



CLEOPATRA HOSPITALS
GROUP



Sustainability Report 2018

Letter From Our CEO



"A key pillar of CHG's identity is our commitment to upholding the highest standards when it comes to environmental, social, and governance practices. We seek to promote the accessibility of high-quality healthcare across the country."

At Cleopatra Hospitals Group (CHG), we believe that our long-term success is derived from instilling integrity and sustainability into each business decision we make. We believe that the path to creating shared value, be that for shareholders, clients, or the wider community, is by placing patient safety and quality of outcomes at the heart of what we do to drive growth that is consistent, competitive, profitable, and responsible.

A key pillar of CHG's identity is our commitment to upholding the highest standards when it comes to environmental, social, and governance practices. As one of Egypt's largest medical groups, we strive to ensure that our role is not limited to continuing to provide the best-in-class healthcare services to our communities, but also extends to becoming a key player in building Egypt's healthcare development narrative. We seek to achieve this by adhering to the strictest international standards on patient safety and outcomes, integrating environmentally sustainable practices into our operations, and complying with the best global governance requirements across the Group. By doing so, we seek to continue providing the standard of services that our patients have come to expect of us, as well as set an example across the public and private healthcare sectors to promote the accessibility of high-quality healthcare across the country.

As Chief Executive Officer of CHG, my overriding vision for Egypt's healthcare sector sees us becoming the leading private sector healthcare services provider in Egypt. We take great care in selecting the most qualified staff in the field to serve our communities, as well as transfer our expertise and know-how across the local healthcare sector, allowing it to thrive through pairing environmental, social, and governance best practices with our daily operations to ensure that our performance constantly adheres to our goal of creating sustainable value for all our stakeholders.

As one of the key sectors in Egypt, we believe the development of healthcare is crucial to the country's sustainable growth. With the help and commitment of our dedicated expert team of medical professionals and staff, we at CHG believe we can successfully forge the road to creating an accessible healthcare sector of the highest quality in Egypt.

Ahmed Ezz El-Din
Group Chief Executive Officer



Chairman's Note



We are proud of the value CHG has been able to add to its local communities to date. We recognize the importance of sustainable growth and accordingly, we seek to reinvest our profits to constantly improve the quality and reach of our services and facilities, while improving the overall standard of care in Egypt's healthcare sector.

In our commitment to ensure that our operations have a minimal environmental footprint, we have launched multiple initiatives across the Group to comply with local environmental regulations as well as international environmental standards.

As we continuously strive to become leaders in the sector, we have introduced strict corporate governance frameworks in line with the highest international standards that promote transparency and sound ethical practices. Our board members, who bring a wealth of expertise to the Group, provide sound guidance that allow CHG to provide the highest standard of medical care with sustainability and integrity at the core of its operations.

As Egypt's largest healthcare group, we are pleased to be able to retain the best talent in the healthcare industry, which combined with our state-of-the-art facilities and high functioning management team, has enabled us to become pioneers in propelling a model structure which will seek to transform Egypt's healthcare sector.

Ahmed Badreldin
Chairman

At Cleopatra Hospitals Group (CHG), we have been privileged to be able to create substantial impact on patient safety by ensuring that we provide healthcare services of the highest quality. But it is our commitment to creating shared value for every one of our stakeholders that has cemented our commitment to the highest standards of environmental best practices, social development, and good governance as we work to make a tangible impact on the community in which we do business.

Since our initial investment in the healthcare sector in 2014, we have been guided by a strategy centered on patient safety and quality of outcomes. As we prioritize the improvement of patient care and overall experience, we have adopted an integrated approach to medical and non-medical oversight. To that end, we have invested c. EGP 345 million in structural upgrades and renovation at our facilities. Among the upgrades have been works to operating and emergency rooms, inpatient and outpatient room revamps, as well as upgrades in medical equipment used at our hospitals, in line with the highest global standards.

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About Us

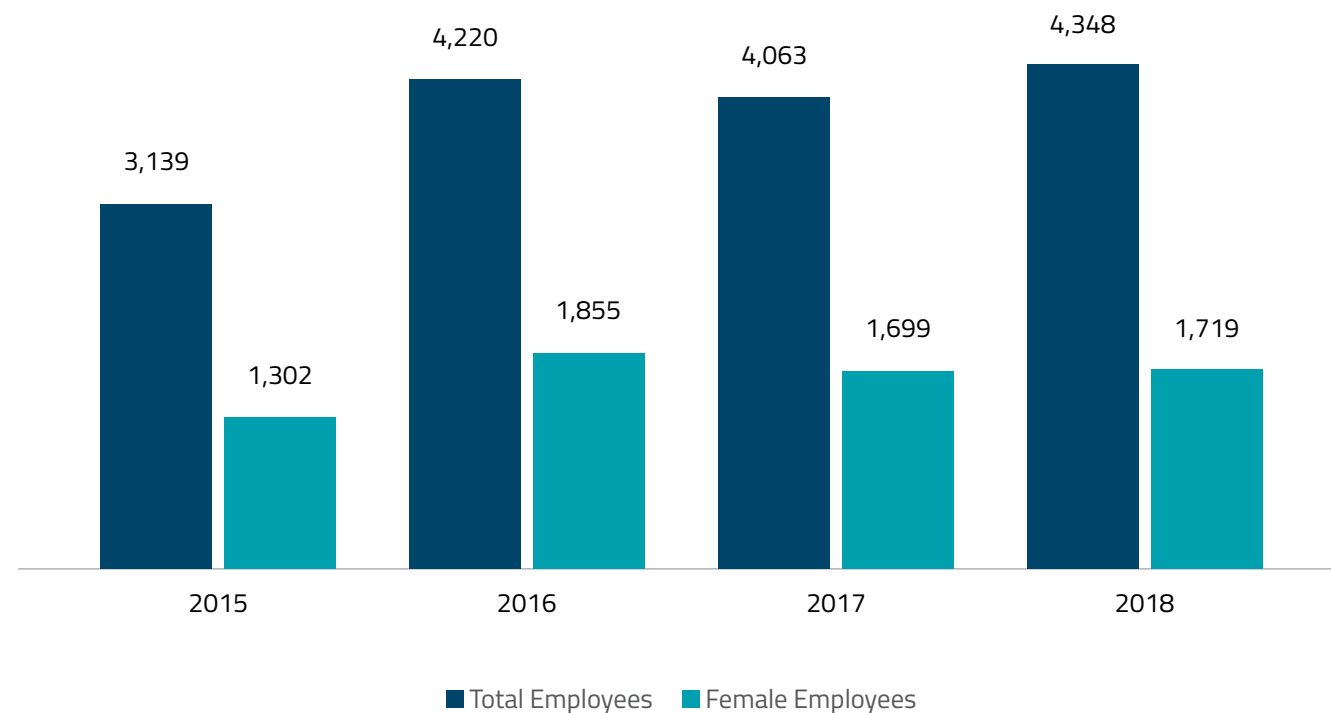
Since its establishment in 2014, CHG has been committed to taking a lead in the healthcare development story of Egypt in order to make quality healthcare services widely available across the country. As Egypt's leading hospital group, CHG has long established itself as part of the community in which it does business. Over the last five years, the Group has revolutionized the Egyptian healthcare industry by bringing high quality, integrated healthcare solutions to a growing number of patients across a constantly expanding geographical footprint, while simultaneously introducing, for the first time in Egypt, a 360-degree approach to the running of day-to-day operations at its hospitals.

Throughout its facilities, CHG works to positively impact the lives of patients by ensuring that they are provided with medical services of the highest quality, in keeping with international best practices. The Group has been instrumental in bringing the latest technology in healthcare to the country, thereby creating access to the best possible treatments as it works to improve quality of life for the communities in which it operates.

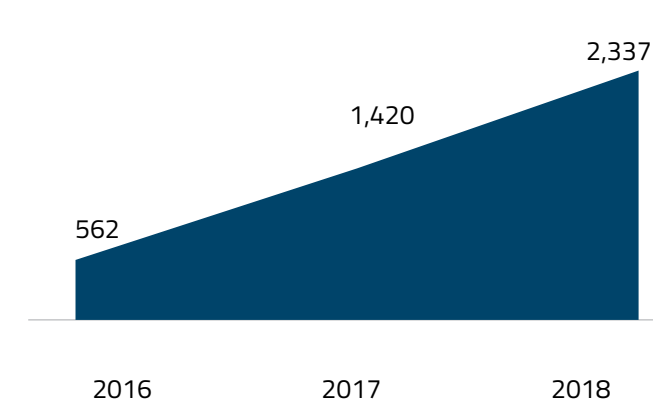
CHG has worked over the past year to expand its operations to continue to serve our communities. In addition to acquiring new hospitals and expanding the capacity of its existing hospitals, CHG has opened two new polyclinics to extend its reach into outpatient services. In addition, CHG has invested in strengthening its Centers of Excellence (CoEs), adding new specialized facilities to its existing ones, putting quality specialized medical services within reach of its patients.

The Group leverages its position as a market leader in the sector to improve the quality and accessibility of healthcare in Egypt not only through its standard operations, but also by building strategies and establishing key partnerships to develop the sector as a whole. At the same time, CHG has built long-lasting partnerships with both state and private institutions to assist other hospitals to meet these same standards in line with its strategy to institutionalize the sector and its commitment to ensuring that high quality healthcare and highly trained medical practitioners are accessible across the country.

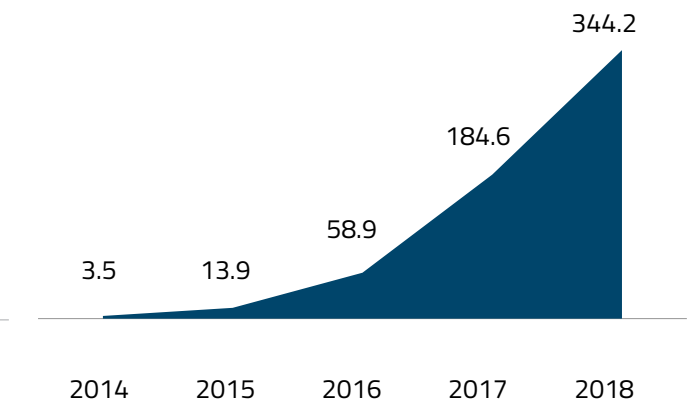
Employment



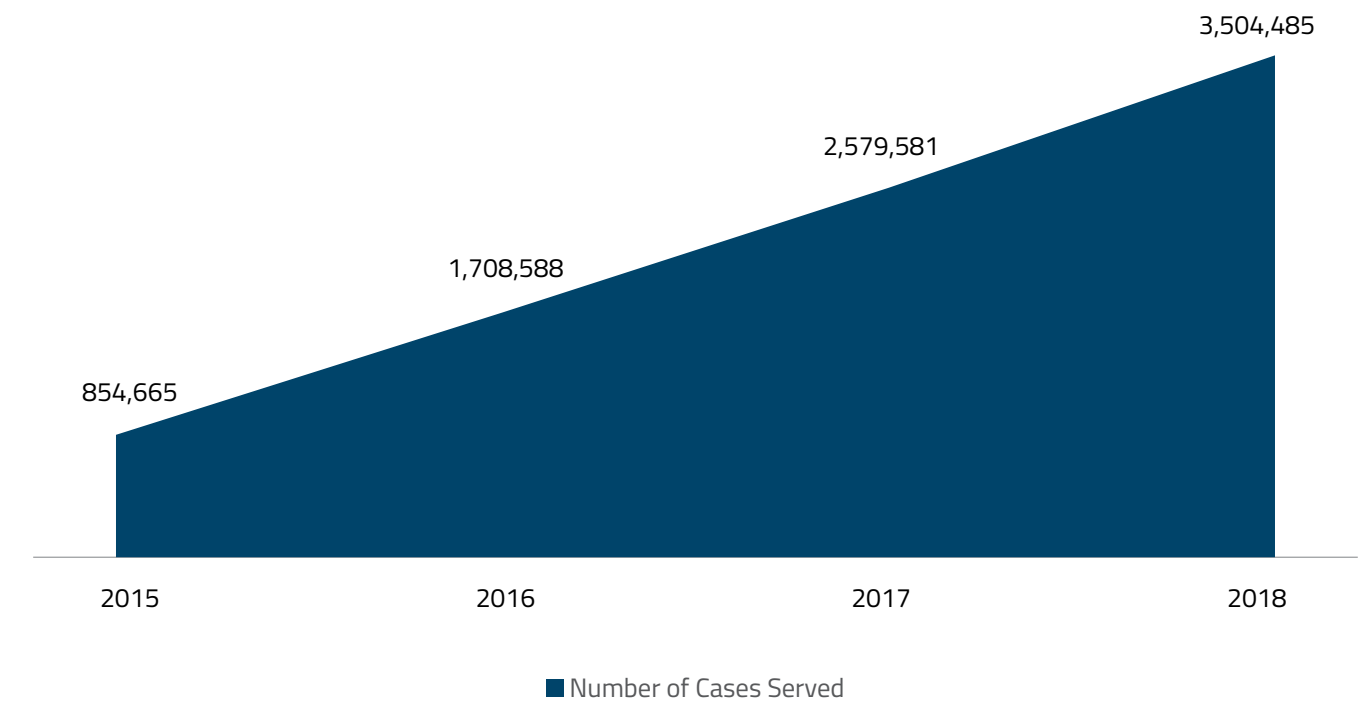
Cumulative Employees Trained



Cumulative Capex (EGP millions)



Cumulative Number of Patients



2018 ESG Update

Environmental Impact

CHG recognizes the importance of sustainable practices with the aim of preserving the environment, and accordingly, we are extremely conscious of the environmental impact of our operations. The Group continues to comply with local environmental regulations and required practices and is actively working to bridge gaps to meet IFC Performance Standards and World Bank Group EHS Guidelines. A priority for CHG has been to address issues highlighted by JCI findings, as it seeks accreditation across the Group. Accordingly, we have undertaken a complete infrastructure renovation plan to implement key corrective actions that will ensure our compliance with international environmental standards.

In addition, as part of our efforts to minimize our environmental footprint and promote awareness across our facilities, CHG has launched an initiative to replace electric boilers with solar heaters at Nile Badrawi Hospital. As a result, the hospital has successfully reduced its consumption of fossil fuels and electricity consumption, while having access to an abundance of clean energy for heating with no CO2 emissions.

Social

At CHG, we believe our people form our biggest asset. Accordingly, we continue to focus on our human capital to elevate the quality of care across our hospitals. To complement our Human Resources policies, we have emphasized the development of a number of career development plans in addition to succession planning mechanisms with the aim of identifying, preparing, and promoting promising CHG employees. In addition, in line with our commitment to investing in our employees and boosting their career paths, we have offered employees a number of trainings, courses, and seminars in a variety of fields.

In 2018, a total of 987 employees, amounting to roughly 23% of CHG employees, have received extensive training with the aim of improving the skillset of our employees, as well as boosting the caliber of employees in the healthcare sector in Egypt.

CHG has also launched an initiative, in collaboration with the NGO Nahdet El Mahrousa, to provide outstanding undergraduates with scholarships to pursue studies in STEM disciplines including nuclear engineering, biology, and biomedical engineering. They are also afforded the opportunity to receive internships across the Group where they are able to gain insight into the Egyptian healthcare sector along with practical experience in their chosen fields.

Moreover, CHG conducted its annual salary scaling exercise and employee satisfaction survey, incorporating its findings into its 2019 budget. The aim of the exercise is to standardize salary levels and skills requirements across the Group to promote employee satisfaction, further solidifying CHG's position as the employer of choice in the sector.

Governance

CHG maintains corporate governance structures consistent with international best practice. Its corporate governance frameworks are stringent and cohesive, promoting transparency, ethical practice, and integrity. With a total of eleven board directors, five are independent members, signaling the Group's commitment to adhering

to the strictest standards of good governance and integrity in providing patients with the very best healthcare services. In addition, two members are female directors in leading positions, highlighting the Group's commitment to changing the narrative in Egypt regarding gender equality and empowering women in positions of leadership in otherwise traditionally male-dominated industries. In 2018, the Group, in its efforts to constantly improve and retain the very best leadership, appointed two new members to its board—Eng. Tarek Kabil, Egypt's former Minister of Trade and Industry, and Mrs. Samia El Baroudy, a seasoned professional in healthcare M&A.

The Board of Directors at Cleopatra Hospitals Group, along with its management and staff, seeks to be at the helm of transforming Egypt's healthcare sector by providing patients with the highest standard of medical services, while ensuring that its operations are sustainable and profitable, adding value to all stakeholders. The first step towards achieving this goal is to implement good governance practices benchmarked against international best practices with the goal of protecting the interest of all stakeholders, ensuring compliance with all regulatory requirements, as well as promoting organizational efficiency.

Accordingly, in order to best serve our stakeholders, the Board has established three committees each with their own individual charters and guidelines to help the Board fulfill its duties. The Group has plans to establish further committees later on in the year.

Audit Committee

The Audit Committee consists of three non-executive directors, two of which are independent. The committee assists the Board in its oversight of the financial statements and disclosures and ensures that the financial statements adhere to the auditor's and EFSA's recommendations.

Medical Ethics & Quality Committee

The Medical Ethics & Quality Committee's role is to supervise the development and execution of the Group's quality control programs. The committee monitors performance indicators and accordingly provides recommendations

on the development strategy of the Group's services. The Medical Ethics & Quality Committee consists of three members, two of which are non-executive directors.

Nomination and Remuneration Committee

The Nominations and Remuneration committee provides recommendations regarding the remuneration of senior management. In addition, the committee reviews the Group's bonus schemes and develops employment succession plans. The committee is comprised of three members, one of which is a non-executive director.





CHG is led by a Diversified and Experienced Board of Directors

Healthcare Experts



**Dr. Mohamed Awad
Tag El Din**
Former Minister of
Health



Dr. Ahmed Ezzeldin
Executive Member &
Group CEO



Dr. Tarek Zahed
Non-Executive
Vice Chairman



Sameh Mohsen
Founder / Previous
CEO Cleopatra
Hospital

Active Board Committees

Audit
Nabil Kamhawy,
Chairman

Remuneration
Ahmed Badreldin,
Chairman

Medical Ethics &
Quality
Dr. Mohamed Awad
Tag El Din, Chairman

Financial and Investment Experts



Tarek Kabil
Former Minister of
Trade and Industry



Omar Ezz Al Arab
Care Healthcare



Nabil Kamhawy
Former Head of
Ernst & Young Egypt



Samia El Baroudy
Care Healthcare



Ahmed Badreldin
Chairman
Care Healthcare
Representative



Lobna El Dessouky
Director



**General Omar
Kinawy**
Former Deputy Head
of Intelligence

Case Studies



LEADING MEDICAL TECHNOLOGY

A key priority for CHG since its establishment in 2014, has been to collaborate with industry leaders in the technology sector to ensure that its facilities are supplied with state-of-the-art medical equipment. Since then, the Group has committed more than EGP 600 million, invested in building infrastructure and upgrading its facilities, to ensure that the quality of care provided, access to services, and overall patient experience continuously improve.

In the span of five years, CHG has significantly impacted the Egyptian healthcare sector through its strategic partnerships with leading technology manufacturers to install state-of-the-art facilities for its radiology departments, operating rooms, catheterization labs, and intensive care units across the Group.

CHG has also partnered with Philips to launch a new world-class, state-of-the-art radiology suite at Cairo Specialised Hospital, equipped with high-end imaging technology from Royal Philips, a leading global provider of medical technology. The new department will contain diagnostic X-ray imaging, ultrasonography, Doppler equipment, digital mammography, CT scanners, and closed Magnetic Resonance Imaging (MRI), delivering industry-leading image quality and minimally invasive procedures.

In addition, the Group has also established a number of key partnerships with leading medical technology providers, including Siemens, which provided upgraded equipment and facilities as part of the renovation of Nile Badrawi Hospital's cardiac catheter lab.



SKILLS ENHANCEMENT PROGRAM WITH THE MINISTRY OF HEALTH AND POPULATION



In 2019, CHG, in collaboration with the Ministry of Health and Population, launched a program to support new initiatives by the Ministry slated to transform the healthcare sector and ensure that quality public medical services are available to all citizens.

The Skills Enhancement Program, under the auspices of the Egyptian government, is a complementary program to the Universal Health Insurance Initiative, which was launched in 2019. Under the program, CHG provides staff in public hospitals with the necessary training to enhance their technical and managerial skills to enable them to improve the quality of services provided by hospitals under the initiative in line with National Safety Requirements and JCI international standards. In addition, CHG is supporting the ministry in managing three hospitals in the Port Said governorate (El Nasr Specialized Hospital, El Tadamon Hospital, and El Nesa Hospital) by providing training workshops to medical and administrative staff and transferring the knowledge and standard of care that has set CHG facilities apart in the healthcare industry.

Through the concerted efforts of a full-time specialized team, trainings in administrative fields including Supply Chain, Human Resources, and Facility Management are being delivered to non-medical employees, in addition to technical expertise training to doctors and nurses via job shadowing to provide a hands-on learning

experience. In these hospitals, CHG will also implement the administrative systems and protocols it uses across its own hospitals, which have enabled it to become a market leader in the healthcare sector.

To date, the Skills Enhancement Programme has established itself by achieving several milestones. The program has provided fundamental trainings to over 500 employees in medical and administrative functions. In addition, standard procedures across all functions have been implemented in the three hospitals. Medical personnel in the hospitals have also received CHG's medical form system to ensure efficient operations. We have also implemented the first attendance system in Egyptian public hospitals.

CHG has also designed a new organizational structure for the hospitals that is set to be rolled out across all hospitals participating in the National Healthcare Act. In addition, for the first time in over ten years, Port Said's Tadamon hospital was host to an orthopedic surgery, as part of the program's efforts to improve the quality of care at participating hospitals.

The partnership is part of Egypt's new comprehensive health insurance initiative mandated under the Universal Healthcare Act. Currently under the first phase, the initiative is set to be rolled out incrementally throughout the country.





Trained 500+ employees

On the fundamentals of Medical and Nonmedical Functions



Trained Medical Staff

On the CHG Medical Forms for efficient operations



Standardizing the Procedures

In all functions across the three hospitals through implementation of SOPs and KPIs



Initiated the 1st Orthopedic Surgery

In Tadamon Hospital in the past 10 years



Designed Hospital Organizational Structure

To be rolled out across all National Healthcare Act Hospitals



Implemented the 1st Attendance System in Public Hospitals

Using fingerprint to track attendance of staff across Port Said Hospitals



Floating Hospital

In line with its commitment to making quality healthcare widely accessible across the country, CHG was chosen as the primary partner to Rotary Egypt in the establishment of a floating hospital in Aswan, the first of its kind in the country. The hospital, originally a cruise ship, was fitted with several clinics along with

multiple facilities, including an X-ray unit, laboratory, and pharmacy. The floating hospital travelled down the Nile across eight governorates and within its first week of operations alone managed to treat 10,000 women and children from underserved areas.





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