamping schools and hospitals in Helwan, Torah and Minya to provide the local communities with much-needed basic services. Women in Helwan and Torah were also offered handicraft training that allowed them to produce glass handicrafts that were sold in Japan -- a country that does not produce glass. Unfortunately, funds for these social initiatives have been stalled since 2011 given the country's situation.

B.

IN FOCUS

Workplace Safety:

The Suez Cement Group is committed to eliminating occupational hazards and accidents, as ensuring the safety and security of the company employees lies at the heart of the company's principles. Through the implementation of effective management systems and ongoing safety trainings, the company has succeeded in making safety, **"a way of living"**.

The company ensures that each worker receives regular trainings on well-defined safety standards covering key activities to further develop the employees' safe behavior and responsible attitude in the workplace. Upon entering the Katameyya plant, one cannot miss the clearly labeled signs highlighting key safety instructions that range from wearing the appropriate helmets to driving trucks at a low speed in the designated lanes.

Through a sophisticated monitoring system, the company performs regular assessments of the entire production cycle to ensure the safety and security of all the workers. In each plant, there is a safety coordinator supervising a number of inspectors who monitor employees and machines to take action whenever necessary. The safety inspectors then immediately record accidents in a database and all managers are notified by email for investigation and follow up. The results in 2014 have been remarkable:

***The Lost Time Injury frequency rate, which is the number of accidents resulting in at least 24-hours of absence from work per million hours worked was 1.05.**

***The Severity rate of recorded injuries was 0.08.**

***The Total recordable Injury Rate was 5.0, including Lost Time Injuries, Restricted Work Duty and Medical Treatment.**

Overall, the company has achieved an impressive 70% reduction in accidents over the past 10 years and aims at eventually reaching a zero accidents target. This **"zero accidents"** project was launched in 2006 to reduce the number of occupational accidents, thereby providing the company employees with a safer and healthier working environment, which is in line with Suez Cement motto:

"The safety of our employees and contractors are our first concern".



The challenge was in changing the employee's internal culture about safety and occupational hazards, but Suez Cement has resorted to creative means that involved engaging the employees' families. Every year, the company celebrates the UN Safety and Health Day by organizing activities to raise their awareness about the importance of safety that include a competition for the best graffiti capturing the notion of "safety at work", drawing competition for the employees' children and a locally produced game for children aged 9-14 on driving safely.

All of these activities build on the company's successful collaboration with the ILO and the Egyptian Ministry of Manpower that is aimed at raising awareness about the key safety and health hazards that workers may encounter at work. The campaign, which was launched by the National Institute of Occupational Safety and Health, the Egyptian Trade Union Federation and the Federation of Egyptian Industries, targeted the workers, their families and communities. Such campaign aimed to create a shift in workers' cultural attitude towards safety and health at work in addition to educating workers about the causes and consequences of work-related injuries, and how to prevent them. Given the nationwide scope of the campaign, the project was able to produce four TV campaigns, four ads for buses and billboards and a radio program on safety in the cement industry targeting children, schools, parents and policy makers.

Complementing these efforts, the company has implemented on-site first aid and medical facilities to provide prompt and effective treatment to injuries of employees, contractors, customers and visitors on the Group premises. All workers are subject to regular occupational medical examination to anticipate any possible health risk. Additionally, advice from physicians and security experts is offered to all employees before, during and after business trips.



Furthermore, Suez Cement issued its **"driving safely"** manual in 2014 to minimize the number of road accidents and produced a children-friendly video game to foster a drive safe attitude within employees' children and other youngsters from the local communities. Given religious figures' strong impact on changing people's attitudes and behaviors, the company has involved local mosques in raising the awareness of all community members about safe behaviors and responsible attitudes in the workplace, thereby showing a real commitment to sustainably fostering a safe and hazard-free work environment.

Particularly, in light of prevailing skeptical sentiments about the occupational hazards associated with the cement industry, the Suez Cement Group effort set an exemplary model for responsible business conduct that should inspire other companies to follow suit.

Environment:

Suez Cement has inaugurated its first waste-processing facility in 2015 at the Kattameya plant that brings state-of-the-art innovation in alternative energy.

In fact, **the Kattameya plant is the first of its kind in the cement industry to produce approximately 35,000 of Refuse Derived Fuel (RDF) to cover about 20% of the energy needs for plants over the next three years.**



Complementing this effort, the company workers have received training in solid waste valorization processes in the hopes of scaling up this initiative to become more widespread in Egypt. Furthermore, Suez Cement has invested in the Hurghada Wind Farms that are expected to begin operations next year and are expected to supply the company with clean energy to meet approximately 40% of its energy demand. Here, it is worth highlighting the notion that “**Italgen**”, a subsidiary of the Suez Cement Group of Companies, was the first private investor to obtain governmental approval to generate and sell renewable energy in Egypt. Both of these initiatives have been registered with the Clean Development Mechanism Executive Board of the United Nations Framework Convention on Climate Change.



In a serious attempt to address the most pressing challenge of climate change, the company has committed to reducing its GHG emissions by using carbon-neutral alternative fuels. The company deploys well-defined metrics to track its carbon footprint in addition to strongly committing to the potential of achieving a 20% cut in its current absolute carbon emissions by 2050, based on the results of its environmental action plan, which is updated every 5 years.

The company emission factor in 2014 was 677 kg CO₂ per ton of cementitious products compared to 760 kg CO₂ per ton of cementitious products in 2010. Emissions are monitored and reported by a data reporting system using Continuous Emission Monitoring Systems (CEMS) that measure real-time emissions 24 hours a day, which then stores the data in an emission performance database. In addition to that, there is daily monitoring by the Ministry of State for Environmental Affairs to meet local standards. Today, Suez Cement has succeeded in **reducing its dust emissions from 600 mg in 2005 to 50 mg in all of its plants; even reaching 30 mg in the Helwan plant under the Environmental Pollution Abatement Project (EPAP), which is well below international standards.**

Another sophisticated filtration system was launched at the Helwan plant in 2013, reducing dust emission levels to a maximum of 10 mg/m³, which again, is below Egyptian and International Standards. Recognizing the need to move towards a zero-carbon economy, the Group has set out to promote the use of renewable energy sources for electricity and energy-efficient products.

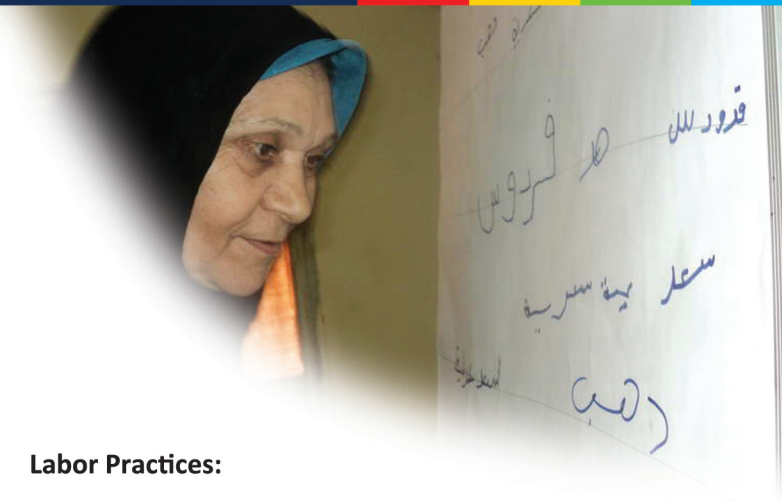


Furthermore, the company indirectly sponsors R&D and innovation in clean energy by funding local competitions that require students to implement renewable energy projects. In other incidences, the company employees participate as judges and mentors in student competitions to provide them with trainings on biodynamic cement that absorbs polluting particles in the air. Suez Cement is collaborating with a number of architects to introduce this new type of cement to the Egyptian Market. Mutually win-win situations such as these stimulate innovation and at the same time, empower students to become social entrepreneurs who actively contribute to the betterment of their own communities.

Due to its importance, the Group accounts for existing biodiversity when developing rehabilitation plans, thereby fostering conservation of endangered species. For example, the company has refilled its clay quarry near the Torah plant when it began its first rehabilitation in 2007. Complementing these efforts, the company reuses and recycles materials to minimize waste generation, while hazardous materials are disposed in a safe and responsible manner. These efforts have been recognized through several awards from the Ministry of State for Environmental Affairs, and the Kattameya plant was awarded the **"2013 Greenest company in Egypt"** first prize certificate.



Suez Cement CSR achievements in reducing its environmental impact and carbon footprint offers living proof that companies can maintain high standards of environmental protection, while promoting industrial growth and development. In 2013, the Company collaborated with INJAZ NGO to celebrate the UN Day of the Environment to raise the awareness of employees and their families about the importance of protecting the planet in order to garner internal support for upgrading its plants to become more environment friendly. Suez Cement has shown that energy and carbon intensive cement operations can unleash innovative and efficient solutions to addressing one of the most pressing global challenges: Protecting the Environment. The cement industry has a key role to play in promoting adaptation measures to climate change through the construction of an energy-efficient and renewable energy infrastructure.



Labor Practices:

Negative public sentiments towards a company often arise due to irresponsible sourcing activities that include exploitation of cheap labor and discrimination. To this end, the Suez Cement Group supports internationally proclaimed human rights, including those set out in the Universal Declaration of Human Rights and the International Labor Organization Standards through Charter of Values that lays out the basic ethical principles to which each employee should adhere.

To ensure that the Company is not complicit in human rights violations, the company charter strictly prohibits all forms of forced labor, including bonded labor, corporal punishment, mental or physical coercion and sexual harassment, all of which equally apply to the suppliers and vendors to ensure holistic accountability. As part of its provision against child labor, the company ensures that the minimum age for admission to any type of employment is eighteen. In fact, through Suez Cement's ongoing inspection process, the company was able to identify suppliers that used forged identification cards to cover up child labor, and guaranteed that they were not contracted again.

Furthermore, Suez Cement Group prides itself as an equal opportunity employer that guarantees the availability of fair employment opportunities regardless of gender, age, ethnicity, nationality, religion, social status and sexual orientation. Suez Cement Group goes above and beyond the requirements of Egyptian Labor Laws by covering its direct workforce with social security benefits, upholding their right to collective bargaining, and providing them with access to clean potable water, sanitary and washing facilities, and dormitory and food storage facilities; all of which is translated into higher labor productivity.

Finally, through the HR department, employees and workers can address their concerns and complaints about the workplace, and work together to mutually find beneficial solutions, thus placing the individual at the foundation of the corporate development order to foster a culture of strong corporate identity.

C.

WITNESSED CHALLENGES

The main challenges that the company experienced indicate:

*There is a need for more dedicated and reputable NGOs to further expand its community-serving programs, as they are crucial in providing underprivileged communities with access to key services regarding health, education and infrastructure.

*It was difficult to change the mentality of different workers about safety in the workplace, who showed a strong willingness to adopt the introduced safe attitude and practices as soon as they witnessed a tangible result; namely a real reduction in the number of accidents.



D.

SUCCESS FACTORS

*A true commitment to serving the communities that allowed the Group to effectively and efficiently allocate its resources to respond to the needs of different communities and obtain management support to implement the various activities within a flexible budget.

*The company brings in a breadth of international experience to implement CSR activities that are customized to meet the needs of Egyptian society, hence the company motto: **“World Class – Local Business”**.

*A successful dialogue with internal stakeholders, including staff management and employees to serve as ambassadors for the company CSR vision externally within their own communities.

*Engagement of the government, civil society and the local communities to ensure successful need-based project implementation.

E.

NEXT STEPS: JOURNEY ON

*Evaluating the possibility of scaling up the Don Bosco Institute of Technology to allow new communities to reap the benefits from improved education quality and potential job opportunities.

*Drafting a policy to offer a special scheme for women, bearing in mind that the industry itself is disproportionately accommodating to men rather than women.

*Enhance corporate volunteering to encourage more workers to take part in the community projects, especially after having witnessed several success stories that have reflected the company's seriousness and commitment to CSR.



8. TITAN CEMENT EGYPT



A Titan for CSR on the Rise



Network Egypt



AT A GLANCE

*TITAN is an independent cement and building materials producer with over 100 years of industry experience. Based in Greece, the Group owns cement plants in nine countries and is organized in four geographic regions: Greece & Western Europe, the USA, Southeastern Europe and the Eastern Mediterranean. Throughout its history, TITAN has always aimed to combine operational excellence with respect for people, society and the environment.

*In 2014, the Group sold 16 million tons of cement and cementitious materials 3.9 million m3 of ready mixed concrete, 14.2 million tons of aggregates and various other building materials like concrete blocks, dry mortars etc.

*Detailed financial and other information is available on the Titan Group website: www.titan-cement.com

*The above announcement was communicated to the ASE and the HCMC, and was also posted on the website of the Athens Stock Exchange.

*TITAN Cement Egypt has plants in Alexandria and Beni Suef governorates.

*The company has about 700 employees and 1000-1200 indirect employees, who are part and parcel of the company's supply chain.

A.

THE COMPANY CSR APPROACH

The TITAN Cement Egypt's CSR Action 2020 is based on TITAN Group international CSR principles and social priorities, but adapted to the local Egyptian context.

The TITAN Group CSR vision is to:

"To pursue at all times our business goals and create value, in an ethical and socially responsible manner, minimizing our footprint, and endeavoring to do more good".

The CSR approach at TITAN Cement Egypt has evolved and matured over the past years from philanthropic activities to a more integrated CSR system that seeks to achieve sustainability of production and supply chains, employee engagement, socio-economic development of the community, and environmental protection. The activities are implemented via partnerships with governmental agencies, civil society, academia and key players in the cement industry to foster a meaningful dialogue and win-win situation to all stakeholders. According to Ms. Sohaila Mohamed, Compensation and Benefits, and CSR Department Manager. **"CSR is in our DNA"**.

CSR Governance, Reporting Mechanism and Budget:

There is a CSR department at the head office in Cairo that interacts and co-steers the CSR activities with the HR Department managers at the company's two plants in Alexandria and Beni Suef. Each of the Plant managers oversee a CSR committee at the plant-level to ensure full employee engagement in deciding and implementing the overall CSR strategy in each plant.

The TITAN Group has set the standard for all country offices to report on its CSR activities in an accurate and transparent manner by adhering to international initiatives that include the UN Global Compact, the Cement Sustainability Initiative of the World Business Council for Sustainable Development, as well as the Global Reporting Initiative. In view of this, TITAN Cement Egypt is the 94th member of the United Nations Global Compact Egypt Network and will soon release its first sustainability report following the UN Global Compact requirements for Communication of Progress with respect to the international standards and principles. Moreover, independent assessment of CSR performance achieved every year is conducted by third parties to safeguard transparency and trust in stakeholders relations.



As CSR is integrated in the company strategy, the CSR budget is relatively small and changes annually, depending on the agreed-upon activities for a given year. It is worth highlighting the notion that TITAN Cement Egypt does not discontinue its CSR activities at times of financial hardship, which signals their strong commitment to their CSR strategy.



CSR Activities:

The CSR activities of TITAN Cement Egypt are based on scientific studies to ensure a diligent assessment of stakeholders' needs and to better mitigate the risks associated with its operations. In view of this, the company's community outreach focuses on key socio-economic challenges in Egypt.

On the educational front, one of the highlights for TITAN Cement Egypt is the launch of an annual scholarship program under the name of the company's late chairman, Stamatis Douzinas, to support students from Beni Suef and Alexandria to pursue their post-graduate studies at the university in El Gouna in Egypt or Berlin in Germany, in cooperation with the Technische Universität Berlin (TUB-Campus El Gouna) and the Sawiris Foundation for Social Development. Furthermore, TITAN offers internship opportunities to students in technical and non-technical functions, who are offered a small monthly stipend. Students are expected to give a presentation at the end of their internship that is supervised by technical staff to provide them with feedback and thus, ensure that it is a beneficial learning experience for the students.

Furthermore, TITAN Cement Egypt gives priority to suppliers in the vicinity of its plants, in order to empower the neighborhood and local community, while simultaneously stimulating the local economy. Finally, TITAN Cement Egypt is a strong advocate of **"fair competition"**, therefore training programs and compliance reviews are periodically carried out in all countries where TITAN Group operates to ensure that managers involved in trade are fully aware of and in compliance with applicable laws and regulations.

B.

IN FOCUS

Environmental Protection:

TITAN Cement Egypt has a vision to be recognized as the point of reference for the cement industry in Egypt with regard to sustainability and environmental stewardship. To this end, the company follows the principle of increasing public visibility to gain the trust of stakeholders. The company is particularly keen on participating in local and international events on environmental protection, most notably the World Environment Day celebrations. In fact, consistent engagement of the stakeholders of TITAN Cement Egypt has allowed it to create a paradigm shift in people's perception of the cement industry from being a polluting and high-risk industry to one that puts the planet and workers' safety at the core of its operations. This is certainly among the biggest achievements resulting from the company's transparent, impartial and timely communication with its stakeholders about its environmental and occupational safety initiatives.

The overall environmental suitability goals are laid out in the company environmental policy document, which serves as the vehicle for the activities of TITAN Cement Egypt associated with mitigating its negative operational impacts on the planet. These include reducing and recycling the waste produced by operations, switching to more efficient and environment friendly energy resources, as well as promoting a culture of environmentally responsible corporate citizens. TITAN Cement Egypt has adopted the WBCSD protocol for CO2 emissions management at its plants and production facilities. This protocol complies with all the regulations stipulated by the Egyptian Ministry of State for Environmental Affairs. In recognition of these continuous efforts towards a sustainable cement production facility, TITAN Cement Egypt has been awarded the ISO 14001, 18001 and 9011 certifications. Finally, the company has also won the **"Pioneer Business to Achieve Sustainable Development"** competition, which was organized in December 2014 by the Federation of Egyptian of Industries for 170 industrial facilities.



Increasing the reliance on RDF and coal in energy mixtures has been at the forefront of TITAN Cement Egypt activities that are geared towards protecting the surrounding ecosystem. This comes in light of prevailing energy constraints in Egypt, as well as local and international orientation towards sustainability and zero-carbon energy resources. At the same time, converting RDF produced from municipal solid waste into usable energy can help address waste management -- one of the main challenges that faces Egypt. Closely related is TITAN Cement Egypt's effort at controlling its emissions. According to Engr. Mohamed Haggag, the Company Environmental Department Manager, TITAN Cement Egypt monitors its GHG emissions footprint as per WBCSD protocol, and has recently upgraded the main filter to continue reducing emissions from the main kiln stack, as well as launching a project to equip its plants with NOx emissions control system according to the EU's best available techniques.

Finally, it has also constructed a covered storage facility for raw materials and products to prevent the leakage of dust and particulates.

Furthermore, the company has been keen on extending its environmental protection activities externally so as to serve the local community. To this end, it has launched a number of activities to engage the local community, thus raising their awareness about the concept of environmental stewardship and sustainability. For example, TITAN Cement Egypt has partnered with the Alexandria Governorate and the University of Alexandria to launch an awareness campaign on municipal solid waste management. To date, the campaign has targeted about 5,000 school students and has provided them with insights on how to sort waste and how this feeds as an energy source into the production of cement through activities and competitions. Similarly, TITAN Cement Egypt participated in the Second Youth National Sustainability Summer Camp (SYNSSC) **"You Think Green Egypt"**, and Sawiris Foundation (TU Berlin University Campus El Gouna) through a Golden Sponsor Level. The aim from TITAN Cement Egypt's participation in the sponsorship of this camp was to raise participants' awareness about the importance of environmental protection and if applicable, incubate innovative environment friendly and sustainable production processes that are relevant to the cement industry. Additionally, TITAN Cement Egypt has signed a protocol with the Arab Contractors Company under the auspices of the Ministry of State for Environment Affairs to use company waste in paving streets in the Alexandria Governorate. Finally, as an attempt to solve the litter and garbage problem in Egypt, the company plant in Alexandria is now providing the City of Alexandria and the Al Agamy district with a loader to collect the garbage four days a week.

Occupational Health and Safety:

TITAN Cement Egypt is focused on operating with values and principles as a responsible business and as such positively influences people's perceptions about the cement industry. Its vision is to have a **"healthy work environment free of incidents, injuries and accidents"**. To this end, the company has developed an Occupational Safety and Health Manual, inspired by international standards and practices, however, adapted to the Egyptian local context. To encourage the employees to attend the mandatory safety inductions and monthly trainings and to motivate them to adopt the safety standards, TITAN Cement Egypt has devised fictitious characters, **"Salama"** (Arabic word for safety) and **"Darbaka"** (Arabic word for chaos) to produce entertaining visual materials including booklets and video for the employees and their families to watch. At the same time, the company management plays an active and leading role to enhance the employees' acceptability of these strict safety standards by engaging them in a dialogue on that importance of complying with the occupational safety and health policy. Consequently, employees have become less reluctant to comply with the aforementioned safety policy, as they feel TITAN Cement Egypt's genuine commitment to placing their safety first and foremost.

TITAN Cement Egypt has successfully fostered a culture of health and safety standards that truly reflects its vision for a zero-injury workplace through a sophisticated management system. Each of the company's plants has its own Safety Committee to ensure that employees and contractors respect and comply with the health and safety policies set out in the local safety manuals. Management and external third party auditors conduct periodic audits and check-ups to ensure that these standards are enforced. Moreover, and as per the requirements of the Egyptian Law, all employees are subject to annual or biannual checkups for early detection of occupational hazards to monitor the employee's health status. Finally, the company has adopted strict and transparent reporting rules on fatalities and injuries to pride itself as a healthy and safe workplace, and to identify areas for further improvement, according to Mr. Khaled Korshed, Alexandria Plant HR Department Manager; and Engr. Mohamed Abdel Nabi, Alexandria Plant Health and Safety Manager, the result of these concentrated efforts was a record of 1,240 days with Zero Lost time injuries at the Alexandria plant on the 13th of October 2015.

Finally, the company has also been keen on enhancing its visibility at local and international events to promote its safety culture and to exchange knowledge and ideas on occupational health and safety best practices. On the local level, TITAN Cement Egypt prides itself for being among the main sponsors and participants of the World Day for Safety and Health at Work in Alexandria since 2010. Furthermore, the company was invited by the Egyptian Ministry of State for Environmental Affairs to offer summer training courses on safety management to students at the Faculty of Sciences of Alexandria University, as well as the Arab Academy for Science Technology & Maritime Transport. By showcasing their occupational safety and health standards manual and screening short videos on how these policies are being enforced, TITAN Cement Egypt provides the students with a practical insight into the works of the cement industry. On the international level, the company attended the World Day for Safety and Health at Work celebration in Frankfurt, Germany held in August 2014 to exchange ideas and best practices on safety standards. According to Engr. Mohamed Abd el Nabi, the Alexandria Plant Health & Safety Manager, TITAN Cement Egypt was the only Egyptian company to attend the celebration.



Labor Policies at TITAN Cement Egypt:

All local policies are expected to comply with the TITAN Group Code of Conduct, which sets out clear guidelines for the company's daily business conduct and ethical behavior for the individual companies within the TITAN Group to meet their local legal and regulatory requirements. It defines the framework of agreed-upon principles and commitment to all of the company stakeholders that include the employees, their families, customers, suppliers and finally, society at large. These principles include, but are not limited to promoting human rights, eliminating forced labor and discrimination, advancing environmental sustainability and stakeholders engagement.



As per the international CSR priorities of the TITAN Group, the employees and their families, as well as the entire supply chain are considered the primary beneficiaries of the company CSR activities. To this end, the company has launched a number of activities to engage employees' families such as **"pilgrimage lotteries"**, sports tournaments, subsidized summer resort and amusement park tickets.

In fostering a culture that respects human rights, TITAN Cement Egypt has developed a set of policies on equal opportunities and recruitment that are based on the 1948 United Nations Declaration of Human Rights and the ILO Declaration on Fundamental Rights at Work. To this end, recruitment, compensation and career development are all carried out regardless of gender, ethnic origin, ethnicity, race, religion or sexual orientation. Similarly, all kinds of harassment and abuse for any of these protected groups is not tolerated at the companies within TITAN Group. Local management is responsible for ensuring that these human rights principles are implemented locally.

TITAN Cement Egypt also promotes a culture of open communication with its employees to build long-term relations based on trust and transparency. To this end, there is a problem resolution and grievance policy that sets out a mechanism to resolve any conflicts or concerns in accordance with procedures that ensure confidentiality of the employee's information. Furthermore, the company respects employee's right to freedom of association within the framework of the Egyptian local law. Additionally, it is committed to listening not only to the employee's concerns, but also to their suggestions. In view of this, managers are expected to assess employee job satisfaction and ensure that the TITAN Group is a desirable workplace.

The company also goes beyond national legal standards on compensation and pays its employees with fair and competitive compensation. It also provides its employees with generous benefit packages and fosters the principle of **“reward and recognition”** to retain exceptional and motivated employees. Furthermore, companies operating within the TITAN Group provide their employees with professional development opportunities to help employees unfold their competencies and reach their full potential. Not only does this allow the TITAN Group to achieve its business goals more effectively, but it also positively influences the employees’ perception of the company.

Finally, TITAN employees are also the company ambassadors whose behavior impacts the company perception by its external stakeholders and therefore, they are expected to live by TITAN Group values in every decision and action they take. To this end, all transactions must comply with the United Nations Convention against Corruption and employees must therefore **“not offer, provide, accept, or promise, either directly or indirectly, any undue financial or other advantage to a public and/or private official for the purpose of obtaining any favorable treatment or business advantage”**. Employees violating this principle of ethical conduct are subject to civil and criminal liability.

C.

WITNESSED CHALLENGES

*Perception of the cement industry, which oftentimes could lead to a difficult dialogue between the company and its external stakeholders

D.

SUCCESS FACTORS

*Strong management support and leadership to raise awareness about CSR internally, which reflects their belief in the business case for CSR.

*Transparent and open communication with all of the company stakeholders to build trust in the company’s commitment to CSR and motivate them to join forces.

*Full engagement of the employees, thereby ensuring that they are part of the company vision for CSR.

E.

NEXT STEPS: JOURNEY ON

*TITAN Cement Egypt is planning to establish a national safety code for employees, contractors, and suppliers in the Egyptian cement industry.

*In partnership with the Egyptian Ministry of Health and Misr El Kheir NGO, TITAN Cement Egypt plans to expand its community outreach in Beni Suef by equipping the **“East Nile Hospital”** and providing patients with a collection of inpatient and outpatient treatment facilities.





INDUSTRIAL LEADERS OF EGYPT TOWARDS CREATING SHARED VALUE

CHAPTER III

Growing CSR Prospects by Creating Shared Value

A changing landscape of how stakeholders and companies in Egypt consider the role of CSR is reflected in the CSR profiles of the showcased companies.

The understanding of CSR evolves from a charitable perception towards an integrated system to enhancing corporate growth and competitiveness, and to developing the Egyptian society and economy. The featured 8 companies in this booklet support the view that stakeholders are taking a broader perspective of corporate responsibility that incorporates not only economic, but also environmental performance and, increasingly, social performance factors. There is a growing inclination by these companies in regards to CSR as a tool to create 'Shared Value' through direct benefits to different stakeholders and a process of constructive engagement and collective action:

Companies:

- Contribute to long term profitability and sustainability
- Empower labor practices and wellbeing
- Improved reputation with investors, bond agencies and banks
- Nurture customer loyalty
- Harness knowledge and funding for community development
- Corporate social responsibility tools and concepts are becoming increasingly important to companies that want to maintain or increase their competitiveness in the global marketplace
- Implementing CSR approaches within companies represents a significant change in management skills, nonetheless companies are embarking on it, because of the proven business benefits.

Government:

- CSR is an effective tool to engage the private sector in community development
- The government could utilize CSR initiatives and private sector enthusiasm to support its economic and social policies and strategies
- CSR can be a channel to build trust between the private and public sectors through building Public-Private Partnerships.

Civil Society:

- Benefits from access to funds and expertise provided by private sector partnership to realize their missions
- Being exposed to and interacting with businesses could lead to positive changes in managerial approaches of NGOs, their operational procedures and standards.

Key Findings and Lessons Learned:

- **Broader Understanding of CSR:** While the purpose of this booklet series is to shed light on successful CSR initiatives among industrial leaders, the authors believe that there is an indigence to promote a broader understanding of CSR among the Egyptian business community. A plethora of interpretations of CSR was evident among the different companies, ranging from a religious motivation to the full adoption of sustainability principles, and companies are at different stages in implementing CSR principles. However, all companies are in consensus that CSR is not limited to sporadic acts of charity or community work, but a system by which companies integrate their responsibilities towards their employees, community and environment in their business operations. Here in Egypt, the FEI can play an instrumental role in advancing this comprehensive definition of CSR to facilitate its adoption and implementation in Egypt.



- **CSR Implementation:** Companies have adopted a range of strategies, management systems, programs and tools to implement business practices that support CSR. These concepts and tools are most advanced in the community development field, followed by labor practices, and health and safety. However, there is considerable growth in activity related to environmental accountability as well. Each company was asked to highlight program areas where they believed they had good business practices or programs in place. A majority of the companies were also active in reporting and communications. For a large number of companies, governance/code of conduct and stakeholder engagement recently emerged as priority areas. Program areas that were less common, and most likely least developed, were supply chain operations, and customer engagement.

- **Employee Involvement and Engagement:** Embedding employee involvement within the different stages of the CSR process has proven itself as a successful strategy for the majority of corporations, as it turns into fruitful employee engagement, and a shift in beliefs towards CSR and its value to all stakeholders. Such involvement could vary between a bottom-up approach of getting employees to set and plan the CSR objectives, to activities that are established alongside higher management, or be in the form of recruiting their support and efforts towards having effective and sustainable CSR activities. By involving employees in developing and implementing CSR, they can develop an enhanced sense of loyalty to the company. It allows companies to build trusting relationships with their employees to achieve their CSR goals. As employees proudly identify themselves as responsible corporate citizens, they will be willing to promote the company values and culture beyond the office walls. Positive feedback to the employees can boost their morale and create an environment where they strive to become better corporate citizens.

- **Employee Development and Growth:** Various featured companies had started to endorse and act on the fact that employees and workers are their lifeblood and a main pillar towards their success in different activities, including CSR. This practice stems from the belief that human capital is a main driver towards business success and survival. Thus, all featured companies are increasingly investing in their employees in terms of their personal and career development, alongside providing assistance to them whenever needed. Corporations do so via offering internships, different types of trainings either technical or non-technical, providing support in pursuing further studies or completing earlier ones, as well as assisting in health care and emergencies etc.

- **CSR Reporting:** Encouraging reporting is a viable method for internal management to monitor, evaluate, and measure the progress against well-defined CSR goals and objectives. Periodic reporting to shareholders and the public increases transparency and accountability, thereby instilling greater confidence in a company's management and enhancing its overall reputation. It could be both internal and external, as per the group of stakeholders it is directed to. Mostly, CSR reporting had not been highly implemented in Egyptian market, which had been one of the repeatedly reported challenges. Disseminating best practices in CSR reports can also convince other companies of the business case for CSR and thus, promoting its adoption by companies in other industries and sectors.

- **Recognition of CSR Leaders:** This publication is intended to serve a first step in documenting successful CSR initiatives and to recognize CSR industrial leaders for their willingness to go beyond legal compliance. Recognition by key International Governmental Agencies such as the FEI and ILO can create an incentive for companies to expand their CSR portfolio and for others to follow suit.

- **Dialogue with the Government and Civil Society:** Many of the featured companies have implemented impactful CSR community-targeting initiatives as a result of successful engagement with relevant governmental bodies and civil society. This effective coordination and cooperation allowed these companies to develop projects that truly respond to society's needs, including the community development sectors of health, education, and food safety. These successful experiences highlight the importance of both public-private partnerships (PPP) between the government and the private sector, side by side with cooperation between corporations from the private sector to undertake their CSR activities successfully.

- **Management Support and Communication:** One of the key factors leading to the success of the featured companies' CSR programs is strong management support. A serious commitment from the managers, ensures that the CSR vision is well integrated into business operations and corporate culture. Management also plays a pivotal role in devising an effective and transparent communication strategy to the employees, community, shareholders and government. This allows companies to promote the benefits associated with CSR, thereby partnering with all relevant stakeholders to turn their CSR vision into actions.

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INDUSTRIAL LEADERS OF EGYPT TOWARDS CREATING SHARED VALUE

VOLUME I



About This Publication

This report is the first volume of a two booklet series to highlight the importance of Corporate Social Responsibility (CSR) principles and practices undertaken by the International Labor Organization (ILO) in partnership with the Federation of Egyptian Industries (FEI). It is a contribution to the knowledge repository currently being compiled by the newly established CSR Unit at the FEI. Under the umbrella of The American University in Cairo School of Business, the John D. Gerhart Center acts as a technical partner in data collection and by authoring the report.

This booklet series is seen as an additional vehicle for promoting effective action to engage local companies in adopting CSR practices, not only as community outreach and developmental projects, but also as ingrained internal managerial practices that support fair labor practices and promote better workplace standards. It is technical and evidence-based in orientation and thematic in nature to prompt new policies and garner a following of companies to encourage the adoption of CSR principles.

