

# Delivering sustainability to the forefront of priorities amid challenges



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The global Covid-19 pandemic is serving as a litmus test for companies' business resilience, strength of leadership, agility of workforce, financial robustness, and perseverance to maintain their corporate purpose amid unprecedented challenges.

But it has also forced them to reflect on the question, "How could we have better prepared for this?"

The answer is simple, preparation for a crisis takes time, discipline, and commitment – it also requires taking serious steps in improving every element of the ESG.

More often than not, companies don't envision the "what if" hypothetical scenarios, and instead focus on satisfying short to medium term goals that are measurable and value-enhancing for their key stakeholders – customers, shareholders, and the list goes on. For some global companies, sustainability is very much embedded in their short to medium term goals, but for some companies in the region which are considered relatively late bloomers to ESG criteria, sustainability has only recently become a focus area.

So, when a crisis comes along – such as the one we are currently in the middle of – management focus shifts to taking prudent measures and adopting pragmatic approaches to cushion the financial blow. As a result, sustainability initiatives

may end up being bumped down on the priority list.

Not at Aramex. Because sustainability is a core and integral part of our strategy, operations, and mindset, and this has been the case since the founding of the company.

In fact, we believe this crisis revealed a major inflection point that catalyses the need to further weave in ESG into core business strategies, better anticipate social and environmental risks, and further intensify the roll out of initiatives with an increased sense of urgency.

From Aramex's experience, we can confidently say that this has truly set us apart during these difficult times. We are able to benefit from our sustainability efforts, for example by depending on our solar panels for powering warehouses in the UAE and Jordan, we are able to calibrate our energy needs accordingly, allowing us to reduce carbon footprint and emissions as well as realize cost savings. From a social perspective, we are able to provide benefits to the wider community because of our large network within our community outreach programmes. Those that need our help know we are there to support them in the best way we can. This helps us to act swiftly and start making a positive impact from early on.

But let's look at ESG in the region pre-Covid-19.

ESG is not a new concept but has recently become a global megatrend. In the region it is often misunderstood and regarded as siloed part of company strategies. In the past, some would even argue that it is a luxury for cash-rich companies that are comfortably operating in bull markets.

That is now changing. In fact, more than ever, ESG has pivoted from a previously peripheral concept to a central business-critical issue, that will ultimately address multi-pronged goals. If well-integrated and effectively implemented, it

has a powerful ability to create value, buttress business performance, incite stakeholder trust and confidence, catalyse innovation, and drive the overarching agenda for sustainable socio-economic development.

Since its establishment, Aramex has embraced ESG as an integral part of our corporate culture. In 2006, our company pioneered the first sustainability report in the region, which has laid a strong foundation for our long-term goals in adopting corporate sustainability practices across all our business strategies and day-to-day operations. In 2010, we further reinforced our commitment by aligning sustainability strategy into our core business strategy and folding it into our annual report. This has allowed us to link the impact of our ESG initiatives to our operations and financial performance through our first integrated report.

Over the years, our sustainability strategy has evolved as we endeavoured to adopt best practice approach and continue being leaders in the region. Our longstanding partnership with the UN Global Compact underpins our commitment in continuing to make good on our promise to lead an organisation that is committed to making a positive impact in line with the Ten Principles that meet the United Nations' Sustainable Development Goals (SDG).

We make conscious efforts to maintain our holistic, integrated, and transparent approach to sustainability. Since the beginning of our reporting practice, we have adopted reporting practices in line with the Global Reporting Initiative (GRI) Sustainability Reporting Standards and now the International Integrated Reporting Council (IIRC) Framework which allows us to effectively monitor and measure our value creation and impact, and provide a holistic view to all our stakeholders.

Meanwhile our environmental initiatives have allowed us to reduce electricity consumption per shipment by 29%, increase recycling by 22%, cut fuel per shipment by 22% and cut down in

2012. Currently, we are operating two recently completed solar farms in Jordan and the United Arab Emirates. The 1.2MW solar farm in Amman powers 90% of the needs of Aramex Jordan while the 3.2MW facility in Dubai has reduced the consumption of the targeted warehouse by 60%. Both facilities have greatly reduced negative impacts on carbon emissions.

In 2019, our “Delivering Good” sustainability platform was active in over 98% of our operations through educational, social, and environmental projects worldwide. Our community engagement initiatives involved active participation of our employees, who have worked hard in providing food, medicines, and emergency relief for underprivileged families and those affected by crisis and disasters. In addition, we have also been active in providing access to education, capacity building, and empowerment opportunities to over 44,000 youth.

Our extensive sustainability programme, which was built on three pillars comprising Youth Education and Empowerment, Supporting Entrepreneurs and Tackling Climate Change, has allowed us to implement 190 projects that made a positive impact to a little over 120,000 beneficiaries. Our Start-up Support Program has also made considerable progress in supporting 3,700 SMEs and entrepreneurs across our network.

Over the medium to long term we have set sustainability goals, including increasing the number of beneficiaries of our sustainability initiatives by 5% every year, building on the successful partnerships with all our stakeholders, and actively aligning our business model with the sustainable development goals and the national agenda of the UAE, as well as the countries where we operate. Ultimately, with these efforts, we will maintain our competitive position as a leader in sustainability.

This year, we are finalizing the commissioning of the site of the second phase of Dubai solar farm,

as well as other solar projects across the UAE, Jordan and Egypt. We have also embarked on initiatives that would see the use of electric vans across our operations. Covid-19 has not and will not interrupt the progress we have made on our sustainability strategy. In fact, it has unlocked opportunities that allowed us to create temporary jobs for more than 1,200 young people through our fleet in the communities impacted by the crisis.

A recent study from Harvard University revealed a strong link between ESG integration and corporate resilience during Covid-19. Research shows the direct impact on company’s profitability and reputation, and indirect impact on their ability to attract talent and retain customer loyalty.

We see this trend becoming more apparent in the aftermath of the pandemic where companies which have clearly demonstrated their purpose, and those which responded well during the crisis are set to establish resilience, receive positive reputational benefits, increase market share, and even outperform competitors.

The current crisis calls us to be a beacon of hope and a constructive force in driving transformation. As we set forth in navigating the path to the new normal, we would like to invite other companies to be not just deliberate in surviving the current upheaval, but take on a long-term and progressive view in making a positive impact on the environment and society. And this will help them in answering the question, “How could we have better prepared for this?”