


# Sustainability Report **2017**



Fueling Egypt's  
**SUSTAINABLE  
GROWTH**



GB Auto has always embedded sustainability practices at the heart of its business strategy, prioritizing long-term growth over short-term gains while considering the potential impacts of our decisions on our people, our communities, and the environment.

Dr. Raouf Ghabbour  
CEO

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# CEO's Note

As an automotive company and leading non-banking financial institution committed to producing exceptional results for our customers, employees, shareholders, and the communities in which we work, GB Auto has always placed sustainability at the heart of its business strategy. We prioritize long-term growth over short-term gains and consider the potential impacts of our decisions on all of our shareholders. This approach has allowed us to become a leading automotive player in the MENA region and to produce and service the high-quality, reliable, and safe vehicles that meet the needs of individuals, families, and companies – fueling Egypt's growth as a result.

Since inception, we have always engaged in traditional acts of corporate social responsibility (CSR), donating company funds and employees' time and talent to initiatives that improve our communities. In 2015, we took steps to integrate sustainability and CSR more deeply into every aspect of our operations by establishing a CSR Department. Today, this department sets our CSR agenda and collaborates with key stakeholders throughout our company to constantly improve the sustainability of our operations.

At GB Auto, we honor our longstanding commitment to sustainability by improving the lives of Egyptians, their communities, and the environment. On a strategic level, we identify the best ways for GB Auto to strive for sustainability in the context of our status as an automotive company. To that end, we have selected five areas of focus in which we aim to achieve measurable gains each year: customer satisfaction, employee engagement, environmental sustainability, social contribution, and corporate governance.

GB Auto is dedicated first and foremost to providing our individual and corporate customers with exceptional products and services to help them achieve their goals. In pursuit of this aim, we continued to solicit feedback from



all of our customers and develop solutions to meet their automotive needs through GB Auto and financing needs through GB Capital.

Distinguishing these two business lines will allow GB Capital to focus more intensely on helping customers afford the vehicles they need to thrive. GB Capital will also make a unique social contribution through programs such as Tasaheel, a group lending program that helps low-income women generate a higher income and improve the living standards of their families. I am excited to see what our teams in both of our business lines accomplish in the coming year.

GB Auto's commitment to providing our employees with a safe and fulfilling work experience is closely intertwined with our commitment to upholding the principles of both

human rights and fair labor standards. Our most significant achievement in 2017 was the expansion and re-branding of our Potential Leader Program into GB Stars, a new professional development program that will offer opportunities for training and advancement to a larger number of our employees. This new program features development programs customized to specific lines of business within GB Auto as well as current market needs. We also established a new mandatory pension plan to which GB Auto is contributing 5% for all employees, ensuring their wellbeing even after their time with us has ended.

In 2017, GB Auto took significant steps to increase our social contribution to the communities in which we work by establishing the Ghabbour Foundation for Development. The foundation aims to build a network of schools across Egypt that provide students with an internationally accredited vocational education that will allow them to seek steady employment in a strained economy. In November, we proudly launched the Imbaba Automotive Vocational Training Center in Greater Cairo. As its network of schools grows over time, the Ghabbour Foundation will provide vocational education opportunities that will raise the skill level of the Egyptian workforce, making a key contribution to the country's economic development. In the meantime, I look forward to following the career growth of the Imbaba Training Center's first class of students who will graduate in 2020.

Our company's success in meeting customers' needs means nothing if it occurs at the expense of the environment. As an automotive company, we strive to stay aware of and minimize our impacts on the environment across our footprint. We regularly upgrade our machinery to the latest models in order to minimize waste production, and we research the safest and most sustainable ways of disposing any waste created by our operations. 2017 saw us

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develop a wastewater discharge management plan and an industrial wastewater treatment unit.

Finally, we understand that a commitment to strong and ethical corporate governance is key to maximizing the efficiency of our operations and maintaining the trust and respect of our stakeholders. To that end, we have continued to review the rigor of our internally developed policies and ensure strict adherence to both these policies and the laws and regulations of our markets. We are an advocate for anti-corruption and ethical business practices and aim to be a role model in the Egyptian private sector.

I am proud of what we have accomplished this year and of our ongoing efforts to increase the sustainability of our operations. In particular, I am excited to see the growth and long-term impact of the Ghabbour Foundation. At GB Auto, we are committed to fueling the growth of the Egyptian economy not only by offering exceptional products and services but by investing in the skill level and education of Egyptians, whether they are GB Auto employees or youth who will become the future of the Egypt's workforce.

Sincerely,  
**Dr. Raouf Ghabbour, CEO**



# GB Auto Group at a Glance

Over six decades, GB Auto has developed a reputation for not only distributing high-quality products but also providing unmatched customer support. Currently, GB Auto Group operates seven primary lines of business across four major markets in the MENA region. To accurately reflect the growing complexity of operations, in 2017 GB Auto Group created two distinct business lines. GB Auto & Auto Related encompasses the Group's core automotive business while GB Capital oversees five non-bank financial services.

## GB Auto & Auto Related

GB Auto has established itself as a one-stop-shop automotive provider committed to offering lower ownership costs and real value to customers. The company focuses on automotive assembly, manufacturing, sales and distribution, and after-sales services, including vehicle servicing and related products. In Egypt, GB Auto is known for proving unmatched after-sales services and positioning its passenger cars as some of the best value for money on the Egyptian market. It is also the top distributor of two- and three-wheelers in the country. It currently operates in three other regional markets: Iraq, Algeria, and Jordan.

The company's portfolio of partners includes Hyundai, Mazda, Geely, Chery, Karry, Bajaj, Marcopolo, Iveco, Volvo, Sino Truck Fuso, Mitsubishi, SDLG, YTO, Gazpromneft, Lassa, Yokohama, Westlake, Triangle, Diamondback, Avon, Double Coin, Grandstone, Good-year, Jumbo, and Munroe. GB Auto made a name for itself positioning Hyundai cars as the best value for money on the Egyptian market and recently achieved a similar feat with Chery, Geely, and Mazda at unique price points.

Assembly operations include passenger cars, commercial vehicles, and motorcycles and three-wheelers. GB Auto also designs and manufactures complete buses, semi-trailers, and superstructures – with the exception of chassis – at three plants in the Greater Cairo and Suez Canal areas. It also has a growing regional after-sales network that encompasses passenger car centers with 545 total work bays in Egypt for body and mechanical work as well as six commercial vehicle outlets in Egypt and 15 in Iraq.

## GB Capital

Through GB Capital, GB Auto Group provides a comprehensive range of financing options to all client categories in Egypt from major corporations to micro-, small-, and medium-sized enterprises to retail clients. The Group's financing services also help to drive sales for cars, motorcycles, and three-wheelers. GB Capital's strategy is to benchmark its operations against the best in the field by building on strict and robust credit, risk classification, and provisioning policies specifically developed for each industry.

GB Capital currently oversees five non-bank financial service providers. GB Lease provides financial leasing services to a wide range of companies while Drive offers factoring services to retail and corporate clients with a focus on the auto finance sector. Mashroey and Tasaheel focus on the microfinance sector, with Mashroey offering asset-branded lending options to microfinance-eligible clients and Tasaheel providing direct lending services to micro-entrepreneurs. Haram Limousine offers car rental services to companies in the market on a quasi-operational lease basis. All of GB Capital's subsidiaries comply with national best practices for credit approval and disbursement mechanisms. Asset quality and collection are closely monitored, well-maintained, and controlled within the Group.



“Over six decades, GB Auto has developed a reputation for not only distributing high-quality products but also providing unmatched customer support.”



## 38.7% Egypt Passenger Cars

- Assembly and distribution of imported and locally manufactured CKD kits with a production capacity of around 80,000 units per year for five models of the Hyundai, Chery, and Geely brands
- Distribution of imported CBU vehicles (Hyundai, Mazda, Geely, Chery)

## 16.7% Regional

- Distribution of imported CBU passenger cars in Iraq (Hyundai) and Algeria (Geely)
- Distribution of Bajaj motorcycles and three-wheelers in Iraq
- Distribution of Triangle tires in Jordan and Verde, Lassa, and Grandstone in Algeria
- After-sales service centers in Iraq and Algeria

## 12.5% Egypt Motorcycles & Three-Wheelers

- Distribution of Bajaj motorcycles and three-wheelers (tuk-tuks)
- Assembly of imported and locally manufactured CKD kits

## 5.8% Egypt After-Sales

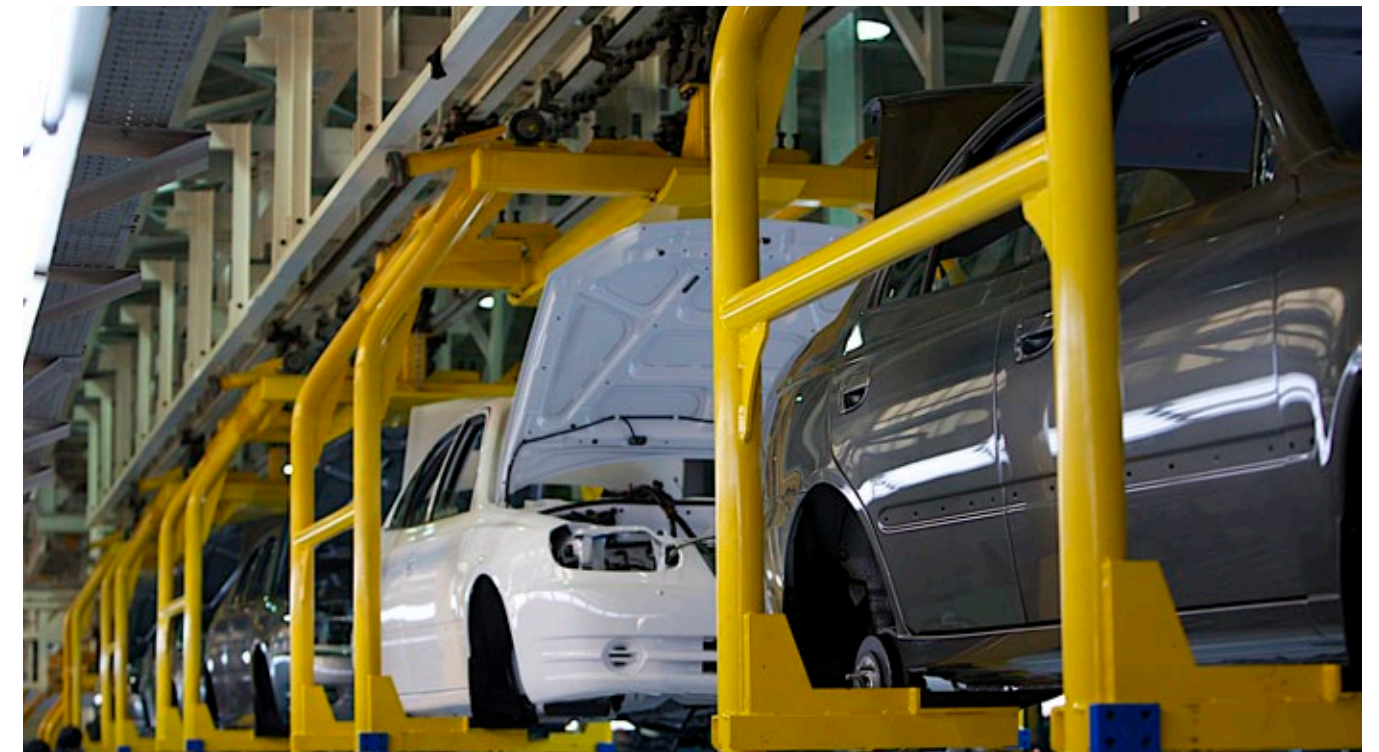
- After-sales services and distribution of spare parts for passenger cars, two- and three-wheelers, and commercial vehicles
- Largest cross-country network with constant and ongoing expansion of network and service center capacities

## 4.0% Egypt Tires

- Distribution of passenger car, van, truck, construction equipment, and bus tires
- Brands include Yokohama, Lassa, Westlake, Double Coin, and Verde

## 1.6% Other Operations in Egypt

- Parts and lubricants business (PAL) distributing Gazpromneft Lubricants
- Fabrika pre-owned car operation
- Retail division 360 operates after-sales and retail outlets



## 6.2% Egypt Commercial Vehicles & Construction Equipment

- Assembly and distribution of trucks
- Bus-body manufacturing, distribution through GB Polo
- Manufacturing and distribution of superstructures and trailers
- Distribution of construction and farming equipment
- Brands include Mitsubishi, Volvo, Iveco, Fuso, YTO, Marcopolo, Monroe, Karry, Volvo Construction, SDLG, and AKSA

## 14.5% GB Capital

- GB Lease provides medium-term business-to-business financial leasing solutions for asset classes including real estate, automotive, and production lines, among others.
- Mashroey offers primarily short-term asset-based microfinance lending to eligible clients for the purchase of motorcycles, tuk-tuks, YTO tractors, and motor tri-cycles.
- Drive provides primarily medium-term factoring services to a diversified client base, ranging from business-to-business (SMEs) to business-to-consumer (retail), with a focus on the auto finance sector.
- Haram Tourism Transport (HTT) provides car rental services on a quasi-operational lease basis for an average of three years. Its service agreements are tailored and entail acquisition, registration, insurance and maintenance of vehicles, with third party insurance in place.
- Tasaheel is a direct-lending microfinance company that focuses primarily on short-term group lending to women and lending to low-income individuals.

“GB Capital provides a comprehensive range of financing options to all client categories in Egypt from major corporations to microenterprises.”



# Vision and Mission

Since its founding, GB Auto has evolved from an automotive player to a diversified industry leader, establishing a decades-long track record for exceptional products and customer service along the way



## VISION

To strengthen our leadership in the automotive industry in the countries where we operate and become the brand of choice



## MISSION

Granting a premium experience to our customers while developing our communities, enriching the lives of our employees, and maximizing our shareholder returns through our corporate values and operational excellence



## CORE VALUES

Our core values have guided us throughout our growth story, helping is to dynamically react to challenges and transform our business while remaining true to our mission and vision



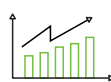
Leading with vision, agility, and integrity



Our people, our engine



Customer and community centric



Results oriented for a sustainable future



Innovative thinking



# Integrating Sustainability into our Business Strategy

A commitment to sustainability has supported GB Auto's growth since its inception, helping the company to weather market challenges while diversifying its portfolio and surpassing the competition in the quality of our products and services. The Group's commitment to sustainability stems from its responsibility to provide shareholders with consistent profits and employees with steady, reliable wages and good working conditions.

GB Auto's commitment to quality stems from the understanding that its products not only generate profit for shareholders but also fuel the economy of Egypt and its other markets. The Group provides individuals, families, and companies with the dependable and affordable transportation needed to grow businesses and accomplish goals on a daily basis. By offering exceptional after-sales service, part sales, and vehicle servicing, we also help our customers to quickly address problems when they arise, minimizing inconveniences and losses.

GB Auto and Auto Related seeks to grow the Group's core automotive lines of business through vertical and regional expansion as well as increased efficiency. This division is capitalizing on the strength of our varied high-margin operations throughout the region to invest in complementary lines of business and solidify our position as a one-stop-shop provider. By streamlining operations across the value chain while maintaining quality and productivity standards, GB Auto is achieving cost savings and ensuring that its businesses will drive value for stakeholders irrespective of market landscapes.

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The Group provides individuals, families, and companies with the dependable and affordable transportation needed to grow businesses and accomplish goals on a daily basis.

At the same time, GB Capital is increasing access to GB Auto's products and services by providing innovative financing solutions tailored to the needs of different market segments. The business is committed to expanding customers' purchasing power in an increasingly inflationary environment to ensure that people can afford to own safe and reliable vehicles. GB Capital has developed strict and robust credit policies and risk classification customized for each industry to ensure that customers will be able to make payments without facing excessive financial pressure.



# Stakeholder Mapping

With multiple business lines operating across regional markets, GB Auto’s operations encompass a wide array of stakeholders. They are the Group’s key partners in seeking to execute on its sustainable business strategy. At the same time, they hold the Group accountable for achieving our goals in a way that positively impacts the individuals and communities we serve. On a daily basis, the Group communicates with these stakeholders through a variety of formal and informal channels.

“GB Auto’s stakeholders are our key partners in executing on our sustainable business strategy. At the same time, they hold the Group accountable to achieving our goals in a way that positively impacts the individuals and communities in which we serve.”

10,158  
Employees

GB Auto’s management regularly communicates with its employees through meetings, Arabic and English newsletters, emails, bulletin boards, and more channels. The company solicits employees’ opinions, feedback, and levels of satisfaction through surveys and suggestion boxes. To achieve synergies and improve communication among employees, we host team-building activities and facilitate interdepartmental strategy meetings and team-building activities.

80,000+  
Customers

The Group communicates with customers through a variety of channels including social media, the company website, a mobile application, customer care programs, and customer service channels. The company gathers feedback and assesses it through our Ethics Officer Mailbox, Customer Satisfaction Index for After-Sales Services, and Sales Satisfaction Index. Always seeking to improve customer relations, the Group conducts market research to determine the best ways to reach this stakeholder group.

30  
Business Partners

GB Auto communicates with its dealers and other partners through regular meetings, appointed brand sales and services representatives, and advertising and PR channels. The Group solicits feedback through sales satisfaction surveys distributed to dealers and seeks to improve communications through targeted market research.

2,000+  
Shareholders

In addition to holding an annual shareholder meeting, GB Auto publishes a variety of documents and information targeted at shareholders including an annual report, quarterly earnings reports, ratings and rankings, and an investor relations website.

3.7<sup>LE</sup><sub>MN</sub>  
Invested in Local Communities

GB Auto communicates with and supports the communities in which it operates through a variety of CSR projects such as the Road Safety Initiative and financing initiatives offered through GB Capital. In 2017, the Group’s Auto Vocational Training initiative was restructured and expanded under the newly launched Ghabbour Foundation. Additionally, GB Auto supports and partners with ministries and NGOs serving its communities through health initiatives, educational programs, and more.



# Management Approach

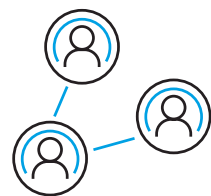
To execute on its sustainable business strategy, GB Auto has aligned its business model with principles on human rights, labor, the environment, and anti-corruption.

## 1 Customer Satisfaction



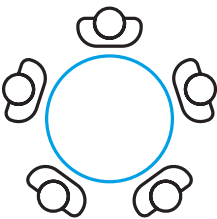
GB Auto views its efforts to provide customers with safe and reliable transportation methods as part and parcel with its commitment to human rights. By providing quality vehicles to corporate customers, GB Auto contributes to the creation of safe and healthy work environments in its markets. The company also regularly communicates with and seeks feedback from customers through various channels such as direct interaction, dealers, websites, showrooms, events, customer surveys, and the media.

## 2 Employee Engagement



GB Auto Group is deeply committed to providing its employees with livable wages and safe working conditions. The company monitors the working environment of its employees and regularly seeks feedback on how to provide a higher quality work experience. Employees receive trainings to build their skills and experience levels. Additionally, the company does not tolerate workplace discrimination and condemns the use of child and forced labor.

## 3 Corporate Governance



To discourage private-sector corruption in all of its markets and ensure that its business operates in a transparent, ethical, and accountable manner, GB Auto has developed robust standards of governance. Adhering to these standards allows GB Auto to maintain the trust of its stakeholders and promotes effi-

cient and sustainable operations. In line with this principle, GB Auto maintains open channels of communication with its stakeholders through its IR website, shareholder meetings, earning reporting, and annual reporting efforts.

## 4 Environmental Sustainability



As a major automotive player in multiple MENA markets, GB Auto understands that its activities can have significant environmental impact that reaches across the region and the globe. As such, the Group has woven a commitment to environmental sustainability into its management approach and regularly engages in efforts to reduce its environmental footprint across the value chain and operations.

## 5 Social Contribution



GB Auto engages in a variety of activities to invest in the communities in which it does business. In addition to creating jobs and spurring local economies, GB Auto facilitates and supports a variety of health, educational, and road safety programs through its CSR strategy. In 2017, the Group's vocational training initiatives were enhanced through the establishment of the Ghabbour Foundation.

# Organizational Structure





# Customer Satisfaction

GB Auto is deeply committed to improving the lives of all people who come into contact with our products and services. Among employees and in interactions with end-users, we aim to create a culture of communication, understanding, and prioritizing client needs, which is essential to our mission of producing quality products at an exceptional value.

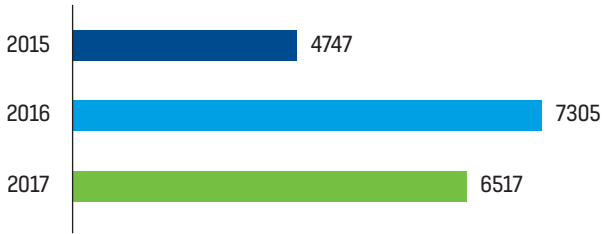
To this end, we have developed a comprehensive customer relationship management (CRM) structure that solicits feedback from and prioritizes the satisfaction of all of our individual and corporate customers. This structure also fa-

cilitates coordination between business units that interact with customers such as sales, service, spare parts, manufacturing, finance, legal marketing, insurance, and IT.

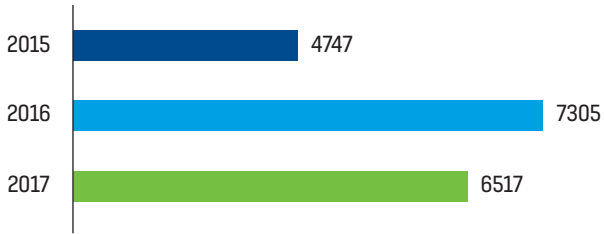
This structure includes an extensive system to monitor, receive, and resolve customer complaints and issues through several channels. In line with GB Auto's sustainable business strategy, our CRM model is implemented primarily through digital channels, allowing us to maximize efficiency, quickly address complaints, and assess our progress. This digital system also makes it easy to incorporate economic, ecological, and social targets into our CRM strategy.



## Complaints Received



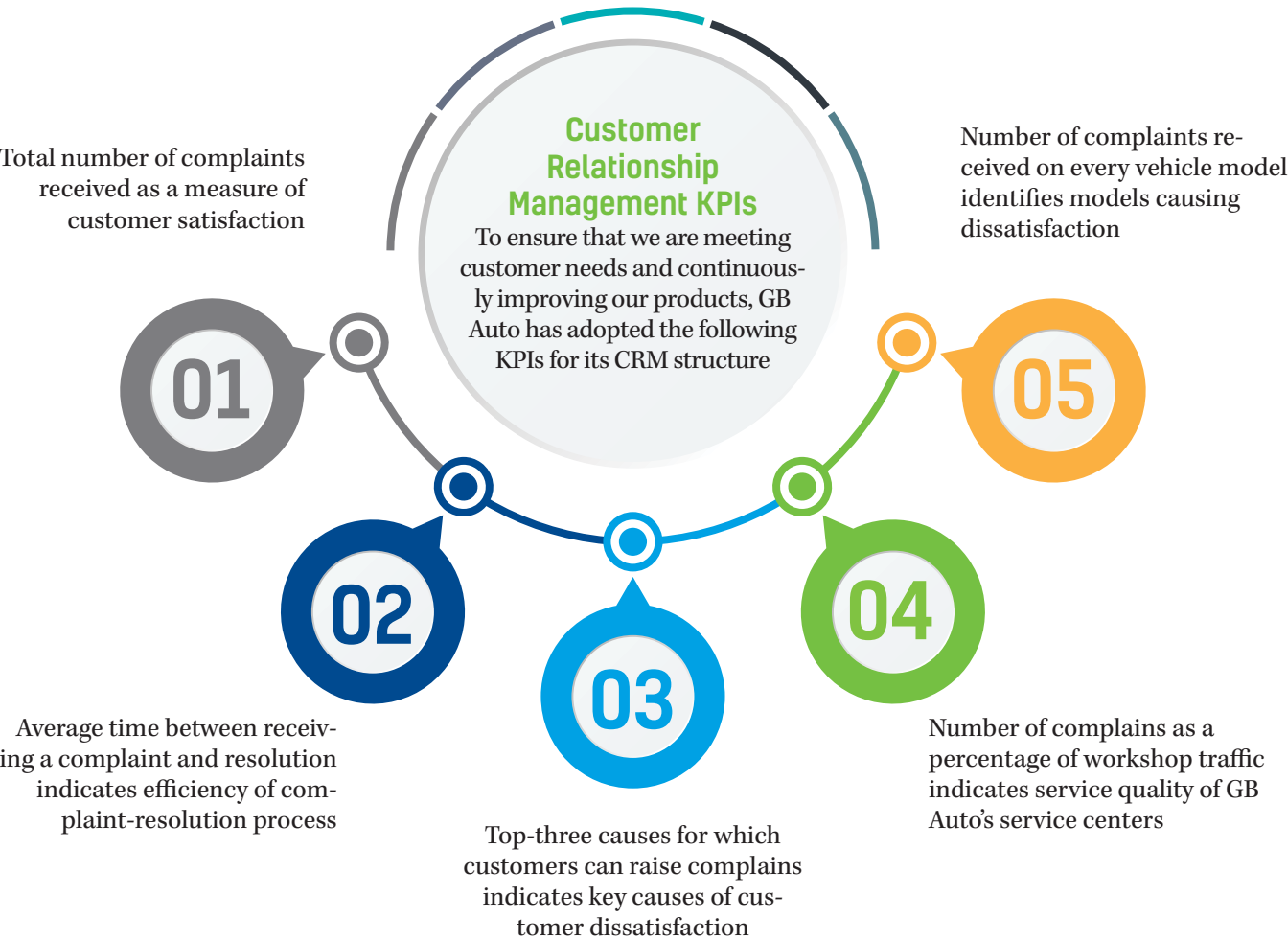
## Complaints Resolved



## Complementary Efforts

A number of departments within GB Auto and GB Capital have developed additional customer outreach programs that enhance and expand on the Group's CRM structure. In particular, the Marketing Department regularly assesses satisfaction with our services, products, and relationship management through surveys of individual and corporate customers. The depart-

ment develops in-depth profiles of customers' needs, behaviors, and purchasing trends which provide valuable insights to all areas of business. The Marketing Department also head the company's digital outreach to customers by managing social media channels, websites, and other forms of digital communication.



# Employee Engagement

In line with our commitment to human rights and fair labor standards, GB Auto strives to ensure all of its 10,158 employees experience a safe and fulfilling work environment. Supporting our employees is also a key component of our sustainable business strategy, as GB Auto's success in the industry is entirely due to the dedication and diligence of each member of our staff.

To create a work environment in which all of our employees can thrive, GB Auto does not discriminate on the basis of age, race, gender, religion, sexual orientation, or other individual characteristic, nor do we permit employees to discriminate against one another. We have developed policies that clearly outline the rights and obligations of both employees and management. These policies are in full compliance with labor laws in countries where we operate, and they are designed to respect employees' work-life balance. GB Auto has developed formal channels for employees to voice opinions and feedback to company management, and our employees also have the freedom to join the labor union of their choice. Finally, to demonstrate our appreciation for our employees, we have established clear and fair compensation schemes and benefits packages, which we review regularly to ensure that they are fair and in line with market standards.

Our HR Department's ongoing efforts to recruit and motivate excellent employees focus around four main areas: outreach, development, health and safety, and benefits.

## Outreach

GB Auto has developed internal channels to facilitate frequent and transparent communication with all employees. Employees are updated on company accomplishments and changing situations through our quarterly print and digital newsletter Akhbarna. This publication eliminates isolation within our internal operations by sharing updates from various departments across the company and announcing events. The newsletter features a quarterly contest in which 30 employees



are randomly selected to win a cash prize of LE 500. GB Auto's management team also regularly communicates with employees through bulletin boards and digital text runners installed across our locations.

To encourage dynamic two-way communication, GB Auto has also developed a variety of channels through which employees can interact with and share opinions with management. Our web-based GB Auto Employee Satisfaction Survey helps us to assess employee morale and satisfaction to develop strategies to improve motivation and create a healthy work environment. Employees also have the option to provide instantaneous feedback directly to the Chairman and CEO through complaint and suggestion boxes installed across all premises.

## Employee Development

To recruit exceptional talent and ensure that our employees have an engaging and enriching work experience, GB Auto invests in various training and professional development initiatives. Established in 2010 in collaboration with Centennial College of Toronto, Canada, the GB Academy trains over 8,000 employees annually. The Academy offers over 40 different courses and workshops on technical, managerial, and soft skills, helping our employees to keep pace with the technical knowledge applicable to their current jobs while advancing their overall skill levels.

Throughout 2017, our HR Department has prepared for the 2018 rebranding of our professional development program called the Potential Leader Program (PLP) as

GB Stars. This new program will offer opportunities to a wider pool of employees by providing training in different professional development paths tailored to needs in the current market and our lines of business.

Our talent pool is also continually fed through the Ignition Program, our summer internship program that places talented graduates on a path to become full-time employees of GB Auto. The company cultivates partnerships with renowned universities in Egypt to recruit top students for this opportunity.

2017 also saw the launch of the GB Superhero program, which recognizes and rewards employees who have achieved significant goals and demonstrated extraordinary performance. The stories of these employees are shared throughout our organization, and they are presented as role models.

## Health and Safety

GB Auto took an important step in protecting the health and wellbeing of our employees in 2017 by upgrading our medical insurance network to Prime Health Medical Services. We offer all GB Auto employees full coverage for regular healthcare needs, and now employees have the opportunity to enroll family members under their coverage. GB Auto also provides all employees with free life and accident insurance.

As part of our ongoing commitment to employee health and safety, our "Your Safety Is Important to Us" initiative provides regular safety workshops, training modules and classes on topics such as fire and hazard safety.

## Compensation and Benefits

A crucial way GB Auto helps its employees live fulfilling lives is by offering them comprehensive compensation, bonus, and benefit schemes that provide equal pay for equal work. To ensure that our employees receive pay that meets their living needs, we have adjusted our compensation schemes this year.

Another significant step we have taken to promote employee wellbeing through our benefits package is to launch a new pension plan in partnership with Allianz Life Insurance Company and leading financial services corporation EFG Hermes. Employees will contribute at least 3% of their salaries to this plan and GB Auto will help them maximize its benefit by contributing an additional 5% for all employees on a voluntary basis. This program will allow us to take care of our employees even after their retirement from GB Auto.

This year we have also updated our HR operations and continued the Employee Stock Ownership program launched in 2015. We also rolled out a variety of fringe benefits including flexible working hours, meal allowances, and free transportation for all employees. GB Auto also continued to secure discounts and exclusive perks from a variety of travel and lifestyle retailers, signing agreements with companies such as Sadko, B-Tech, and Cinnabon. During Ramadan 2017, we distributed 3,520 food boxes to GB Auto employees across different governorates in Egypt at a total cost of LE 193,000.



# Social Contribution

At the core of our business is a desire to make people's lives better not only by providing them with safe and reliable vehicles but also by making a positive impact in the communities where we operate. In 2017, GB Auto's social contributions focused on two key areas to which we have long been committed: vocational education and road safety. We also engage in a variety of philanthropic initiatives throughout the year aimed at improving the health and welfare of the communities in which we work.

## The Ghabbour Foundation for Development

GB Auto has chosen to focus on vocational education because we believe it will have a lasting positive impact on Egyptian society by increasing the skill level of the country's workforce and helping to address issues of unemployment. In 2017, we took an important step in making our vocational education programs more sustainable by establishing the Ghabbour Foundation for Development. The mission of the foundation is to improve the quality of education in Egypt and the skill level of the country's workforce by establishing a network of schools providing students with an internationally accredited vocational education. To ensure that its efforts align with national needs for skilled labor, the foundation signed a three-way cooperation agreement with the Ministry of Trade and Industry's Productivity and Vocational Training Department and the Industrial training Center in November 2017.

This year, the foundation launched its flagship project – Imbaba Automotive Vocational Training Center. After taking ownership of an existing school located in Imbaba, the foundation funded extensive renovations at a total cost of c.LE 25 million, which included building a

state-of-the-art automotive education center equipped with the modern tools needed to provide students with an interactive learning experience. The school was also renovated for safety and equipped with fire fighting and fire protection systems.

In partnership with Saxony International Schools – a company managing top vocational educational institutions in Germany – the foundation developed a dual education curriculum for Imbaba School that blends practical and theoretical learning. Teachers and managers of Imbaba School also engaged in several training models to advance their own professional skills. In collaboration with SIS, the school also established criteria for hiring teachers and policies related to behavior, attendance, and positive participation.

When students graduate from Imbaba School, they will receive diplomas of apprenticeship and certificates from SIS in addition to vocational school diplomas. They will have gained the skills to pursue careers in the automotive industry, open businesses, or pursue opportunities in higher education.

Each year, the foundation will donate c.LE 14 million to support Imbaba School and fund student scholarships. In partnership with the Ministry of Trade and Industry and Saxony International Schools, the GB Foundation intends to replicate the Imbaba School model to create a network of top-tier vocational schools across Egypt. The foundation will also seek additional partners and donors to help expand the capacity of the initiative and raise awareness of the importance of vocational education in Egypt.



## The Safe Drive Initiative

Road safety issues are pervasive throughout Egypt, and in 2017 GB Auto contributed to the solution of these problems through its second annual Safe Drive Initiative in collaboration with Hyundai Motor Company. Drivers learned to curb dangerous habits such as texting while driving, not fastening seat belts, and driving while under stress or under the influence of mind-altering substances. Event participants included drivers of passenger cars, buses, and trucks, and drivers from large corporations and schools were also present.

## Health

GB Auto seeks to improve the health of the communities in which we work by participating in health-related CSR initiatives and donating to specific causes. As part of our responsibility to these communities, in 2017 we donated LE 240,000 to the Magdy Yacoub Foundation, which pro-

vides free basic healthcare services to low-income people among other activities and LE 240,000 to the Children Custody Association Hospital.

## Philanthropy

This year, GB Auto continued to fulfill its philanthropic duties with the goal of helping improve public welfare. We donated LE 1,500,000 to Nile University, and LE 50,000 to Caritas Egypt, and LE 688,481 to Imbaba school.

Tasaheel is the most recent addition to GB Auto's financing businesses. Launched in August 2015, Tasaheel provides direct microfinance loans and focuses specifically on group lending to women. Through Tasaheel, GB Auto aims to help low-income earners improve their living standards and, by extension, support overall community development and economic growth.



# Environmental Sustainability

At GB Auto, we understand that ensuring the preservation of the natural environment is crucial to the health of our customers and employees and key to the success of our business. As a result, environmental preservation is integrated into our sustainable growth strategies. We have developed a variety of environmental preservation targets that align with our status as a leading automotive player.

The company has identified a variety of areas in which its activities and those of its business partners across the value chain can impact the environment. In turn, we pursue strategies to minimize our negative impacts in the following areas: climate change, natural resource consumption, air quality and other natural capital and health issues. At the same time, we seek to use energy efficiently, effectively manage chemical substances, and reduce the amount of waste we produce.

## Sustainable Manufacturing

GB Auto develops action steps to improve the environmental impact of its factories in several areas, including noise pollution, relative humidity, heat degree stress, illumination intensity, radiation capacity impacting UV emissions, magnetic flux density, use of caustic soda spray, and production of metal fumes and vapors. The company has also taken steps to improve its overall mechanical vibration processes and address the thawing of organic vapors at all company sites.

To reduce our production of environmentally damaging waste, GB Auto relies on the Eco Converse Company for Environmental Services mandated under Egypt's Ministry of Environment to handle transport hazardous materials and substance waste from our facilities and dispose them at safe designated locations. The Industry Zone Municipality also ensure proper disposal of solid waste produced at our factories.

In 2017, GB Auto developed a wastewater discharge man-

agement plan and developed an industrial wastewater unit for treatment of all wastewater produced through our operations. The National Center for the Study of Occupational Safety and Health monitors our wastewater output to ensure it is in line with lawful limits. To minimize our impact on water resources, GB Auto is also constructing a Wastewater Discharge Management plant intended to be fully functional by 2020. In the meantime, we plan to begin shipping wastewater from our paint shop to agricultural areas where the high salt and mineral content of this water will promote soil health.

To further minimize our environmental impact and increase the sustainability of our operations, GB Auto utilizes advanced machinery that reduces emissions and increases efficiency. For example, we rely on modern furnaces that compress fumes into water, making it possible for us to deliver these fumes to Eco Converse. The company is equipped to separate the fumes

and dispose of them safely, minimizing our impacts on air quality. Similarly, we have automated our topcoat painting process with paint robots, reducing our energy use and paint consumption. Our PRIMA passenger car project marked the introduction of welding robots to GB Auto's body shop, leading to a long-term reduction in energy consumption and decreased physical effort needed to complete the welding process.

2017 saw GB Auto reduce its energy consumption by 34.5% to a total of 10,740,480 KWH as a result of several energy-curtailing initiatives such as guidance for all employees to lower energy consumption. The savings were also a function of lowered volumes across our lines of business, but while we anticipate 2018 will see volumes grow and consumption increase, we aim to continue to curb our energy usage through other channels. Our next medium-term goal for reducing our environmental impact is to install a solar powered lighting system.

## Environmental Impact and Employee Safety

GB Auto also implements a variety of measures to minimize accidents and conditions that may negatively impact employees' work experience and also cause harm to the greater environment. The company has developed and regularly updates its comprehensive framework to reduce occupational hazards, injuries, and the spread of disease among employees. Technical experts also conduct monthly training sessions for employees on topics such as safe work standards, environmental awareness, and sustainability.

In recent years, we have installed a new ventilation system to curtail emissions and provide a comfortable working environment at plants. GB Auto has also installed a water desalination system at all of its plants to ensure that employees have access to potable drinking water.





# Corporate Governance and Governance Structure

As a leader in the Egyptian and regional automotive sectors, GB Auto strives to set an example by upholding the highest standards of corporate governance and ethics. We understand that ethical and transparent practices are key to maintaining the trust of GB Auto's investors and stakeholders as well as ensuring the long-term sustainability of our operations.

With this understanding in mind, GB Auto has developed and enforces institutional corporate governance guidelines to ensure transparency, accountability, and effective internal controls and eliminate potential instances of corruption. The company's governance structure encourages individuals within the company to consider the social and environmental consequences of their daily decisions.

## General Assembly

The company's ultimate governing body is a General Assembly (GA) consisting of all shareholders. The GA's responsibilities are based on laws and company statutes. Its members make decisions by voting among shares represented in a meeting; one share is equal to one vote. The GA holds at least one standard meeting every year and extraordinary meetings as needed. In particular, the GA is responsible for appointing Board members and external auditors as well as approving financial results and dividend distributions.

## Disclosure Rules and Transparency

GB Auto is subject to the disclosure rules set by the EGX, including the new rules approved by the Egyptian Capital Markets Authority on June 18, 2002. The company fully complies with corporate governance, quarterly financial

reporting, and disclosure provisions set forth by these bodies. Additionally, GB Auto engages in complete transparency in material matters related to the corporation including company objectives, financial and operational results, major share ownership and voting rights, information about Board members, related party transactions, foreseeable risk factors, and corporate governance structures and policies

## Board Committees

GB Auto's Board of Directors has established three subcommittees to assist in executing its oversight responsibilities. Each of the four committees consists of four independent non-executive Board members.

## The Audit Committee

The Audit Committee focuses on aspects of financial reporting and the company's processes for managing business and financial risk. This committee assists the board in overseeing the following areas:

- The integrity of financial statements
- Company compliance with legal and regulatory requirements
- Auditor qualifications and independence
- Performance of the company's internal audit function and independent auditors

The 2017 Audit Committee was composed of the following members:

- Alaa Saba, President
- Mounir Abdelnour, Member
- Mansour Kabbani, Member
- Walid Sulaiman Abanumay, Member





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**The Remuneration Committee**

The Remuneration Committee is primarily responsible for assisting the Board in overseeing matters related to director compensation including the following:

- Determining the company’s remuneration policy
- Making recommendations to the Board concerning the policy and structure for remuneration and fees of senior management and the establishment of formal and transparent procedures for developing policies on remuneration
- Collaborating with the Board to determine the broad policy for the remuneration of the Board’s Executive Directors, the Chairman, and other members of the Executive Management team
- Recommending, monitoring, and noting the level and structures of remuneration for top management

The fees and other payment arrangements for Non-Executive Directors are matters for consideration by a Board sub-committee consisting of the Chairman and one or more Executive Directors.

The 2017 Remuneration Committee was composed of the following members:

- Alaa Saba, President
- Mounir Abelnour, Member
- Mansour Kabbani, Member
- Walid Sulaiman Abanumay, Member

**Corporate Governance Committee**

The Board appoints the Corporate Governance Committee to assist in fulfilling its responsibilities in four key areas:

- Overseeing the development and regular assessment of the company’s approaches to corporate governance issues
- Ensuring that any approach supports GB Auto’s effective functioning and accounts for the best interest of shareholders while also maintaining effective communication between the Board of Directors and the management team
- Overseeing the process, structures, and systems to ensure management’s accountability to the Board of Directors and the Board’s accountability to shareholders; ensuring that these structures are in accordance with applicable laws, regulations, and industry standards of good governance
- Executing the functions and responsibilities of a nomination committee to recommend to the Board candidates for election or appointment

The 2017 Corporate Governance Committee was composed of the following members:

- Alaa Saba, President
- Mounir Abelnour, Member
- Mansour Kabbani, Member
- Walid Sulaiman Abanumay, Member



**Anti-Corruption**

In line with our commitment to ethics and our efforts to serve as an industry role model, GB Auto does not obtain any business advantages through any illicit means including bribery and illegitimate arrangements or payments. The company’s Code of Ethics includes a zero-tolerance policy regarding corruption of any kind, and our commitment to enforcing this policy is clearly communicated to every member of our staff across the organization. GB Auto’s Whistle Blower Policy encourages and protects employees who communicate concerns about possible unethical behavior.

Our management team understands that strict adherence to the highest standards of business ethics is the key to operating a sustainable and trustworthy business. As a result, GB Auto utilizes a compliance-management system to promote anti-corruption and anti-bribery practices as well as prevent improper payments and any other illegal activities.

**Business Continuity**

GB Auto understands that a key aspect of good corporate governance is delivering professional, effective, and consistent responses to any incident or emergency situation. As such, the company has established a Business Continuity and Crisis Management Policy that includes a

policy response and management strategy of such events. Every member of GB Auto’s staff as well as students, contractors, and volunteers on all premises owned or operated by the company are required to adhere to this policy.

In GB Auto’s corporate governance structure, the Board is responsible for monitoring risk and setting the company’s risk appetite. Meanwhile, the GCOO and Chairman are responsible for implementing the Business Continuity and Crisis Management Policy through the following mechanisms:

- The Business Continuity Planning Committee (BCPC) is responsible for planning and testing the company’s responsiveness to potential incidents or emergencies
- The Crisis Management Control Committee (CMCC) coordinates GB Auto’s overall response to incidents or emergencies at all premises owned or operated by the company

In implementing this policy, the GCOO and Chairman may require the company’s internal auditor or externally appointed auditors to conduct compliance audits for processes and performances. At least once annually, company-wide business continuity plans are submitted to the Board for consideration and adoption.



# Challenges and Opportunities

As part of our sustainable business strategy, GB Auto continually strives to improve our operations and increase our impact in relation to the five principles of our business model. Going forward into 2018 and beyond, we have identified challenges and areas for growth in each of these areas.

## Customer Satisfaction

In line with our human-centric approach, we will continue growing our customer base by being attentive and responsive to customers' needs. We will continue to offer exceptional products and services through GB Auto while developing new opportunities for customers to afford much-needed vehicles through GB Capital. As the world around us becomes increasingly digitized, and as Egypt's mobile penetration rates continue to soar, we will use technology to communicate with customers and provide efficient service. Sustainability is becoming increasingly important to the average Egyptian, and in response, we will continue to improve the sustainability of our products and business practices.

## Employee Engagement

We continually seek feedback from our employees in order to identify ways to provide them with a more meaningful work experience. In 2018, we will offer new opportunities for professional learning and advancement as we begin implementing the GB Stars program. At the same time, we will explore new ways to create a company culture in which employees feel comfortable sharing concerns with management and feel empowered to hold the company accountable.

## Environmental Sustainability

GB Auto will continue to demonstrate its commitment to environmental sustainability by taking steps to reduce the environmental footprint of our operations. Key areas for future changes include doubling down on our recycling efforts, making changes to transition toward a paperless workplace, and embracing a Green IT strategy.

## Corporate Governance

Going forward, GB Auto will take steps to further integrate sustainability into its business strategy and operations. To support this effort, the Board aims to create a Sustainability Committee. In line with our commitment to ethical business practices and acting as a role model in the industry, GB Auto also plans to begin offering courses on anti-corruption, risk compliance, and other important topics for staff.

## Social Contribution

The Ghabbour Foundation will continue supporting the Imbaba School while growing its impact in terms of curriculum scope and number of schools. In collaboration with Saxony International Schools and other key partners, the foundation will continue to strengthen its curriculum and expand its vocational education model to include more industries. At the same time, the foundation is exploring opportunities to partner with other schools in Egypt – including, most recently, Ministry of Education schools in Beni Suef and Moqqatam. Within three years, the foundation aims to implement its model in more than 10 schools nationwide.





