



Driving for Better Future

CSR Report 2011

Bavarian Auto Group Social Responsibility Report



“Putting Principles into Practices”

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1. Message from the Chairman

Driving for Better Future

Bavarian Auto Group creates and proposes new values to society. With its “Social Engagement” management philosophy, Bavarian Auto strives to be a responsible and integral member of society while sharing common values. Our basic idea has always been that a win-win relationship with the various stakeholders involved—i.e., customers, shareholders, vendors, employees, and local communities—will allow us to achieve sustainable growth and create new value through our business. Our corporate slogan, “Driving for Better Future,” symbolizes our corporate desire to achieve our goals and build a better future with all stake holders.



In Last May, I signed a statement declaring that we will support and implement the 10 principles of the Global Compact in the four areas of human rights, labor standards, the environment, and anticorruption. Thus, Bavarian Auto becomes a participant in Global Compact. We are committed to making the global compact and its principles part of the strategy, culture and day-to-day operations of our Group and to clearly stating this commitment to our employees, partners, clients and the public. Also, we espouse public accountability and transparency and will report our progress publicly.

From the first moment of establishing BAG in 2003, we started our social contribution activities by established NGO called Awaliaa Elgaleel work actively now in different area to provide the need people with the basic life requirments.

In Bavarian Auto we believe the hurmans are our main assets and stakholders so providing a comfortable working environment for all employees supported by labour policy respected by all BAG members is continuous target. We have also regional training academy provides technical and soft skills training for our employees and the whole society to develop the knowledge in the area around our business.

Also we are against corruption in our procurement and sales operations. We committed to provide clean business environment with our stakeholders specially suppliers and customers.

Farid El Tobgui
Bavarian Auto Group

2. BAG Short Profile

Company Name:	Bavarian Auto Group
Established:	March 2003
Head Office:	Qattamia, Ring Road; Maadi – Heliopolis Direction, Cairo, Egypt.
Chairman:	Farid El Tobgui
Investments:	135 Million USD (As of January 2010)
Number of Employees:	1700 (As of January 2010)
Business:	Automotive Manufacturing, Sales and Aftersales.
Plant:	6 th October, Egypt.
Show Rooms and Service Centers:	7 showrooms distributed over Cairo and Alexandria.
Overseas:	Sudan Branch

3. Editorial Policy

The purpose of this report is to inform all stakeholders of Bavarian Auto Group policies and initiatives for a sustainable society. We have strived to communicate our activities in a straightforward manner in the Executive Commitment section and two feature articles.

4. Bavarian Auto Group Products:

BMW



MINI and Rolls Royce



Brilliance:



Mahindra



Jin Bei



GreatWall



5. CSR Vision:

Corporate social responsibility of BAG is the philosophy of the Company's long-term and sustainable development, which enables to harmoniously integrate successful business with basic human values and national development priorities. Socially responsible approach to conducting business envisages the following:

1. High quality satisfaction of our consumers' needs;
2. Strict compliance with legislation;
3. Ensuring labour safety and investing in human potential development;
4. Taking into consideration the expectations and opinions of the stakeholders, systematic approach to building up trustworthy and mutually beneficial relations with them based on ethics requirements;
5. Contribution to development of local communities, in particular through mutually beneficial social partnerships

Objectives of BAG CSR policy:

- Leadership based on our confirmed readiness to build up systematic contribution to tackling public problems in practice and for the long term;
- Harmonious development of dialogue and cooperation in relations between BAG and the key stakeholders;
- Distinct contribution of our socially oriented BAG programs and projects to long-term business sustainability;

- Further perfection of corporate governance practices.

We are striving for achieving a confirmed status and established reputation of successful and reliable company. Such a status will become a ponderable competitive advantage of BAG in today's complex economic and socio-political conditions. Social responsibility of BAG means the successfulness and ethics of business, since this provides people with work and deserving labour conditions and allows them to be confident in their future. In CSR BAG is governed not only by charity motives, but also by sober calculations: business success and sustainability directly depend on social and economic prosperity of the area where we help.

6. BAG and Key Stakeholders:

Sustainable development of business is possible only in socially favourable environment. From its part, the society quite understandably demands from business to adhere to human values (environmental protection, legitimate forms of ownership, positive economic and social impact of enterprises, etc.), and not to sidetrack difficult issues. The stakeholders - the society groups, with which a business organization interacts either directly or indirectly - form those demands and demonstrate increasing activity in setting up channels of communicating and cooperating with business.

In order to conduct successful and efficient CSR policy, it is fundamentally essential for us to determine the stakeholders and influence groups of priority importance for BAG, clarify their expectations and suggest efficient forms of interaction within the range from dialogue to possible joint actions and programmes. In particular, the key stakeholders are the following target groups which share common interests with us:

Shareholders and investors are directly interested in long-term and sustainable growth of BAG's value, in its proven ability to manage and mitigate risks, as well as in openness and ethic principles and practice of corporate governance.

Customers are interested in the quality of products, improvement of legal mechanisms for protection of their own rights, growth of investment and better customer management before and after sales.

Employees expect full compliance with legislative regulations in respect to labour relations, and provisions of individual and collective labour agreements; management's respect for individual rights and human dignity; daily concern of BAG for minimizing health and environmental harmful impacts of operations; dedicated assistance to the development of their qualification and direct influence of the business success upon labour remuneration and amount/nature of social package.

Business partners are interested in the widest possible application of the principles of transparency,

impartiality and fairness, adherence to moral standards supported by legal acts and corporate ethics codes.

7. Areas and Directions of BAG CSR Policy:

When setting up the framework and lines of its social responsibility, BAG is guided by global compact principles which are implemented in BAG's activities in such areas as corporate governance, business ethics, health and safety, labour relations, charity, etc.

7.1 Human Rights

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights.

Principle 2: make sure that they are not complicit in human rights abuses.

The areas and forms of human development as follow:

1. Modern education by implementing Education Reform Programs
2. Health care by implementing Health Support Program
3. Cultural heritage and development by implementing Community Development Program

7.1.1 Education Reform Programs

Vocational Education Reform Program with the higher ministry of education

- A mutual cooperation Protocol agreement on October 2009 was signed between Bavarian Auto Group and the Matarya Higher Technical institute valid for 5 years.
- The institute introduced new Car technology section in the 3rd and 4th years starting from 2010/2011 semester.
- BAG provides suggestion to the study materials, supervise the labs and working stations provided by the institute to provide training and experience transfer from their side on the agreed Celebes.
- BAG would provide training courses for the Engineers and Technicians responsible for this education reform program, and also provide visits for the students to its working premises and factory.
- BAG shall grant completion certificate in the field of cars manufacturing and maintenance that would be considered as a valid license in automotive working fields for those of excellent, very good and good grades students.



Helwan Formula Student Project.

- Formula Student Competition is an annual student engineering competition held in the UK.
- It is run by the IMechE, in partnership with various highly prestigious companies in the industry.
- It promotes careers and excellence in engineering, by challenging university students From all over the World.
- Main Target of the Competition is challenging university students to DESIGN, BUILD, DEVELOP, MARKET and COMPETE as a team with a small single-seater racing car.
- BAG is sponsoring the Formula student competition, from Matarya- Helwan Faculty of Engineering students representing Egypt consisting of 5 Technical teams: Frame & body team, Power-train team, Brakes team, Steering team, Suspension team.
- The Egyptian Car got the rank 74 between 119 cars and got the best car share in the competition for first time.



Build an Automotive Technical Training School in Menya

- BAG built an automotive training school in Menya governance contains two theoretical class rooms and one practical school to train the technicians in upper Egypt on the new automotive technology.
- BAG provides in the training school the certified trainer in addition to the most updated technologies and tools in automotive.
- The training school was built in cooperation with the Rotary club and the governor.
- The first training phase will be conducted by December 2004.



Renovation of Primary Schools El Khosos School

- BAG has an important role in renovation of El Said School at El Khosos, it was agreed to start working on the following:
 - Enhance the bathrooms and playgrounds conditions
 - School Entrances, gates (Outside and Inside) and fences.
 - Kinder garden development and their play area.
 - Provide a computer and Language lab to serve school and the surrounding area.
 - Create a medical file for each student from kinder garden age.
- Provide a fully equipped clinic for emergency with an experienced nurse.
- Train teachers on modern education means.

- Training school's Board of Trustees (BOT) and school administrators on best use of resources and how to manage.

Another Education Reform Programs

- Suzan Mubarak Initiative to Renovation of Primary Schools in Salam City.
- Rotary Club-Renovation of Schools to be capable of changing the "Eliminating Illiteracy" project.
- Sponsor Soft Skills programs for university graduate students with Future Generation Foundation.
- Sponsor couple of research conference organized by different universities
- Sponsoring Graduation Project in Faculties of Engineering
- Summer Training for undergraduate students.

7.1.2 Health Sector Support:

BAG has important contribution in the health sector support:

1. 57357 hospital

- Financial Support
- 2 sedan cars for transferring sick people from remote areas to the hospital.
- 1 ambulance car
- 1 microbus for moving sick people from Tumor institute to other hospital

2. Sponsoring Faculty of Dentist at Ein Shams University.



7.1.3 Community Development Programs:

BAG activities in Abu El Ellaa area are:

- Monthly Salary for poor families.
- Monthly distributed Food bags and storage food.
- Distributing a ready made meal daily for sick and Elderly people.
- Support in medical treatment for needy people.
- Support in preparation for poor brides.

- Painting some houses for poor families.
- Do the El-Rahman table at Boulak through out Ramadan month.
- Call an Internist doctor to examine those who can move at their homes and perform required lab test and get the needed treatment

BAG activities in Helwan Area:

- Clean water project to Helwan area by changing the water pipes and connections.

7.2 Labor Standards

Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;

Principle 4: The business should support the elimination of all forms of forced and compulsory labor;

Principle 5: The business should support the effective abolition of child labor

Principle 6: The business should support the elimination of discrimination in respect of employment and occupation.

7.2.1 Objectives of the labour policy:

Employees are the main asset and key stakeholders in BAG. BAG does not use forced labour and we work with suppliers and business partners to ensure they do not use forced labour either. We respect people's rights to have employee representation. We also conduct the employee climate survey annually to provide insight on employee commitment, engagement, inclusiveness and overall perception of the employment experience. BAG offers a comfortable working environment for all employees supported by labour policy respected by all BAG members. The objective of the labour policy as follow:

1. Attraction, motivation and retaining of talented professionals with a lot of initiative;
2. Continuous extension of knowledge and skills to address the current and prospective business tasks of BAG;
3. Development of managerial potential and provision of highly professional and stable management of the Company;
4. Creation of favourable labour conditions ensuring social insurance and health care for all the employees and their families.
5. Team work and good working environment with standard health and safety operations in place.
6. Good Income so the Employee would feel safe and loyal to the company.
7. Good relationships with local authorities make doing business easier.

8. Providing a fully understanding the wider impact of the business can to help the employees develop new products and services.

7.2.2 Labour principles

- Compliance with the existing labour legislation and respect for and observance of human rights;
- Ensuring a decent and competitive reward for the personal contribution of the employees with regard to their professionalism, job complexity and responsibility;
- Investment in the education and training of the employees to help them achieve their full potential and make their substantial contribution to the business success of BAG;
- Providing social support to the employees, the size and forms of which will depend on the efficiency of BAG business.



7.3 Anti-Corruption

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

Compliance with anti-corruption

Compliance is essential to our corporate image (as a “better” and “stronger” company), and accordingly we perform compliance-related activities on a daily basis. We consider compliance to be more than simply observing legislation. Rather, compliance involves responding properly to society’s needs and is essential for our Group. Therefore, we take our corporate social responsibilities seriously and aim to ensure reliability to our customers. We conduct procurement on the basis of fair and transparent transactions. Our fundamental principle is to obtain safer and better materials more steadily and at while promoting fair transactions.

We conduct our fleet sales on the same basis of procurement. Our fundamental here is to sell our products in fair and anti-corrupted environment. The transparency with our customers within the sales process is basic principle within BAG business.