

To Our Stakeholders,

2016 was categorized by an urgency to adapt to the economic headwinds that faced every business in Egypt. As the foreign currency shortage that began in 2015 continued to weigh down on the automotive industry, the Egyptian pound's devaluation compounded the issue, impacting GB Auto's FX costs.

However, we remained steadfast in our obligations to our stakeholders, putting together a carefully considered and well executed strategy that allowed us to weather the storm, offer exceptional services and products to our customers, and drive value for our shareholders.

Part of this strategy is GB Auto's unwavering commitment to Sustainability, having long held the belief that bettering the lives Egyptians, their communities and the environment in which we operate is our responsibility as a business leader.

Our Corporate Social Responsibility (CSR) approach is a four-pronged approach aligned with both our Sustainability agenda and business strategy. Our first area of focus is vocational training, working to develop a more efficient and robust vocational education framework that improves the lives of Egyptians and bolsters the economy's ability to grow. The second plank is to invest in the health and safety of our employees to create an optimal work environment for our people. Road safety is our third focus, with GB Auto raising awareness about the severity of the issue across the country. Finally, we continue to devote investments to community development, having financed numerous relief efforts throughout the year to better the lives of disadvantaged members of our society.

Through our CSR agenda, GB Auto strives to be an example for others to help prop up the community in which we do business and build a better Egypt where we all thrive.

Sincerely yours



Raouf Ghabbour
Chairman and CEO
GB Auto

Human Rights

Assessment Policy & Goals:

- GB Auto respects, acknowledges and complies fully with all Human Rights and its management exerts utmost efforts to fulfil and comply with all legislations in the countries in which it operates in. 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 public 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 & employees; and provide formal channels for employees to raise complaints and grievance, an open door policy with no fear of penalty on the employee.
- In all GB Auto's policies, the company stresses on the need for mutual respect in the workshops as between the management and the workforce, and between individual employees.
- Breaches of company policies in all these areas gives escalation to action under a formal disciplinary procedure.

Implementation:

Our Employees

- For the 2nd successive year, Cisco and GB Auto are engaging in a development program utilizing GB Academy to provide ICT skills training to all its employees, free of charge, to help them embrace the growing technology advancements in today's internet of everything era and equip them with the new technical skills required for their jobs and for their future.
- GB Auto continues its companywide employee immunization campaign against the seasonal influenza virus for the 2958 employees who opted in for the past two years.
- In appreciation of the blue collars efforts and contributions, GB Auto has distributed a total of 3690 Ramadan basic food supply bags among its blue collars across all branches located in the different governorates around Egypt.
- For the third year, and to promote a healthy lifestyle among our employees, GB Auto 'Star Football' team was equipped with all necessary gears and pre-matches trainings to compete and represent GB Auto in the annual corporates football league that took place during the holy month of Ramadan.
- GB Auto launched Web-based employee satisfaction survey to all its white-collar employees who are connected and have access to a computer. A survey targeted to a well understanding of employee morale, satisfaction, and engagement at GB Auto.
- A full-fledged Internal Communications strategy is set to ensure a transparent and comprehensive employee awareness communication approach. The GB corporate newsletter(Akhbarna), reaches our employees both digitally and in hard copy. Bulletin boards & digital text runners have been installed in most GB locations and a roll out plan is set to cover all GB facilities to ensure management and Company messages reach successfully white & blue collars.
- In line with our continuous and numerous community responsibility efforts, GB Auto launched "Your Safety is Important to Us" initiative in collaboration with Hyundai motors to raise awareness among drivers safe driving behaviors.
- For the safety of GB Auto employees and facilities, GB Auto planned numerous scheduled fire drill tryout in all its premises to ensure that its employees have the proper awareness and safety techniques in case of any hazardous accidents.
- The GB Auto Life & Accident Insurance policy provided free of charge to all GB Auto staff members 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 increase employee loyalty and that our employees are GB Auto's key asset and partners in growth, GB auto introduced, an employee stock Ownership Program in 2015.



- GB Auto ensures to implement a transparent and fair work environment; a complaints & suggestions boxes are installed in all premises for employees to raise freely any concerns, grievances and reports instances of potential non-compliance with our values and principles directly to the chairman and CEO. In addition to a dedicated email directly sent to CEOs office.

Our Community:

- Since inception, GB Auto has been keen to support numerous activities, causes and initiatives related to health, education, charity, safety, hazardous events and youth trainings.
The 2017 GB Auto strategy is set to create a stronger and more sustainable impact by allocating the GB Auto financial budget allocated to CSR and sustainability to support one single cause that has a life changing effect in the automotive field. Ghabbour Auto, accordingly, has set its new Corporate Social Responsibility (CSR) Strategy to only focus on vocational education and in specific on technical education; GB Auto field of expertise. Such strategy will have a multiple impact on different stakeholders, i.e. students, their families, the community and the business in general.
In 2016, GB has signed a protocol with Ministry of Trade & Industry, Productivity & Vocational Training Department and Industrial Training Council to sponsor a 3-year system vocational school. Based on this protocol, GB Auto will provide programs and trainings to train the trainer, review and update curriculums and enhance the school management system in collaboration with an international vocational training institution based in Germany, in addition to upgrading the school workshops and renovating the school buildings.
- In continuation to support the struggle of the Egyptian mothers to make ends meet between work and parenthood, GB Auto donated 850,000EGP to 100 mothers in debt and imprisoned. The money went towards providing cash relief and avoiding jail time.
- As part of our community responsibility efforts and the ongoing struggle to save Egypt's Kids, GB Auto in collaboration with Inner wheel has donated 100,000EGP to Abu Elreesh hospital to equip the hospital with dialysis machines so they can serve those children who suffer from kidney diseases.
- GB Auto continues to fund Cairo University student engineers who engage in global competitions that challenge participants to design, build and simulate real-world engineering cars and their related challenge. CURT, the racing team had participated at the engineering design events that took place in Silverstone London and Hockenheimring Germany and to be known as Formula Student Racing Team.
- GB Auto in collaboration with TAKREEM; one of the largest NGO in the region, has funded an amount of \$50,000 to identify Arabs who have excelled in their fields and can inspire others in the quest for cultural, educational, scientific, environmental, humanitarian, social and economic developments of the Arab world and that, for the purpose of honoring and celebrating the achievements of such Arabs whereas, in this respect TAKREEM organizes a yearly ceremony which is the "TAKREEM Arab Achievement Awards Ceremony".
- GB Auto were very keen to recognize the economic challenges the employee may encounter, therefore GB Auto in collaboration with Bernasos, the most popular stationary importer offered a 10% discount on all selling items and a voucher with 100 EGP for each blue collar in GB Auto in relieve to school expenses.
- GB Auto in collaboration with Misr el Kher has funded traveling mobile library "tales on 4 wheels" which includes readings for kids in various fields.

Measurement of Outcome:

- With our commitment to education and training through adopting a vocational 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.
- Despite the fragile political and economic environment in Egypt, we have had no labor unrest
- Our employee engagement surveys monitor employee satisfaction, and we took 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.
- 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 & Goals:

- Our management practices are designed to reinforce a culture of transparency, responsibility, accountability, respect & 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 & benefits, based on job evaluation and regular pay surveys is a critical element in ensuring we attract, retain & 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 company as a place to work, balancing work & 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 no 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 upgraded its medical insurance network. it covers all employees for regular health care & 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 & 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 & accountability.
- Workforce fringe benefits have been introduced such as flexi-hours, meals provided on site or meal allowances & 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 & development of its employees. The GB Training Academy runs a wide variety of technical, managerial & other training Programs.
- GB Auto runs a potential leader program (PLP) designed to give employees an opportunity for professional development. Selected employees are offered an intensive sixteen months' executive management diploma in the AUC.
- We encourage fair employment practices and offer equal opportunities to all our employees. all decisions & actions regarding employment matters must be taken in an objective, honest & non-discriminatory manner; regardless of the gender, color, age, religion or belief.
- GB Auto code of ethics summarizes important company policies and the legal obligations pertaining to each employee in the GB Holding.



Measure of Outcome:

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

Environmental

Assessment Policy & 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 & 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 & training necessary to improve the performance of employees and increase their awareness towards the dangers of their activities;
- Increasing awareness regarding health & occupational safety policies through which the company implements a safety management system & occupational health;
- Maintaining the company's property, the workflow and the implementation of the company's health & 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 Converse 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. Development of industrial wastewater unit where industrial wastewater is treated & the output is measured by the National Center for the study of occupational safety & 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 Converse 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.

Measure of Outcome:

- Achieve systematic control over the desired level of environmental performance.
- GB Auto obtained ASO 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 & Goals:
- The success of GB auto is based on the quality of our employees, our services & 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.

Measure of Outcome:

- We have a system in place that encourages employees, clients & 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.