Guide to Corporate Governance
Regulations and Standards in Egypt
(March 2011)

[Disclaimer: This is an UNOFFICIAL TRANSLATION published in February 2016 where the original language is Arabic*]

Nermeen Shehata
Assistant Professor of Accounting
School of Business
The American University in Cairo
n.shehata@aucegypt.edu

* The Guide to Corporate Governance Principles in Egypt published in 2011 was used as a reference. Page numbers do not correspond to the Arabic version.
Ministry of Investment
The Egyptian Institute of Directors

Decree

Chairman of the Board of Trustees of the Egyptian Institute of Directors
Number (233) for year 2005
Issuance of Guide to Corporate Governance Regulations and Standards

Chairman of the Board of Trustees of the Egyptian Institute of Directors

After checking the Company Law 159 for year 1981 for joint stock companies, partnerships
limited by shares and limited liability companies and its relevant executive regulations;
the Capital Market Law 95 for year 1992 and its relevant executive regulations;
the Law 8 for year 1997 regarding investment guarantees and incentives;
the Presidential Decree 231 for year 2004 concerning the organization of the Ministry of
Investment;
the Minister of Foreign Trade Decree 675 for year 2003 regarding the establishment of the
Egyptian Institute of Directors; and
Minster of Investment Decrees 40 for year 2004 and 188 for year 2008 regarding the
establishment of the Egyptian Institute of Directors.

(Article 1)
Approves the issuance of the Guide to Corporate Governance Regulations and Standards.

(Article 2)
The Executive Manager of the Egyptian Institute of Directors should take required actions to
publish this guide and introduce the regulations and standards to the joint stock companies,
state-owned enterprises, and public sector companies to attain transparency and best practice
of corporate governance.

(Article 3)
Experts should enforce the rules of that decree.

Chairman of the Board of Trustees of the Egyptian Institute of Directors
Released on: 10 October, 2005
The standards of corporate governance for private companies issued in October 2005 have been updated. The updating process took around one year with the participation of a large number of Egyptian and foreign experts, and representatives of institutions affected by these standards.

It is our pleasure to introduce for you the amended version of the Guide to Corporate Governance Regulations and Standards in Egypt issued in March 2011.
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1. Introduction

This set of regulations addresses the principles of corporate governance in Egypt. The principles of corporate governance are the rules, systems and procedures that achieve the optimum protection and balance between the interests of the board of directors, company’s management, its shareholders and other stakeholders affected by the company. These regulations could be considered to complement articles regarding companies incorporation that exist in various laws, especially the Company Law 159 for year 1981 for joint stock companies, partnerships limited by shares and limited liability companies, and the Capital Market Law 95 for year 1992, and their relevant executive regulations and decrees. These regulations are unique and separate from the legal stipulations as the corporate governance regulations existing in this guide do not represent any enforceable or binding legal stipulations. However, the corporate governance regulations state and organize the appropriate conduct within a company’s management according to international best practices that achieve a balance between the interests of various involved parties. Consequently, these regulations have been phrased in a manner that confirms their guidance nature, and confirms their thorough explanation without being restricted to legislative drafting styles that are written using summarized and general legalese and abstract rules.

On the other hand, it is expected that Egyptian companies, including management, board and shareholders, would seek the implementation of these regulations and compliance with them for the sake of several benefits achieved not only by the companies implementing them, but also to the overall investment climate. Benefits are earned because of the company’s keenness on protecting shareholders’ rights, stressing the importance of disclosing information about events that take place in the company which enhances the investors’ satisfaction. Moreover, companies’ external auditors and legal consultants have a significant
role in prompting companies’ compliance with these regulations and monitoring their implementation. In addition, banks, financial institutions and credit rating agencies should consider companies’ compliance with these regulations in their evaluation.

It is hoped that all companies’ directors and management, financial institutions, professional societies and shareholders, would implement and promote these regulations; whereas their implementation is considered one of the company’s success and recognition indicators.
2. Definitions

**Chairman:** He who leads the board of directors meetings and runs the board of directors’ affairs.

**Managing Director:** He who leads and runs the company’s activities, and is the head of its executive authority.

**Executive Board Member:** A member of the board of directors who holds an executive position in the company where he sits on its board.

**Non-executive Board Member:** A member of the board of directors who does not hold an executive position in the company where he sits on its board.

**Independent Board Member:** A member of the board of directors whose relationship with the company is limited to being a member of its board. This member does not represent any shareholder, does not have material transactions with the company, and does not receive any salary, commission, or fees except the compensation for meeting attendance, transportation allowance, and board compensation as decided in the general assembly. Moreover, the member does not have any special interest in the company or any relatives or relationships with any of the board members or senior executives. In addition, the member is not a previous senior executive, company’s consultant, or external auditor, during the three years that precede his appointment.

**Stakeholders:** Everyone who has got an interest in the company, including for example employees, clients, suppliers, distributors, and creditors.
Shareholders: Company owners regardless of the number of shares they hold.

General Assembly: The entity that includes all the company owners or its shareholders.

Minority Shareholders/Small Shareholders: Shareholders who do not own a controlling stake from the total shares of a company.

Cumulative Voting: Every shareholder should hold a number of votes equal to the number of shares he holds. The shareholder might allocate all the votes to a single board nominee or distribute his votes amongst such number of nominees as decided by the said shareholder without repeating those votes.
3. Scope of Implementation

3.1 These regulations are primarily applicable to joint stock companies listed on the Egyptian Stock Exchange and also to financial institutions even if they are not listed on the stock exchange without contradicting any corporate governance regulations applicable to the financial institutions that might be issued in the future. These regulations are also applicable to companies that are structured as joint stock companies where their ownership is distributed among a large number of owners. Accordingly, the relationship between the capital owners and management should be governed where the rights of each party should be protected including the rights of other stakeholders. These regulations are also applicable to companies that rely on financial institutions for their funding where the companies’ compliance with the corporate governance regulations ensures creditors’ rights.

The regulations have been formulated to suit companies in the context of the Company Law 159 for year 1981 for joint stock companies, partnerships limited by shares and limited liability companies, and the Capital Market Law 95 for year 1992, and also securities’ listing and delisting rules of the Egyptian Stock Exchange.

Considering the importance of the corporate governance regulations for all types of companies, and that other forms of companies might be considered in their initial stages preceding being listed, or being a financial institution, or seeking public offering, these corporate governance regulations were discussed in detail for companies listed on the stock exchange or financial institutions taking the form of joint stock companies. This was followed by a brief discussion about what could be applicable to closed joint stock companies, limited liability companies and individual companies. Even though this style
of discussing the corporate governance regulations might differ from other countries’
scope of discussion, in the Egyptian case, this is justified as companies listed on the
Egyptian Stock Exchange represent a limited percentage of all Egyptian joint stock
companies.

3.2 On the other hand, development witnessed by the Egyptian economy and the stock
market, especially in recent years, indicates that many closed joint stock companies will
find their way listing on the Egyptian Exchange (EGX) or the Nile Stock Exchange
(NILEX) in the future. Therefore, it is important that companies’ shareholders and
directors should pay attention to corporate governance regulations, in preparation for
being listed on the stock exchange. Proper qualification for public offering or listing is
among the objectives of corporate governance. Consequently, shareholders, companies,
creditors and staff will benefit from promoting and monitoring companies’ compliance, in
all their forms, with these regulations as much they can, even if they are not yet listed
companies on the stock exchange.

3.3 Concerning the previously mentioned scope, sound corporate governance does not only
mean respecting a set of regulations, and literally and narrowly interpreting them.
However, corporate governance is the culture, technique and method that regulates the
relationship between company owners, its board, and clientele. Accordingly, the wider
the scope of its implementation, the greater the benefits will be for the society as a whole.
4. Apply or Explain

Companies should primarily apply all regulations of this guide. If the company could not apply any regulation, reasons for the inapplicability should be explained. Each company should prepare a schedule with all regulations of this guide showing which it complied with and which it did not fully comply with, mentioning all required explanations and plans to apply those regulations in the future, if any. The company should disclose this report on its website and in its annual report.
5. Regulations

5.1 General Assembly

5.1.1 The general assembly comprises all company shareholders, each according to the percentage of shares being held. Even though the company’s bylaws may stipulate that only shareholders of a certain number of shares should attend the general assembly, this provision should be considered an exception to the general rule which gives each shareholder the right to attend the general assembly. That provision should only be used when the number of shareholders exceeds the company’s limits to manage the venue of the general assembly, and it should not be a means to ignore minority shareholders.

5.1.2 Shareholders should be encouraged to attend the company’s general assembly where its meetings’ timing and venue should be set in a way that facilitates and encourages their attendance.

5.1.3 Each topic in the agenda of the ordinary or extraordinary general assembly should be adequately presented and thoroughly explained to help shareholders make their decisions based on the provided information. Information should be provided with the purpose of helping shareholders make proper and sound decisions and not as mere formality of the meeting.

5.1.4 The general assembly should be managed in a way that allows shareholders to express their opinions, and the company’s board should fully and adequately disclose all general assembly topics on the agenda.
5.1.5 Voting on the general assembly decisions should be accurately recorded. If any dispute occurs regarding the proper representation of some votes in the general assembly, voting should be counted twice: once considering the validity of those votes, and another time by considering them invalid and omitting them, where both counts should be submitted to the appropriate administrative or legislative body while procedures of the general assembly are continued under all circumstances.
5.2 Board of Directors

The company’s board of directors (the board) plays an important and crucial role in setting its strategic objectives, and endorsing its general policies and strategies that dominate its workflow. Accordingly, the board’s decisions considerably affect the company’s performance. The Corporate Governance Regulations strongly focus on a number of issues related to the board’s formation, how it runs the company and protects its assets, and how it maximizes the shareholders’ wealth.

5.2.1 The company’s board is in charge of managing the company based on the general assembly’s authorization. Therefore, the company’s ultimate responsibility rests with its board, whether it formed committees or authorized other parties or individuals to undertake any of its duties.

5.2.2 Even though the board comprises representatives who have been selected from various groups of shareholders, the board member should consider himself a representative of all shareholders whenever he is appointed. The member should also commit to work in the best interests of the company in any event, not just only for the group whom he represents or those who voted for him.

5.2.3 The Egyptian laws stipulate that the board is elected to represent shareholders considering that it should have representatives reflecting the proportion of capital distribution. Nevertheless, voting rules entitle the majority group in the general assembly to appoint all the board members by voting for each nominee individually. Consequently, Corporate Governance Regulations require using other methods, such as “cumulative voting” when electing the board, or to
consider the proportion of capital distribution using any other ways where the end result should represent the shareholders’ proportional distribution in the board. A brief biography about each nominee should be presented to the shareholders when they are called for the board’s election.

5.2.4 The board should have a minimum of five members of which the majority should be independent non-executives, or alternatively, at least two thirds of the board should be independent with technical or analytical skills that will benefit the board and the company. In all cases, selection of independent and non-executive board members implies that they should devote sufficient time and attention to the company and not to have any conflict of interest.

5.2.5 New board members should be provided with information, data and adequate explanation about the company when they are appointed. This allows the new members to be familiar with all the company’s general aspects, its points of weaknesses, its administrative structure, budget elements and anything else that will help them to efficiently carry out their duties. It is preferable to have the chairman or the board secretary supervising this induction process.

5.2.6 The board appoints the chairman and the managing director where it is preferred not to have the two positions held by the same person. Whenever this happens, reasons should be stated in the company’s annual report and an independent deputy chairman should be appointed, and should also head the board meetings that discuss and evaluate the board performance.
5.2.7 The chairman is responsible for managing the board of directors and achieving its goals whereas the managing director on his own is in charge of managing the company and regularly reporting to the board. Neither the board nor its chairman should interfere with the day to day management of the company, except if the managing director fails to carry out his duties until the appointment of a new managing director.

5.2.8 The chairman should make sure that the members of the board and its various committees are familiar with the Egyptian Corporate Governance Regulations and the methods of their application.

5.2.9 The board should always be closely monitoring the company’s general situation and it should not delegate this task to others.

5.2.10 The board should set out mechanisms and methods that guarantee the company’s respect of applicable laws and regulations, and its compliance with the disclosure of material information to shareholders, creditors and various stakeholders. In all cases, respecting the laws, regulations, and information disclosure should all be done based on objective standards.

5.2.11 All board’s authorizations made to one of its members or others should be precise regarding its topic, the timing of its enforcement and the presentation of its results to the board members. The board should avoid issuing general authorizations or untimed ones that consequently lead to surrendering the board’s power while retaining its responsibility.
5.2.12 Board members should have access to the company’s information and data whenever they ask for it and in whichever form they specify. The board secretary should act as the link between the board members and the company’s management.

5.2.13 Board members may ask for the advice of an external consultant on company matters where the majority of the members should agree with that decision. The consultant is remunerated by the company. Conflict of interest provisions stipulated in this guide should be considered. Also, the usage of external consultants do not exempt the board members’ from their responsibility.

5.2.14 The company should provide executive board members with a monetary remuneration that attracts and retains the best caliber in the market. The remuneration is determined by a committee that is formed of three independent or three non-executive members, where the committee proposes the monetary remuneration and negotiates it with the executive board members, in consultation with the managing director. The final decision is made by the non-executive members.

The names of the committee members should be disclosed in the company’s annual report. The committee’s chairman should also attend the annual general assembly to answer shareholders’ questions in this regard.

To guarantee neutrality, the general assembly determines the remuneration of the independent and the non-executive members.
5.2.15 Disclosure of executive board members’ remuneration payments should include salaries, allowances, in-kind benefits, incentive shares and any other financial items. Performance-related payments are always preferred to form the largest portion of the total monetary remuneration so that the executive member will continuously be motivated to develop his performance.

5.2.16 Regarding board bonuses, especially incentive shares, they should not be motivating board members to make beneficial decisions for the company in the short-term only. However, they should be related to improving the company performance over the long-term.

5.2.17 The executive members’ one term of contract should not exceed three years, unless there are specific and clear reasons that have to be disclosed in the company’s annual general assembly where the terms could be renewed for longer periods.

5.2.18 The committee referred to in article (5.2.14) should propose non-executives’ remuneration where it has to be presented to the company’s general assembly for a decision to be taken about it. There should not be any discrepancies in non-executives’ remuneration unless they are minimal and based on specific actions and duties assigned to them or their participation in any committees’ membership.

5.2.19 The board should meet at least once every 3 months. The number of board meetings and names of absentees from the board meetings or board committee meetings should be disclosed in the company’s annual report. Meetings should
consider the venue, timing and arrangements that are convenient for the board members’ attendance. Adequate information about any topic to be presented or a decision to be made in the meeting should be provided to all board members early enough before the meeting. In such circumstances that require urgent business to be presented, whoever has the capacity from the board executive members or company managers to thoroughly explain the topic and answer board members’ questions should attend the board meeting. Resolutions should not be passed except when a meeting cannot be held in a normal and usual manner. In this case, voting should be confined to urgent resolutions only where resolutions should be passed unanimously.

5.2.20 Non-executive and independent board members can meet company managers to discuss company issues with or without presence of the executive board members, where coordination should take place with the company managers regarding the timing and they should also be informed about the topics to be discussed.

5.2.21 The board should frequently revise the company’s internal systems and procedures for their appropriateness and efficiency. The board is entitled to access all information and the financial and non-financial reports about the company’s performance whatever they ask for and in whichever form they specify.

5.2.22 The board can form committees from its members along with others to carry out particular tasks and for specific periods. Such committees enhance the board’s competence; accordingly, they should be considered as a supportive means to the board not as a means to discharge the board from its responsibilities or to convey
responsibility to another party, where the board is responsible for the performance of these committees.

5.2.23 The formation of the board committees should follow general procedures set by the board including their duties, duration of those duties, granted authority during that period, how the board would supervise them, and their financial transactions. The committees should inform the board about their work, outcomes and decisions in a transparently and total manner. The board should periodically supervise the committees’ duties to ensure they are performing their assigned role.

5.2.24 It is preferable that board committees should comprise independent and non-executive members only. The majority of the board committees should at least comprise non-executive members; one of them should be the committee’s chair where it is preferable to have the independent member as the chair. There should not be an executive member in the committee where the committee supervises him and assesses his performance.

5.2.25 Board committees can seek the assistance of external consultants to help them with their duties, at the company’s expense. This has to be preceded by the general assembly’s approval where conflict of interest provisions should be considered.

5.2.26 The company’s annual report should include a brief presentation about the formation of each committee, its number of meetings, its assigned duties and its performance. Committee chairs should attend the company’s general assembly.
5.2.27 The company should have an audit committee formed from a number of non-executive members and at least one independent member, where its task is the oversight of the internal controls and auditing procedures, the duties of the internal controls department, the company’s workflow procedures, and any other tasks assigned to the committee by the board.

5.2.28 There are other committees that could be formed by the board, such as the risk committee, investment committee, and remuneration, nomination and incentives committee. Each committee should have at least one independent member.

5.2.29 The board appoints a corporate secretary or a secretary to whom the board assigns all duties related to managing the board files, meeting minutes and reports. The board secretary attends the board meetings unless he is asked to leave the meeting room while discussing a certain topic. Board members can contact the secretary during the periods between the meetings. The board secretary’s role extends beyond the traditional functions prescribed in the Egyptian law regarding attending meetings and preparing minutes; however, the secretary acts as a permanent link between board members and the company, and as a source for the information they need. Consequently, the board should offer the secretary the required authorization that allows him to carry out his duties efficiently and also to train him when needed.

5.2.30 The board is responsible for risk management in general in accordance with the company’s activities, size and market. The board might set up a risk committee to work under its supervision. It is the responsibility of the board to set a risk
identification strategy, how to deal with those risks, the level of the risks accepted by the company, and clearly presenting all such information to the shareholders.

5.2.31 The board is responsible for setting an early warning system in the company that directs its attention to any defects or deviations that might occur so that speedy relevant procedures can be taken. This system should comprise methods of protecting information sources and whistleblowers as they could be subject to harassment or persecution.

5.2.32 The board should prepare an annual report to be presented to the shareholders that specifically includes, in addition to what is required by the laws:

- A comprehensive overview about the company’s operational and financial status.
- Prospective vision of the company’s activities for the coming year.
- Subsidiaries’ activities and operational status (if any).
- A summary about changes in the company’s capital structure.
- The extent of compliance with monitoring and applying the Corporate Governance Regulations, including adequate information about the board and its various committees.
- The company’s Corporate Social Responsibility (CSR) activities.

5.2.33 The board should set out a training plan for its members including training on the Corporate Governance Regulations, the duties of the board committees, and any other topic deemed important to all or most of the board members.
5.2.34 The chairman is responsible for the performance evaluation of the board members whether by himself or using specialized bodies. The evaluation is never disclosed to a third-party; however, it is used in improving the board’s performance, identifying the training needs for board members, or taking a decision to restructure the board.

5.2.35 The board should have the ordinary general assembly’s approval for transactions involving any company’s asset that exceeds 20% of its total assets.
5.3 **Internal Audit Department**

5.3.1 The company should maintain a tight internal control system established by the company management in collaboration with the audit committee, and endorsed by the board. If the company does not have such system, the board should justify this to the annual general assembly.

5.3.2 The internal audit department should be headed by a full-time officer in the company and should be among the senior executives. The department’s head administrative reporting is to the managing director whereas his functional reporting is to the audit committee. If the company does not have an audit committee, then functional reporting should be directly to the board.

5.3.3 Appointment, dismissal, and financial terms of the internal audit department’s head are all decisions made by the managing director subject to the approval of the audit committee, where changing his financial terms or any other benefits he gets should not be made without the approval of the audit committee.

5.3.4 The internal audit department’s head should have adequate authorization to allow him to carry out his duties to the fullest extent. The internal audit department should be provided with the means, tools, required equipment that allows it to efficiently perform its duties.

5.3.5 The internal audit department’s head could be invited to audit committee meetings whenever needed; he should submit a quarterly report to the board and to its audit committee about the extent of the company’s compliance with the laws and
regulations that govern its operations, and also about its compliance with the Corporate Governance Regulations.

5.3.6 The board should clearly issue a written and detailed decree about the internal audit department’s objectives, duties, authorities, names of its heads and assistants.

5.3.7 The internal audit department duties include the evaluation of the risk management means, systems and procedures. Duties also include confirming the proper and solid implementation of the Corporate Governance Regulations.

5.3.8 The internal audit systems and procedures should be set based on projections and a study of the risks faced by the company. The views and reports of the board, external auditors and company’s management should be taken into account. Risk monitoring and evaluation should regularly be updated.
5.4 External Auditor

5.4.1 The external auditor is appointed by the general assembly in its annual meeting. The decision of reappointing the external auditor and his fees is the responsibility of the annual general assembly only. The company’s founders appoint the first external auditor as an exception, where his appointment is subject to the approval of the first following general assembly.

5.4.2 The board should nominate an external auditor based on the audit committee’s recommendation who meets the conditions stipulated in the law of practicing the accounting and auditing profession, including competence, reputation and adequate experience. The external auditor’s experience, competence and capabilities should be relevant to the size and nature of the company’s objectives and its clientele.

5.4.3 The external auditor should be totally independent from the company and its board. For example, he should not be the company’s shareholder, a member of its board, or employed on a full-time basis for any technical, administrative or consulting work for the company. The general assembly should not authorize the board to appoint the external auditor or determine his annual fees without specifying a maximum value.

5.4.4 The company’s external auditor should adhere to the Egyptian auditing standards and the professional code of ethics in terms of content.
5.4.5 The external auditor or his representative should be invited to the company’s general assembly meetings.

5.4.6 The board should not assign additional non-audit services to the company’s external auditor whether directly or indirectly, unless the board consults with the audit committee. This is according to the capital market law, stock exchange, taxation laws, as well as other laws. Additional non-audit services should not be among those prohibited to be done by the external auditors. Fees for any additional services should be relevant to their nature and size. The audit committee should take into account the lack of influence on the external auditor’s independence while considering an approval on the external auditor’s additional services.

5.4.7 The external auditor must be independent and neutral in all his opinions where his duties should be fortified against any interference from the board.

5.4.8 Considering the banking laws and the instructions issued by the Central Bank of Egypt, the external auditor should not be appointed as a natural person for more than five years, and should not be re-appointed except after two years from ending his work as the company’s external auditor.

5.4.9 The company should prepare a report about its compliance with the corporate governance principles. The external auditor should submit a copy of his report about what the company has prepared to the Egyptian Financial Supervisory
Authority three days in advance before holding the annual general meeting. It is preferred to present this report to the general assembly too.
5.5 Audit Committee

5.5.1 The board forms the audit committee of at least three independent members where one of them should be a financial and accounting expert. The committee can comprise non-executive members if there is not a sufficient number of independent members. One or more members could be appointed from outside the company where the committee’s chairman has to be independent and the majority of its members are independent or non-executives.

5.5.2 In addition to the tasks previously mentioned in these regulations, the audit committee should perform the following:

- Assess the competence of the financial manager and the rest of the finance department staff;
- Examine the internal control system and prepare a report with opinions and recommendations;
- Examine the financial statements before they are presented to the board and provide its opinions and recommendations about them;
- Examine the company’s accounting policies and provide its opinions and recommendations about them;
- Review the auditing plan with the external auditors and provide suggestions about it;
- Review the external auditor’s comments on the financial statements and monitor the progress about those comments;
- Assess the qualifications, performance and independence of the external auditor and propose its appointment, fees, and dismissal;
- Approve the additional non-audit services to be performed by the external auditor, and prior agreement about the fees for those services needs to be obtained;
- Review and discuss the internal audit department’s plan and its efficiency;
- Review the internal audit reports and their corrective actions;
- Review and assess the early warning system in the company and propose what it needs for further improvement and application; and
- Any other duties assigned by the board.

5.5.3 The committee should periodically meet according to a specified meeting program, at least once every three months.

5.5.4 The company should provide adequate facilities to the committee to help it perform its duties, including hiring external experts whenever necessary.

5.5.5 It is preferable that the audit committee’s chairman provides a separate report and reads it in the company’s annual general assembly.
5.6 Transparency and Disclosure

Availability of information plays an important role in decision making, performance evaluation, awareness about the company’s status, and evaluating the company’s credibility with whom it deals with. Accordingly, transparency and disclosure about the financial and non-financial issues are considered among the main pillars of corporate governance.

A. Disclosure means:

5.6.1 The company should issue an annual report including its financial statements, in addition to any other information that could be important to the shareholders or other stakeholders.

5.6.2 The annual report’s language should be simple and easy so that it allows the normal reader to understand it. It is also preferable to have the annual report issued in Arabic and English to make it easy for all shareholders and stakeholders to read the report regardless of their nationality.

5.6.3 Companies listed on the stock exchange should have websites on the Internet, which are preferred to be in Arabic and English, where disclosure of financial and non-financial information should take place in a way that makes it easily accessible by the user.

5.6.4 The company should appoint an investor relations officer who is in charge of managing company disclosures and to respond to shareholders’ enquiries and other parties interested in the company’s performance.
B. Disclosure components:

5.6.5 The company should disclose its audited financial statements, the auditor’s report, and any adequate financial information that could be important to the shareholders and other stakeholders.

5.6.6 The company should also disclose its non-financial information, such as the composition of the board and its various committees, board members’ curriculum vitae, company’s ownership structure, affiliates and subsidiaries ownership structure, environmental and social policies, any other material information or events that could be important to the shareholders and other stakeholders, in addition to the company’s annual reports and the report on the extent of compliance with the Corporate Governance Regulations.

5.6.7 The company should publish its annual general assembly meeting minutes on its website, in addition to making it available as a hard copy to the shareholders where convenient.

5.6.8 The company should disclose its environmental, social, safety and health policies to its shareholders, all those who deal with the company and its staff, at least once a year.

5.6.9 The policies disclosed should be clear and not misleading, and they should include what the company plans to do, within or outside the company, in terms of employees’ development, change in employment size, employees’ training and social welfare programs. Regarding health and environmental policies, they
should be consistent with existing laws and systems applicable in Egypt; they should aim to achieve benefits to the company’s employees and to the society in general; and they should be sustainable in the long-term.

5.6.10 The company and the surrounding community, and whoever deals with it including suppliers and customers, should maintain relationships built on credibility; mutual interest; and disclosure of policies that are not in conflict with the duty of the company, its employees and board, in protecting the financial and commercial information’s confidentiality.

5.6.11 Companies are motivated to disclose any international agreements related to social or environmental issues that the company has ratified and complied with.
5.7 Rules for Avoiding Conflict of Interest

5.7.1 Each company should have a system that is clear, approved and complied with by all board members, managers and staff regarding the prevention of conflict of interests, and related party transactions.

5.7.2 Board members, managers and staff of a company are prohibited from trading the company’s shares before the announcement of its operational results or financial statements, or before the announcement of any other information that could have an influence on its stock price when this information is internally available. It is also prohibited to trade the company shares after sudden events that affect the company’s financial status or share price until such information is disclosed to the public.

5.7.3 The company should set professional codes of conduct in consultation with its staff and clientele, including:

- Dealing with the company by selling, buying or any other;
- Authorization regarding dealing with the company;
- Plans to disclose new policies in the company;
- Existing health and safety standards;
- Sound professional standards for interaction between staff and managers, and between them and any other external party; and
- Any other issue deemed necessary by the audit committee to be internally regulated.
5.7.4 The company should set an internal system to supervise the implementation of the professional codes of conduct.

5.7.5 The company should look for suppliers and distributors who follow the same ethical and professional level that the company is internally keen on following.
5.8 Corporate Governance Regulations for Other Companies

Regulations included in this guide are primarily directed to companies listed on the stock exchange, financial institutions, and companies whose main funding is through banks. However, as previously mentioned, corporate governance can be implemented in all forms of companies because it achieves a balance among various interests and calls for new management culture. Accordingly, the greater the number of companies abiding by these regulations, the more the interest is to the society, shareholders and all parties interested in those companies’ performance.

Specifically, closed or family-held joint stock companies and limited liability companies should adhere to these rules as much as is possible. Regarding individual companies, they should adhere to avoiding conflict of interest, the necessity of having internal control systems, independence of the legal and financial consultants and external auditors, and disclosure of the social policies.

In all cases, whenever closed or family-held joint stock companies or limited liability companies cannot comply with the governance regulations, they should apply other alternatives that have lower costs and are more suitable to their financial and managerial capabilities where the alternatives should achieve the same results aimed by these regulations.