

BAVARIAN AUTO GROUP

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COMMUNICATION ON PROGRESS

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INTRODUCTION

Statement of Continued Support

Dear stakeholders,

I would like to confirm the continued commitment of the Bavarian Auto Group to the United Nations Global Compact and to upholding its principles. We strive to provide our customers with the best quality of service, while ensuring that our employees have a positive work environment and our business operates as effectively, efficiently, and ethically as possible.



As a leader in the automotive industry, we take responsibility for sharing our knowledge and experience with the wider community. Bavarian Auto Group is particularly invested in the education, vocational training, and development of young people, and both supports and creates many initiatives related to this topic through our Training Academy. I am proud to announce the opening of the Bavarian Technical School this year, which provides a vocational training program for students to learn automotive technical studies. Our manufacturing site provides practical training opportunities for these students and exposes them to a facility that fulfils the latest specifications for quality management, occupational health and safety, and environmental management.

In the coming period, we will continue to work towards making further improvements with regard to the four focus areas under the United Nations Global Compact: human rights, labour, environment, and anti-corruption. Bavarian Auto Group remains committed to publicly sharing progress made towards these goals.

Sincerely,

Farid El Tobgui
Chairman

Overview of Bavarian Auto Group

History

The Bavarian Auto Group (BAG) was established in March 2003 and operates in the automotive industry through import, assembly, distribution, sales, and after sales activities.

Companies

- Bavarian Auto Manufacturing Company
- Bavarian Auto Trading Company
- Bavarian Automotive Company
- Royal Auto Trading Company
- Bavarian Auto Distribution Company
- Bavarian for Financial Investment Company S.A.E. (Suez Public Free Zone)
- Bavarian Development and Services in Sudan
- Bavarian for Trading and Investment (Free Zone) in Sudan

Brands

- BMW
- MINI

BAG in Numbers

- 1 state-of-the-art factory in Egypt
- 6 service centres in Egypt
- 7 BMW showrooms and 1 MINI showroom in Egypt



Figure 1. MINI showroom opened in October 2015

- 1 showroom and service centre in Sudan
- 3 Training Academy centres in Egypt and 1 in Sudan
- 1669 employees (as of December 1, 2015)

Social Responsibility

At BAG, a socially responsible approach to conducting business envisages the following:

- Strict compliance with legislation in all areas
- Highest level of customer satisfaction
- Protecting and empowering employees in the workplace
- Investing in education and training of employees and non-employees in the industry
- Minimising potential impacts on the environment
- Taking into consideration the expectations and opinions of key stakeholders by building trustworthy and mutually beneficial relationships based on ethical requirements
- Contributing to development of local communities, in particular through mutually beneficial social partnerships

HUMAN RIGHTS

Quality Management System

The BAG factory takes seriously its responsibility to comply with relevant Egyptian laws, international guidelines, and industry standards when it comes to manufacturing its products. Bavarian Auto Manufacturing Company is certified with ISO/TS 16949 by TÜV SÜD. ISO/TS 16949 is the international automotive technical specification and quality management system standard. It increases process efficiency and effectiveness, thereby reducing waste and preventing defects that could harm or threaten human life and health. This is achieved through an enhanced risk management approach. The system is one of continuous improvement and works to achieve customer satisfaction and protection.



Figure 2. ISO/TS 16949 Certificate

During the reporting period, both internal and external audits were conducted with regard to this certification. Results were used to create follow up actions and plans as needed in order to continue improving performance.

Health and Safety

BAG, along with its employees, takes all necessary measures to prevent health and safety risks and improve working conditions. There are a number of policies implemented at BAG with the aim of safeguarding the health and wellbeing of employees, customers, and anyone else who may be on the premises. This includes policies on alcohol, illegal drugs, and smoking.

Alcohol consumption and illegal drug use or possession are strictly prohibited during working hours and on any BAG premises. BAG has the right to conduct random drug testing of all of its employees. A positive result or refusal to take this test will lead to disciplinary action up to and including termination. Four drug test campaigns were conducted in the reporting period. BAG has also established a smoke-free work environment. Smoking is not permitted on any BAG premises in order to protect employees, customers, and anyone else present from the hazardous effects of smoking and passive smoking.

Occupational Health and Safety Management System

One of the most important sites for strong health and safety systems at BAG is the Bavarian Auto Manufacturing Company. It is certified with OHSAS 18001 by TÜV SÜD. The OHSAS 18001 is an international occupational health and safety management system standard. It creates a framework to help put in place policies and procedures to achieve the best possible working conditions. Topics covered include: minimising risk to employees, identifying and managing hazards, reducing workplace accidents and illness, and legal compliance.

There were two rounds of internal audits for the OHSAS 18001 requirements and one external audit by TÜV SÜD Egypt in the reporting period. Actions were applied and verified according to the audit findings and action plan.



Figure 3. OHSAS 18001 Certificate

Health and Safety Training

BAG ensures that all employees have the necessary training to safely perform their jobs and respond in case of accidents or emergencies, especially employees at the manufacturing plant. A training matrix is used there to increase the knowledge and skills of all employees. By ensuring that employees are trained to work on multiple stations, there is flexibility when employees are absent and no employee is put at risk. An accurate record is kept of who has been trained about specific duties, including health and safety procedures and the use of personal protective equipment. The company is committed to ensuring that workers use the personal protective equipment provided and understanding why it is necessary to use it.

During the reporting period, a number of health and safety trainings were conducted for those involved with work at the factory. These included: firefighting, first aid, material handling of hazards, emergency response, evacuation drill, and safe driving trainings. As of December 2015, 94 employees are certified for firefighting and 31 employees are certified for first aid on the premises.

Employee Involvement in Health and Safety

At the BAG manufacturing site, there is a health and safety monthly committee attended by members of management and employee representatives. Health and safety issues are discussed and key performance indicators are displayed. Both managers and employees can bring up new issues or make suggestions. Any topics brought up are then followed up on at the next meeting. There are also morning meetings with employees to discuss any problems that may have occurred in the previous day. This includes any incidents or health and safety issues.

Health and Safety Indicators

In terms of health and safety indicators, incident reports exist to document near misses, incidents, and accidents. The event that took place is described in detail, so is its cause and its impact on the individual or individuals concerned and the surrounding area. All such events are investigated and actions are taken to prevent recurrences. Data from these reports is aggregated and culminates in the production of a monthly incident report. Weekly violation reports are also created to record any violations related to personal protective equipment requirements, exposure to potential accidents, fire safety precautions, or any other such infraction. This data is also presented in the aggregate in order to better evaluate performance over time and in specific areas of the manufacturing plant. All aggregate data is displayed and easily accessible to all.

Fair Treatment

Non-Harassment

BAG is further concerned with the protection and safety of employees in the workplace and takes measures to ensure that no individual harms another at BAG. The BAG Code of Ethics and Conduct Policy dictates the expected behaviour of all employees in the workplace. This policy prohibits harassment in all of its forms and on the basis of any reason. BAG encourages any employee who experiences harassment to report the incident. The policy includes the procedure employees should use to report any such incident, including the party equipped to receive these specific types of reports. As with all violations of the BAG Code of Ethics and Conduct Policy, any report of harassment will be promptly and thoroughly investigated and disciplinary action will be taken accordingly.

Complaints and Suggestions Boxes

At all BAG premises, boxes have been installed where employees can submit any suggestion, complaint, or grievance. These submissions can be made anonymously if that is deemed more appropriate by the employee. This mechanism exists in addition to the more typical approach of making a suggestion or complaint in person in order to get the most honest and open feedback possible from employees. BAG makes every effort to protect employee rights to fair treatment and empower them to speak up when those rights have been infringed upon.

Hours and Leave

Working Hours

BAG abides by Egyptian labour law on issues of working hours, breaks, and rest days. This means that no employee works an unreasonable number of hours per day or works throughout the entire week, and all employees are allowed breaks during the work day. BAG recognizes its responsibility to fully utilize its manpower effectively during official working hours, and every attempt is made to minimise the need for overtime work. If overtime work is required, it is governed by Egyptian labour law and the BAG Overtime Policy. This document includes the maximum number of hours an employee may work in overtime and the rate of overtime pay according to when the employee must work extra hours. All overtime work must be approved by a supervisor and head of department and must reflect a real business need.

In order to ensure compliance with the applicable laws, as well as BAG policies and procedures, employees are required to use time cards or fingerprint recognition devices whenever they enter and exit their workplace. This action creates a record of employee work hours, which is then automatically calculated and sent to the Human Resources Department for further analysis. The system allows employees to be accurately compensated in a timely manner and for BAG to ensure that employees are working a reasonable number of hours, allowing them time for other activities.

Leave

All employees, whether short-term or long-term, are given an opportunity for mental and physical rest, relaxation, and recuperation in order for them to return to their jobs with renewed motivation and greater productivity. The BAG Leave Policy covers the guidelines and procedures related to time employees spend away from work, including public holidays, as well

as paid and unpaid leave. The policy includes the following types of leave: annual leave, sick leave, emergency leave, compassionate leave, marriage leave, maternity leave, pilgrimage leave, military leave, and compensatory leave. BAG also provides paid time off for all employees in the form of public holidays as they are designated by the relevant authorities. The policy also details the procedures that must be followed in order for an employee to be able to spend time away from work, such as submitting requests for annual leave in advance and providing certification of illness from a medical practitioner for sick leave. The BAG Leave Policy complies with Egyptian labour law requirements.

Community Engagement

In addition to BAG's concern for its customers and employees, it also engages with the larger community. A significant part of BAG's social responsibility commitment is cooperating with organizations to plan and implement social development and charitable activities. BAG has contributed to many worthwhile causes throughout the reporting period, and it continually strives to find new and innovative programs and projects. For the first time, BAG supported an Egyptian female competitor in the Amateur World Powerlifting Congress' World Powerlifting and Bench Press Championships. In this way, BAG was able to support representation of Egypt in an international sporting arena. It also assisted in the empowerment of a female athlete. During this time, BAG has also continued its support in the areas of health, education, and empowerment of persons with disabilities.

Health

BAG is committed to supporting health initiatives in the community and has done so for many years. During the reporting period, BAG contributed to the following causes:

- Ahl Masr Foundation's hospital for treating burns
- Pediatric Cardiac Unit at Ain Shams Hospital
- Medical supplies for the Children's Cancer Hospital Egypt 57357's initiative to launch its extension of new rooms
- In-kind car donation to the Children's Cancer Hospital Egypt 57357 to assist in their transportation needs

Education

An important area for community engagement at BAG is education. BAG has provided support to the following initiatives in the reporting period:

- Renovations and maintenance at El Said primary school in El Khosous
- Incentive trip for the highest scoring *Thanaweya Amma* students through Al Gomhoureya newspaper

Empowerment of Persons with Disabilities

Supporting programs and events for persons with disabilities is a priority for BAG. During the reporting period, BAG's activities included:

- Bronze Sponsor for the Special Olympic Games: Middle East North Africa
- Silver Sponsor for celebratory event organized by the Egyptian Sports Federation for Intellectual Disability on the International Day of Persons with Disabilities
- In-kind donation of 10 computers with specialized software to a computer lab at a school for persons with disabilities through Egypt's Society for Culture & Development

LABOUR

Forced and Compulsory Labour

All employees show their willingness to work at BAG by signing contracts at the start of employment and periodically renewing their contracts. By agreeing to the job description and employment contract, each individual accepts the existing working conditions and his or her expected tasks and duties at BAG. The job description is available to individuals before employment, so employees are fully aware of their role from the beginning of their time at BAG.

BAG employees can freely give notice and leave employment in accordance with Egyptian labour law. For every employment contract renewal, all employees are required to sign a document detailing the procedure that must be followed should an employee wish to resign and leave employment, including the required length of the notice period based on the number of years they have worked at the company. This means that all employees are fully aware of the requirements for leaving employment before they start working at BAG. Further, BAG is sometimes able to work with an employee to give him or her the opportunity to leave employment within a shorter period of time. This occurs on a case-by-case basis and depends on the particular circumstances.

BAG only requests documents from employees required to provide them with the proper employment status, as well as the relevant benefits package. Providing this information to BAG in no way hinders an employee's ability to leave the company at a later date. In the case where an employee does choose to leave BAG, all relevant documents will be released to him or her in a timely manner. This is provided the employee has followed the BAG procedure for resignation, which is clearly stated in its Separation of Employment Policy. At the end of this process, employees receive their original documents, a certificate of discharge, and a certificate of experience in accordance with Egyptian labour law.

Child Labour

BAG does not employ any children. No individual is hired if he or she is below the age of 17 in accordance with the Egyptian legal definition of a child. The Human Resources Department is able to verify this information by checking national identification cards of job applicants.

Employee Benefits

BAG provides its employees with comprehensive family health insurance and life insurance coverage. All employees are given access to health care through private health insurance coverage. Employees are also entitled to add one spouse and two children to their health insurance plan as part of the benefits package. All BAG employees also receive life insurance benefits. This protects the families of BAG employees in the case of the employee's death.

Non-Discrimination

Job Descriptions and Grade Structure

Both job descriptions and the BAG grade structure minimise the possibility of discriminatory practices when it comes to hiring, establishing salaries, and opportunities for promotion. These systems ensure that those hired for a job must meet specific requirements, such as education or years of experience. Jobs are, in turn, assigned to particular grade and salary categories based on determined criteria. These criteria include details about the seniority of the employee and the type of role he or she must undertake. For example, a factor such as the approximate number of subordinates can distinguish between different grades or categories. This mechanism is used to manage all employee compensation in a fair and equitable manner by relying on objective criteria.

Performance Appraisals

BAG has developed performance appraisal forms to help standardize the approach to evaluations. Different types of jobs have their own forms, so all who perform similar functions receive performance appraisals in the same format. Every employee's performance is measured against pre-determined objectives and the set of competencies relevant to their role. The result of performance appraisals impacts an employee's opportunities for training and advancement at BAG. The standardization of this process, its results, and its impact on employees ensures that performance is evaluated as objectively as possible for all employees and that this procedure promotes non-discriminatory practices regarding employment and future opportunities for all. BAG conducts performance appraisals once annually, so all employees received one performance appraisals in the reporting period.

Employment of Persons with Disabilities

BAG meets the Egyptian legal requirement for employing persons with disabilities, which is at least 5% of all employees. Beyond BAG's own company performance, there have been efforts to reach out to the community regarding this issue. BAG representatives attend many meetings and events on the topic of employment of persons with disabilities. During this reporting period, this included several events hosted by the International Labour Organisation, such as the Employer's Event on Inclusive Employment, and attendance of the Federation of Egyptian Industries Human Resources Development Committee meetings. These events provide opportunities to raise awareness about this topic and to better facilitate the employment of persons with disabilities at all companies.

Professional Development

BAG is committed to investment in the education and training of employees and people in the wider community in order to help them achieve their full potential and contribute to their work to the best of their abilities. For BAG employees, training requirements and goals are determined by the Human Resources Department and given to the BAG Training Academy for implementation as necessary. The Training Academy provides professional development opportunities for employees and non-employees. BAG also provides such opportunities to non-employees through its internship programs and sponsorships of student activities and projects.

Employee Training and Education

The BAG Training and Development Policy establishes the guidelines and procedures for providing employees with the professional training and development programs needed for them to complete their jobs as efficiently and effectively as possible. It covers the professional development opportunities available to employees at BAG, including: general and technical induction training, on-the-job training, opportunities available through the BAG Training Academy, courses provided by institutions outside BAG, training abroad, and education assistance. As a result, BAG employees are trained on a wide variety of topics and through a diverse range of training types.

Training procedures are applied uniformly through the Human Resources Department. It determines employee training needs through probation appraisals, performance appraisals, and job needs analyses. It also forms training plans and organises sessions and programs as needed. All plans are made in coordination with supervisors, managers, and heads of departments based

on business requirements. Employees are also encouraged to take initiative and request training, which must then be approved in consultation with the existing plans. After training programs are completed, employees and direct supervisors evaluate training effectiveness and its impact on employee performance. During the reporting period, 661 employees participated in technical training and 1165 employees participated in non-technical training.

BAG Training Academy

In 2004, BAG established a Training Academy to provide many types of training and education opportunities in support of the automotive industry in Egypt and the region. It provides technical and soft skills training to BAG employees and non-employees. BAG Training Academy now has three centres in Egypt and one in Sudan. It has more than 100 accredited courses on the following topics: sales and marketing, services and operations, manufacturing operations, soft skills and management, information systems, and financial management. BAG Training Academy also provides consultation services and tailor-made programs as needed. In terms of its history, it has long-standing cooperation and projects with governmental entities and other institutions, such as agreements with the Ministry of Education and involvement in an initiative with the German-Arab Chamber of Commerce and others to train and employ 4000 Egyptian young people. In this way, BAG is able to share its knowledge and experience in the automotive field with the larger community and develop the industry on a wide scale.



Figure 4. BAG cooperation with the Ministry of Education in 2015

Apart from meeting the training needs of employees at BAG, the BAG Training Academy has developed its strategy to help connect education and training with market needs, keeping in mind the importance of society as a stakeholder. BAG hosts specific training and education programs for high school age students. The first is a dual education program where students spend four days training at BAG and two days at their respective schools. It also has the Bavarian Technical School, where students spend six days a week. The Bavarian Technical School opened in September 2015 and caters to students from grades 10 to 12. These students learn automotive technical studies while being in direct contact with the manufacturing site. This vocational school serves as a prototype for this type of training to be directly connected to businesses.



Figure 5. Distinguished delegation from BMW Group visits the Bavarian Technical School

BAG also works with institutions to create specialized programs. In cooperation with the Matareya Higher Technical Institute, the BAG Training Academy formed an automotive section in the institute. This initiative gives BAG the opportunity to have input on curriculums, supervise the implementation of curriculums, provide training courses to the instructors in the automotive section, and invite students to visit BAG premises with a particular focus on the factory. BAG gives completion certificates for students who perform well in this program, which is considered a valid license to work in the automotive field in manufacturing and maintenance. BAG also created an automotive management program with Future University in Egypt for undergraduate students. It teaches them how to run an automotive business, including strategic planning, sales and marketing, finance, and many other topics.



Figure 6. 2015 graduation ceremony at Future University in Egypt for students in the automotive program

Internship Programs and Sponsorships

BAG also offers training and development opportunities to young people outside BAG in the form of internships. It offers a wide range of opportunities differing in content and length. These types of programs provide young people with relevant academic backgrounds with the opportunity to develop their skills for the job market and increase their chances of employability in the future. This is an investment by BAG in the community and those young individuals

pursuing an education in a field relevant to BAG's activities. The Human Resources Department ensures that interns are matched to the most suitable department based on business needs and the qualifications of applicants in order to create the most beneficial experience for both parties involved.

The BAG Training and Development Policy addresses the topic of internship opportunities. Most internship programs are designed for undergraduate students and recent graduates. BAG ensures that no internship interferes with an individual's education. Many of these programs are conducted in conjunction with academic institutions. For example, BAG has a agreement with Future University in Egypt to arrange for summer internships for their students. Internships arranged individually (through applications and an interview process) usually occur in the summer months, when students do not have any courses or examinations. All students are required to provide a letter from their academic institution prior to their start date in order to confirm their eligibility to participate in such a program. At the end of the programs, interns and direct supervisors complete evaluation forms to assess program effectiveness and assist the continuous improvement of opportunities provided by BAG. During the reporting period, 152 internships were completed at BAG.

BAG also sponsors a number of student activities and projects at various universities. BAG sponsored students participating in the formula competition with the Faculty of Engineering at Helwan University. This competition is organized by IMechE in the United Kingdom, in partnership with various well-regarded companies in the industry. It promotes development and innovation by challenging university students from all over the world to design, build, market, and compete as a team with a single-seater racing car. BAG also sponsored graduation projects for students in the Faculty of Engineering at Ain Shams University, Cairo University, and Helwan University.

ENVIRONMENT

Environmental Management System

At BAG, the manufacturing plant must be particularly vigilant when it comes to its environmental impact. In order to manage impact on the environment, the Bavarian Auto Manufacturing Company maintains a strong environmental management system. It is certified with ISO 14001 by TÜV SÜD. ISO 14001 is the leading international standard for environmental management systems, providing guidance for forming and maintaining a framework of policies and procedures that help improve overall environmental performance. Topics under consideration include: resource management, pollution prevention, waste reduction, energy use reduction, and legal compliance. All of this ensures sustainable business growth and increased efficiency while minimising environmental impact.



Figure 7. ISO 14001 Certificate

During the reporting period, there were two waves of internal audits to cover the ISO 14001 requirements and one external audit by TÜV SÜD Egypt. Relevant actions were taken and verified according to the audit findings and action plan.

Emergency Response

BAG has emergency procedures in place to prevent and address accidents affecting the environment and human health. One such procedure is in place at the manufacturing plant to respond to emergencies, such as a fire, if they occur. The procedure involves four teams of selected individuals: evacuation team, firefighting team, electricity team, mechanic team, and first aid team. The evacuation team is responsible for notifying the relevant person in charge about accidents and unusual situations, directing employees to emergency exits, checking and counting their group at the emergency assembly area, and guiding employees back after the emergency situation. The firefighting team aims to control a fire, if one has occurred, remove any flammable materials, and follow the instructions of the relevant Egyptian authorities. Individuals in the electric and mechanic teams are responsible for ensuring that certain systems are switched off or isolated in order to prevent further escalation of the emergency. The first aid team attends to any injuries on-site until those injured can be transferred to the medical clinic on the premises where the nurse can further assist them. All other employees must evacuate through the nearest emergency exit to their designated emergency assembly area once they hear the continuous emergency alarm. Emergency assembly areas are clearly marked with a letter matching the letter assigned to the group of people that must gather there in an emergency.



Figure 8. Example of an emergency assembly area

The company trains employees to respond to accidents and emergencies, such as in the procedure described above, including carrying out emergency drills once a year involving everyone who works on the premises. The purpose of the emergency drill is to practice the procedure that prevents and mitigates any harmful effect on the environment and employee health and safety. It also ensures that everyone who works in the building knows the procedure and is properly prepared as to how he or she should act, including any responsibilities he or she may have. During an emergency drill, emergency exits are confirmed to be clearly marked and free from obstruction, and emergency tools are confirmed to be in good working order. Also, indicators, such as evacuation time and firefighting response, are monitored and compared to target values.

Responsibility and Performance

Energy Consumption and Environmentally Friendly Technologies

BAG is committed to the reduction of energy consumption and the use of environmentally friendly technologies. In an effort to put this commitment into action, LED lights have been installed at several BAG premises during the reporting period. BAG's approach has been to use LED lights in all locations that are newly acquired and designed from scratch. This applies to a portion of the new showroom, which became operational in October 2015. It is also the case for the new manufacturing site, currently under construction, which will only use LED lights throughout the premises. Many of the lights have already been installed, and the site is expected to open in 2016.

The existing manufacturing plant has also launched a power factor correction project in order to reduce energy consumption and the harmful impact of reactive power. This initiative aims to minimise wasted energy and further protect the electric grid.

Recycling and Reuse

Water

The BAG factory treats waste water that has been used in the manufacturing process within its own premises. This treated water is now being reused to irrigate the green area around the

factory. The initiative ensures that waste water is treated and reused and it reduces water consumption from the public supply.

Waste Products

Many waste products at BAG are recycled through licensed contractors. On average, about one ton of oils is recycled per year. Some paper and paper products are also recycled, including cardboard boxes, cartons, and other such items.

ANTI-CORRUPTION

Signalling a Non-Corrupt Environment

BAG rejects corruption in all of its forms and requires all employees to behave ethically and in conformity with the law. Further, BAG expects every employee to act with honesty and integrity, to exercise independent professional judgment, and to deter wrongdoing in the conduct of all duties and responsibilities on behalf of the company. In order to communicate this commitment to its employees, BAG has a number of policies detailing its approach to the fight against corruption and the consequences of violating these policies.

Code of Ethics and Conduct Policy

BAG has taken a clear stand against corruption in its Code of Ethics and Conduct Policy in order to ensure the highest standard of integrity in the workplace. All employees are expected to comply with this policy, and employees in leadership roles must provide guidance to their subordinates with regard to the issues outlined in this policy. They should also assist employees in recognizing and dealing with ethical issues, as well as helping to foster a culture of honesty and accountability.

The policy covers conflicts of interest, circumstances in which they may occur, and how they can corrupt business practices. Situations that involve, or may reasonably be expected to involve, a conflict of interest must immediately be disclosed to BAG following the relevant procedure. The policy stipulates the need for fair dealing practices and the prohibition of manipulation, concealment, abuse of privileged information, and misrepresentation of material facts. The policy also provides guidance on the issue of dealing with business gifts. Accurate record keeping and reporting is another main concern of the policy, highlighting that falsification of any company record is strictly prohibited.

Finally, the policy details the mechanisms available to report illegal or unethical conduct or suspicion of such activity, including the individuals within BAG who should be notified. Reports of BAG Code of Ethics and Conduct Policy violations will be promptly and thoroughly investigated. Any employee found to have engaged in any violation will be subject to immediate disciplinary action up to and including termination, as well as reporting the offense to the relevant authorities.

Awareness Raising

The BAG Code of Ethics and Conduct Policy is easily accessible to employees on the intranet portal. In order to draw further attention to it and to every employee's obligations regarding anti-corruption, emails were circulated several times to all employees about this topic during the reporting period. Any communication on the matter is presented in a language and form easily understandable and accessible to all employees. The emails highlight that fighting against corruption is required of employees by national law, international standards, and company policy. They also included relevant sections of Egyptian law and company policy to ensure that employees understand what is expected of them.

Anti-Corruption Procedures

As the BAG Code of Ethics and Conduct stipulates, all employees must comply with the laws, rules, and regulations applicable to their duties and responsibilities. BAG has a department dedicated to audit and compliance responsibilities with a clear strategy and operating procedures presented in its manual. This department ensures that all relevant laws and regulations are being followed and calls attention to any irregularities. It also works with the Human Resources Department to create and update relevant policies and procedures. The department reviews BAG's operations with reference to such policies and identifies any violations and room for improvement. All findings are reported to management and follow up action is taken if necessary. Further, an external audit of BAG is conducted annually, including several visits throughout the year, in accordance with Egyptian law. This allows an entity completely separate from BAG to assess BAG's performance in this area and provide relevant feedback. These checks and controls ensure that all BAG employees abide by Egyptian law and BAG policies and procedures so that no type of corruption occurs at BAG.