



**February 25<sup>th</sup>, 2016**

To Our Stakeholders:

This past year was undoubtedly challenging for the automotive business, due in large part, to the recent foreign currency shortage that affected the sector and caused many factories to suspend operations for a brief period due to delay of production input. But the main challenge is the problem caused by free trade agreement between Egypt, the EU, Turkey, and Morocco. These agreements threaten the automotive industry in Egypt because they allow imports from those countries with customs exemptions.

However, throughout our 70+-year history, we have repeatedly proven that we are able to meet the challenges of an ever-changing world. That's why I believe the word "Ingenuity" describes the spirit of Ghabbour. Even though the Egyptian economy remains turbulent, our commitment to our customers and shareholders remains constant.

We also continue our commitment to Sustainability. Our people live in the areas where we operate, and we care about doing the right thing for them, their communities, the environment and future generations. It is for that reason we launched a comprehensive Corporate Social Responsibility strategy in 2015 that consists of four focus areas which represent the biggest challenges and opportunities for our work in sustainability.

Our first focus area is Vocational Education and Training. Skills acquisition is vital for the Egyptian economy to compete and grow. The absence of a skilled workforce is hindering economic reform, while the industrial sectors are in dire need of well trained and work-ready graduates. Vocational Education and Training is a direct means of providing workers with skills more relevant to the evolving needs of these employers and the economy. GB Auto is working closely with the government and educational institutions to develop more efficient and equitable vocational education systems in schools and training centers. Our short term goal is to adopt and reform automotive schools in Cairo, our long terms goal stretches to the whole of Egypt.

Our second focus area is our people. Our employees are fundamental to our success, and nothing is more important than their health and safety. In 2015, we developed and implemented a new Medical Department. Our Medical Department was formed with the specific objective of investing in a healthy workforce. We believe that employee wellbeing is the new sustainability model that will help solve health problems in Egypt.

Our Third focus area is Road Safety; GB Auto recognizes the gravity of the road safety problems facing all Egyptians. Car accidents constitute the second major cause of fatalities in Egypt, with WHO reporting that Egypt loses about 12,000 lives due to road traffic crashes every year. In an effort to save the lives of employees, customers and suppliers, GB Auto is committed to raise awareness and create more safety conscious drivers.

We also continue to focus on fulfilling our organization's philanthropic responsibilities, going beyond preventing possible harms to helping alleviate public welfare. In 2015 we invested over 4 million Egyptian pounds in projects that open-up opportunities and uphold the dignity of disadvantaged people, on the basis of their identity and gender.

Until we report our next Communication of Progress, we will continue to participate in supporting the communities where we do our businesses and ensure our company remains focused on building a stronger, more sustainable future.

Sincerely yours,

**Raouf Ghabbour**  
Chairman and CEO  
GB Auto

## Human Rights

### Assessment Policy and Goals

- GB Auto's policy regarding Human Rights is to fully comply with human rights legislation in the countries in which it operates, and to be an Employer of Choice; operating to the highest standards in relation to employment practices.
- GB Auto has always striven to positively impact communities in which it does business, in part through donations to hospitals, training foundations and educational funds. We believe in the necessity of enhanced cooperation between the private sector and civil society.
- Our employment policies and practices promote diversity; ensure no discrimination on the basis of gender, race, religious, political or sexual orientation; set out clearly the rights and obligations of both the management and employees; and provide formal channels for employees to raise complaints and grievances, with no penalty to the employee.
- In all its policies, the Company stresses the need for mutual respect in the workplace as between the management and the workforce, and between individual employees.
- Breaches of Company policy in all these areas can give rise to action under a formal disciplinary procedure.

### Implementation

#### OUR EMPLOYEES

- Cisco and GB Auto are engaging in a CSR program utilizing GB Academy to provide ICT skills training to all its employees and their families, free of charge, to help them embrace the growing technology advancements in today's Internet of Everything era (IoE) and equip them with the new technical skills required for their jobs and for their future.
- This year GB Auto launched a companywide employee health and wellness campaign. This included a complete health check-up, free vaccination against the seasonal influenza virus for the 3,700 employees who opted in, and a breast cancer awareness campaign.
- We have also launched a Life & Accident Insurance Policy to all staff members, free of charge to them, that provides coverage of 48 months in case of normal death (including death due to illness), and 96 months in case of accidental death. Partial and total disability are also covered.
- To enhance employee loyalty and make them feel they are our real partners in growth, GB Auto introduced, for the first time, an Employee Stock Ownership Program in 2015.
- We have developed and improved our Complaints and Suggestions Procedures. Employees can raise concerns, grievances and report instances of potential non-compliance with our values and principles directly to the Chairman and CEO. This can be done via an email, or through twelve complaints and suggestion boxes placed throughout our various sites. These two tools will allow employees to raise concerns or dilemmas, or to seek advice in full confidence and without fear of retaliation. The only person with direct access to the email or the complaints box is our CEO.
- A fully fledged Internal Communications plan has been devised and is being implemented. Our Newsletter (Akhbarna), now reaches our employees both digitally and in-print. Moreover, we are upgrading our internal portal to a state-of-the-art fully interactive intranet.
- "Our CEO Listens" are a series of roundtables that are organized with twelve randomly chosen employees six times per year. These meetings provide opportunities to speak freely, exchange information and voice opinions directly to the CEO.
- In order to safeguard our employees in case of emergencies or crises, we have implemented an SMS company-wide service. The new service will allow us to reach all our employees efficiently and promptly when needed.
- A Paper-and-Pencil employee satisfaction survey was administered to all our employees who are not computer literate or do not have an access to email. Similar surveys will be extended to the rest of email connected employees.





#### **OUR COMMUNITY**

- GB Academy, the training arm of GB Auto in collaboration with Centennial College of Canada, is providing full academic scholarship to 30 new students from Imbaba Korean Technical School who are now enrolled in an apprenticeship program for the academic year 2015/2016. This is the second year of the Program whereby GB Auto fully sponsors students who fulfill certain academic criteria throughout their 3 year tenure at the school. During their third and final year, these students complete their required practical training at GB Auto's Service Centers, Workshops and Factories.
- Believing in the tremendous struggle of the Egyptian mother to make ends meet between work and parenthood, GB Auto donated 1 Million Egyptian pounds to more than 500 mothers in debt. The money went towards providing cash relief and avoiding jail time.
- GB Auto continues to fund student engineers who engage in global competitions that challenge participants to design, build and simulate real-world engineering cars and their related challenges. The sponsorship comes in light of our belief, that in order to succeed as a company and as a nation, it is our responsibility to motivate, empower and inspire young people to lead and innovate within the automotive industry.
- GB Auto together with Resala Foundation - an Egyptian non-profit development organization - identified two community projects to support and fund. The first project was for a desalination plant in Mandisha (village in Bahariyya Oasis) plagued by a lack of potable water and the corresponding health risks, and the second project was the construction of a bakery in the village of Geziret El Salam where the villagers had been facing severe bread shortages.
- As part of our community responsibility efforts, we continuously support the Children's Cancer Hospital Foundation through donations or continuous contribution in social events (e.g. marathons).

#### **Measurement of Outcome**

- With our commitment to education and training through adopting a school, partnering with Cisco Academy, and sponsoring young student engineers; GB Auto is contributing to the advancement of education in Egypt by directly impacting the escalating rates of unemployment in the country through improving student career prospects and empowering a new generation towards the economic advancement of the nation.
- Raising the standard of living and reducing health risks and poverty. The new water desalination plant which was completed this year in Mandisha village gives access to 5,000 families now to have potable water, also, with the completion of the bakery in Geziret El Salam, the villager's more than 6,000 families are now supplied daily with ample quantities of bread, and 25 much-needed jobs for village residents have been created.
- Despite the fragile political and economic environment in Egypt, we have had no labor unrest.
- Our employee engagement surveys, roundtables and suggestion boxes monitor employee satisfaction, and we take steps to deal with issues that are concerning staff, such as the installation of the desalination system, installing fans and ventilation systems in service centers and factories, upgrading uniforms and safety shoes and paying more attention to working facilities and hygiene.
- In the last year we have had no complaints of discrimination of any kind.
- Formal complaints via the procedure are few and are dealt with per the procedures.

### **Labor**

#### **Assessment Policy and Goals**

- Our management practices are designed to reinforce a culture of transparency, responsibility, accountability, respect and integrity.
- GB Auto supports the UNGC principles on labor standards in addition to compliance with local laws on labor rights.
- The management of our employees' compensation and benefits, based on job evaluation and regular pay surveys is a critical element in ensuring we attract, retain and motivate the best employees. Fringe benefits are integral in supporting our employees.



- Since work-life balance has become a major consideration for individuals regarding how they assess a company as a place to work, balancing work and personal responsibilities is a continuous priority for GB Auto.
- Our employees have the freedom to join the labor union of their choice and be part of any association or non-governmental foundation.
- Promotion from within is a key HR principle and GB Auto aims to offer continuous training and career development to its employees.
- We aim to develop a culture in which men and women of all backgrounds can build on the strengths of diversity, while they work together as a team for the success of GB Auto.

#### Implementation

- This year GB Auto upgraded and developed its medical insurance by partnering with one of the best medical companies in the region, the new policy covers all employees for regular health care and medical attention required in the event of illness or injury. The company also provides medical practitioners on the premises. In addition, GB Auto employees are now eligible to enroll their family members in the company's insurance plan.
- A significant time and effort was invested in the harmonization of compensation & benefits and bonus schemes where employees have the right to equal pay for equal work via evaluating all jobs in the organization. Job evaluation requires us to compare all jobs on the basis of competencies, job knowledge, problem solving and accountability.
- Workplace Fringe Benefits have been introduced such as flexi-hours, meals provided on site or meal allowances and transportation to and from work by Bus at no cost to employees. GB Auto also arranges car maintenance for employees on six months installments without interest. Employees can also benefit from special discounts on company products.
- AS GB Auto is keen on providing opportunities to its labor to enjoy their summer vacations with the lowest possible financial burdens, it organizes summer trips for its employees to favorite places in Egypt at discounted prices, and the total cost to be paid on affordable installments.
- GB Auto is also committed to the ongoing training and development of its employees. The GB Training Academy runs a wide variety of technical, managerial, and other training programs.
- GB Auto runs a Potential Leaders Program (PLP) designed to give employees an opportunity for professional development. Selected employees are offered an intensive sixteen months Executive Management Diploma.
- This year we updated our Code of Ethics & Business Conduct Including a Message from The CEO, stating the Group's Vision, Mission, and Strategy. Moreover, this Code summarizes important company policies and the legal obligations pertaining to each employee in the GB Auto Group of Companies.
- We encourage fair employment practices and offer equal opportunities to all our employees. All decisions and actions regarding employment matters must be taken in an objective, honest and non-discriminatory manner; regardless of the gender, color, age, religion or belief.

#### Measurement of Outcome

- Code of Ethics helps and encourages all employees to achieve and maintain standards of conduct in accordance with Company policy, rules, and procedure, and to have the highest level of job performance. It also sets the rules on how we behave toward others, and also governs our actions when performing our jobs.
- More engaged work force with higher employee productivity and increased morale which leads to retaining good people.
- Increasing employees trust, accountability and compliance awareness.



## Environment

### Assessment policy and goals

GB Auto manages its operations in order to protect the environment, prevent pollution, minimize environmental impact and comply with environmental laws and regulatory requirements where we operate. GB Auto has taken the following commitments with regards to the health and safety legal requirements:

- reducing the occurrence of occupational injuries and diseases;
- continuous improvement of the performance of the safety management system and occupational health;
- minimizing levels of risk and dangers;
- maintaining a safe work environment for employees, visitors and customers and the surrounding areas of the facility;
- ongoing education and training necessary to improve the performance of employees and increase their awareness towards the dangers of their activities;
- increasing awareness regarding health and occupational safety policies through which the company implements a safety management system and occupational health;
- maintaining the Company's property, the workflow and the implementation of the Company's health and safety policies.

### Implementation

- GB Auto works with the National Center for the Study of Occupational Safety and Health to improve environmental measurements: noise level; relative humidity; heat degree stress; the level of illumination intensity; radiation capacity affecting UV; magnetic flux density; overall mechanical vibration process; metal fumes and vapors; caustic soda spray; analysis of industrial wastewater; thawing organic vapors in all Company sites
- In order to minimize the impact of GB Auto's waste on the environment, we are engaged with a specialized company in the handling of hazardous materials/substance and waste (Eco Conserve Company for Environmental Services registered with the Ministry of Environment) to transport hazardous waste and bury them in the designated locations. We are also engaged with the Industrial Zone Municipality for removing the solid waste.
- A Wastewater Discharge Management plan was put in place. Deployment of industrial wastewater unit where industrial wastewater is treated and the output is measured by the National Center for the Study of occupational safety and health on a regular basis in order to conform to the limits allowed by the Environmental Law.
- In order to protect the environment and minimize pollution, GB Auto supports the deployment of modern machinery. The use of modern furnaces where fumes are compressed into the surface of the water consisting sludge material which is delivered to Eco Conserve which separate the fumes and bury them in the designated locations.
- The quality of water in two of our locations was in continuous degradation, so in order to ensure that our employees are getting access to potable water, we have installed a complete Water Desalination System in both locations; thereby providing fresh clean water to employees working there.
- GB Auto maintains documented environmental records and procedures.

### Measurement of Outcome

- Achieve systematic control over the desired level of environmental performance.
- GB Auto obtained ISO 14001 in quality.
- The employees' mobility plan ensures the reduction of the carbon dioxide emission and our company now has 90 buses everyday commuting from different areas across the country.



## Anti-Corruption

### Assessment policy and goals

- The success of GB Auto is based on the quality of our employees, our services and our products. We do not obtain any business advantage through bribery, improper payments or any other illegal means.
- GB Auto supports the UNGC principles on anti-corruption. We work strongly against corruption in all its forms.
- GB Auto has zero tolerance for corruption of any kind involving the company. The direct or indirect offer, payment, or acceptance of bribes in any form is strictly prohibited.

### Implementation

- Our staff is fully aware that they should talk to their line managers immediately in case there are causes of concern. In addition, through the "Whistle Blower" policy, GB Auto provides employees a way to communicate their concerns or complaints about potential unethical or unlawful behavior.
- Our CEO and employees are fully committed to following the principles of ethics in business and the principles that guide the Global Compact.  
GB Auto also recently implemented a compliance management system proposed by Daimler A.G. which ensures that adequate measures are in place to promote anti-corruption and anti-bribery practices within GB Auto.

### Measurement of outcomes

- We have a system in place that encourage employees, clients and partners to report back if they suspect any wrongful doing in regards to our CSR guidelines and Code of Conduct. No incidents have been reported so far.
- The Internal Audit & Compliance department within the organization is responsible for evaluating the adequacy and effectiveness of the risk management, control and governance in accordance with the Code of Ethics, and the International Standards for the Professional Practice of Internal Auditing.