

Egyptian Resorts Company (ERC)

BOARD CHARTER

1.1 Introduction

This charter sets out the objectives, responsibilities and framework for operation of the Board as established in accordance with ERC's statutes and to which both the Board collectively and the Directors individually are committed.

1.2 Responsibilities

The Board's responsibilities are:

- Giving strategic direction.
- Leadership of the Company.
- Monitoring the implementation and execution of strategy and performance against targets.
- Appointing the CEO and overseeing the CEO's performance.
- Reviewing the Corporate Governance process and assessing achievement against objectives
- Determining the terms of reference and procedures of all board committees and subsidiary companies, and reviewing committee reports and minutes.
- Overseeing the Company including its control and accountability systems.
- Reviewing and overseeing the operation of risk management systems, internal compliance and control, codes of ethics and conduct, and legal and regulatory compliance.
- Developing suitable key indicators of financial performance.
- Approving major capital expenditure, acquisitions and divestitures.
- Approving any significant changes proposed in accounting policy and consider the recommendations of the Audit Committee.
- Approving the company financial statements and dividends announcements.
- Ensuring balanced and understandable assessments of the Company's position in reporting to stakeholders.
- Reviewing its charter at least annually and approving recommended changes.

1.3 Composition

The composition of the Board is determined according to the following principles:

- The Board is appointed by the Annual General Assembly.
- The Board selects from its members a chairman and a chief executive officer.

- The Board must comprise members with a broad range of experience, expertise and skills relevant to the Company and its business.
- The Board is composed of representatives nominated from various shareholders.
- There must be at least nine Directors and a maximum of fifteen members appointed by the General Assembly.
- The Board can include more than 2 independent members should the Board consider that additional expertise is required in specific areas.

1.4 Duration

- The duration of the Board's term is three years according to the company articles of Association.
- The Board can be reelected for an unspecified number of terms, according to the General Assembly resolutions.

1.5 Independence

- The Board has adopted the following definition of an Independent Director:

“An Independent Director is one who is free from any interest and any business or other relationship which could, or could reasonably be perceived to materially interfere with the director's ability to act with a view to the best interests of the Company.”

A non-executive director will not be regarded as an independent director unless that director:

- Is not a substantial security holder of ERC or an officer of, or otherwise associated directly with, a substantial security holder of ERC.
- Has not been employed in ERC within the last three years.
- Within the last three years has not been a partner or a senior management executive with audit responsibilities of a firm that has acted as an auditor of ERC financials.
- Within the last three years has not been a principal, employee or consultant of a material professional advisor to ERC – for this purpose a material professional adviser is an adviser whose billings to ERC exceed 1% of the adviser's total revenues.
- Is not a principal, employee or associate of a material supplier to, or material customer of ERC – for this purpose a material supplier to ERC means a supplier whose revenues from ERC exceed 5% of the supplier's total revenues; A material customer is a customer whose payments to ERC exceed 1% of the customer's operating costs.
- The Board will assess the independence of each director in the light of the interests disclosed by them. The independence of Directors will be disclosed in the annual report.

1.6 Appointment and Retirement

- When a vacancy exists the Board will consider qualified candidates in terms of:

- What may be appropriate for the Company.
- The skills, expertise and experience of the candidates.
- The mix of those skills, expertise and experience with those of the existing Directors.
- The compatibility of the candidates with the Company and with the existing Directors.
- The Board then appoints the most suitable candidate to serve provisionally until the next AGM whereupon the director is eligible for election.
- The terms and conditions of the appointment of all new members of the Board must be specified in a letter of appointment.

1.7 Chairman and CEO

In accordance with corporate governance best practices and in the interest of optimizing long-term shareholder value, ERC separates the role of the Chairman from the role of the CEO. There is clear distinction between each leadership role.

The CEO

- Runs the Company.
- Responsible for operations and financial performance.
- Provides clear leadership.
- Prepares strategy, plans, etc. and implements them to achieve clearly-defined objectives.
- Develops social and environmental policies to ensure that ERC is respecting its social and environmental responsibilities.
- Recommends plans related to executive management.
- Submits acquisition / investment proposals.
- Develops organizational structures, succession planning.
- Together with the Chairman, communicates with investors.
- Submits proposals on non-executive fees to the Board.

The Chairman of the Board

- Runs the General Assembly and sets its agenda.
- Runs the Board and sets its agenda.
- Enhances the standing of the Company with the outside world.
- Retains overall responsibility for communication with shareholders and/or their agents, and is encouraged to inform the whole Board of concerns expressed whether directly or through brokers and advisers and ensure that the Directors understand the nature of the concerns and respond formally if appropriate.
- Ensures the effectiveness of ERC corporate governance practices and modifies policies when necessary.
- Recommends to the Board the appointment / dismissal of the Chief Executive Officer and non-executive members.
- Reviews the performance of non-executives members and keeps them informed.
- Assists and guides the CEO.

- Reviews the performance of the Directors.
- Ensures that the Board annually reviews its performance and is balanced.

1.8 Annual Board Self-Evaluation Process

- The ERC Board has adopted a self-evaluation process to ensure a high level of performance; the process is conducted on an annual basis.
- This process provides feedback on performance to individual Board Directors and also solicits feedback from individual Board Directors on the performance of the Board as a whole. (See Annex 1)

1.9 Training and Advice

- Directors are provided with comprehensive information concerning the Company before accepting appointment.
- Directors are trained in the principles of corporate governance and the requirements of the law in order to properly execute their role as board members.
- The Company is responsible for financing the induction of board members.

1.10 Compensation

- Board members' compensation are approved by the General Assembly, based on the recommendations of the Board.
- ERC does not grant loans or loan guarantees to its non-executive board members.

1.11 Meetings

- The chairman fixes the time and the place of regular and special meetings of the Board. Special meetings of the Directors may also be held at any time by order of the Chairman of the Board, or upon the written request of one-third of the members.
- Board meetings are normally held at least four times a year.
- Invitations to Board or Committee meetings must be circulated 7 days in advance and must include briefings for each item on the meeting agenda.
- Notice of each special meeting must be mailed or faxed to each Director's residence or place of business at least two days before the meeting.

1.12 Attendance

- Board members must maintain consistent attendance at board meetings and actively participate in discussions.
- Board meetings will be valid only if attended by the majority of the members.
- Resolutions of the board are issued upon the simple majority of the members.
- Board members may represent each other at board meetings. A board member cannot represent more than one member in the same meeting.

1.13 Board Secretary

- The Company Secretary should:
 - Organize board meetings.
 - Prepare the agenda with input from the Chairman and any other Director.
 - Circulate the board agenda and supporting papers in a timely manner.
 - Organize Directors' attendance at board meetings.
 - Ensure that all procedures take place in accordance with the requirement of the law as well as the company statute.
 - Ensure that the meeting minutes are ratified at the beginning of the next meeting.
 - Develop the training and awareness plan for the Board Members.

1.14 Procedure for Independent Advice

- In the event that any Director wishes to take professional advice in relation to any aspect of performance of his duties as a Director, he may do so at the Company's expense upon approval of the Board.

1.15 Committees

- The Board may establish committees to assist it in carrying out its functions and will adopt a charter for each committee established specifying the scope of its responsibility and relevant administrative and procedural arrangements.
- Committees established and in existence at the date of this document are:
 - Audit Committee
 - Executive Committee
 - HR Committee
 - Technical Committee

1.16 Access to Senior Management

- Directors should have access to the Chief Executive Officer, the company managers, the Chief Financial Officer and the Company Secretary for the purposes of seeking information or asking questions.
- From time to time, where appropriate, presentations should be made by senior management to Board members with respect to recurring issues of interest to the Board and items of special interest, as identified by the Board or by Management.

1.17 Ethical Standards and Values

- All Directors and officers must act with the utmost integrity and objectivity.

- The Directors must comply with ERC Code of Ethics in the exercise of their duties.

1.18 Confidentiality

- Board members must not disclose any confidential information about the Company or its related companies before it has been publicized.
- If any board member wishes to disclose any issue related to the Company to another party, he must inform the Chairman concerning the issue, the identity of the other party and the purpose of the disclosure. He cannot disclose before obtaining explicit approval from both the Chairman and the CEO.
- The Board Member in this case can request the assistance of the Investor Relations Manager. This also applies to expert members who participate in board meetings without being a board member.

1.19 Dealings in Securities

- The charter permits Directors to acquire Securities. Company policy is disclosed in the ERC Insider Trading Policy.

1.20 Business Risks

- The Board has the responsibility for setting the strategy of the Company, which includes the identification and assessment of significant business risks. The Board reviews the major risks affecting the business and develops strategies to mitigate these risks.
- Once a risk is identified, an action plan is set and the Board is informed of the action plan proposed by management. The Board must approve the action plan, at which point Management initiates its implementation.

1.21 Communication with Shareholders

- The Board aims to ensure that shareholders are informed of all major developments affecting the Company. Information is communicated to shareholders as follows:
 - The Company's continuous disclosure obligations are reviewed as a standing item on the agenda for each regular meeting of the Board.
 - The annual report is available to all shareholders.
 - Proposed major changes in the Company which may impact share ownership rights and the removal and appointment of Directors are submitted to a vote of shareholders at an Annual General Assembly. If a board resolution requires shareholder referendum before the next General Assembly, a special meeting will be called. The Board encourages full participation of shareholders at the Annual General Assembly and at other general meetings.
 - Information concerning the Company, including copies of announcements made through the EGX and financial statements, is made available to shareholders and prospective investors on the Company's website.

N.B:

- Board candidates must agree to comply fully with the provisions of this charter before admittance to the Board.
- The Charter is a living document and may be amended in accordance with the changing needs of the Company and new market regulations.
- In case disagreement concerning interpretation of the provisions of the charter, the matter is deliberated and a vote is held, by members' simple majority.

Appendix A

Individual Board Member Self-Review Form

Your name:

1) Are you satisfied with your performance as a Director in the following areas (check spaces that apply below):

	Very good	Adequate	Needs work
• Attendance at board meetings	_____	_____	_____
• Level of participation in strategy development and decision-making	_____	_____	_____
• Relations with fellow Board Members	_____	_____	_____
• Aptitude with external and internal communications	_____	_____	_____

2) What factors contributed to your performance or underperformance in the areas above (please be specific):

3) How can ERC do a better job of supporting your efforts to maintain or increase your level of board commitment:

4) Do you have any other comments or suggestions that will help the Board increase its effectiveness?

Please return your completed form to the Chairman of the Board (mail, email, or fax).

Board Self-Evaluation Questionnaire

A. How Well Has the Board Done Its Job?

Circle the response that best reflects your opinion. The rating scale for each statement is: Strongly Disagree (1); Disagree (2); Maybe or Not Sure (3); Agree (4); Strongly Agree (5)

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|--|---|---|---|---|---|
| 1. Our company has a three- to five-year strategic plan and a set of clear long-term goals and priorities. | 1 | 2 | 3 | 4 | 5 |
| 2. The Board's meeting agendas clearly follow the direction of our strategic plan or priorities | 1 | 2 | 3 | 4 | 5 |
| 3. The Board has ensured that the Company also has a one-year operational business plan. | 1 | 2 | 3 | 4 | 5 |
| 4. The Board provides direction to staff on how to achieve strategic goals by clearly communicating priorities and company policies. | 1 | 2 | 3 | 4 | 5 |
| 5. The Board ensures that the Company's accomplishments and challenges are communicated to company stakeholders. | 1 | 2 | 3 | 4 | 5 |

B. How Well Has the Board Organized Itself?

Circle the response that best reflects your opinion. The rating scale for each statement is: Disagree (1); Maybe or Not Sure (2); Agree (3).

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|---|---|---|---|---|---|
| 1. Board members are aware of what is expected of them. | 1 | 2 | 3 | 4 | 5 |
| 2. The agenda of board meetings is well planned so that we are able to address all pressing issues. | 1 | 2 | 3 | 4 | 5 |
| 3. It seems like most board members come to meetings prepared. | 1 | 2 | 3 | 4 | 5 |
| 4. We receive written reports in advance of our meetings providing background information , on agenda items | 1 | 2 | 3 | 4 | 5 |
| 5. All board members participate in important board discussions. | 1 | 2 | 3 | 4 | 5 |
| 6. We do a good job encouraging and reconciling different points of view. | 1 | 2 | 3 | 4 | 5 |
| 7. We all support the decisions we make. | 1 | 2 | 3 | 4 | 5 |
| 8. The Board has taken responsibility for recruiting new board members. | 1 | 2 | 3 | 4 | 5 |

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|---|---|---|---|---|---|
| 9. The Board has planned and led the orientation process for new board members. | 1 | 2 | 3 | 4 | 5 |
| 10. The Board has a plan for Director education and further board development. | 1 | 2 | 3 | 4 | 5 |

C. Board's Relationship with CEO

Circle the response that best reflects your opinion. The rating scale for each statement is: Disagree (1); Maybe or Not Sure (2); Agree (3).

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|--|---|---|---|---|---|
| 1. There is a clear understanding of where the Board's role ends and the CEO's begins. | 1 | 2 | 3 | 4 | 5 |
| 2. There is good two-way communication between the Board and the CEO. | 1 | 2 | 3 | 4 | 5 |
| 3. The Board trusts the judgment of the CEO. | 1 | 2 | 3 | 4 | 5 |
| 4. The Board provides direction to the CEO by setting new policies or clarifying existing ones. | 1 | 2 | 3 | 4 | 5 |
| 5. The Board has discussed and communicated the kinds of information and level of detail it requires from the CEO on what is happening in the Company. | 1 | 2 | 3 | 4 | 5 |
| .6 The Board has developed formal criteria and a process for evaluating the CEO | 1 | 2 | 3 | 4 | 5 |
| 7. The Board, or a committee of the Board, has formally evaluated the CEO within the past 12 months. | 1 | 2 | 3 | 4 | 5 |
| 8. The Board evaluates the CEO primarily on the accomplishment of the organization's strategic goals and priorities and adherence to policy. | 1 | 2 | 3 | 4 | 5 |
| 9. The Board provides feedback and shows its appreciation to the CEO on a regular basis. | 1 | 2 | 3 | 4 | 5 |
| 10. The Board ensures that the CEO is able to take advantage of professional development opportunities. | 1 | 2 | 3 | 4 | 5 |