

Corporate Governance Statement

Introduction

- ERC defines corporate governance as the set of rules that define the relationship between stakeholders, management, and the board of directors of a company and influence how that company is operating.
- The presence of strong governance standards provides better access to capital and aids economic growth. Corporate governance also has broader social and institutional dimensions;
- Good corporate governance ensures that the business environment is fair and transparent and that companies can be held accountable for their actions. Conversely, weak corporate governance leads to waste, mismanagement, and corruption. This is why we at ERC aim to implement best practices in corporate governance and attain top ranking among listed Egyptian companies.

Mission

- ERC intends to attain the highest level of transparency, accountability, and integrity in Corporate Governance practices. Consequently, the Company will achieve an appropriate balance between the interests of the Board and Management and those of the company stakeholders.

Scope of duties and responsibilities

General Assembly

- The General Assembly (GA) comprises shareholders, each according to their share.
- ERC encourages all shareholders to attend GA meetings. The date and place of a meeting is publicized at least 15 days in advance.
- The Agenda is publicized at least 15 days in advance. Information and documents that will help shareholders make sound decisions are also available at company headquarters at least 15 days in advance.
- Voting on General Assembly motions is recorded accurately.

Board of Directors

- The General Assembly appoints the Board of Directors to manage the Company. Board members are ultimately responsible regardless of whether they form committees or authorize other parties or individuals to undertake assignments.

- The Board comprises representatives selected from different groups of shareholders. Once appointed, the board member is considered a representative for all shareholders and should commit to work in the best interests of the Company, and not just for the group he/she represents or for those who voted for him/her.
- The Company has made significant progress towards achieving corporate governance best practices: the Board of ERC comprises a majority of non-executive members with two independent members. The Board has formed four committees, as parts of its efforts to adopt best practices:
 - The Audit Committee
 - The Executive Committee
 - The Human Resources (HR) Committee
 - The Technical Committee
- New board members have access to information, data and full explanations. This provides a full picture of the Company's activities, administrative structure, budget, strengths and weaknesses – helping them to perform effectively.
- The Board appoints the chairman and the chief executive officer. There is a clear separation between the role of the chairman and CEO. (See [ERC Board Charter](#))
- The Board should set out rules, regulations and procedures ensuring the Company's compliance with existing laws and regulations, rules and information disclosure to shareholders, creditors and stakeholders.
- The Company's information and data is made available to shareholders whenever requested.
- Formation of the Board-affiliated committees follows the general procedures set by the Board, including the mandate, duration and authority of each committee. (See [Board committees](#))

External Auditor

The Board nominates an external auditor of good reputation and experience on the recommendation of the Audit Committee.

- The External Auditor is independent from the Company and the Board; The External Auditor appointed by the GA, which also determines the firm's annual remuneration.
- The External Auditor fully abides by Egyptian accounting principles and rules.

The External Auditor cannot be contracted for additional company work without the prior approval of the Audit Committee. The costs of approved additional work are approved at the GA meeting that follows.

Rules to avoid conflict of interests

- ERC has clear and recognized regulations for the Directors and staff regarding the prevention of conflict of interests.

- Board members, senior managers and staff may not trade company stocks before the disclosure of the Company's financial statements or the disclosure of any other information that might have a financial impact. They also may not trade company stocks after sudden events that affect the Company's financial status until such information is disclosed to the public. (See ERC Insider Trading Policy)

- ERC has a strict Related Party Transaction Policy, which states that any related party transaction should be approved by the Audit Committee and disclosed in order to avoid conflict of interest.(See ERC Related Party Transaction Policy)