



# شركة أبو قير للأسمدة والصناعات الكيماوية

Alexandria, August 29, 2023

To: EGX  
Disclosure Department

Dear Sir,

**Subject: Corporate Governance Report**

Kindly find attached report on Abu Qir Fertilizers Co.'s compliance with Corporate Governance rules for the year ended June 30, 2023 and auditor's review report on it.

Yours faithfully ,

Mr. Khaled Moustafa Sokkar

Head,  
Financial Affairs Sectors

Ms. Nervana Sabbah Oraby

General Manager,  
Investor Relations & Media



الشركة حاصلة على شهادات أيزو 9001 - أيزو 14001 - أيزو 18001 - أيزو 27001



مكتب الإسكندرية : ٩٥ طريق ٢٦ يوليو - برج السلسلة  
تليفون : ٣/٤٨٧٩٩١١ - ٣/٤٨٤٧٢٢٩  
مكتب القاهرة : ٥ شارع شريف الصغير  
تليفون وفاكس : ٢/٢٣٩٣٤١٧٦

تليفون : ٣/٥٦٠٣٠٥٣ ( سبع خطوط )  
فاكس الإدارة : ٣/٥٦٠٣٠٣٢  
فاكس المشتريات : ٣/٥٦٠٣٠٤٦  
فاكس التسويق : ٣/٥٦٠٣٠٤٧  
E-mail:afc@abuqir.com

الإدارة والمصانع :  
الطابية - خط رشيد - إسكندرية  
كيس بريدي مخصص  
الرقم البريدي : ٢١٩١١  
www.abuqir.com

**Independent report on the verification extent  
of compliance with the application of the governance rules**

**To the shareholders of / Abu Qir Fertilizers and Chemical Industries Company (S.A.E)**

**Introduction:**

We have reviewed the report on the verification extent of compliance with the application of the governance rules prepared by the management of the **Abu Qir Fertilizer and Chemical Industries (S.A.E)** for the year ended June 30, 2023.

**Management responsibility:**

The Department prepares and presents the report on the verification extent of compliance on the application of the governance rules in accordance with the Egyptian Guide to Corporate Governance issued by the decision of the Board of Directors of the Financial Regulatory Authority (FRA) no. 84 of 2016 regarding rules, rules, standards of corporate governance, and related laws and decisions. The management's responsibility extends to identifying points of non-compliance and their justifications.

**Auditor responsibility:**

Our responsibility is to review the information mentioned in the report on the verification extent of compliance with the application of the governance rules and to draw a conclusion considering the tests performed. We conducted our review in accordance with the Egyptian standard on Assurance Engagements, no. (3000) " Assurance Engagements Other than Audits or Reviews of Historical Financial Information." This standard requires adherence to the requirements of professional conduct, including independence requirements, planning, and performance of the test process to obtain assurance that the report on the verification extent of compliance with the application of the governance rules is free of significant and effective misstatements. The test of compliance with the rules of governance includes obtaining evidence primarily from observation and inquiries from persons responsible for preparing the report on compliance with the rules of governance and reviewing documents when it is appropriate.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Our report is solely for the purpose of submission to the General Assembly of shareholders on the basis of management request in accordance with the Egyptian Exchange (EGX) Listing rules (article no. 40) and may not be suitable for another purpose, and should not be used by any other parties.

**Conclusion:**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying report on the verification extent of compliance with the application of the governance rules does not present fairly and clearly, in all material respects the compliance extent with the application of the governance rules during the year ended June 30, 2023, according to the Egyptian guide to corporate governance issued by the Board of Directors of Financial Regulatory Authority (FRA) Decision no. 84 of 2016, as well as the laws and related decisions.

**Auditor**

**Dr. Ahmed Shawki**  
**MAZARS Mostafa Shawki**

On August 28, 2023.

AbuQir Fertilizers and Chemical Industries Co.  
(S.A.E)



**Governance Report**  
**In 30 June 2023**



## Governance Report in 30 June 2023

### **First: Company Data:**

#### **1- Company Name:**

**Abu Qir Fertilizers & Chemical Industries Co**

#### **2- Company Profile:**

- Abu Qir Fertilizers, Industries and Chemicals Company was established as an Egyptian joint stock company under Ministerial Resolution No. 274 of 1976 issued on April 8, 1976 in accordance with the Public Institutions and Public Sector Companies Law No. 60 of 1971 and Law No. 111 of 1975 amending some provisions relating to public sector companies.
- The company was subject to the provisions of Law of the Public Business Sector No. 203 of 1991 , as of the effective date of this law.
- On May 15, 1996, the Ministerial Committee for Public Business Sector Companies Affairs and the Privatization Program approved the decision to take the necessary legal measures for the company to exit from the umbrella of Law No. 203 of 1991 to Law No. 159 of 1981, and this was approved by virtue of the Ordinary General Assembly's decision dated May 16, 1996 and published In the Corporate Authority newspaper, Bulletin No. 1039, August 1996.

#### **3- The legal form of the company:**

An Egyptian joint stock company is subject to the provisions of the Joint Stock Companies Law No. 159 of 1981 and its executive regulations.

#### **4- Number and date of registration in the commercial register:**

The company was registered in the commercial register under no. 87560 dated 20 July 1976.





## **5- The date of commencement of the activity and the duration of the company**

The company commenced its activity in 20 July 1976 for 30 years ended in 19 July 2006 where the company extended its activity period in 12 July 2006 for new 30 years ending in 19 July 2036.

## **6- The company's listing in the Egyptian Stock Exchange**

The company was listed in the Egyptian Stock Exchange dated 12 September 1994.

## **7- Company Purpose:**

Manufacturing of all types of fertilizers and chemicals, especially chemical fertilizers and other related materials derived from them or necessary for their manufacture, packaging, purchase, sale and trade inside the Arab Republic of Egypt and abroad, as well as carrying out all operations and activities that are related personally or through mediation to the aforementioned purpose. The company may have an interest or participate in any way with entities and companies that carry out similar business or that may help it achieve its goals in the Arab Republic of Egypt or abroad, or merge with it, contribute to it, buy it, or annex it to it (according to the latest amendment to Article (3) From the Articles of Association of the company according to the last entry in the commercial register dated 11 August 1996).

## **8- Authorized, Issued and Paid-up Capital**

### **A- Authorized Capital:**

The authorized capital of the company is 3 billion Egyptian pounds (Three Billion Egyptian pounds).

### **B- Issued and Paid-up capital, Number and Type of issued shares:**

The issued and Paid-up capital of the company is 1892813580 Egyptian pounds (One Billion and eight hundred ninety two Millions and eight hundred and thirteen thousands and five hundred and eighty Egyptian pounds) divided into 1261875720 Shares (One Billion two hundred sixty one million and eight hundred seventy five thousands and seven hundred twenty shares) all of which are cash shares and fully paid up.

### **C- The nominal value per share:**

The nominal value per share is 1.5 Egyptian pounds.





**9- The structure of the company's shareholders in 30.06.2023 according to the statement of Misr Central Clearing, Depository and Registry Company in 26.06.2023:**

No.	Shareholder Name	Nationality	No. of Shares	Types of Shares	Ownership Percentage
1	Alpha Oryx Limited Company	Emirates	271573655	Nominal	21.52%
2	Saudi Egyptian Investment Company	Saudi	253820364	Nominal	20.12%
3	Egyptian General Petroleum Corporation	Egyptian	241153540	Nominal	19.11%
4	Nasser Social Bank	Egyptian	74477970	Nominal	5.90%
5	Holding Company for Chemical Industries	Egyptian	69055673	Nominal	5.47%
6	Workers' Shareholders Union of Abu Qir Fertilizers Company	Egyptian	63500000	Nominal	5.03%
7	Other Shareholders		288294518	Nominal	22.85%
	Total		1261875720		100%

## **Second: General Assembly:**

The General Assembly convenes in the city of Alexandria, where the company's head office is located, each shareholder has the right to attend the General Assembly.

The company is committed to its articles of association and the requirements of Companies Law No. (159) of 1981 and other laws and procedures issued by the regulatory authorities with regard to the invitation and procedures of the General Assembly and the management and ratification of its meetings.





## Third: Board of Directors

### 1- Composition of the Board of Directors

The Board of Directors is composed in accordance with Article (21) of the Company's Articles of Association, which regulated the composition of the Board of Directors from an appropriate number of members in a way that enables it to carry out its functions and duties, which stipulates that the Board of Directors consists of at least seven members and a maximum of thirteen members, and the composition of the board may include at most two experienced members appointed by the ordinary general assembly provided that legal and experienced persons be represented.

**The board of directors consists of eleven members according to the disclosure of the Egyptian Stock Exchange on 09.07.2023.**

No. of members	Position	Representation	Classification
1	Chairman and the Managing Director	Egyptian General Petroleum Corporation	Executive
1	Board Member		Non-Executive
2	Board Member	Alpha Oryx Limited Company	Non-Executive
2	Board Member	Saudi Egyptian Investment Company	Non-Executive
1	Board Member	Holding Company for Chemical Industries	Non-Executive
1	Board Member	Nasser Social Bank	Non-Executive
1	Board Member	Workers' Shareholders Union of Abu Qir Fertilizers Company (Head of Workers Snydericate)	Executive
2	Board Member	Experienced Member	Experienced Member





The legal person shall appoint a member of the Board of Directors to represent it during his membership term, its representative shall be re-appointed for each term for which his membership is renewed, In the event of dismissal or change of the representative of the legal person, the company shall be notified of this by a recommended letter in which the successor shall be determined, and the new representative shall complete the term of its predecessor.

**The composition of the board of directors on 30.06.2023 according to the disclosure to the Egyptian Stock Exchange on 9 July 2023:**

No.	Name	Nationality	Role	Representation	No. of Stocks owned	Ownership Percentage
1	Eng. Abed Ezz ElRegal Abdel Aal	Egyptian	Chairman and the Managing Director (Executive)	Egyptian General Petroleum Corporation	241153540	19.11%
2	Eng. Ibrahim Abdel Qader Meky Mahgoub		Board Member (Non-Executive)			
3	Mr. Omar Mohamed Hassan Mehana	Emirates	Board Member (Non-Executive)	Alpha Oryx Limited Company	271573655	21.52%
4	Mr. Ahmed Mohamed M. Aly ElHamly		Board Member (Non-Executive)			
5	Mr. Ahmed Khalil Abdel Fattah Kordy	Saudi	Board Member (Non-Executive)	Saudi Egyptian Investment Company	253820364	20.12%
6	Mr. Nasser Ben Abdel Aziz Ben Abdullah Abanmy		Board Member (Non-Executive)			
7	Not determined yet	Egyptian	Board Member (Non-Executive)	Nasser Social Bank	74477970	5.90%

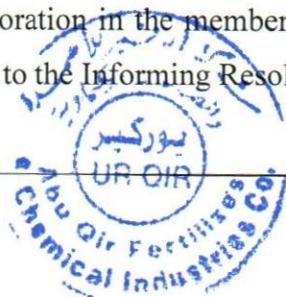




8	Acc. Emad EIDin Moustafa Khaled	Egyptian	Board Member (Non-Executive)	Holding Company for Chemical Industries	69055673	5.47%
9	Mr. Ahmed Abdel Hai Abdel Dayem	Egyptian	Board Member (Executive)	Workers' shareh olders Union Representative	63500000	5.02%
10	Eng. Hani Said M. Dahy	Egyptian	Board Member (Experienced Member)	Experienced Member	Non	Non
11	Geo. Alaa Abdel Fattah Kassem ElBattal	Egyptian	Board Member (Experienced Member)	Experienced Member	Non	Non

▪ **The legal term of the board of directors ends in June 2023**

- Resignation of Major. Mohamed Fadel ElZalat - board member representative for Public Authority for Industrial Development, and Mrs. Mai Hisham Asfour - board member representative for Al-Ahly Capital Holding Company from the board of directors membership according to the Informing Resolution No. (47) dated 25.08.2022.
- Appointment of Mr. Ahmed Khalil Abdel Fattah Kordy - representative for Saudi Egyptian Investment Company in the membership of Board of Directors according to the Informing Resolution No. (10) dated 23.10.2022.
- Appointment of Mr. Nasser Ben Abdel Aziz Ben Abdullah - representative for Saudi Egyptian Investment Company in the membership of Board of Directors according to the Informing Resolution No. (18) dated 28.12.2022.
- Termination of the member's representation of Mr. Mohamed. Hemdan Mah. Ashmawy in the membership of Board of Directors according to the letter received from Nasser Social Bank dated 27.11.2022 and according to the Informing Resolution No. (19) dated 28.12.2022 and the new member is not determined till now.
- Appointment of Eng. Ibrahim Abdel Qader Meky Mahgoub - representative for Egyptian General Petroleum Corporation in the membership of Board of Directors instead of Chem. Saad Mohamed M. Helal according to the Informing Resolution No. (25) dated 01.03.2023.





## **2- Role and Responsibilities of the Board**

The Board of Director plays a vital and critical role in setting the strategic goals of the business, approving the general plans and policies governing the operation of the company, monitoring the performance of the executive management, ensuring the effectiveness of internal controls and risk management, determining the optimal method for applying of good governance, and endorsing professional policies and ethics, to be followed by employees to be reflected on their performance and actions. Therefore, the Board's decisions have a significant impact on the company's performance, ensuring preservation of its assets and maximization of shareholders wealth.

The board of directors performs its role by delegation of the General Assembly, therefore the member of the Board of Directors should consider himself a representative of all shareholders, committed to act in the best interests of the company and in general the interests of other stakeholders, rather than acting in favor of the group he/she represents, or which has voted for his/her appointment.

The Board of Directors is the body entrusted with running the company's affairs, and composes committees from the Board and its members in order to help it in accomplish its tasks, and the board determines its powers and terms of reference and follows up its work to ensure the effectiveness of its role. Also it delegates some of its authorities to other organizational units or individuals to accomplish some of its works but still the final responsibility of the company rests with the board. The Board's accountability for the company's management rests with the General Assembly of shareholders. The decisions of the Board are taken by majority, If, due to unforeseeable circumstances, the Board is forced to take decisions by circulation, all Board members should participate in the voting on such decisions.

## **3- Chairman and Managing Director**

Given the nature of the company's activity and its development and expansion, the board of directors and the general assembly decided to assign directly the responsibilities of each of the chairman of the board of directors and the managing director to the chairman of the board as follows:

- The Articles of Association of the company: It was stated that the Board of Directors elects the Chairman of the Board of Directors and entrusts him with the duties of the Managing Director.
- Shareholding Companies Law No. 159 of 1981: It was included in Article 85 that the Board of Directors may entrust the Chairman of the Board with the work of the Managing Director.





- The Administrative Court, in its session held on 25/2/2023, confirmed the permissibility of combining the position of the Chairman of the Board of Directors and the Managing Director in accordance with the Shareholding Companies Law No. 159 of 1981.

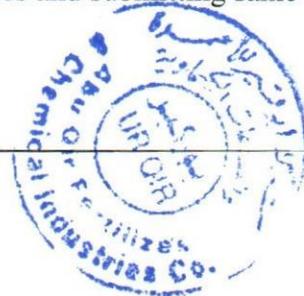
**The board also appointed a deputy and assistants to the managing director to follow up on the performance of the company's executive management as follows in 30.06.2023:**

No.	Name	Position
1	Eng. Daaa M. Taher Ibrahim	Deputy Managing Director for Factory Affairs
2	Eng. Mohamed Fawzy M. Hussien	Assistant Managing Director for Production Affairs
3	Eng. Moustafa M. Ibrahim Ahmed	Assistant Managing Director for Electricity and Instruments
4	Eng. Hossam Ahmed Assad M.	Assistant Managing Director for Mechanical Maintenance Affairs
5	Eng. Amr Saber ElAdawy	Assistant Managing Director for Technical Affairs

As a Chairman of the Board of Directors and Managing Director, he is responsible for the good performance of the Board in general and is also responsible for guiding and directing the Board and ensuring the effectiveness of its performance. He is at the top of the senior executive management in the company and must have the required expertise, competencies and personal qualities that enable him to fulfill his responsibilities

**Chairman and Managing Director Responsibilities:**

- Calling for the meeting of the Board of Directors, setting up the meeting agenda and running its sessions.
- Calling for the ordinary and extraordinary General Assembly to consider the agenda submitted by the Board of Directors.
- Ensuring that sufficient, accurate and timely information are provided to Board members and shareholders.
- Encouraging discussion and criticism, and securing room for expression of objection opinions and discussing these opinions within the framework of decision making.
- Receiving reports and recommendations from all committees and submitting same to the Board on a periodic basis to take the appropriate action.





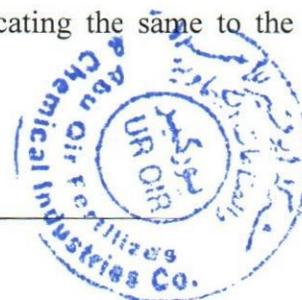
- Ensuring that all Board directors conduct self assessment, to assess a member's commitment with the duties of his/her post.
- Ensuring the Board's commitment to discharge its tasks in the best possible way, in the best interests of the company, while placing special emphasis on the necessity to avoid conflict of interests.
- Maintaining and deepening trust and confidence ties among all Board members. He/she should also strengthen the relationship of the Board as a whole with the top management of the company.
- Ensuring the effectiveness of the governance system applied, as well as the effectiveness of the performance of the Board its committees.
- Implementing the company's annual strategy and plan as approved by the Board.
- General Supervision of the company's executive work, running its day-to-day business and taking the necessary decisions within his/her authority to ensure the regularity of work and the achievement of the company's objectives; while working on increasing customers' satisfaction.
- Working on implementing all the company's policies, regulations and bylaws, as approved by the Board of Directors.
- Presenting financial and non-financial periodic reports on the company's financial statements and performance assessment, the corporate governance report, in addition to reviewing all replies to the External Auditors' inquiries to Board of Directors to take the necessary actions.
- Actively participating in building and developing the culture of ethical values within the company, and proposing reward and motivation schemes, and succession planning mechanism as approved by the Board for ensuring the loyalty of employees and maximizing the company's value.
- Specifying the duties and responsibilities of all employees, pursuant to the applicable operating rules and directives of the Board of Directors.

#### **4- Role of the Board Secretary:**

The Board secretary occupies an appropriate position within the company, such that he/she can play the mediator and liaison between the Board members and the top management.

##### **The following are some of his/her main tasks:**

- Preparing and managing the logistics for the meetings of the Board and committees; assisting the Board Chairman in drawing up the meeting agenda; preparing the relevant information, data and details of the topics to be discussed in the meeting, and communicating the same to the Board members well in advance of the meeting.



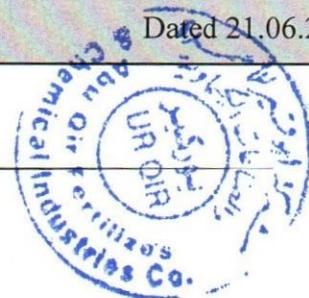


- Assisting the Board Chairman in the preparation for the General Assemblies of shareholders and managing the related logistics.
- Adopting the spread of the knowledge of corporate governance principles among Board members, top management and all employees, in a manner that does not interfere with the other concerned departments in the company.
- Following up the issuance and implementation of the Board decisions, communicating them to the relevant departments, and preparing follow-up reports on such decisions.
- Maintaining all documents in respect of the Board decisions and topics submitted to the Board, and ensuring that the Board is furnished with important information in a timely manner.
- Coordinating with all Board committees, to ensure effective communication between these committees and Board of Directors.
- Coordinating with the concerned committees, in respect of providing the necessary information to help the Board Chairman in the assessment of the members of the Board and committees, and the proposals submitted to the General Assembly by the Board for election or replacement of any member.
- Ensuring that Board members are updated with any changes in the supervisory or legal authorities, due to developments in the company's activities or the legal framework regulating it, provided that this shall be done to the extent permitted for the responsibilities assigned to her and without conflicting with the roles of the concerned departments within the company.
- Organizing induction and orientation programs for new Board members.

## 5- Board of Directors Meetings:

Number of The Board of Directors meetings in 2022-2023 is twelve (12) meetings as shown below:

Meeting No. (1) Dated 07.07.2022	Meeting No. (2) Dated 27.07.2022	Meeting No. (3) Dated 25.08.2022
Meeting No. (4) Dated 23.10.2022	Meeting No. (5) Dated 20.11.2022	Meeting No. (6) Dated 28.12.2022
Meeting No. (7) Dated 25.01.2023	Meeting No. (8) Dated 01.03.2023	Meeting No. (9) Dated 29.03.2023
Meeting No. (10) Dated 18.04.2023	Meeting No. (11) Dated 21.05.2023	Meeting No. (12) Dated 21.06.2023





The attendance of the Board of Directors meetings in 2022-2023 as follows:

No.	Name	Role	Representation	In Person	By Proxy	authorized person
1	Eng. Abed Ezz ElRegal Abdel Aal	Chairman and the Managing Director Executive	Egyptian General Petroleum Corporation	12		
2	Mr. Omar Mohamed Hassan Mehana	Board Member Non-Executive	Alpha Oryx Limited Company	12		
3	Mr. Ahmed Mohamed M. Aly ElHamly	Board Member Non-Executive		11		
4	Mr. Nasser Ben Abdel Aziz Ben Abdullah	Board Member Non-Executive	Saudi Egyptian Investment Company	9		
5	Mr. Ahmed Khalil Abdel Fattah Kordy	Board Member Non-Executive		7		
6	Major. Mohamed Fadel ElZalat	Board Member Non-Executive	Public Authority for Industrial Development	2		
7	Eng. Saad Mohamed M. Helal	Board Member Non-Executive	Egyptian General Petroleum Corporation	7		
8	Eng. Ibrahim Abdel Qader Meky Mahgoub	Board Member Non-Executive	Egyptian General Petroleum Corporation	5		
9	Mr. Essam Mansour Abdel Aziz	Board Member Non-Executive	Misr Insurance Company	2		





10	Mrs. Mai Hisham Asfour	Board Member Non-Executive	Al-Ahly Capital Holding Company	2		
11	Mr. Mohamed. Hemdan Mah. Ashmawy	Board Member Non-Executive	Nasser Social Bank	4		
12	Acc. Emad Eldin Moustafa Khaled	Board Member Non-Executive	Holding Company for Chemical Industries	12		
13	Eng. Hani Said M. Dahy	Board Member Non-Executive	Experienced Member	12		
14	Geo. Alaa Abdel Fattah Kassem ElBattal	Board Member Non-Executive	Experienced Member	10		
15	Chem. Saad Ibrahim Abu ElMaaty	Board Member Non-Executive	Experienced Member	2		
16	Mr. Aly Saeed Aly Soliman	Board Member Non-Executive	Nasser Social Bank	1		Nasser Social Bank Representative
17	Mr. Mohamed Abdel Aziz M. Abu Ghanem	Board Member Non-Executive	Nasser Social Bank	5		Nasser Social Bank Representative
18	Mr. Ayman Abdel Salam	Board Member Non-Executive	Nasser Social Bank	2		Nasser Social Bank Representative
19	Mr. Ahmed Abdel Hai Abdel Dayem	Board Member Executive	Workers' Shareholders Union	12		





## **6- Board Committees:**

The Board of Directors composed the following committees (Audit and Governance Committee - Executive Committee and Investment Management - Occupational Safety, Health, Social Responsibility and Environmental Protection Committee - Project management committee for the production of granulated ammonia nitrate fertilizer) as Committees with convergent responsibilities were merged into these committees as permitted by international corporate governance practices, without violating the laws and supervisory instructions regulating the work of the Board committees. These committees submit their reports and recommendations to the Board of Directors to take the appropriate needed decisions.

The following is a description of the committees of the Board of Directors in accordance with the best international practices in corporate governance:

### **A- Audit and Governance Committee:**

The Board of directors composed The Audit and Governance Committee to work independently, from the Independent and Non-executive members of the Board of Directors, or from outside the company, provided that at least one of them has financial and accounting experience.

**The composition of The Audit and Governance Committee as the Resolution No. (137) dated 1 March 2022 as shown below:**

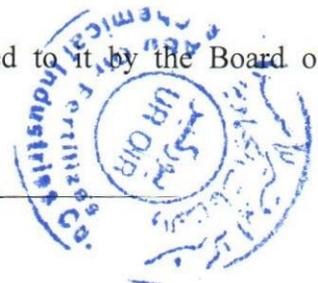
No.	Name	Representation	Role
1	Mrs. Maha Marwan Abdullah Arafa	Independent Member	Chairman
2	Acc. Emad ELDin Moustafa Khaled	Holding Company for Chemical Industries	Member
3	Mr. Omar Mohamed Hassan Mehana	Alpha Oryx Limited Company	Member
4	Mr. Ahmed Khalil Abdel Fattah Kordy	Saudi Egyptian Investment Company	Member
5	Mr. Nasser Ben Abdel Aziz Ben Abdullah	Saudi Egyptian Investment Company	Member
<u>Company Administrative Members:</u>			
6	Acc. Khaled Moustafa Sokar	Head of Financial Affairs Sectors	Rapporteur





**The duties of The Audit and Governance Committee are:**

- Review the company's internal controls and draw up a written report on the committee's opinion and recommendations about such controls.
- Review financial statements before submission to the Board of Directors, and express opinion and make recommendations about such statements.
- Review the adopted accounting policies, and express opinion and make recommendations about such policies.
- Review the audit plan set by the External Auditor, and make remarks thereon.
- Consider the observations and recommendations of the External Auditor on the financial statements as well as the notes and recommendations set forth in the audit management letter received from the External Auditor, and follow up the measures taken in respect thereof.
- Ensure the company's compliance with internal and external systems, regulations and laws, as reported by the competent departments.
- Evaluate the External Auditor's performance, independence, qualifications, and efficiency and make recommendation to hire an External Auditor or more and determine his/her fees.
- Recommend the approval for the External Auditor to provide nonaudit services, apart from auditing, and recommend the compensation for such tasks, taking in consideration his/her annual audit fees.
- Discuss and approve the annual plan of the internal audit department, and follow up its efficiency, and ensure that the plan cover all the company's departments and activities.
- Review the internal audit reports, and identify the weaknesses in the company and the reasons for such weaknesses, and follow up the corrective actions.
- Review and evaluate the security system of information and data, and means of protecting the same against any internal or external hackers.
- Examine the notifications or violations submitted by the regulatory bodies and follow up the actions taken to address them.
- Invite the company's External Auditor, Manager of the internal audit department, or any other individual inside or outside the company to attend the committee's meetings, when necessary.
- Review the accounting treatment and disclose each investment transaction and ensure its compliance with Egyptian accounting standards.
- Implement and follow up any other tasks that may be assigned to it by the Board of the Directors.





The Board of Directors issued Resolution No. (127) dated 30.08.2020 by approving to include the work of the Governance, Compliance and Risk Management Committees with the work of The Audit and Governance Committee and according to the terms of reference of each committee mentioned in the Egyptian Guide to Corporate Governance published by the Financial Regulatory Authority.

**Number of The Audit and Governance Committee meetings in 2022-2023 is seven (7) meetings as shown below:**

Meeting No. (1) Dated 25.07.2022	Meeting No. (2) Dated 24.08.2022	Meeting No. (3) Dated 20.10.2022
Meeting No. (4) Dated 21.11.2022	Meeting No. (5) Dated 24.01.2023	Meeting No. (6) Dated 16.04.2023
Meeting No. (7) Dated 14.06.2023		

**The attendance of the members of The Audit and Governance Committee meetings in 2022-2023 as follows:**

No.	Name	Representation	Attendance
1	Mr. Mohamed. Hemdan Mah. Ashmawy	Nasser Social Bank	4
2	Mrs. Mai Hisham Asfour	Al-Ahly Capital Holding Company	1
3	Mr. Essam Mansour Abdel Aziz	Misr Insurance Company	2
4	Acc. Emad EIDin Moustafa Khaled	Holding Company for Chemical Industries	7
5	Mr. Omar Mohamed Hassan Mehana	Alpha Oryx Limited Company	7
6	Mrs. Maha Marwan Abdullah Arafa	Independent Member	2
7	Mr. Ahmed Khalil Abdel Fattah Kordy	Saudi Egyptian Investment Company	1
8	Mr. Nasser Ben Abdel Aziz Ben Abdullah	Saudi Egyptian Investment Company	2
<u>Company Administrative Members:</u>			
9	Acc. Khaled Moustafa Sokar	Head of financial affairs sectors	7





- Eng. Abed Ezz ElRegal - Chairman and the Managing Director was invited to the Committee Meeting dated 25.07.2022.
- Mr. Nasser Ben Abdel Aziz Ben Abdullah – representative of Saudi Egyptian Investment Company was invited to the Committee Meeting dated 24.01.2023.

**B- The Executive Committee and Investment Management:**

The Board of directors composed The Executive Committee and Investment Management from the Board of Directors members and chaired by The Chairman and the Managing Director to manage its work independently.

**The composition of The Executive Committee and Investment Management as the Resolution No. (137) dated 1 March 2022 as shown below:**

No.	Name	Representation	Role
1	Eng. Abed Ezz ElRegal	Chairman and the Managing Director	Chairman
2	Eng. Hani Said Dahy	Experienced member	Member
3	Geo. Alaa Abdel Fattah ElBattal	Experienced member	Member
4	Eng. Ibrahim Abdel Qader Meky	Egyptian General Petroleum Corporation	Member
5	Mr. Ahmed Mohamed M. Aly ElHamly	Alpha Oryx Limited Company	Member
6	Mr. Ahmed Khalil Abdel Fattah Kordy	Saudi Egyptian Investment Company	Member
<u>Company Administrative Members:</u>			
7	Acc. Nervana Sabah Oraby	General Manager of Investor Relations and Media	Rapporteur

**The responsibilities of Executive Committee and Investment Management are the following:**

- Developing a strategy and investment policies for the company, including in particular the following:
  - Specific criteria for investment, including type of activity, internal rate of return, maximum and minimum contribution in light of the company's financial position and the directions of the Board of Directors.





- Participation policy, whether in new investment projects or increasing the capital of existing companies.
- Exit policy from existing investments.
- The policy and procedures for the liquidation of companies that do not have the components of companies.
- Studying any future projects that contribute to improving performance and increasing the technical and competitive capabilities of companies or new investments proposed in the light of the investment strategy, investment policies and procedures approved by the Board of Directors.
- Follow up on the efficient use of the productive resources available to the company.
- Setting a method for using all the elements of the company's production requirements.
- Studying the method of marketing the company's products locally and abroad in order to achieve the largest possible return for the company.
- Studying the maximum utilization of the capabilities currently available to the company.
- Studying the company's needs for technical assistance in various activities and working to provide the company with it in order to improve performance.
- Studying the procedures for investing the surplus liquidity of the company, which is carried out by the financial department, in the light of what is available in the banking market, and issuing its recommendations in order to maximize the return on it.

The Board of Directors issued Resolution No. (127) dated 30.08.2020 by approving to include the work of the Investment Committee with the work of the Executive Committee.

**Number of The Executive Committee and Investment Management meetings in 2022-2023 is Two (2) meetings as shown below:**

Meeting No. (1) Dated 13.10.2022	Meeting No. (2) Dated 18.01.2023
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The attendance of the members of The Executive Committee and Investment Management meetings in 2022-2023 as follows:

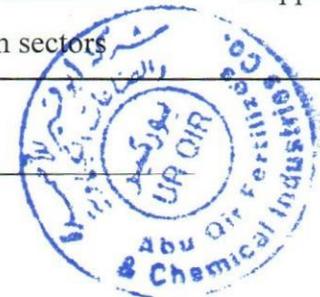
No.	Name	Representation	Role	Att.
1	Eng. Abed Ezz ElRegal	Chairman and the Managing Director	Chairman	2
2	Eng. Hani Said Dahy	Experienced member	Member	2
3	Geo. Alaa Abdel Fattah ElBattal	Experienced member	Member	2
4	Eng. Saad Mohamed Helal	Egyptian General Petroleum Corporation	Member	2
5	Mr. Ahmed Mohamed M. Aly ElHamly	Alpha Oryx Limited Company	Member	2
6	Mr. Ahmed Khalil Abdel Fattah Kordy	Saudi Egyptian Investment Company	Member	1
<u>Company Administrative Members:</u>				
7	Acc. Nervana Sabah Oraby	General Manager of Investor Relations and Media	Rapporteur	2

**C- Occupational Safety, Health, Social Responsibility and Environmental Protection Committee:**

The Board of directors composed Occupational Safety, Health, Social Responsibility and Environmental Protection Committee to manage its work independently.

The composition of the Occupational Safety, Health, Social Responsibility and Environmental Protection Committee as the Resolution No. (137) dated 1 March 2022 as shown below:

No.	Name	Representation	Role
1	Eng. Ibrahim Abdel Qader Meko	Egyptian General Petroleum Corporation	Chairman
2	Acc. Emad ElDin Moustafa Khaled	Holding Company for Chemical Industries	Member
3	Mr. Ahmed Abdel Hai ElYamany	Workers' Shareholders Union Representative	Member
<u>Company Administrative Members:</u>			
4	Chem. Walid ElSayed Abdo	Head of occupational safety and health and environmental protection sectors	Rapporteur





**Occupational Safety, Health, Social Responsibility and Environmental Protection Committee is responsible for the following according to The Egyptian Corporate Governance Code:**

- Reviewing the compliance with the company's responsibility towards the society and the environment where the company operates, which ensures the company's sustainability on the long run and enhance its relationship with the society, and report its recommendations to the Board of Directors.
- Monitoring and following up the implementation of the recommendations related to occupational safety and health of workers at the company's factories and field sites.
- Responsibility for the environment policies which should be followed by the company in light of the preservation of the environment.

**Number of The Occupational Safety, Health, Social Responsibility and Environmental Protection Committee meetings is four (4) meetings as shown below:**

Meeting No. (1)	Meeting No. (2)	Meeting No. (3)	Meeting No. (4)
Dated 18.07.2022	Dated 17.10.2022	Dated 04.01.2023	Dated 10.04.2023

**The attendance of the members of The Occupational Safety, Health, Social Responsibility and Environmental Protection Committee meetings in 2022-2023 as follows:**

No.	Name	Representation	Attendance
1	Eng. Saad Mohamed Helal	Egyptian General Petroleum Corporation	3
2	Major. Mohamed Fadel ElZalat	Public Authority for Industrial Development	1
3	Acc. Emad ElDin Moustafa Khaled	Holding Company for Chemical Industries	4
4	Eng. Ibrahim Abdel Qader Meky	Egyptian General Petroleum Corporation	1
5	Mr. Ahmed Abdel Hai ElYamany	Workers' Shareholders Union Representative	4
<u>Company Administrative Members:</u>			
6	Chem. Walid ElSayed Abdo	Head of occupational safety and health and environmental protection sectors	4





**D- Other Committees:**

The Board of Directors composes temporary committees to follow up certain issues related to the nature of the company's activity, and they are assigned certain tasks according to specific instructions and objectives. Once the committee finishes its work, it issues a report explaining what it has done and the most important results and recommendations to be submitted it to the board of directors, after which the committee will be terminated. Examples of such Committees are Zero Liquid Discharge Project Follow-up Committee (Z.L.D) and Project management committee for the production of granulated ammonia nitrate fertilizer.

**1- Zero Liquid Discharge Project Follow-up Committee (Z.L.D):**

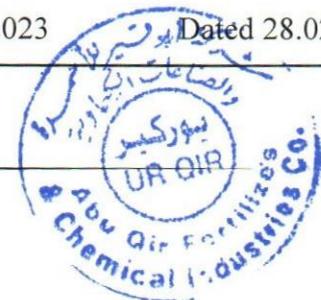
The Board of directors composed a committee consists of some of the members of board, executive management and the company’s legal advisor as the Resolution No. (110) dated 10 June 2018 that manages Zero Liquid Discharge Project (Z.L.D) file with the Bamaj-Samcrete alliance according to the contract signed with them and prepare a comprehensive report for presentation to the Board of Directors, explaining all the steps and procedures that are taken with the contractor, the Bamaj-Samcrete alliance to protect the rights of the company.

**The composition of The Zero Liquid Discharge Project Follow-up Committee (Z.L.D) as Resolution No. (71) dated 23 October 2022 as shown below:**

No.	Name	Representation	Role
1	Eng. Saad Mohamed Helal	Egyptian General Petroleum Corporation	Chairman
2	Acc. Emad EIDin Moustafa Khaled	Holding Company for Chemical Industries	Member
<u>Company Administrative Members:</u>			
3	Eng. Amr Saber ElAdawy	Assistant Managing Director for Technical Affairs	Rapporteur

**Number of The Zero Liquid Discharge Project Follow-up Committee (Z.L.D) meetings is four (4) meetings as shown below:**

Meeting No. (1)	Meeting No. (2)	Meeting No. (3)	Meeting No. (4)
Dated 06.07.2022	Dated 26.12.2022	Dated 24.01.2023	Dated 28.02.2023





The attendance of the members of The Zero Liquid Discharge Project Follow-up Committee (Z.L.D) meetings in 2022-2023 as follows:

No.	Name	Representation	Attendance
1	Eng. Abed Ezz ElRegal	Chairman and the Managing Director	3
2	Eng. Saad Mohamed Helal	Egyptian General Petroleum Corporation	4
3	Acc. Emad ElDin Moustafa Khaled	Holding Company for Chemical Industries	3
4	Mr. Essam Mansour Abdel Aziz	Misr Insurrance Company	1
<u>Company Adminisrative Members:</u>			
5	Eng. Amr Saber ElAdawy	Assistant Managing Director for Technical Affairs	4

- Chem. Saad Ibrahim Abu ElMaaty - Experienced Board of Directors member was invited to the Committee Meeting dated 06.07.2022.
- Eng. Abed Ezz ElRegal - Chairman and the Managing Director was invited to the Committee Meetings dated 26.12.2022 and dated 28.02.2023.

The task of the committee was completed by signing the settlement contracts with the contractor, the Bamaj-Samcrete alliance, and sincere thanks were extended to the members of the committee for their efforts throughout the period of the work of the committee, as Resolution No. (137) dated 01.03.2023.

## **2- Project management committee for the production of granulated ammonia nitrate fertilizer**

The Board of directors composed a committee from some of the members of board and executive management as the Resolution No. (137) dated 1 March 2022 to manage the project of North AbuQir for Agricultural Nutrients Company , producing granulated ammonia nitrate fertilizer. According to the composition of the committee as follows:





No.	Name	Representation	Role
1	Eng. Hani Said Dahy	Experienced member	Chairman
2	Eng. Abed Ezz ElRegal	Chairman and the Managing Director	Member
3	Geo. Alaa Abdel Fattah ElBattal	Experienced member	Member
4	Eng. Ibrahim Abdel Qader Meky	Egyptian General Petroleum Corporation	Member
5	Acc. Emad ElDin Moustafa Khaled	Holding Company for Chemical Industries	Member
6	Mr. Ahmed Mohamed M. Aly ElHamly	Alpha Oryx Limited Company	Member
7	Mr. Ahmed Khalil Abdel Fattah Kordy	Saudi Egyptian Investment Company	Member
<u>Company Administrative Members:</u>			
8	Eng. Diao Mohamed Taher	Deputy Managing Director for Factory Affairs	Member
9	Eng. Ayman Mohamed Kamel	Head of development and technology sectors	Rapporteur

**Number of The Project management committee for the production of granulated ammonia nitrate fertilizer meetings is four (4) meetings as shown below:**

Meeting No. (1)	Meeting No. (2)	Meeting No. (3)	Meeting No. (4)
Dated 24.08.2022	Dated 12.10.2022	Dated 28.03.2023	Dated 22.05.2023

**The attendance of the members of The Project management committee for the production of granulated ammonia nitrate fertilizer meetings in 2022-2023 as follows:**

No.	Name	Representation	Role	Att.
1	Eng. Hani Said Dahy	Experienced member	Chairman	4
2	Eng. Abed Ezz ElRegal	Chairman and the Managing Director	Member	4
3	Eng. Saad Mohamed Helal	Egyptian General Petroleum Corporation	Member	2
4	Geo. Alaa Abdel Fattah ElBattal	Experienced member	Member	2
5	Eng. Ibrahim Abdel Qader Meky	Egyptian General Petroleum Corporation	Member	2
6	Mr. Mohamed. Hemdan Mah. Ashmawy	Nasser Social Bank	Member	2





7	Acc. Emad ElDin Moustafa Khaled	Holding Company for Chemical Industries	Member	4
8	Mr. Ahmed Mohamed M. Aly ElHamly	Alpha Oryx Limited Company	Member	3
9	Mr. Ahmed Khalil Abdel Fattah Kordy	Saudi Egyptian Investment Company	Member	2
<u>Company Administrative Members:</u>				
8	Eng. Diaan Mohamed Taher	Deputy Managing Director for Factory	Member	4
9	Eng. Ayman Mohamed Kamel	Affairs Head of development and technology sectors	Rapporteur	4

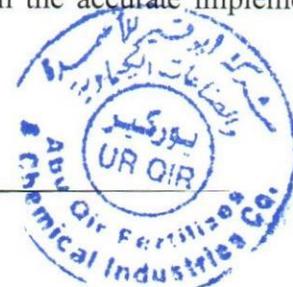
## Fourth: The Control Environment:

### 1- The Internal Control System

The company has an effective internal control system consists of a group of policies, procedures, guidelines and regulations which are prepared by the concerned departments of the company and approved by the Board.

**The internal control system includes the following:**

- Accurate determination of the responsibilities and duties of all staff at the company taking into consideration the complete segregation between the conflicting responsibilities and authorities.
- Ensure the accuracy and quality of information in the company and its availability to the company or others internally.
- Protect the company's physical assets from the risks that they may be exposed to; and record and register such assets in the company's records.
- Increase the company's production efficiency and achieve its targets with the least expenses but with the same quality standards.
- Ensure the accurate implementation of instructions in order to ensure that all instructions are implemented as required.
- Ensure the implementation of corporate governance through the accurate implementation of governance directions and rules.





## **2- The Internal Audit and Governance Departments:**

The company has a general department for The Internal Audit and Governance consists of The Internal Audit Department and Governance, Compliance, and Risk Management Department where this general department reports technically to the Audit and Governance Committee and reports administratively to The Chairman and the Managing Director.

### **A- The Internal Audit Department**

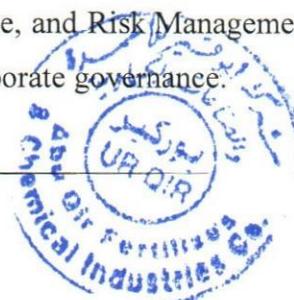
The internal audit systems and procedures are based upon the expectations and study of risks which the company is exposed to. With the help of the views and reports of the Board, the auditors, and the company's managers. Such risks are updated, monitored and evaluated on a regular basis:

**The most important responsibilities of the internal audit department include the following:**

- Preparing the internal audit plan and supervising its implementation in all departments and sectors of the company.
- Evaluate the efficiency of the company's internal control system, and reports to the Audit committee containing the findings which have been observed.
- Evaluate the compliance of all the departments within the company to perform their tasks in accordance with the applicable procedures and policies and without any conflicts with other concerned departments, and within the range of the approved budgets.
- Ensuring that the authority entrusted with the maintenance of the assets and the procedures for preserving them are properly carried out, according to the established plan.
- Evaluate the efficiency of applicable procedures and policies, and their appropriateness with developments in the business and the market.
- Co-ordination with the external auditor.
- Follow up on actions taken to rectify the remarks mentioned in the internal and external audit reports and other reports by supervisory entities.

### **B- Governance, Compliance, and Risk Management**

There is a belief in the importance of Governance, Compliance, and Risk Management as one of the most significant main activities to apply the principles of corporate governance.





### ✚ The Governance Department

The Governance Department at the company aims to assist in the reinforcement and strengthening of governance principles, follow up their implementation and enhance their effectiveness.

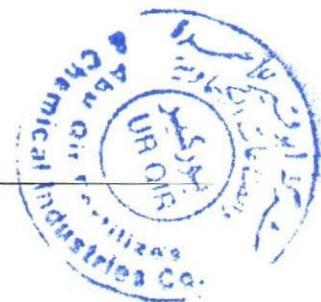
#### **The role of the Governance Department is represented in the following:**

- Supervising the existence of the essential principles and elements which assist in the development and improvement of the company's performance so as to contribute in achieving the strategic goals set up by the Board.
- Overseeing the implementation of the principles of disclosure and transparency and the governance culture throughout the company's business and activities.
- Improving and developing the company's general framework and work principles through the company's code of ethics, and determine its social responsibilities towards workers and the society in general.
- Overseeing the application of the conflict of interest policy to all the company's staff.
- Working on the application of the concepts of transparency, clarity and fairness in dealing with all shareholders.
- Supporting the clarity of relationships between the Board and stakeholders.
- Setting up the internal governance guidelines and outline various internal policies that organize the relations between all employees; and also contribute to preparing the report on the company's compliance with the corporate governance.

### ✚ The Compliance Department

The Compliance Department determines, evaluates and offers advice and consultation, monitor and prepare reports on the risks of non-compliance with laws, systems and supervisory regulations placed by various entities in order to avoid risks to the company's reputation or its being subject to penalties resulting from non-compliance.

Compliance is considered a comprehensive and multi-aspect responsibility that cannot be borne solely by a specific category of officers, but extends to all staff of the company as a whole, starting from the Board, the top management and ending with all staff.





The responsibility of setting up the policies regarding the functions of the Compliance Department lies upon the top management. The Board, on its part, shall further approve such policies. It must be ensured that all staff are aware of such policies.

**The most significant responsibilities of the Compliance department include the following:**

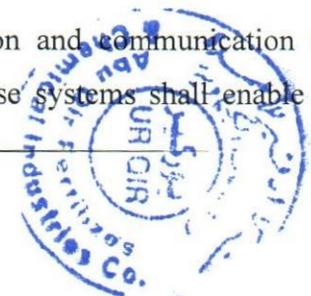
- Continuous follow up and assurance that the staff complies with obligatory laws, measures and supervisory regulations, issued by various entities, including governance systems and policies.
- Ensuring and following up the compliance of all staff with internal regulations, policies and statutes including the code of ethics and professional conduct.
- Ensuring the existence and revision of a plan to update customers' data.
- Verifying that no illegal or immoral practices are taking place in the company, including money laundering, corruption and financing of terrorism, Receiving complaints and investigating them objectively and confidentially; and presenting such complaints to the Audit and Governance Committee, following up the measures taken and ensuring the protection of the complainers.

**✦ The Risk Management Department**

The company is managing risk in light of the company's nature of activities and size, and the market where it operates, The Board is responsible to set out a strategy to determine the risks which the company may be exposed to, the means to deal with such risks and the level of risk appetite.

**Responsibilities of the risk management department include the following:**

- Analyzing the risks which the company may be exposed to; and conduct such analysis accurately and at an appropriate early time.
- Determining the level of risk appetite for the overall types of risks the company may be exposed to, on the basis of the risks impact and the possibility of occurrence of such risks.
- Setting out a risk policy and specific indicators to measure, follow up and monitor the company's risk exposure.
- Measuring the appropriateness and efficiency of the policies regarding the measurement, following up and monitoring of risks; and implementing any required amendments to such policies in accordance with the developments in the market and the surrounding environment of the company – whether internally or externally.
- Ensuring the availability of adequate and efficient information and communication systems regarding the follow up and monitoring process of risks. These systems shall enable the top





management and the Audit and Governance committee to receive regular reports from the risk management department that reflect the company's compliance with the level of risks set out and show the breach to such limits, its reasons and the proposed plan to solve such cases.

- Presenting accurate and reliable reports to enable the responsible officers to take appropriate measures accordingly.

### **3- The External Auditor**

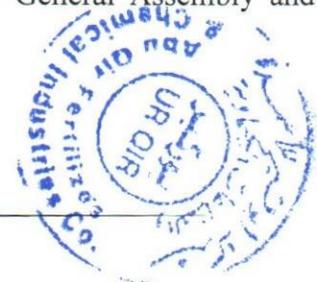
The General Assembly, based upon the Board of Directors' nomination and subsequent to the Audit committee's recommendation, shall appoint an External Auditor or more than one for the company beside The Central Auditing Organization. The Ordinary General Assembly of shareholders of the company shall be responsible for issuing the appointment decision and determining the remuneration of the External Auditor

#### **The External Auditor must meet the following criterias:**

- The conditions stipulated in the Law of Practicing the Accounting and Auditing Profession.
- Efficiency, reputation and sufficient experience.
- The External Auditor must be entirely independent from the company and members of its Board of Directors.
- The External Auditor shall not provide any permanent technical, administrative or consultancy work to the company.

The General Assembly nominated Prof./ Ahmed Shawki ( Mostafa Shawki Beareau – Mazars ), register No. of financial auditors in The Financial Regulatory Authority (5) .

The Board of Directors is not permitted to enter into contract with the External Auditor to carry out any additional work that is not connected to his/her capacity as an External Auditor – whether directly or indirectly – unless it is approved by the Audit committee and provided that such additional work shall not be forbidden for the External Auditor to perform. The remuneration of the additional work shall be in line with the nature and size of the required work. Upon considering the approval of assigning additional work to the External Auditor and determining his/her remuneration, the Audit committee shall take into consideration that such assignment shall not impact the External Auditor's independence. Disclosure of such assignment must be made in the General Assembly and in the annual report.





The company's auditor has been contracted to deliver a copy of his report on the report prepared by the company on the extent of its compliance with the principles of governance to the General Assembly, in accordance with the rules of governance and disclosure in force.

## **Fifth: Disclosure and Transparency**

### **1- Material Information and Financial and Non-Financial Disclosure:**

The company shall carry out, through various means, the disclosure of the company's financial information which is of interest to the shareholders and stakeholders, such as the annual and periodic financial statements, auditor's reports, as well as the Board report, accounting policies, and dividends.

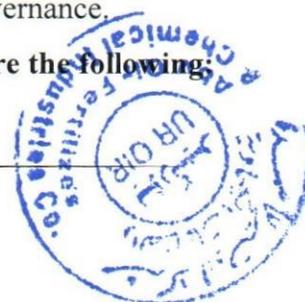
**The company shall also disclose its non-financial information which is of interest to the existing and potential shareholders and investors such as:**

- Internal information including the company's goals, vision, the nature of its activity, its plans, its future strategy, the composition of the Board of Directors, its committees.
- The company's methods for upgrading the qualification of its staff, training, rewarding, employee welfare.
- The ownership structure of the company including the major and influencing shareholders explaining the direct and indirect beneficial owners according to percentage of ownership.
- Transactions with related parties.
- The most critical risks that it may be exposed to, the means to address them.
- The shift of the investment policy.
- The company's compliance with the principles of corporate governance.
- Disclosure in case the company purchases its own shares for its shareholders and Regulatory authorities.
- Any material information affects the company.

### **2- Investor Relations**

The company has a general department for investor relations affiliates to the Chairman and the Managing Director which reporting to him, as the company believes in the importance of investor relations as one of the prominent main activities to apply the corporate governance.

**The most important functions of the Investor Relations Department are the following:**





- Develop a strategy for the investor relations program through understanding the market and the company's requirements. The head of the Investor Relations shall determine the priorities of the required activities and set up the strategy required to implement these activities in collaboration with the Board of Directors.
- Participate in setting up the disclosure policy applied in the company and obtain the Board of Directors approval of it.
- Help retain the existing investors and attract new investors by raising awareness in the market about the company's activities and opportunities for its future growth, and identify the factors that affect the company's profitability.
- Communicate with analysts, investors and media representatives; and provide information to curb rumors and shocks that lead to fluctuations of the trading volumes and prices.
- Organize the information released by the company in accordance with the applicable disclosure rules.
- Establish and monitor the investors' database in terms of either the type of investor or the investor's geographical location.
- Introduce the new members of the Board of Directors or the top management to the market.
- Organize investors road shows, analyst meetings and events for the company according to a prepared plan; and facilitate investors' visits to the company's various sites.
- Communicate with investors through various communication channels such as the company's website, social networking sites and press reports; and participate in the preparation of the annual report which existing and potential investors take interest in.
- Prepare the disclosure report required by the company; and create the content related to investor relations on the company's website and update it regularly.

### **3- Disclosure Tools:**

#### **A-The Annual Report**

The company issues an annual report which includes a summary of the Board of Directors report, the financial statements, as well as all other information of interest to existing and potential shareholders and investors and other stakeholders. The language of the annual report must be characterized by clarity and simplicity so that an ordinary reader may understand it.





The annual report is considered one of the most important sources of information about the company, its activities and its financial position for the existing and potential investor. It serves as a report from the company's management to all those who are interested in the company, about the events that took place during the past year and the company's targets for the following year. The annual report contains the following sections.

- An introduction by the Chairman and/or the Managing Director.
- The company's vision and mission.
- The company's strategy.
- The company's history and milestones.
- The company's ownership structure.
- The composition of the Board of Directors.
- An analysis of the market where the company operates.
- The company's current and future projects.
- An analysis of the company's financial position.
- A report on corporate governance.
- A report on corporate social responsibility.
- The External Auditor's report and the financial statements compared to the same periods in the past.

## **B- The Board of Directors' Report**

The company issues an annual board report to be presented to the General Assembly and the regulatory bodies, which addressed by the Chairman of the Board of Directors to the shareholders, and contains the following:

- Discussion of the financial results and core subjects.
- The main achievements of the company during the year.
- An analysis of the company's work environment and its main markets.
- The company's strategy.
- Key changes in the company's administrative structure.
- The composition of the Board of Directors and the number of its meetings.
- The composition of the Board's committees and the number of its meetings.





- The average number of employees in the company during the year and the average employee income during the same period.
- The employee reward and incentive policy of the company such as employee stock ownership plan and others.
- The actions taken regarding the related party transactions for the previous year, as well as those presented for the following year.
- The actions taken against the company, its Board members or directors by either regulatory or judicial bodies.
- A report on the company's compliance with corporate governance, and corporate social responsibility.

### **C- The Disclosure Report:**

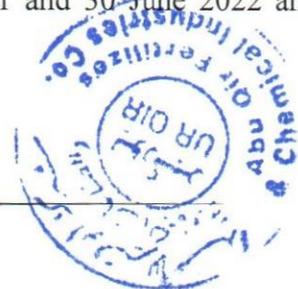
The Company prepares and issues a quarterly report in collaboration with the Investor Relations Department. The report includes the following:

- The contact details of the company.
- The name of the Investor Relations Officer and his/her contact details.
- The structure of shareholders who own 5% or more of the company's shares.
- The structure of shareholders showing the free float shares available for trading.
- Details of the treasury shares held by the company.
- The changes to the Board of Directors and the last composition of the Board.

### **D- Sustainability Report**

A company issues a report on sustainability every two years, highlighting the company's achievements in the economic, environmental and social fields. The report reflects the company's values, ethics and principles, and clarifies the relationship between its strategies and obligations towards the community it operates in, in order to enhance the reputation of the company, ongoing upgrading of its performance, compliance with environmental and social legislations.

The company signed a contract with a consultant named De Carbon Co., and is preparing the Sustainability Report for the two financial years ended 30 June 2021 and 30 June 2022 and will be uploaded on GRI Website once finished.





## **E- Website**

The company has an internet website, Through this venue, financial and nonfinancial information is disclosed to users. The information posted on the website is updated regularly. Additionally, users communicate easily with the company which ensures that e-mails and inquiries received through the website are replied to.

The company's Website: *www.abuqir.net*

## **Sixth: Corporate Governance Codes, Charters and Policies**

### **1- Code of Ethics and Business Conduct**

The company has a set of values that govern and organize business conduct and ethics within a company. A code of ethics contains principles of conduct that all employees must comply with and observe in all activities, and in any workplace across that company. This is bound to positively impact the company's reputation, image and credibility, as well as the integrity of its employees, and eventually guaranteeing the rights of shareholders and all stakeholders. More importantly, the code of ethics must be complied with by all employees.

### **2- Succession Planning Policy**

The company develops procedures, and evaluate the processes of selection, recruitment and promotion within the framework of securing the best qualified candidates for the right positions in tandem with encouraging professional development and raising the skills of existing employees. Additionally, the policy targets to develop a succession plan for executive management in emergencies, or in the short and long terms, while placing special emphasis on succession planning for key executives for key positions to be prepared on a regular and effective basis to achieve an added value for the company and ensure its sustainability.

### **3- Whistleblowing Policy**

The company encourages employees and stakeholders of the company to report any misconduct, in violation of the code of ethics, or any illegal acts, and to have in place effective measures of liability and





accountability, thereby fostering honesty and integrity principles across the various activities of the company. Equally crucial is that whistleblowing policy provides protection for those who make such reporting, so as to encourage persons inside and outside the company to early detect any misconducts/illegal acts, and come forward and report them at once. Confidentiality should be warranted to whistleblowers. However, such reporting should be based on objective documents or information.

#### **4- Conflict of Interests Policies**

##### **A- Insider Trading Policy:**

The Company applies a policy that regulates insider's transacting the company's shares, pursuant to the rules set by regulatory authorities.

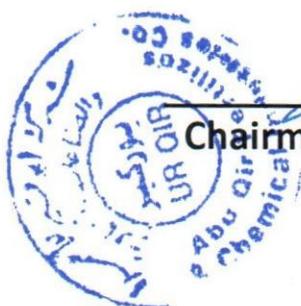
##### **B- Related Party Transactions and Affiliates Policy:**

The company follows a policy that aims to set appropriate criteria to regulate related party transactions - which related to dealing with related parties between the company and its board of directors or its basic shareholders – in a way that board of directors takes the pre-approval from the General Assembly on these contract, also the approval on the contracts signed during the last year.

The party that is involved in such contracts has no right to vote on the decision in the General Assembly.

#### **5- Corporate Social Responsibility Policy:**

The company has a clear policy on its social and environmental responsibility, and its ongoing commitment to contribute to economic and social development. The company developments and initiatives in social and environmental responsibility field are included in Board of Directors Report.



**Chairman and the Managing Director**

**Eng. Abed Ezz ElRegal**