

SUSTAINABILITY REPORT 2016

DEVELOPING OUR HUMAN CAPITAL





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LETTER FROM THE CEO

In line with our promise to deliver the maximum value not only for our stakeholders, but for the communities in which we do business, I present to you GB Auto's first Sustainability Report. As a leading automotive player in the Middle East and North Africa, sustainability has always been an important part of our business strategy. We are committed to contributing, in a variety of ways, to the wellbeing of our people, the environment, and the societies in which we live and work.

In 2015, in an effort to align our Corporate Social Responsibility (CSR) initiatives with our business strategy and ensure they are managed by a business-driven approach, we established a full-fledged CSR Department. The department drives our sustainability agenda, setting out clear guidelines and practical, viably implementable policies to place sustainable development at the heart of everything we do at GB Auto.

Our strategy is rooted in our pledge to adhere to the ten principles of the United Nations Global Compact (UNGCG) with respect to human rights, labor, environment, and anti-corruption. This defined our vision and shaped our five-pronged sustainability strategy, which fully aligns with our business model and sets forth to build on a track record of integrity, leadership, and value creation.

Our first area of focus is a commitment to customers and quality through maintaining high levels of both formal and informal engagement and providing them with high-quality products and services through in-depth knowledge of their expectations.

The second plank is investing in the health, safety, and satisfaction of our employees as part of our commitment to human rights and obligation as an employer of choice to operate to the highest standards of employment practices.

Environmental sustainability is the third and one of the most vital components of our strategy. As an automotive player, we are aware just how important it is for us to drive innovation and implement advanced technology. Not only do we seek to leave behind as small a carbon footprint as possible and



solve tomorrow's biggest transportation challenges today, but we hope to be an example for others in the industry.

We also 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.

Finally, we place high value on ethics, transparency, accountability, and risk management to lead not only in our diverse lines of business but as pioneers of sustainable development in our home market of Egypt and wider regional reach.

We are keenly aware that our sustainability efforts today can bring about a better future for the community in which we do business and build a better Egypt where we all thrive.

Dr. Raouf Ghabbour, CEO



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GB AUTO AT A GLANCE

With seven primary lines of business across four major markets in the Middle East and North Africa, GB Auto is a leading automotive player and non-bank financial services firm with a strong operational footprint in key markets and sectors throughout the region. It is focused on automotive assembly, manufacturing, sales and distribution, after-sales services, which include vehicle servicing and related products, and the financing businesses.

GB Auto's portfolio of partners currently includes the leading global brands of Hyundai, Mazda, Geely, Chery, Karry, Bajaj, Marcopolo, Iveco, Volvo, Sino Truck Mitsubishi Fuso, SDLG, AKSA, YTO, Gazprom Neft, Lassa, Yokohama, Westlake, Waterfall Triangle, Diamondback, Avon, Double Coin, Grandstone, Good-year, Jumbo, and Monroe.

The company also has five non-bank financial subsidiaries, launched with the aim of offering financing options to all client categories from major corporations and small and medium enterprises to retail clients and individuals eligible for micro credit. In addition to the standalone success of each subsidiary, some of the finance companies are essential sales drivers for the Passenger Cars (Drive and Haram Tourism Transport) and Motorcycles & Three-Wheelers (Mashroey) lines of business.

GB Auto's assembly operations include passenger cars, commercial vehicles, and motorcycles and three-wheelers. The company also designs and manufactures complete buses, semi-trailers, and superstructures — with the exception of chassis — at plants in the Greater Cairo and the Suez Canal area.



52.4%
of FY16 Group Sales



11.2%
of FY16 Group Sales

Egypt Passenger Cars

- Assembly and distribution of imported completely-knocked-down (CKD) kits with a production capacity of around 70,000 units per year for the Egyptian market
- Distribution of imported completely-built-up (CBU) vehicles
- Financing options provided through Drive
- **Brands:** Hyundai, Mazda, Geely, Chery



7.3%
of FY16 Group Sales

Egypt Commercial Vehicles & Construction Equipment

- Assembly and distribution of trucks
- Bus-body manufacturing; distribution of buses
- Manufacturing and distribution of superstructures and trailers
- Distribution of construction and farming equipment
- **Brands:** Mitsubishi, Volvo, Iveco, Fuso, YTO, Marcopolo, Monroe, Karry, SDLG, AKSA



5.4%
of FY16 Group Sales

Egypt After-Sales

- After-sales services and distribution of spare parts for passenger cars, motorcycles & three-wheelers, and commercial vehicles
- The largest cross-country network of its kind
- Constant and ongoing expansion of network and service center capacities



7.9%
of FY16 Group Sales

Regional

- Distribution of imported completely-built-up (CBU) passenger car units in Iraq (Hyundai) and Algeria (Geely)
- Distribution of Bajaj motorcycles and three-wheelers in Iraq, as well as after-sales services
- Distribution of Diamondback and Jumbo tires in Iraq; Avon, Diamondback, Triangle, Waterfall and Jumbo in Jordan; and Goodyear, Lassa, and Grandstone in Algeria
- The company operates after-sales service centers in both Iraq and Algeria
- **Markets:** Algeria, Iraq, Jordan
- **Brands:** Hyundai, Geely, Bajaj, Diamondback, Jumbo, Avon, Triangle, Goodyear, Lassa, Grandstone



3.0%
of FY16 Group Sales



11.4%
of FY16 Group Sales

Financing Businesses

- GB Auto's Financing businesses cater to all market segments
- **GB Lease** provides business-to-business financial leasing solutions, with diversified assets financed including real estate, equipment, production lines, automotive and other asset classes
- **Mashroey** offers asset-based micro lending to eligible clients for the purchase of motorcycles, tuk-tuks, YTO tractors, and motor tricycles
- **Drive** offers factoring of auto and non-auto products to retail and SMEs
- **Haram Tourism Transport (HTT)** provides car rental services on a quasi-operational lease basis
- **Tasaheel Microfinance Company** offers microfinance lending solutions to micro-entrepreneurs throughout Egypt, with a focus on group lending to women
- **Market:** Egypt
- **Companies:** GB Lease, Mashroey, Drive, Haram Tourism Transport, Tasaheel



1.4%
of FY16 Group Sales

Others

- Parts and lubricants business (PAL) distributes Gazprom Neft Lubricants in Egypt
- The pre-owned vehicles division rolled out a Western-style pre-owned car operation under the brand name Fabrika
- GB Pre-owned Construction Equipment and Heavy Trucks Trading
- Retail division 360 operates after-sales and retail outlets, distributing tires, tire parts, batteries, parts and lubricants, and will also offer related services in select locations
- **Market:** Egypt
- **Companies:** PAL, Fabrika, 360

VISION AND MISSION

Your Road Partner



Vision

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

Mission

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

Core Values



Leading with vision,
agility, and integrity



Our people,
our engine



Customer and
community centric

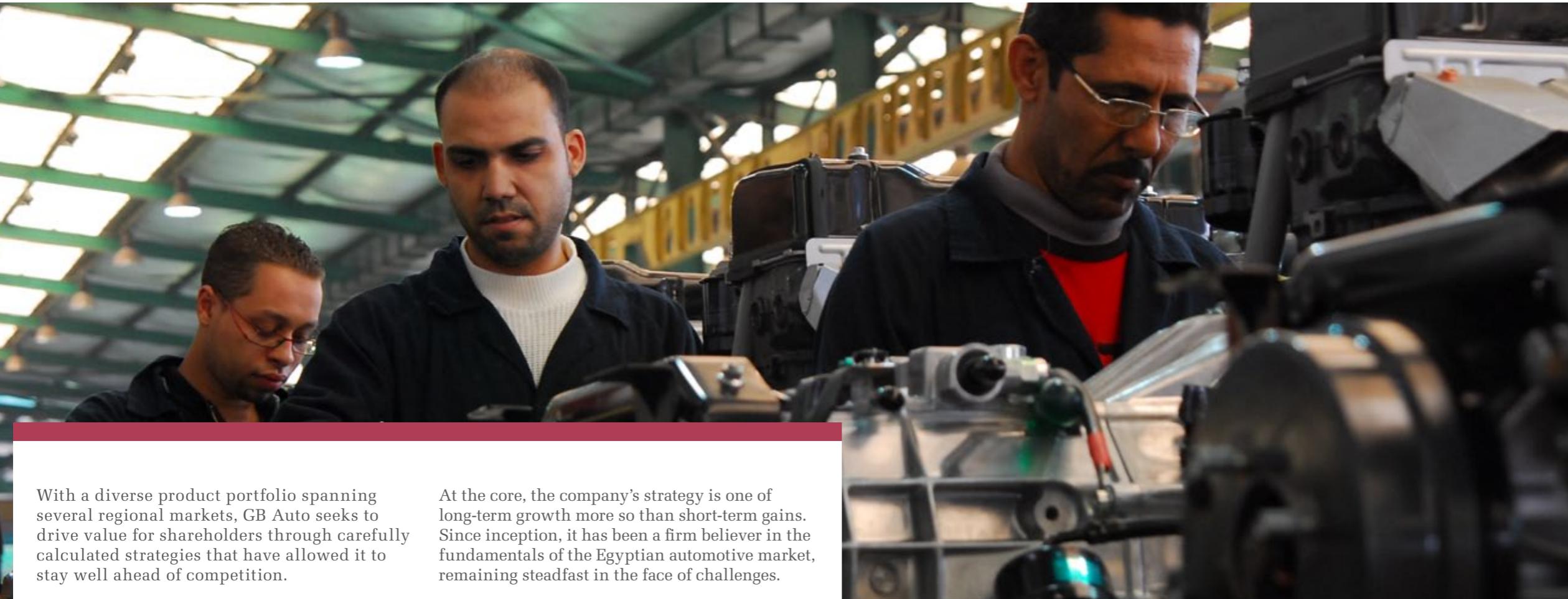


Results oriented for a
sustainable future



Innovative
thinking

SUSTAINABLE BUSINESS STRATEGY



With a diverse product portfolio spanning several regional markets, GB Auto seeks to drive value for shareholders through carefully calculated strategies that have allowed it to stay well ahead of competition.

At the core, the company's strategy is one of long-term growth more so than short-term gains. Since inception, it has been a firm believer in the fundamentals of the Egyptian automotive market, remaining steadfast in the face of challenges.



As such, GB Auto believes the main thrust of a long-term strategy is sustainability. Based strongly on our mission and values, GB Auto seeks to embed sustainability even more deeply in our strategic and operational decision-making and day-to-day activities.

We crystallized our sustainability strategy into five key pillars of customer satisfaction, employee engagement, environmental sustainability, social contribution, and corporate governance, covering each and every one of our stakeholders across our value chain and in our community.

This long-term strategy involves:

1

Growing our primary automotive lines of business through innovative and operationally efficient vertical expansion strategies and forming partnerships with top industry brands

2

Investing heavily in our complementary lines of business and becoming a one-stop-shop provider

3

Attaining product excellence through developing tailored products, services, and experiences that customers want and value

4

Delivering strong results while keeping an enterprise view to maintain profitable growth for all stakeholders

GB Auto firmly believes it can attain long-term, attainable growth through leveraging its well-defined core business driven to its full potential and throwing this strength behind these five key pillars.

STAKEHOLDER MAPPING

Every day at every level, we engage with a large number of stakeholders, both formally and informally. These interactions are crucial to GB Auto, enabling us to respond effectively to sustainability challenges and opportunities affecting us all.

Key Stakeholders

Below we identify our key stakeholders and give a snapshot of the channels through which we maintain dialogue with them. For each group, engagement includes formal and informal, regular and ad-hoc, and digital and face-to-face channels.

Employees

10,100

employees

- Meetings between management and employees
- Meetings between relevant departments to map out strategies and synergies
- Employee surveys
- Quarterly newsletters in Arabic and English
- Get Connected email
- Text runners at factories
- Bulletin boards at populated sites
- Pop-up messages/announcements
- Flyers
- Team-building activities
- Suggestion boxes



Customers

50,000+

passenger cars sold in 2016

- Social media
- Website outreach
- Market research
- Customer care programs
- Customer service channels
- Customer profile research
- Customer satisfaction index for after-sales services
- Sales Satisfaction Index for new and used cars
- Mobile application
- Ethics Officer Mailbox
- Consumer Protection Agency

Business Partners

27

business partners

- Sales satisfaction surveys for dealers
- Market research
- Regular meetings with dealers and partners
- Brand sales and services representatives
- Advertising and PR

Shareholders

2,000+

stockholders

- Quarterly earnings communications
- Annual shareholders' meeting
- Annual report
- Ratings and rankings
- IR website

Local Communities

EGP 33.3 mn

invested toward civic welfare



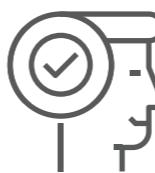
- Road Safety Initiative
- GB Auto Vocational Training
- Meetings with ministries to develop structured CSR programs
- Community outreach programs
- Educational programs
- Collaboration with NGOs
- Health service initiatives
- Financing initiatives extended by our Financing Business



MANAGEMENT APPROACH

GB Auto defined its sustainability strategy by aligning its business model with the ten principles of the UNGC on the issues of human rights, labor, environment, and anti-corruption. As such, and through the efforts of our CSR Department, we outlined a five-plank sustainability strategy.

Customer Satisfaction



With customers being one of our most vital stakeholders, we take our commitment to meeting their needs extremely seriously as part of our pledge to uphold human rights. Through numerous channels of communication, such as direct customer interaction, contact through dealers, websites, showrooms, motor shows, events, customer surveys, media, and more, we aim to accelerate the development of new, sustainable, quality products and services that customers want and value.

Employee Engagement

Also as part of our drive to uphold the highest levels of human rights, GB Auto has developed a robust framework by which it engages with its employees. Believing that employee satisfaction is one of the keys to a sustainable business model, we employ a variety of channels (such as surveys, training sessions, and an open-door policy) to ensure our employees are heard, their concerns addressed, and that they are afforded the safest and most rewarding working environment.



Environmental Sustainability

Environmental sustainability is by and large one of the most important pillars of our sustainability strategy as a leading automotive player. Through numerous programs and initiatives, GB Auto is committed to reducing the environmental footprint across the value chain and operations.



Social Contribution

Actively engaging with and investing in the communities we do business has been part and parcel of our sustainability strategy since the beginning. We are highly aware of the importance of giving back to the communities we operate in as a leader not only in our industry, but the wider business arena. Through educational, health, and road safety programs, we invest heavily in our CSR strategy, believing our business is only as strong as the communities in which our employees and customers live and work.

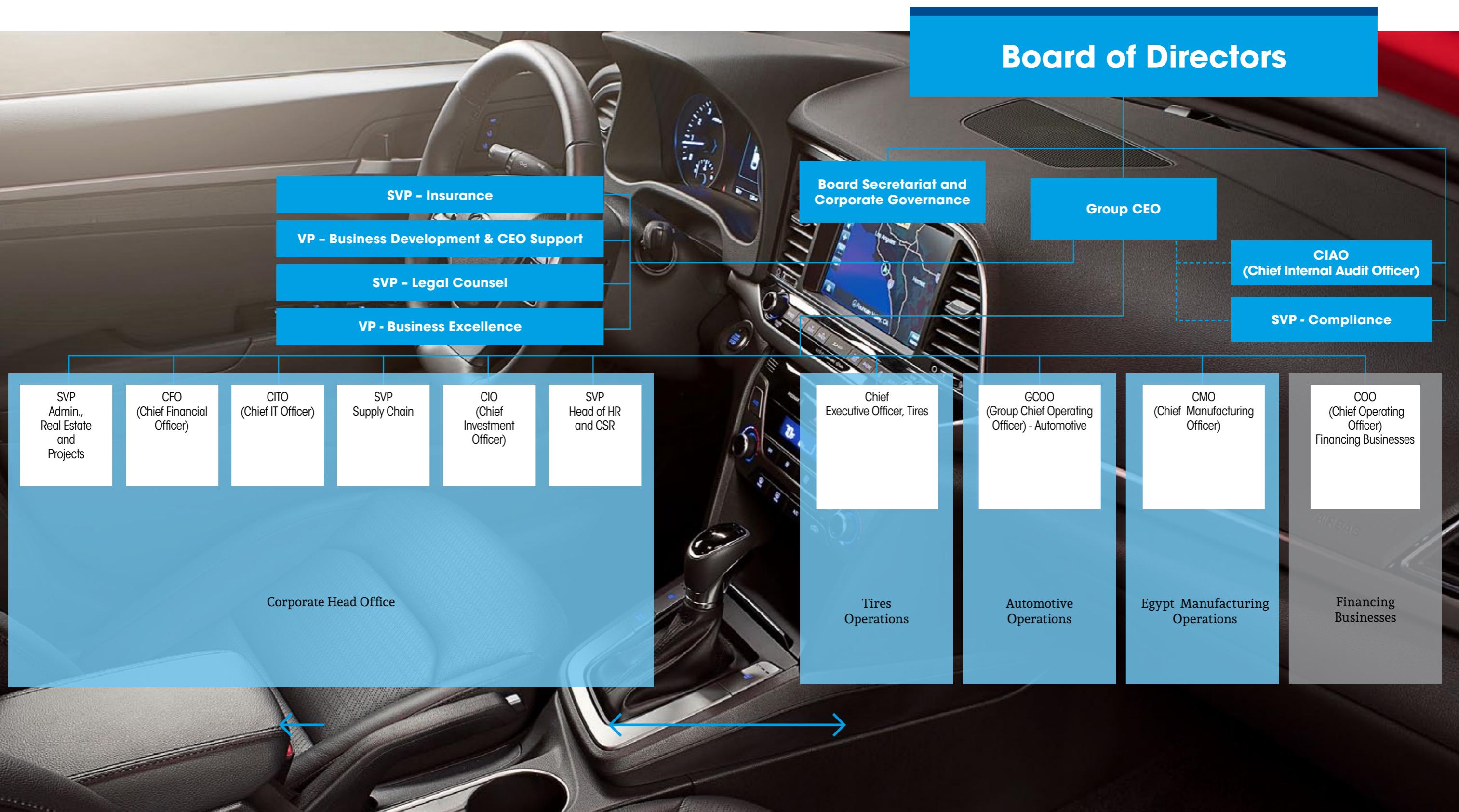


Corporate Governance

At GB Auto, we ensure that our business operates in a transparent, accountable, ethical way as part of our alignment with the UNGC's anti-corruption principles. We believe high standards of governance are key to maintaining stakeholder trust and putting us on track to becoming a sustainable business in our home market of Egypt and wider region. To this end, we maintain open channels of communication with our stakeholders through our IR website, shareholder meetings, reports, and earnings communications.



ORGANIZATIONAL STRUCTURE



CUSTOMER SATISFACTION

As a human-centric automotive player that strives to uphold the values of human rights, we base every product and service we offer on a culture that is genuinely interested in understanding, anticipating, and serving our client needs at the highest possible quality. We also work to make sure customers can rely on us and that we protect what is important to them by providing innovative and sustainable solutions in several areas and building a robust customer engagement framework that makes sure our customers are always heard.

Customer Relationship Management

Our integrated Customer Relationship Management (CRM) structure reaches out to customers, be they individuals or fleet companies, to make sure we attain the highest level of customer satisfaction. CRM also interrelates and coordinates closely with different business units that might have direct

or indirect customer touch points such as sales, service, spare parts, manufacturing, finance, legal, marketing, insurance, and IT.

In our efforts to improve both customer satisfaction and retention, we have put in place an extensive system to monitor, receive, resolve, and measure customer complaints and issues through several channels. Importantly, we strive to move away from a paper-based CRM model and develop and implement the most technologically advanced outreach channels in line with our sustainability agenda.

Factoring in sustainability into our CRM strategy gives us an edge over competitors and helps to ensure the continuity of our business operations through the consideration of economic, ecological, and social targets when establishing and maintaining long-term, profitable customer relations.

CRM KPIs

Total number of complaints received
Indicates customers' level of satisfaction

1

2

Top-three causes for which customers raise complaints
Indicates key causes of customer dissatisfaction

3

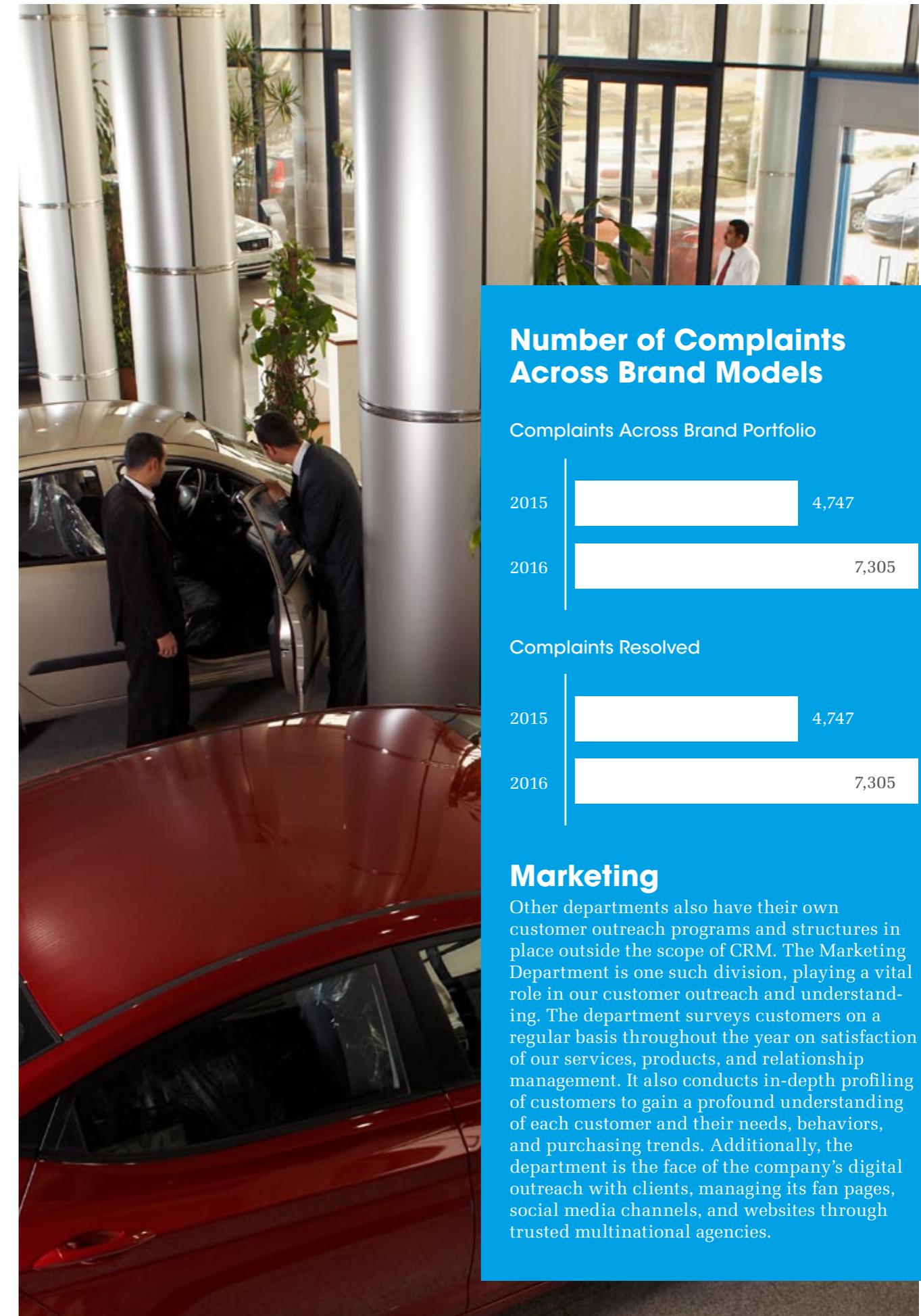
Number of complaints received on every vehicle model
Identifies models that cause the most dissatisfaction

4

Average time between receiving a complaint and resolution
Indicates the efficiency of the complaint-resolution process

5

Number of complaints as a % of workshop traffic
Indicates the service quality of GB Auto's service centers



Number of Complaints Across Brand Models

Complaints Across Brand Portfolio

2015 | 4,747

2016 | 7,305

Complaints Resolved

2015 | 4,747

2016 | 7,305

Marketing

Other departments also have their own customer outreach programs and structures in place outside the scope of CRM. The Marketing Department is one such division, playing a vital role in our customer outreach and understanding. The department surveys customers on a regular basis throughout the year on satisfaction of our services, products, and relationship management. It also conducts in-depth profiling of customers to gain a profound understanding of each customer and their needs, behaviors, and purchasing trends. Additionally, the department is the face of the company's digital outreach with clients, managing its fan pages, social media channels, and websites through trusted multinational agencies.

EMPLOYEE ENGAGEMENT

As an employer of choice, GB Auto strives to uphold the UNGC's principles of human rights and labor as we believe employees are the driving force for our long-term, sustainable growth. Therefore, we place the highest importance on establishing a workplace that allows employees to thrive not only in their careers but in everything they do.

We believe firmly that for employees to work in a worry-free, self-initiated manner, they need to be able to pursue their careers in an environment that:

- Does not discriminate against race, age, gender, or other factors
- Sets out clearly the rights and obligations of both employees and management
- Provides formal channels for employees to be heard
- Is in full compliance with labor laws
- Respects their work-life balance
- Gives them the freedom to join the labor union of their choice
- Sets out clear and fair compensation schemes and benefits

These tenants allow us to attract, retain, and motivate the best employees and have framed our workplace environment around four pillars: outreach, development, health and safety, and benefits.

Outreach

GB Auto has put in place a full-fledged internal communication strategy to ensure we liaise with employees in a transparent and effective way. Akhbarna, the company's corporate newsletter, is delivered to employees in digital and print formats each quarter. It not only connects them with lines of business that aren't their own but keeps them abreast of internal announcements and events. Bulletin boards and digital text runners are also installed at almost every GB Auto location to ensure management and company messages reach all employees at every level of the organization.

The company also launched the web-based GB Auto Employee Satisfaction Survey to better understand employee issues and assess morale, satisfaction, and engagement. In that regard, we've also installed complaints and suggestion boxes at all premises for

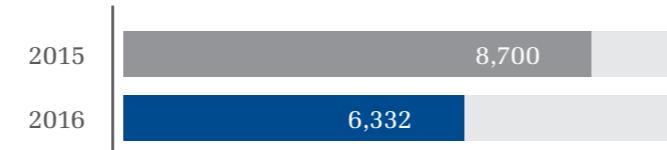
employees to raise concerns, complaints, grievances, and instances of non-compliance directly to the Chairman and CEO.

Development

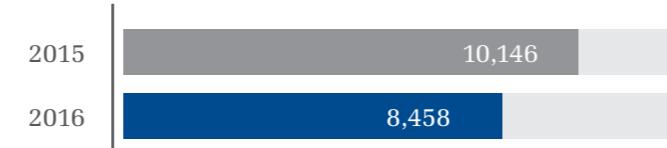
The GB Academy began as a collaboration between GB Auto and Centennial College of Toronto, Canada in 2010. Located in Abu Rawash, Giza, the training site opened its doors in June 2013 and has since been training nearly 8,000 GB Auto employees both nationally and regionally. Some 20 new courses are under development at the academy, and it hopes to extend its courses to others in the community so they can benefit from modules on offer.

For the second year running, the GB Auto Academy has also been a springboard for GB Auto and Cisco's collaboration to offer ICT skills training workshops to all GB Auto employees to help them keep pace with technological advancements and equip them with technical skills applicable to their current jobs and future endeavors.

Employees Attending Sessions



Training Days



Courses



GB Auto frequently teams up with local universities to give employees opportunities to learn and grow. The company joined forces with Nile University to allow manufacturing employees to attend academic courses at their training centers to build their drive for innovation and encourage them to keep up to date with technological advances.

In 2016, the company pressed on with its Potential Leaders Program, which is a management training program designed to give a select number of high-performance employees comprehensive on-the-job training to build their leadership potential. The program falls in line with GB Auto's strategy to always reward and grow talent from within.

Benefits

GB Auto has spent significant time and effort in developing comprehensive compensation, benefit, and bonus schemes for employees through the belief that every employee deserves equal pay for equal work. By carefully assessing all jobs in the company and undergoing thorough job evaluations, the company was able to put together what it feels is a competitive package of pay schemes and benefits for its workers.

To promote a healthy work-life balance, fringe benefits have also been integrated into its strategy, including: flexible hours, meal allowances, transportation to and from work by bus, car maintenance

services, discounts on company products, and travel opportunities at discounted prices.

Health and Safety

For the second year running, the company has pressed on with its company-wide employee immunization campaign against seasonal influenza for around 3,000 employees. It also distributed a medical awareness bulletin that outlines crucial healthy habits and safety strategies to avoid serious illness or harm. The company also launched various drug-awareness campaigns to safeguard the health of its staff.

Under the "Your Safety Is Important to Us" initiative, the company regularly offers safety workshops, training modules, and classes for employees, including but not limited to fire and hazard drills, and offers a life and accident insurance policy for all employees. It also offers an up-to-date medical insurance policy that covers all employees for regular healthcare, in addition to availing medical practitioners on site.

GB Auto continues to support employee sports and wellness initiatives that take place throughout the year. In 2016, the company outfitted the GB Auto Star Football team with all the necessary equipment and gear to compete in the annual Ramadan GB Auto Football League. GB Auto also distributed 3,690 Ramadan food supply bags to its employees during the holy month at its premises across Egypt.

ENVIRONMENTAL SUSTAINABILITY



With Egypt's population increasing at a rate of c. 2.1% annually to the c. 92.8 million we are today, GB Auto is mindful of the ties this has with the environment. To balance the company's growth strategies with environmental preservation, GB Auto takes numerous steps to tackle a range of sustainability issues in line with its leading role in the automotive industry. It takes active steps to

identify the direct and indirect environmental effects of its activities, as well as those of its business partners throughout the value chain. These include climate change and energy measures, preservation of air quality and other natural capital, efficient use of resources, management of chemical substances, waste reduction, and health issues.

Sustainable Manufacturing

GB Auto works with the National Center for the Study of Occupational Safety and Health to improve its environmental impact at factories on several fronts:

- Noise pollution
- Relative humidity
- Heat degree stress
- Illumination intensity
- Radiation capacity impacting UV emissions
- Magnetic flux density
- Overall mechanical vibration process
- Metal fumes and vapors
- Caustic soda spray
- Analysis of industrial wastewater
- Thawing organic vapors at all company sites

In keeping with our ethics to minimize the impact of waste on the environment, GB Auto works with Eco Converse Company for Environmental Services (a company mandated under Egypt's Ministry of Environment) to handle hazardous materials and substance waste and transport it for disposal at designated, safe locations. We also work with the Industry Zone Municipality to dispose of solid waste.

GB Auto is establishing its Wastewater Discharge Management plant in 2020 and developing an Industrial Wastewater Unit to treat industrial wastewater. Output is regularly measured by the National Center for the Study of Occupational Safety and Health to ensure we are always in line with lawful limits. We also plan to begin shipping wastewater from our paint shop to agricultural areas, where its high salt and mineral content is ideal for soil health.

We pride ourselves in our use of the most innovative, advanced machinery to minimize harmful emissions at our manufacturing facilities. We use modern furnaces that compress fumes into water and deliver them to Eco Converse, which then

separates the fumes and disposes of them safely. GB Auto also installed a new ventilation system at all plants in 2016, which not only curtailed emissions but provided a more comfortable working environment for our workers.

Other examples of modern machinery include our paint robots, which automate the top coat painting process and contribute to energy saving and lowering paint consumption. Our latest passenger car project PRIMA introduced welding robots to the body shop, which has reduced energy consumption and decreased the physical effort required to complete the welding processes.

In 2016, we managed to reduce our energy consumption by 4% to 16,409,403 KWH through several energy-curtailing initiatives, one of which was to begin using skylight roofs for illumination during the day and replacing halogen and tungsten lighting with LED during night shifts. In the future, we plan to install a solar powered lighting system.

Employee Safety and Awareness

To safeguard the safety of all our employees, we have a comprehensive framework to reduce the occurrence of occupational hazards, injuries, and spread of disease. GB Auto regularly updates this framework to improve the performance of our safety-management system and minimize all possible dangers and risks to our employees.

To ensure employees work in the most comfortable, healthy environments, we installed a water desalination system at our plants to ensure workers have constant access to potable drinking water. We also conduct monthly training sessions by technical experts to train employees not only how to maintain the safest standards of work and bolster environmental awareness and sustainability, but to develop their knowledge bank and encourage their drive for innovation.

SOCIAL CONTRIBUTION

Based on GB Auto's origins as a human-centric company, we continued throughout the year to contribute to the advancement of society. In 2015 with the foundation of our dedicated CSR Department, we set out to create a stronger impact in the societies we work in through several channels such as education, health, and road safety, guided by the tenants of our CSR Strategy.

Education

Our biggest area of focus is education, with particular attention paid to vocational training. Centering around skill acquisition, which is vital for the growth and competitiveness of the Egyptian economy, GB Auto believes funneling investments into this plank plays a direct role in the betterment of society and, as a result, its sustainability as an organization.

In 2016, we signed a protocol with the Ministry of Trade and Industry's Productivity & Vocational Training Department and Industrial Training Council to sponsor a three-year vocational school. GB Auto will provide training modules for teachers, review curriculum, and enhance the school management system in collaboration with an international vocational training institution. It will also upgrade the school workshop and conduct renovations on the building.

GB Auto also funded Cairo University's student engineers who engage in global competitions that challenge participants to design, build, and simulate cars and their related challenges. The winning team from the university participated at engineering design events that took place in Silverstone, UK and Hockenheimring, Germany. The company was honored with the Cairo University Appreciation Award for its efforts.

In 2016, GB Auto invested \$ 50,000 in collaboration with Takreem, which identifies and honors Arabs who have excelled in their field and inspired others in their quest for cultural, educational, scientific, environmental, humanitarian, social, and econom-

ic excellence. The honorees were recognized and their achievements celebrated during Takreem's annual Arab Achievement Awards Ceremony.

In partnership with the Misr El Kheir Foundation, GB Auto also funded the travel mobile library Tales on 4 Wheels that provides reading books of various genres for school children.

The company collaborated with Nile University to allow top students to see their senior projects through to fruition at GB Auto's factories, which adds value to both the company and students.

We also are keenly aware of the economic challenges facing our employees when it comes to meeting the educational needs of their children. GB Auto, in collaboration with stationary company Bernasos, offered employees an LE 100 voucher at Bernasos stores and a 10% discount on all items in 2016.

Road Safety

GB Auto recognizes the gravity of the road safety problems all Egyptians face. Car accidents are the second major cause of fatalities in Egypt, killing around 12,000 people a year, according to a World Health Organization report. GB Auto is committed to protecting the lives of its employees, customers, and suppliers by helping raise awareness and encouraging drivers to become more safety conscious.

We set up a three-week Safe Driving Initiative in 2016 that, in collaboration with Hyundai Motor Company, sought to create safe driving awareness across 1,000 drivers. The program was a huge success, garnering the interest of over 4,000 people. We plan to continue the program in years to come and reach an even wider segment of Egyptian society.

Health

Through various outreach programs and donations, GB Auto has worked to improve the health of the communities in which we do business. In 2016, as part of our responsibility to these communities, we



donated LE 100,000 to the Abu El Rish Children's Hospital that was used to provide dialysis machines for children suffering from kidney disease.

Philanthropy

GB Auto also continues to focus on fulfilling its philanthropic duties, going beyond the prevention of potential harm to helping improve public welfare. We have supported mothers-in-debt, organized orphan days at KidZania, and provided funding to foundations that support street children.

Tasaheel, GB Auto's most recent addition to its financing businesses, was launched in August

2015 to provide direct microfinance lending with a specific focus on group lending to women. Through Tasaheel, GB Auto aims to help low-income earners improve their living standards, which in turn supports overall community development and economic growth.

In 2016, the Misr El Kheir Foundation granted our CSR Department an award for its continued efforts to support the struggle of Egyptian mothers to make ends meet. During the year, GB Auto donated LE 850,000 to 100 mothers in debt.

CORPORATE GOVERNANCE

High standards of governance are key to maintaining the trust of investors and our stakeholders and building a sustainable business. GB is committed to following the principles of good corporate governance through institutionalized corporate governance guidelines and has taken steps to ensure transparency, accountability, effective internal controls, and anti-corruption, in line with the UNGC principles.

Under the guidelines of our Board of Directors, the Internal Audit & Compliance Department is the primary driving force of our governance structure. It is responsible for evaluating GB Auto's risk management, anti-corruption, and control and governance in accordance with our Code of Ethics and international standards for the professional practice of internal auditing.

Governance Structure

As the responsibility of every manager and employee, sustainability is rooted in our mission and company-wide guidelines. Our governance structure revolves around a mindset where all of us as individuals consider the social and environmental consequences of their day-to-day decisions.

The General Assembly

The General Assembly (GA) is the ultimate governing body of the company. Its responsibilities are based on laws and company statutes. The GA:

- Includes all the shareholders of the company
- Makes decisions by voting among shares represented in the meeting; the voting rule is: 1 share = 1 vote for all shares
- Holds at least one ordinary meeting per year and extraordinary ones as needed
- Appoints the Board, approves financial results, appoints external auditors, and approves dividend distributions; it can make extraordinary decisions at extraordinary meetings

Disclosure Rules and Transparency

GB Auto is subject to disclosure rules and the new listing rules set by the EGX and approved by the Egyptian Capital Markets Authority on June 18, 2002. It is in compliance with the corporate governance, financial reporting, and disclosure provisions.

In addition to reporting its financials on a quarterly basis and announcing all major news and developments, GB Auto follows complete transparency about all material matters regarding 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 governance structures and policies.

Board Committees

The Board has established three committees to assist in discharging its oversight responsibilities. Each committee consists of four independent non-executive members.

The Audit Committee

The Audit Committee's primary purpose is to focus on aspects of financial reporting and GB Auto's processes of managing business and financial risk. It also assists the Board in its oversight of:

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

President:

- Alaa Saba (non-executive - independent)

Members:

- Mounir Abelnour (non-executive - independent)
- Ahmed El Wakil (non-executive - independent)
- Walid Sulaiman Abanumay (non-executive - shareholder)

The Remuneration Committee

The Remuneration Committee's primary purpose is to assist the Board in overseeing matters relating to director compensation. The Remuneration Committee:

- Determines the remuneration policy and makes recommendations to the Board on the policy and structure for remuneration and fees of senior management and on the establishment of a formal and transparent procedure for developing policy on such remuneration

- Determines along with the Board the broad policy for the remuneration of the Board Executive Directors, the Chairman, and other members of the Executive Management team
- Recommends, monitors, and notes the level and structure of remuneration for top management
- The fees and other payment arrangements for Non-Executive Directors are matters for consideration by a sub-committee of the Board, consisting of the Chairman and one or more Executive Directors

President:

- Alaa Saba (non-executive - independent)

Members:

- Mounir Abelnour (non-executive - independent)
- Ahmed El Wakil (non-executive - independent)
- Walid Sulaiman Abanumay (non-executive - shareholder)

Corporate Governance Committee

The Corporate Governance Committee is appointed by the Board to assist it in fulfilling its responsibilities with respect to four key matters:

- Overseeing the development and the regular assessment of GB Auto's approach to corporate governance issues
- Ensuring that such an approach supports the effective functioning of GB Auto, keeping in mind the best interests of shareholders, and maintaining effective communication between the Board of Directors and management team
- Overseeing the process, structure, and effective system of accountability by management to the Board of Directors and by the Board to shareholders, in accordance with applicable laws, regulations, and industry standards for good governance practices
- Carrying out the functions and responsibilities of a nomination committee to recommend to the Board of Directors candidates for election or appointments

President:

- Alaa Saba (non-executive - independent)

Members:

- Mounir Abelnour (non-executive - independent)
- Ahmed El Wakil (non-executive - independent)
- Walid Sulaiman Abanumay (non-executive - shareholder)

Anti-Corruption

The success of our business is based on the quality of our employees, our services, and our products. We do not obtain any business advantage through bribery, illegitimate arrangements or payments, or other illicit means. Our Code of Ethics sets out a zero-

tolerance policy on corruption of any kind, which is clearly communicated to every member of our staff at all levels of the organization. Our Whistle Blower Policy is clearly outlined as well, giving employees a way to communicate their concerns and complaints about potentially unethical behavior.

GB Auto's management is fully committed to the highest principles of business ethics and the principles that guide the UNGC, believing that the key to a sustainable business is the trust it builds along the way. As such, GB Auto has implemented a compliance-management system proposed by German multinational automotive corporation Daimler AG that ensures adequate measures are in place to promote anti-corruption and anti-bribery practices.

Business Continuity

To demonstrate professional and effective responses consistently to any incident/emergency situation and maintain business continuity, GB Auto established a Business Continuity and Crisis Management Policy that sets in place both a policy response and structure for the management of these events. The policy applies to every member of the GB Auto community, including students, staff, contractors, and volunteers on all premises owned or operated by the company, including regional premises.

While the Board is ultimately responsible for monitoring risk and setting the risk appetite for the company, the policy is the responsibility of the COO and Chairman and is implemented through three main avenues:

- The Business Continuity Planning Committee (BCPC), which is responsible for planning and testing GB Auto's responsiveness to potential incidents/emergencies
- The Crisis Management Control Committee (CMCC), which is responsible to the COO and Chairman for the coordination of GB Auto's overall response to incidents or emergencies at all premises across the company's footprint
- Emergency Response Teams (ERT) on site that coordinate emergency responses under the Business Continuity and Crisis Management Policy.

The COO and Chairman may require that compliance audits for process and performance are undertaken by the company's internal auditor or by externally appointed auditors. Companywide business continuity plans are submitted at least annually to the Board for consideration and, where appropriate, adoption.

CHALLENGES AND OPPORTUNITIES



While we strive to uphold the UNGC's principles, work to continually improve our CSR framework, and build sustainability into our every endeavor, we are aware there will always be challenges and room to grow. Below we outline these for each of our sustainability pillars.

Employee Engagement

While GB Auto employees are generally satisfied, according to its employee survey, there will always be room for improvement. We plan to set out clearer career paths for employees and assess our compensation and benefit packages to not only remain in line with industry standards, but stay ahead of the curve and retain our talented employees. We also aim to create an open-door policy where employees are comfortable to discuss concerns with their supervisors and higher levels of management.

Customer Satisfaction

By far the biggest challenge in meeting customer needs for GB Auto today is its growing customer base that naturally comes with mounting client needs. As clients become more technologically savvy, we need to work quickly to develop the most up-to-date and user-friendly digital channels. Customers have also become increasingly aware of the importance of sustainability practices, meaning we need to continue growing and integrating sustainable solutions in our CRM model.

Going forward, we aim to flesh out our customer databases to better understand each and every customer and their needs and develop a concrete, comprehensive customer database.

In tandem, we hope to expand our CRM channels while improving our operational efficiency by accurately measuring average handling time for complaints and working toward faster response times.

Environmental Sustainability

Focusing on recycling

Boosting paper reduction

Embracing Green IT

Corporate Governance

Aligning with the UN's Sustainability Development Goals

Creating a Sustainability Committee

Introducing courses in anti-corruption, risk, compliance for staff

Bolstering cybersecurity

Social Contribution

As our social contribution platform grows, we plan to grow our employee outreach. Plans through to 2018 include encouraging all GB Auto staff to make social welfare contributions and involve them in more and more philanthropic activities that give back to the community.



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