



CLEOPATRA HOSPITALS
GROUP



CORPORATE GOVERNANCE REPORT **2021**

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CLEOPATRA HOSPITALS GROUP

WHO WE ARE

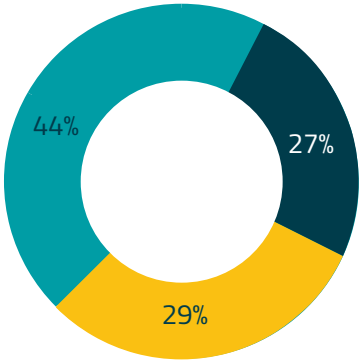
Established in 2014, Cleopatra Hospitals Group (CHG) is Egypt's largest private hospital group, by both number of hospital beds and operating facilities. CHG provides its patients with unrivalled service offerings, covering its patients' entire treatment cycle. Over the years, the Group has revolutionised the Egyptian healthcare industry by introducing a 360-degree integrated management framework that oversees its operations, allowing the Group to consistently improve the quality of its services while driving efficiency enhancements throughout its facility network.

Since its listing on the Egyptian Stock Exchange (EGX) in 2016, the Group has continued to grow, expanding its geographic reach, patient base, and service offering through a carefully executed strategy focused on organic and inorganic growth. Today, the Group operates six of the Nation's leading hospitals alongside two polyclinics and one of Egypt's most prominent IVF centres. CHG's hospitals enjoy over a three-decade-long track record of success with the Group's network featuring brand names such as Cleopatra Hospital, Cairo Specialised Hospital, Nile Badrawi Hospital, Al Shorouk Hospital, El Katib Hospital and Queens Hospital. CHG's hospitals offer a full suite of diagnostic, medical, and surgical services across both inpatient and outpatient settings, and house various centres of excellence which offer our patients world-class care across a wide-ranging spectrum of specialities including cardiology, radiology, orthopaedic, urology, oncology, and multiple others. The Group also operates two polyclinics located in East and West Cairo, which not only allow the Group to expand its geographic reach across Greater Cairo, but also help drive up volumes at CHG's main hospitals through the referral of patients. Finally, Bedaya IVF centre, the Group's fast-growing Assisted Reproductive Solutions arm and latest addition to the Group, which began operating under the Group's management in the final months of the year 2020.

Coming out of an undoubtedly challenging year for all industries, with businesses in the healthcare sector particularly impacted by the COVID-19 pandemic, 2021 was a very transformational year for CHG on a strategy level, inorganic growth level, and on the performance level as well. Nonetheless, CHG's strong and adaptable business model coupled with effective short- and medium-term responses reflected the Group's remarkable resilience, allowing CHG to emerge stronger than ever. By continuing to adhere to its proven six-pillar operational strategy governed by a uniquely formed governance structure, the Group is looking to continue leading the Egyptian healthcare industry and cement its place as the country's number one provider of diversified healthcare.



Shareholding Structure and Stock Performance



Cleopatra Hospitals Company's Shareholder Structure

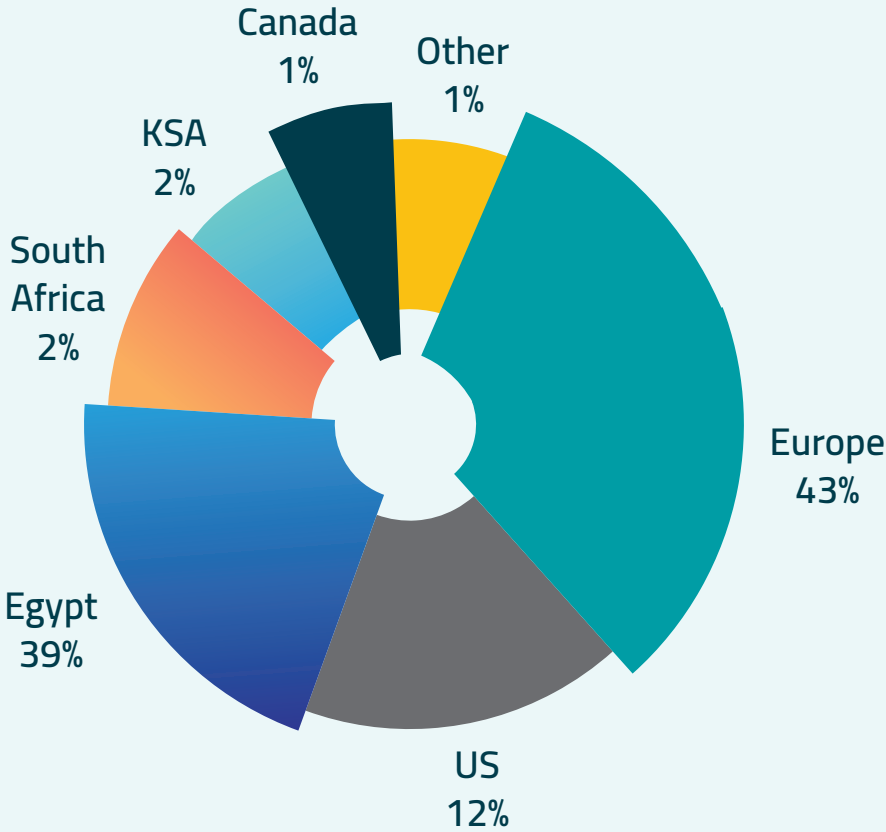
- Free Float
- Care Healthcare limited (Malta)
- MCI Healthcare Partners

Statement of top 5 shareholders as of Dec 31, 2021

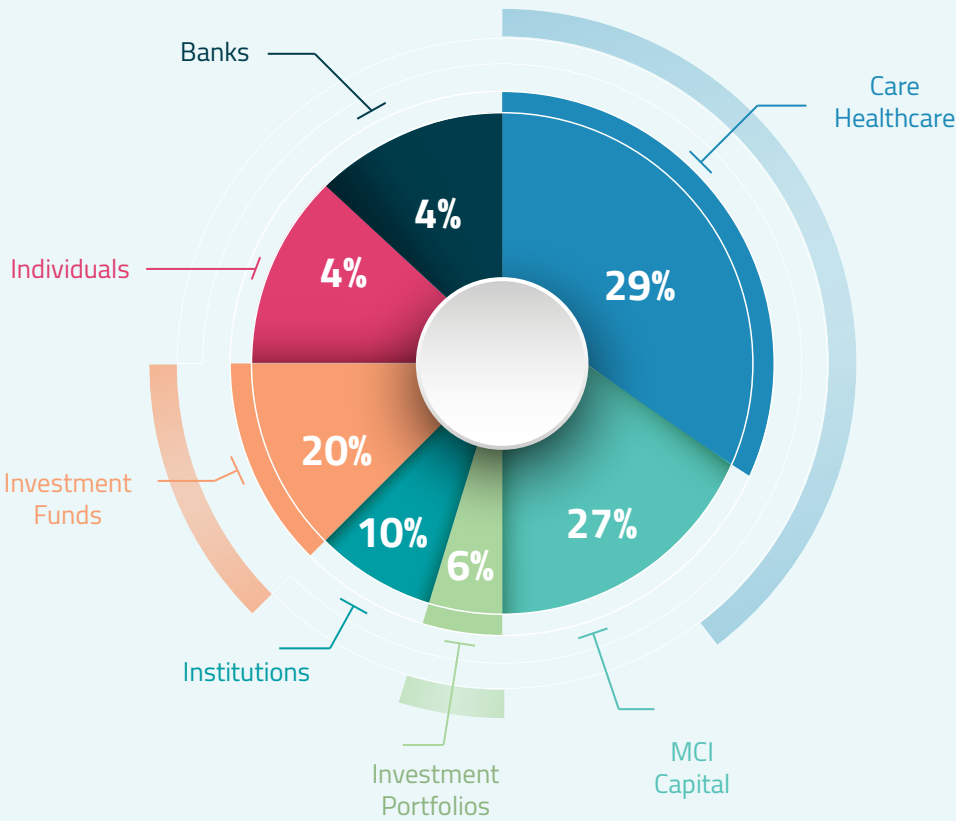
Name (as per MCDR)	Ownership	Country
Care Healthcare	29%	Malta
MCI Capital Healthcare Partners	27%	Egypt
Helikon Investments	6%	United Kingdom
VanEck	4%	United States of America
Norges Bank	3%	Norway

Statement of transactions by the board members, spouses and children for 2021
No Transactions on CLHO shares by Board Members, their spouses or their children were made during 2021.
Above data presented as per official MCDR register and may not reflect aggregate accounts & funds under that may be owned or managed by the same beneficial owner or Investment Advisor

Shareholders' Nationalities



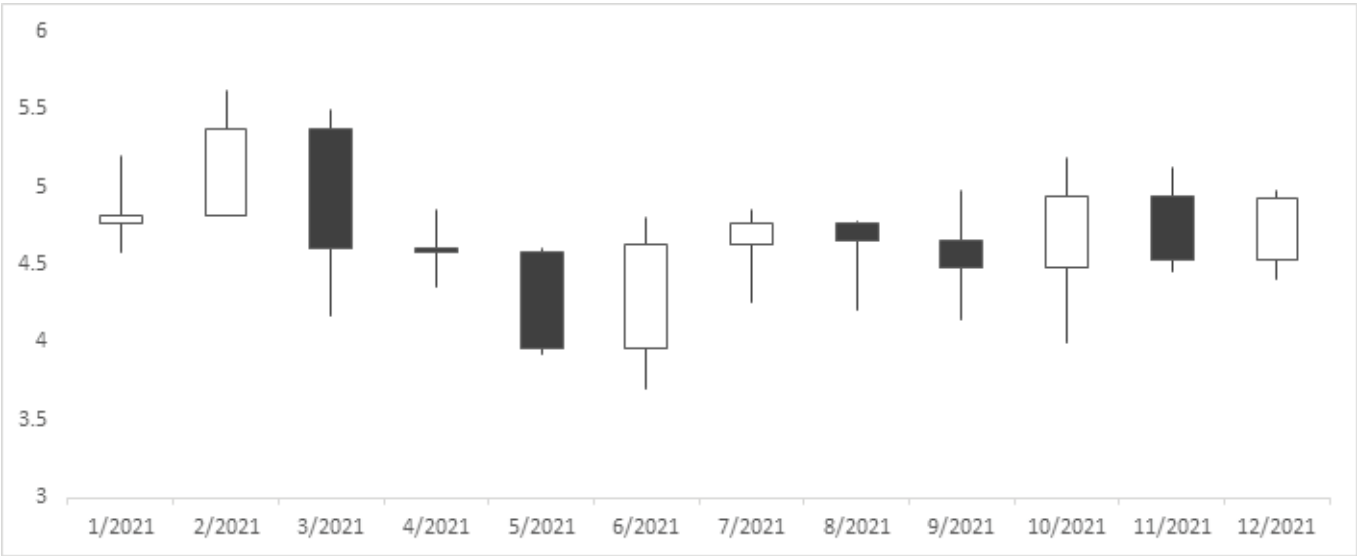
Shareholders' Type



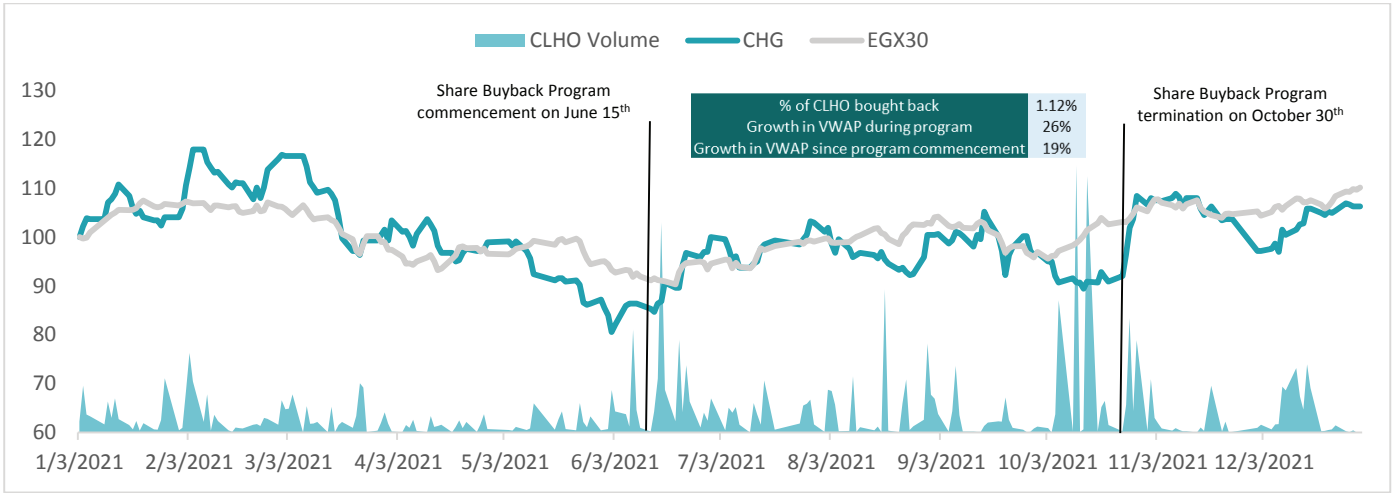


Share Price Performance

Cleopatra Hospitals Company (CLHO) Share price performance in 2021 (EGP)



Comparative performance of share price vs EGX index chart

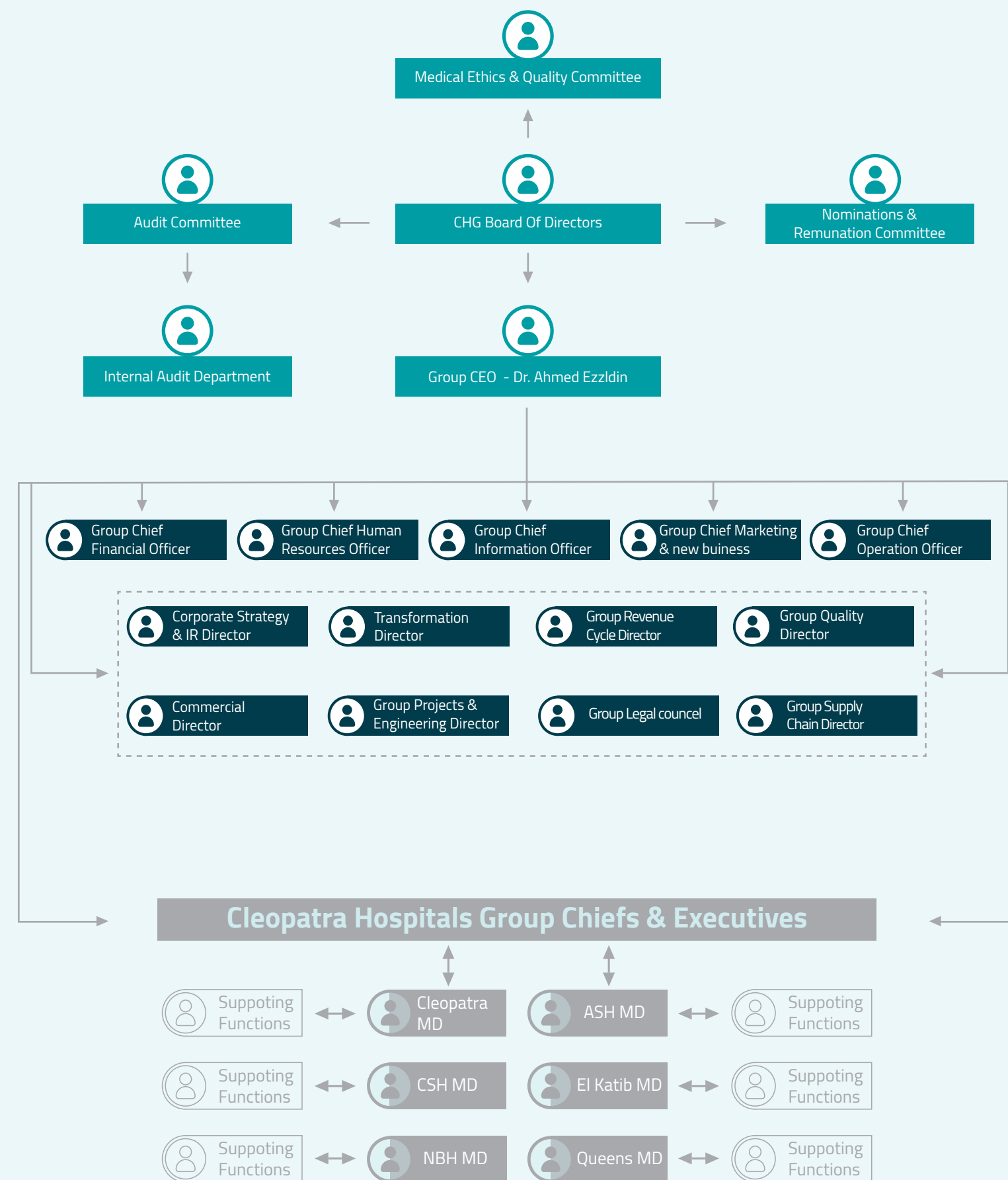


*Source: Mubasher



Organizational Structure

Since its inception, CHG has been growing by integrating at least one facility to its network annually and expanding its feeder network to untapped geographical regions across Egypt. The Group's Organizational Structure plays a key role in being able to achieve that, and continues to do so by ensuring that its facilities continue to operate together under a One-Stop-Shop model in a synergistic manner, and on a consistent path of operational and financial efficiency. With this foundation in place, CHG continues to be differentiated from the market, providing standardized, organizationally governed, and unmatched service offerings across the Group.



ABC	No Referral Fees	Medical Council
<p>CHG has a zero-tolerance approach to bribery & corruption with a clear anti-bribery & anti-corruption policy for all stakeholders to abide by</p> <p>CHG follows all applicable local laws and more stringent international frameworks in avoidance of any facilitation or bribery payments.</p>	<p>CHG does not pay any referral fees or kickbacks to physicians and instead has recently developed a Doctor Sales team to revolutionize the sector in Egypt</p> <p>The sales team focuses on improving the hospital service to the physician and maintains close communication improving loyalty & engagement</p>	<p>CHG recently launched a group-wide medical council with multiple responsibilities - including</p> <p>(1) ensuring that medical personnel are providing the best medical care and outcomes for their patients.</p> <p>(2) keeping CHG at the forefront of medical research and technology across all relevant services</p>



Board Committees

Audit Committee	Remuneration Committee	Quality & Medical Ethics Committee
<p>The Audit Committee oversees the Group's financial controls with emphasis on:</p> <p>(1) integrity of internal controls and financial reporting.</p> <p>(2) performance of the internal auditors and the function.</p> <p>(3) review of audited financials & external auditor performance.</p> <p>(4) compliance with legal and regulatory requirements</p>	<p>The remuneration committee has established a formal and transparent process for fixing and reviewing the remuneration for the senior executives of the Company</p> <p>The remuneration committee also reviews KPIs and achievement of the Group's targets</p>	<p>The Quality and Medical Ethics Committee reviews the quality of care provided to the patient as well as medical KPIs for the Group in line with international standards</p> <p>The committee reports to the board compliance with the Group's Quality manuals and realization of medical outcomes</p>



Governance Principles

Introduction:

Corporate Governance in Cleopatra Hospitals Group

As a Group, CHG takes pride in its daily operations that have direct impact on the wellbeing of millions of Egyptians across the nation. This is completed by applying a set of corporate governance practices and processes - which are further discussed in this report - that measure and govern all company operations effectively at all times, aiming to balance the interests of all company stakeholders, including shareholders, senior management, employees, and patients. Ultimately, governance is one of the Group's cornerstones to its long-term success and value creation mission.

Accordingly, Corporate Governance warrants that CHG patients are receive the best care possible. To deliver this promise, CHG's governance framework must, and always will be transparent, in addition to promote the highest standards of integrity and ethics, and in full compliance with global best practices.

With a total of eleven board directors as of december 2021, CHG's Board of Directors encompasses backgrounds in different industries that help bolster the Group's growth trajectory. Their experience brings forth a unique and diverse blend of expertise that contribute to effective decision making, organizational efficiency, and operations that create value in a highly underserved market sustainably. The Group's Board of Directors provides the necessary oversight and combination of expertise to thoroughly oversee CHG's corporate governance framework.








Board Of Directors

*The Board is committed to delivering sustainable value to help reach the Group's long-term goals through its leadership and dedicated management team. This is achieved by setting the company's strategic aims, ensuring that the necessary resources are in place for the company to meet its objectives, while constant review of management's performance takes place. The Board also sets the company's values and standards and ensures that its obligations to its shareholders and all other stakeholders are understood and met. The following matters are strictly reserved for CHG's Board:


- ▶ Approval on corporate and business plans
- ▶ Approval on budgets and any major capital commitments
- ▶ Approval on any new ventures or expansion plans
- ▶ Approval on Succession Plans
- ▶ Approval on material acquisitions and disposals of properties
- ▶ Changes to the management and control structure within the Company and its subsidiaries, including key policies and delegation authority matrixes
- ▶ Review of the adequacy and integrity of the Group's internal controls and management information systems, including compliance with applicable laws, regulations, rules, directives and guidelines

Board members involved in this report are as of december 2021






Non-Executive Board Members

- | | |
|---|--|
|  Ahmed Badreldin
Chairman |  Samia El Baroudy
Director |
|  Omar Ezz Al Arab
Director |  Mohamed Roushdy
Director |
|  Dr. Sherif El Kholy
Director | |

Executive Board Members

- | |
|---|
|  Dr. Ahmed Ezzeldin
Executive Member
Group CEO |
|---|

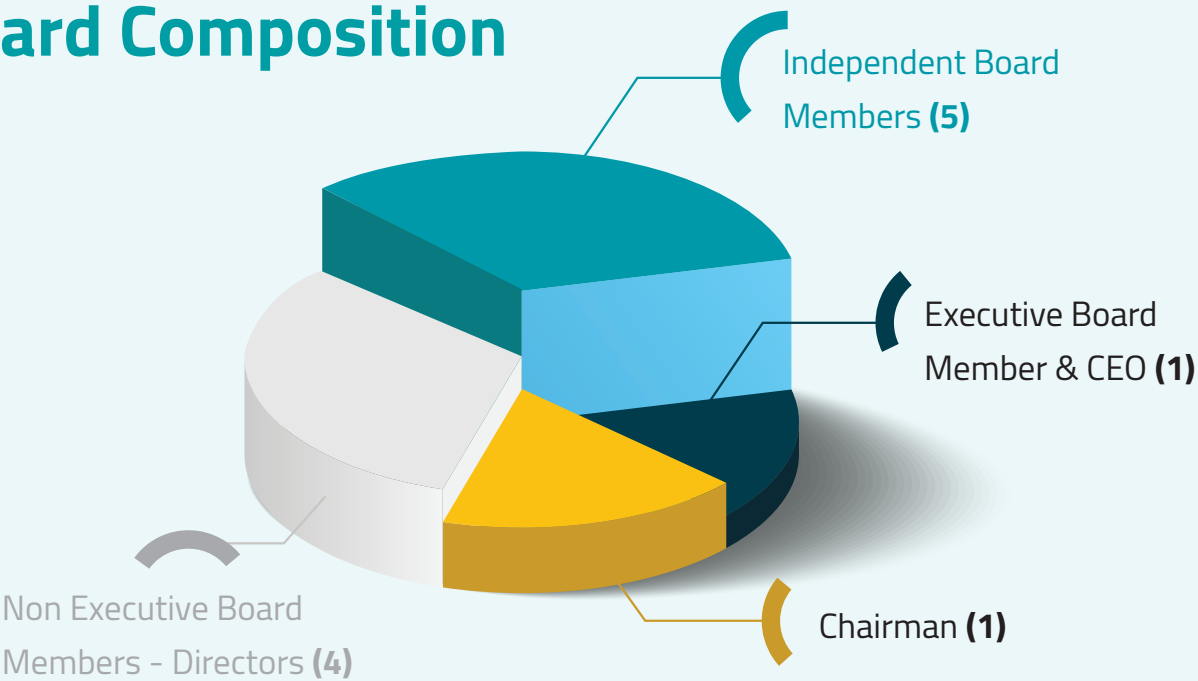
Independent Board Members

- | | |
|--|---|
|  Nabil Kamhawy
Former Head of Ernst &
Young Egypt |  Dr. Mohamed Tag El Din
Former Minister
of Health |
|  Dr. Manal Abdel Razek
Director |  Tarek Kabil
Former Minister of Trade
and Industry |
|  Omar Kinawy
Former Deputy
Head of Intelligence | |

The Board meets on a quarterly basis with additional meetings convened for specific matters when necessary. Members receive complete meeting materials within a reasonable period prior to the meeting. Upon conclusion of the meeting, meeting minutes are circulated, ratified, and disclosed of in a timely manner. As the Board is fully aware of its duties and responsibilities, board discussions in 2021 included the following topics:

- ▶ Business strategies and corporate proposals
- ▶ Review of operational matters as well as quarterly and annual financial reports of the Group
- ▶ Review of clinical performances
- ▶ Ad-hoc matters that are reserved for board approval
- ▶ Mitigation of economic and industry specific risks
- ▶ Stock performance and valuation

Board Composition



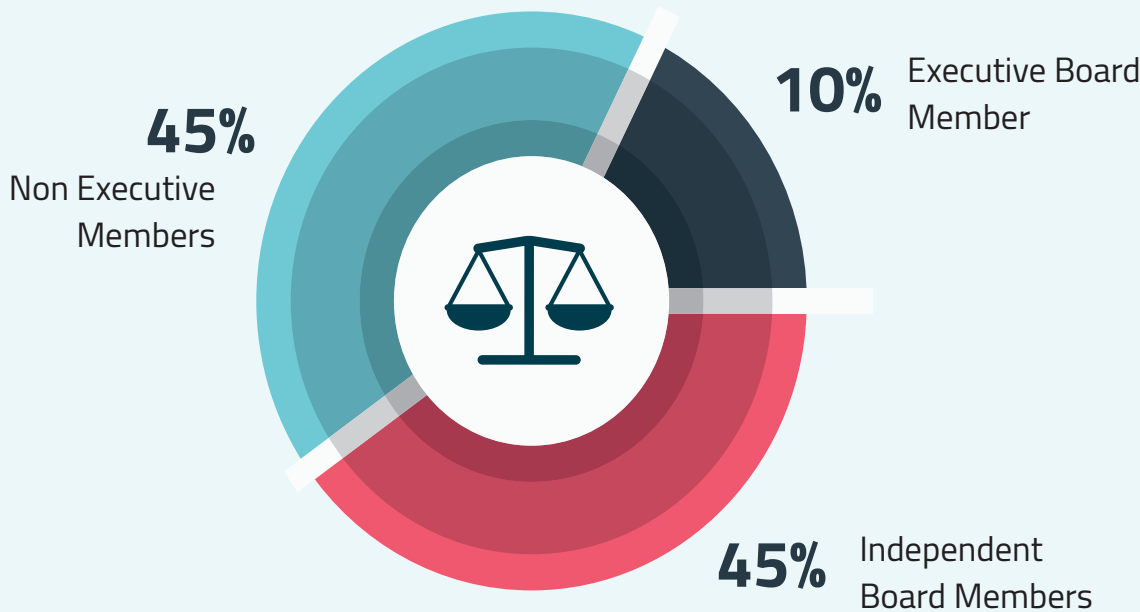
- ▶ Setting Board meeting schedules and agendas
- ▶ Ensuring the Board is properly briefed on issues arising in the meeting with accurate, clear, complete information in a timely manner
- ▶ Promoting effective relationship and open communication, encouraging constructive debates and challenges during Board meetings
- ▶ Ensuring that there is effective communication with all stakeholders
- ▶ Establishing good corporate governance practices and procedures
- ▶ Promoting the highest standard of integrity, compliance, and governance at the Board level and throughout the Group
- ▶ Ensuring the Board’s effectiveness in supporting the company’s growth and stability.

The positions of Chairman and CEO are held by different individuals and are kept separate with a clear division of responsibilities in line with best practices. The segregation of both functions ensures balance of power and authority on a Board as well as on a Group level. Dr. Ahmed Ezzeldin is the Group’s CEO and is responsible in leading Management on the execution of approved board policies, strategies, and action plans. He regularly engages the Board to report and discuss the Group’s business performance and developments, including all strategic matters that impact the Group.

The present size and composition of the board is made up of professionals with a wide range of knowledge and experience in business that are relevant to the Group’s current expansionary phase. Non-Executive members act in the best interest of the company by not engaging in any business dealings in relation to CHG or its day-to-day management. Accordingly, they are able to exercise independent judgement in matters of concern, maintaining the Group’s stakeholders’ supreme priority.

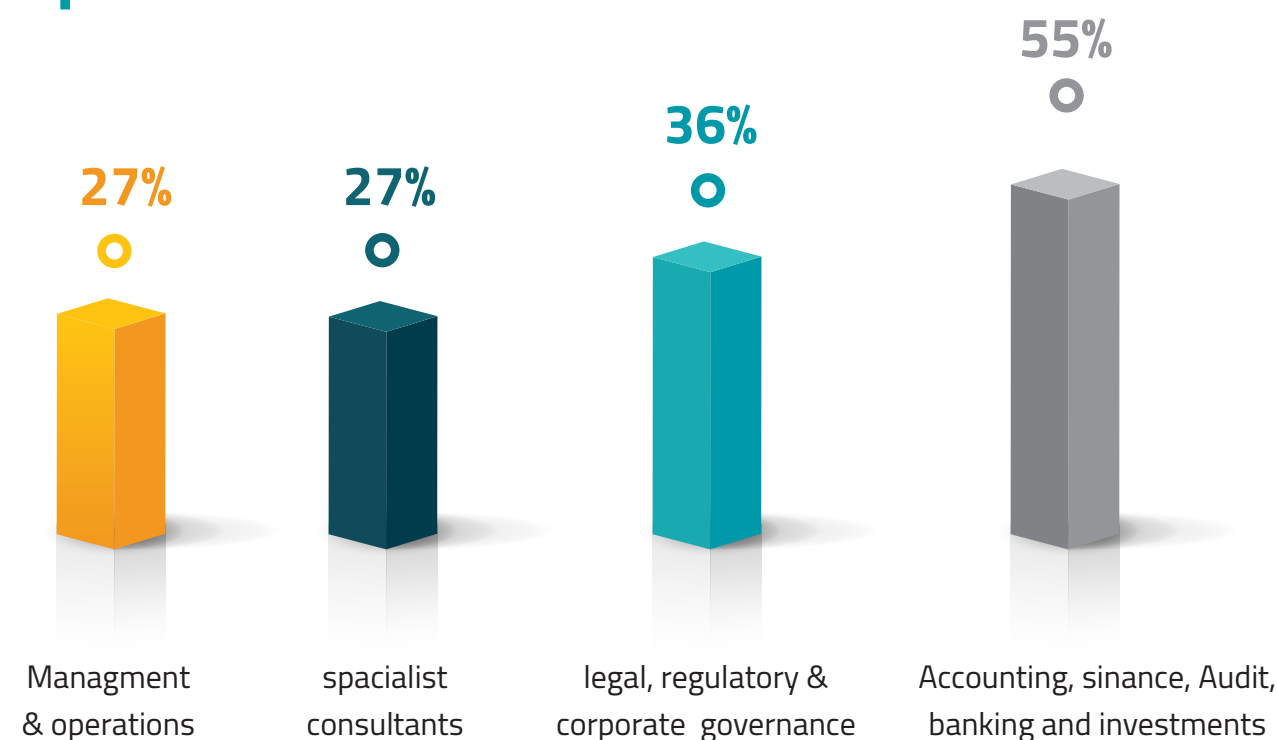
All Board members are qualified professionals in their respective fields, carrying with them vast industry experience in the medical, legal, finance and accounting, and business management fields. The Board’s Independent members play a crucial role in ensuring that all business strategies proposed are fully and independently deliberated, assessed, and supported in line with their matter of expertise. This oversight considers the long-term interest of - not only the shareholders - but also employees, customers, suppliers and the many communities in which the Group operates. The Board also strongly believes that gender diversity enhances its decision-making capabilities by bringing varying perspectives that allow the Board to arrive to more informed decisions that are in line with the realities of the societies we are present in.

Balance

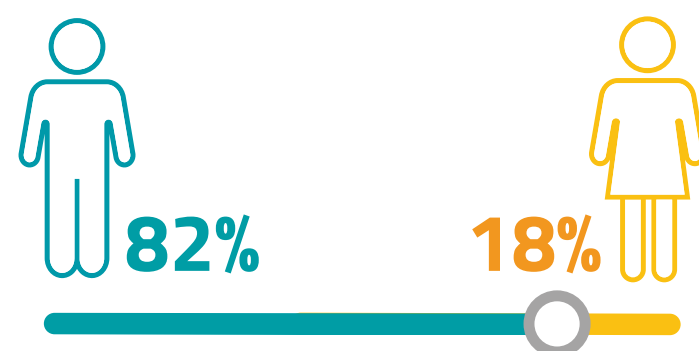


The Board of Directors is led by Ahmed Badreldin. As the Board’s Chairman, Ahmed instills good corporate governance practices, leadership, and ensures effectiveness of the appointed board. Some of the specific responsibilities of the Chairman include:

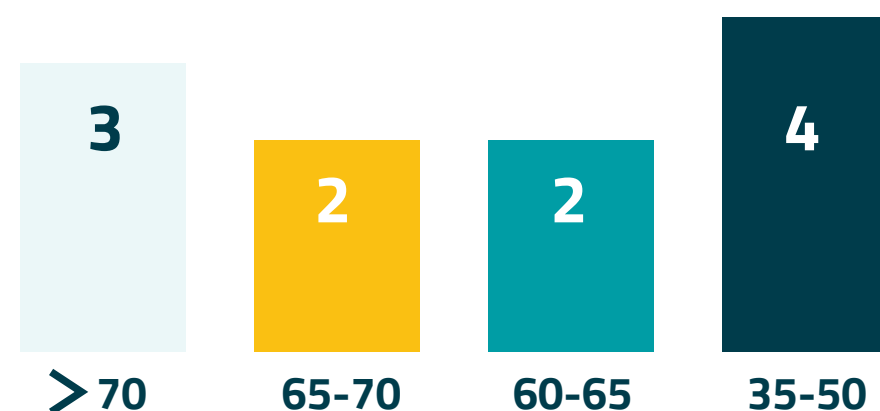
Experience & Skills



Gender Diversity



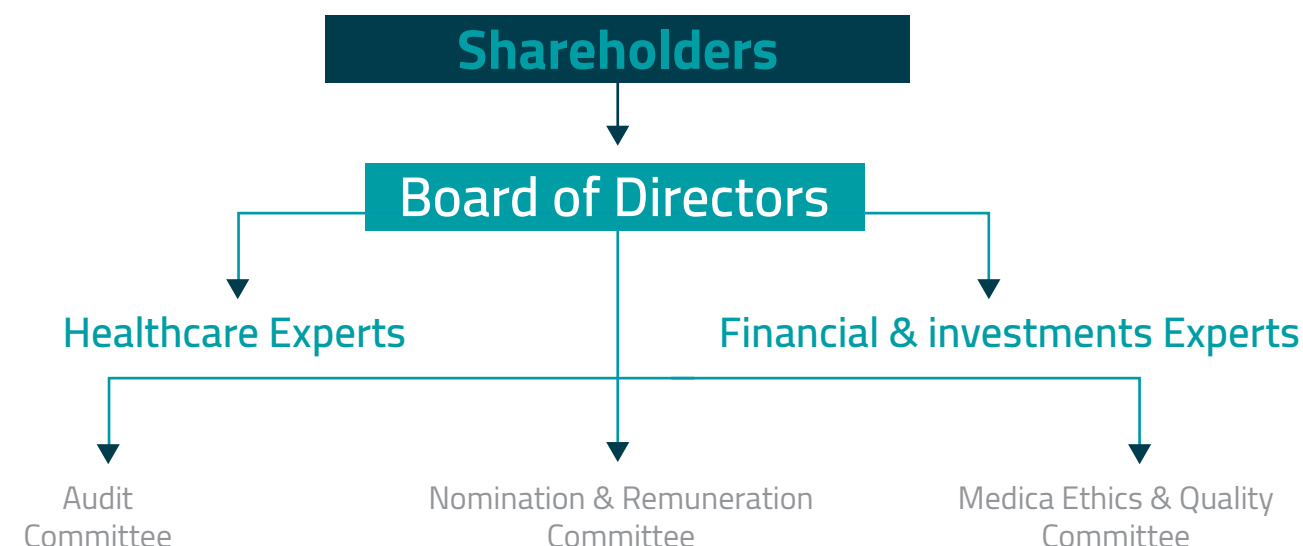
Age Profile



Board Of Directors: : Committees allocations within the Board of Directors

Board Committees and their roles

The Board, as part of its leadership role, coordinates and delegates specific responsibilities to three main Committees that facilitate the operations of the Group at the Board and Management level. Each Committee has written terms of reference defining its scope, powers and responsibilities. These Committees have the authority to examine particular issues and report back to the Board with their findings and recommendations. The ultimate responsibility for the final decisions and recommendations on all matters stemming from these Committees lies with the entire Board. The following three Board Committees are actively in place: the Audit Committee, the Medical Ethics & Quality Committee, and the Nominations and Remuneration Committee.



	Audit Committee*	Medical Ethics & Quality Committee*	Nominations and Remuneration Committee*
Ahmed Badreldin Chairman			■ Chairman
Dr. Ahmed Ezeldin CEO		■	
Dr. Sherif El Kholy			■
Omar Ezz Al Arab			
Mohamed Roushdy		■	
Samia El Baroudy	■		
Nabil Walid Kamhawi	■ Chairman		■
Dr. Mohamed Tag El Din		■ Chairman	
Dr. Manal Hussein Abdel Razek			
Omar Kinawy			
Tarek Kabil	■		

Audit Committee

The Audit Committee ensures transparency, integrity and accountability in the Group's activities to safeguard the rights and interests of its shareholders. This Committee also ensures that the Board fulfills its fiduciary responsibilities in relation to financial accounting and reporting practices. They also focus on improving the Group's business efficiency, the quality of the accounting and audit function as well as strengthening public confidence in the Group's reported financial results.

While ensuring the independence of the External and Internal Audit functions within the Group, the Audit Committee is composed of the following Non-Executive and Independent members: Ms. Samia El Baroudy, Mr. Nabil Kamhawy and Mr. Tarek Kabil. The Chairman of the Audit Committee is not the Chairman of the board, and accordingly, Mr. Nabil Kamhawy chairs the Audit Committee. The Committee meets as often as necessary, but not less than four times a year. The Committee archives minutes of all meetings, documenting its activities and recommendations to the Board.

Chairman indicates chairman of the relate committee

Collectively, the Audit Committee members are qualified individuals that hold essential skills and expertise enabling them to discharge the committee's functions and duties. The Audit Committee's financial literacy and ability to understand the financial reporting process contributes to their ability in upholding the integrity of the Company's financial reporting process and financial statements.

The Audit Committee also assesses the independence and objectivity of the Group's external auditors throughout the year and prior to any appointment of any other external auditors for ad-hoc non-audit services. The Committee also confirms on the external auditors' policies and written confirmations regarding their independence and the measures used to ensure the quality of their deliverables. A constant dialogue is held between the Audit Committee, Internal Audit, Finance and the external auditors to discuss the External Auditors' audit plan, report, internal controls issues and procedures. The performance of external auditors is then assessed, and the Committee then recommends their appointment and remuneration to the Board.

That said, the Audit Committee is satisfied with the independence of the current external auditor PricewaterhouseCoopers "PwC" based on the quality of audit, performance, competency and sufficiency of the resources that PwC had provided the Group with thus far. It is worth noting that Cleopatra Hospitals Group has appointed PricewaterhouseCoopers (PwC) to audit its finances since the Group's inception, and PwC has been working closely with the Audit Committee ever since. Auditing fees paid to PricewaterhouseCoopers as Cleopatra Hospitals Group's auditors, dominated in USD, are shown below for the years 2017 to 2021 segregated by entity:

	CHG	CHC	CSH	NBH	ASH	QHC	CHG MS	CHG Pharma	KHC	CHG For Hospitals	BHC
2017	123,200	44,000	26,400	26,400	26,400	-	-	-	-	-	-
2018	123,200	44,000	26,400	26,400	26,400	-	-	-	-	-	-
2019	192,500	44,000	26,400	26,400	26,400	16,500	13,200	13,200	26,400	-	-
2020	200,750	44,000	26,400	26,400	26,400	16,500	13,200	13,200	26,400	8,250	-
2021	240,200	48,000	28,800	28,800	28,800	15,000	12,000	12,000	24,000	12,000	30,800

The following reflects a sample of the Audit Committee's main responsibilities:

- Reviewing the effectiveness of the Internal Audit function
- Reviewing the reports of the Internal Auditor, including financial and non-financial issues, remedial procedures and means of controlling the risks faced by the CHG
- Reviewing the significant investigations conducted by the Internal Auditor and management's responses to Internal Auditor reports relating to such investigations
- Reviewing annual and quarterly financial statements and other financial information provided to the Board and shareholders, including its recommendation
- Reviewing the financial system employed at CHG and providing recommendations for improvement, ensuring that it fairly represents the situation, and that no false data is reported
- Submitting reports to the Board of Directors on all matters that fall within its scope of work
- Reviewing and reporting to the Board on the adequacy of structure, responsibilities, staffing, resources and functioning of the Company's internal auditing department, including an annual evaluation of the performance and qualifications of the head of the department.

Medical Ethics & Quality Committee

The Medical Ethics & Quality Committee constantly monitors CHG's patients' safety and associated quality of care, thriving to consistently improve the Group's overall Clinical Performance. The Committee develops and monitors clinical governance activities and guidelines across the Group's facilities, aiming to strengthen existing systems' quality control as well as standardize the Group's service offerings' delivery.

According to the Committee's vision, they also provide recommendations for the development of several clinical strategies that aim to further develop the Group's service offerings as well as allow the Group to tap into niche specialties that lack representation in the market, all while the Group's facilities continue to operate together in synergy. The Medical Ethics & Quality Committee consists of three members, one Executive member, Dr. Ahmed Ezzeldin, one Non-Executive member, Mohamed Roushdy, and one independent member, Dr. Mohamed Tag Eldin. The Committee typically meets once annually, or as frequently as necessary. The Committee archives minutes of all meetings documenting its activities and recommendations to the Board.



The Medical Ethics & Quality Committee holds several roles with a wide range of responsibilities, but most notably the following:

- Developing new policies and guidelines as well as reviewing and updating all existing policies/guidelines to ensure evidence-based processes are in place.
- Reviewing clinical governance and reporting clinical outcomes by consultants
- Reviewing operational activities for clinical compliance including accreditation standards
- Monitoring performance and patient outcomes metrics with a focus on efficiency
- Creating guidelines for various circumstances involving conflict resolution, COVID 19 protocols, or crisis management
- Ensuring the Group operates in an environment of accountability
- Taking disciplinary action regarding any ethical violations
- Reviewing CHG’s company ethics and recommending improvements/changes
- Monitoring and evaluating care services to confirm they are of utmost quality
- Exploring Centers of Excellence specialties to adopt within the Group

Nominations and Remuneration Committee

The Nominations and Remuneration committee provides recommendations regarding the nomination and remuneration of key senior management positions and Board members, as well as reviews the Group’s bonus schemes and develops employment succession plans. The committee is composed of 3 members which include the Chairman of the Board and this committee’s Chairman as well, Ahmed Badreldin, one non-executive directors, Dr Sherif El Kholy, and one Independent director, Nabil Qamhawy. The Committee meets at least once a year, or as frequently as necessary or appropriate. The Committee archives minutes of all meetings, documenting its activities and recommendations to the Board.

In identifying candidates for Nominations, the board does not solely rely on recommendations from existing board members, management or major shareholders. The Board utilizes independent sources to identify suitably qualified candidates as well. The Company has a formal and transparent procedure in place regarding the recruitment and appointment of Directors. All nominees to the Board are first considered and evaluated by the Committee, taking into account the mix of skills, competencies, experience and other qualities required to oversee a highly regulated healthcare business, before they are recommended to the Board.

The Committee also takes into consideration the nominated candidates’ ability to act in the best interests of the Group, including the candidate’s character, integrity and professionalism. Finally, the Committee evaluates the nominees’ ability to discharge their duties and responsibilities and conducts a formal engagement with the nominees before recommending their appointment as Directors to the Board for approval.

The Committee considers the company’s desire to attract and retain the right talent on the Board and senior management, that would enable the Group to achieve its long-term objectives. Remuneration policies and decisions are made through a transparent and independent process, which helps the Committee to determine the appropriate remuneration, which considers the demands, complexities and performance of the company, as well as skills and experience required for the candidates to achieve their intended purposes. Senior Management’s remuneration packages are structured to correspond with their achievement of corporate targets, which are set by the Board, as well as his/her individual performance, ultimately allowing for just reward compensations in relation to objective-based performance. The Company is committed to providing competitive total compensation opportunities to attract, retain, motivate, and reward CHG employees. The performances are measured based on the relative performance of the Company as a whole as well as the individual employees’ achievement to meet business needs and objectives; promoting the long-term continuity and sustainability of the Group’s business. Furthermore, the Board has in place a Board Remuneration Policy governing the remuneration of its members and believes that the levels of remuneration offered by the Group are sufficient to attract directors of calibre with sufficient experience and talent to contribute to the performance of the Group. The Non-Executive and Independent Directors are remunerated based on fixed annual allowance fees and bonuses based on meetings conducted as follows:

Board of Directors – Remuneration

	Allowance	Bonus	Total
2016	580,000	420,000	1,000,000
2017	1,100,000	1,035,000	2,135,000
2018	1,450,000	1,707,750	3,157,750
2019	4,390,000	3,615,000	8,005,000
2020	3,765,000	3,615,000	7,380,000
2021	5,230,000	3,615,000	8,845,000



Board Meetings in 2021

Board Meeting Date	Topics of Discussion
15-2-2021	Budgets approval
11-3-2021	Q4 2020 Financial results
11-5-2021	ANMC Acquisition
3-6-2021	Q1 2021 Financial Results
14-6-2021	Buy Back Initiation Approval
26-8-2021	Q2 2021 Financial Results
21-9-2021	Buy Back Renewal Approval
30-10-2021	Buy Back Program Pause
18-11-2021	Q3 2021 Financial Results
16-12-2021	MCI Capital Healthcare Partners
22-12-2021	Sale of Treasury Shares
29-12-2021	Sky Hospital Agreement

Board of Directors: Composition of the Board of Directors

As the board believes in playing an active role in guiding the Management through its oversight review while at the same time steering the Group's business direction and strategy, the Board together with Management, thrive to promote a healthy corporate governance culture which reinforces ethical, prudent and professional behavior.

The board meets on a quarterly basis with additional meetings convened for specific matters when necessary. Meetings are scheduled ahead to facilitate Directors' attendance, whereby during the year ended 31 December 2021, the Board Members remained committed and dedicated in fulfilling their duties and responsibilities and this was reflected via their attendance of Board and Committee meetings.

	Board Meetings	Audit Committee	Nominations and Remuneration Committee
Ahmed Badreldin	12/12		1/1
Dr. Ahmed Ezeldin	12/12		
Dr. Sherif El Kholy	12/12		1/1
Omar Ezz Al Arab	12/12		
Mohamed Roushdy	7/12		
Samia El Baroudy	12/12	8/8	
Nabil Walid Kamhawi	12/12	8/8	1/1
Dr. Mohamed Tag El Din	12/12		
Dr. Manal Abdel Razek	12/12		
Omar Kinawy	12/12		
Tarek Kabil	12/12	8/8	



Composition of the Board of Directors

Ahmed Adel Badreldin - Chairman of the Board

Mr. Badreldin was Head of MENA at Large Cap Private Equity where he managed their investment portfolio in the Middle East and North Africa. He previously worked at Barclays Capital PLC for eight years, where he climbed the corporate ladder until reaching Senior Director of Leveraged Finance, in addition to serving as an Executive Officer at Baker Hughes Incorporated. Mr. Badreldin possesses over 15 years' experience in investment banking and consulting with a strong skillset in credit analysis, investment, and structuring in both debt and equity. He also holds comprehensive and broad experience in a variety of industries and sectors including industrial and basic materials, telecommunications, retail, services, and energy. Mr. Badreldin holds an MBA from the Cranfield School of Management and a BSc in Mechanical Engineering, Industrial Management, and Business Administration from the American University in Cairo.

Dr. Ahmed Ezz El-Din - Chief Executive Officer

Dr. Ezz El-Din brings over 36 years of healthcare experience to the Group and a deep insight into the healthcare businesses in Egypt. Prior to assuming his role as the Group's CEO, Dr. Ezz El-Din was the Director of Government Affairs & Policy – Middle East, North Africa & Pakistan at Johnson & Johnson Medical, where he also held the position of Managing Director for Egypt & Libya at Johnson & Johnson Medical. Prior to that, Dr. Ezz El-Din also held key positions at GSK, including Sales & Commercial Director at GSK Egypt and Sudan Country Manager, and holds over 18 years of global experience with MSD under his belt. Dr. Ezz El-Din holds a bachelor's degree in Pharmaceutical Science from Cairo University.

Samia El Baroudy - Non-Executive Director

Mrs. El Baroudy brings global experience to the private equity sector through her membership of an investment team that oversees investments across a variety of sectors in Egypt, including the healthcare sector. She has held direct responsibility for several portfolio companies including Integrated Diagnostics Holdings, OMS, ECCO and North Africa Hospital Holdings Group (NAHHG). Currently, Mrs. El Baroudy is part of a team that is responsible for setting up the largest hospital platform in North Africa. Prior to joining the private equity sector, she was a Consultant at Booz & Co. She holds a master's degree in Management Science & Engineering and a bachelor's degree in Economics, both from Stanford University.

Omar Ezz Al Arab - Non-Executive Director

Mr. Ezz Al Arab has over 10 years of private equity and investment banking experience in Europe and the Middle East in sectors such as oil and gas, healthcare, education and fast-moving consumer goods. Prior to joining Abraaj in 2009, Mr. Ezz Al Arab worked at JP Morgan in London as part of the Mergers & Acquisitions team in the Natural Resources Group, where he advised on more than USD 15 billion worth of transactions. Mr. Ezz Al Arab holds a Bachelor of Arts degree in Law and Business from the University of Warwick, UK.

Dr. Sherif El Kholy - Non-Executive Director

Dr. El Kholy joined CHG's Board of Directors in April 2020. Currently a Partner at Actis, a role held since 20014, Dr. El Kholy has played various deal leadership, execution, investment management and exit roles across North Africa in Edita Food Industries, Emerging Markets Knowledge Holdings, El-Rashidi El-Mizan, Mo'men Group, Orascom Telecom Algeria, as well as leading Lekela Power's push into Egypt. Dr. El Kholy holds a Ph.D. in Economics and a Master of Science in Finance and Economic Development, both from the University of London.

Mohamed Roushdy - Non-Executive Director

Mr. Roushdy joined CHG's Board of Directors in April 2020. He also currently serves as the President of Amoun Group Middle East. Mr. Roushdy brings over 39 years of experience in the Pharmaceutical sector, having held the positions of Chairman and CEO of Amoun Pharmaceuticals Egypt from December 2012 until December 2017. Prior to joining Amoun, he was CEO of Pfizer Middle East, a position which saw him oversee operations across 14 countries. Mr. Roushdy holds a master's degree in Pharmacology and a bachelor's degree in Business Administration.

Dr. Mohamed Awad Tag El Din - Independent Non-Executive Director

Dr. Tag El Din was the Egyptian Minister of Health from March 2002 to December 2005. Prior to that, he was the President and Vice President of Ain Shams University for one and four years, respectively. He holds a bachelor's degree in Medicine, two diplomas in Internal Medicine and Pulmonology Diseases, and a PhD from Ain Shams University. He is also a Professor and Consultant of Pulmonology.

Tarek Kabil - Independent Non-Executive Director

Mr. Tarek Kabil is the former Minister of Trade and Industry for Egypt from 2015-2018. He brings over 40 years of global professional experience across a variety of sectors including Government, Private Equity, and FMCGs across US, Asia, Middle East, and Africa. He has led several international organizations including serving as President and CEO of PepsiCo Middle East and Africa. Currently, Mr. Tarek Kabil serves as the CEO and Chairman of Business Solutions Consulting Group, as well as a board member and advisor in different sectors such as FMCG, Banking, and Education.

Nabil Walid Kamhawi - Independent Non-Executive Director

Mr. Kamhawi has over 40 years of consulting, audit and advisory experience in Europe and the Middle East in a wide range of industries. He was the Managing Partner of Ernst & Young in Egypt following its integration with Arthur Andersen, where he was Managing Partner. Mr. Kamhawi holds a bachelor's degree in Commerce (Accounting) from Ain Shams University and is a member of the Institute of Chartered Accountants in England and Wales.

Dr. Manal Abdel Razek - Independent Non-Executive Director

Dr. Abdel Razek joined CHG's Board of Directors in April 2020. She brings forth 23 years of experience in the public sector, having served in the Egyptian government as Deputy Minister of Foreign Trade and Deputy Minister of Finance for nine years, and as a member of the Shura Consultative Council appointed by the President for seven years. Dr. Abdel Razek obtained her Bachelor of Science with Honours in Mass Communication in 1986 from Cairo University. She subsequently obtained her Master of Arts in Public Administration from the American University in Cairo in 2000. In June 2001, she earned the Frank G. Wisner Award in recognition of her outstanding master's thesis. She then obtained her Ph.D. dissertation in Public Administration with Highest Honours from the Faculty of Economics and Political Science from Cairo University in 2008. Dr. Abdel Razek is also the Executive Chairwoman of New City Housing & Development, formerly Orascom Housing Communities, which is a position she has held since June 2018.

Omar Atef Kinawy - Independent Non-Executive Director

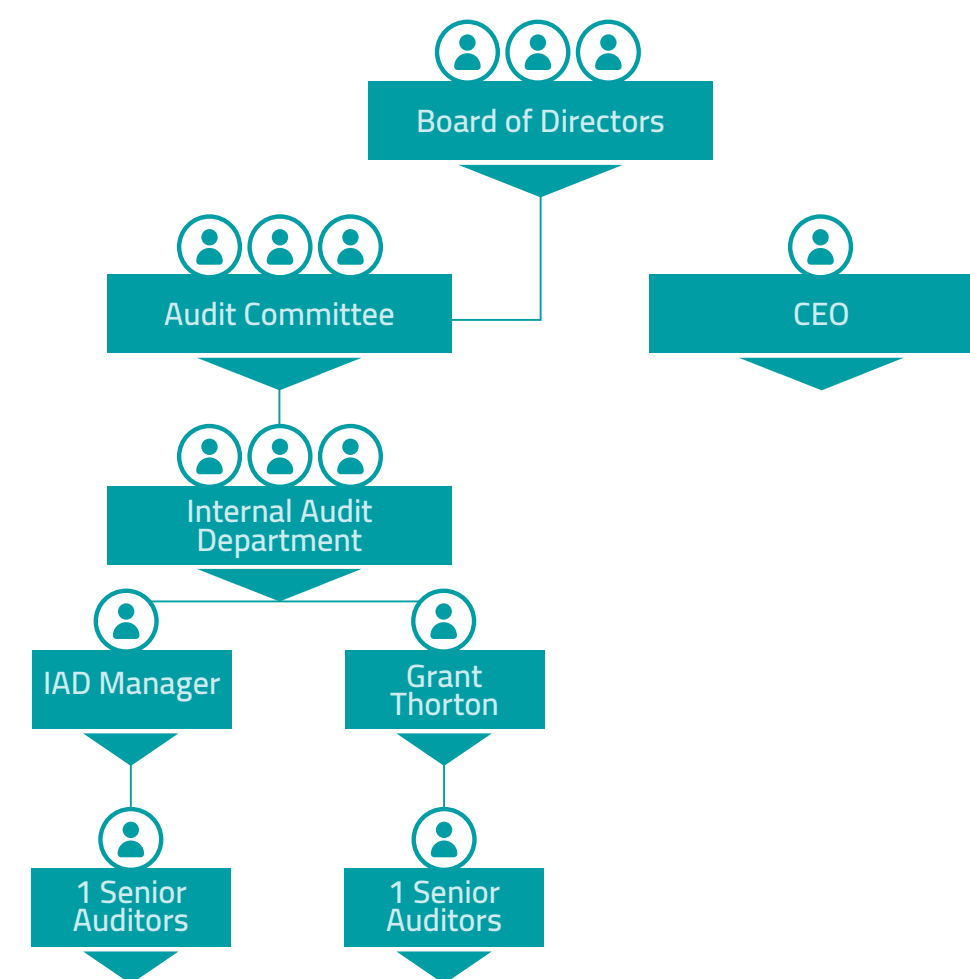
Mr. Kinawy joined the Group in 2015. Prior to that, he was the former Deputy Head of the Egyptian General Intelligence and graduated from the Egyptian Military College in 1968.



Internal Audit

CHG's Internal Audit Function assists the Board in assuring that Management has in place sound risk management, internal control and governance systems. The Company's Internal Audit Team acts as the Group's second line of defense, whereby their attention is focused on the effectiveness of CHG's internal control structures of the Group's facilities. The Internal Audit Team ultimately identifies high risk areas that require dedication, whereby each auditable area is audited annually in accordance with the approved Audit Plan. The Team reports functionally to the Audit Committee and administratively to the Group's CEO and the Board's Executive Director, Dr. Ahmed Ezzeldin. The Internal Audit Team is independent of the activities or operations of other operating units within Cleopatra Hospitals Group.

Internal Audit Department - Structure



Internal Audit's authority, scope and responsibilities are governed by its revised Internal Audit Department Charter, which was approved by the Board in 2018, and is aligned with the International Professional Practices Framework (IPPF) of the Institute of Internal Auditors (IIA). All Internal Audit personnel signed an Independence Statement as well as a declaration on compliance to the Code of Ethics of the IIA in carrying out their duties. All Internal Audit staff confirmed and provided assurance via declaration that they are free from any relationships or conflict of interest which could impair their objectivity and independence. The Audit Committee is satisfied that the Internal Audit Team has been effective and able to discharge its duties and responsibilities independently and in accordance with the approved Audit Plan in 2021.



Internal Audit Department - Functionality

- The appointment, dismissal or replacement of top executives of Internal Audit Department is conducted by the Audit Committee in consultation of the Remuneration Committee.
- The Audit Committee reviews the responsibilities, staffing requirements, and quality control procedures of the department.
- The department complies with the standards established by the Institute of Internal Auditors (IIA).
- **The Audit Committee:**
 - Approves the internal audit charter.
 - Approves the risks based on the internal audit plan.
 - Approves the internal audit budget and resources plan.
 - Approves decisions regarding the appointment and removal of the Head of Internal Audit.
 - Approves the remuneration of the Head of Internal Audit.
 - Approves the appointment of third parties when needed.
 - Approves group authority matrixes.
- Objectivity and impartiality necessitate that the department itself seeks to avoid any conflict of interests, therefore, staff assignments within audit department are rotated periodically when permissible.

Internal Audit Department - Role and Responsibility

- Evaluating the means of safeguarding assets and, as appropriate, verifying the existence of such assets.
- Evaluating operations or programs to ascertain whether results are consistent with established objectives and goals, and whether operations or programs are being carried out as planned.
- Evaluating the quality of performance of external auditors and the degree of coordination with internal audit.
- Performing consulting and advisory services related to governance, risk management and control.
- Reporting periodically on the internal audit activity's purpose, authority, responsibility, and performance relative to its plan.
- Reporting significant risk exposures and control issues, including fraud risks, governance issues, and other matters needed or requested by the Board.
- Evaluating specific operations at the request of the Board, Audit Committee or management, as appropriate.
- Developing a flexible annual audit plan using appropriate risk-based methodology, including any risks or control concerns identified by management and submitting to the Audit Committee for review and approval, as well as periodic updates.
- Providing the board with reasonable assurance that adverse impact arising from a foreseeable future event or situations on the company's objectives is mitigated and managed.

Internal Audit Department - Process

The Head of Internal Audit / Third party IA Provider submits an internal audit plan for review to the Audit Committee, senior management and the Board.

- The internal audit plan consists of a work schedule as well as budget and resource requirements for the calendar year.
- The Head of Internal Audit / Third party IA Provider communicates the impact of resource limitations and significant interim changes to senior management and the Audit Committee.
- The internal audit plan is further developed based on a prioritization system of the audit universe using a risk-based methodology, that is supported by input from Senior Management, the Audit Committee, and the Board.

- The Head of Internal Audit / Third party IA Provider reviews and adjusts the plan, as necessary, in response to changes in the organization's business, risks, operations, programs, systems, and controls after obtaining the needed approvals.
- Any significant deviation from the approved internal audit plan is communicated to senior management and the Audit Committee through periodic activity reports.

Internal Audit Department - Authority

- Have unrestricted access to all relevant functions, records, property and personnel.
- Have full access to the Audit Committee and the Chief Financial Officer.
- Allocate their own resources; determine frequencies, subjects, scope of work to be performed; and apply the techniques required to accomplish its audit objectives.
- Meet with the Audit Committee in the absence of management.

Internal Audit Department - Limitations

- Perform any operational duties.
- Initiate or approve accounting transactions.
- Direct the activities of any employee except to the extent that such employees have been appropriately assigned to the internal audit teams or to otherwise assist the internal auditors in carrying out investigations.

Internal Audit Department - Independence & Objectivity

- Internal auditors exhibit the highest level of professional objectivity in gathering, evaluating, and communicating information about the activity or process being audited.
- Internal auditors conduct unbiased assessments of all the relevant circumstances and are not influenced by their own interests or by others in forming judgments.
- The internal audit activity remains free from interference by any element within the organization, including matters of audit selection, scope, procedures, frequency, or timing.
- Internal auditors have no direct operational responsibility or authority over any of the activities audited. Accordingly, they do not implement internal controls, develop procedures, install systems, prepare records, or engage in any activity that may impair their judgment.

- The Head of Internal Audit is authorized to communicate directly, and on his own initiative, to the members of Audit Committee and the Board.
- The internal audit function is subject to an independent review as and when required, whereby the Audit Committee may assign an External Quality Assurance assessment of Internal Audit department once in every 5 years.
- Internal Auditors will report to The Head of Internal Audit for any situation in which a conflict of interest or bias may arise or may be reasonably inferred.



Shareholders Communications

The Group understands that one of its major responsibilities to shareholders is to treat them with equality and to provide sufficient and timely information as and when necessary, in conjunction with its corporate governance practice. It is crucial to maintain transparency, build trust and understanding in the relationship between CHG and its shareholders through active dialogue and continuous communication.

That said, as part of the Group's commitment to promote high levels of communication and transparency with the investment community, experienced and senior level management personnel are directly involved in the Group's investor relations function. The Group's Executive Director of Strategy & Business Operations, Hassan Fikry, and the Group's Investor Relations and Corporate Strategy Manager, Waleed Hamed, hold discussions with analysts, investors and shareholders via one on one meetings as well as in conferences discussing the Group's results and performances periodically. Additionally, the Group's CEO Dr. Ahmed Ezzeldin, and the Group's Chairman Ahmed Badreldin, hold one on one and group meetings with analysts and investors at events arranged by investment banks or research houses, or upon request, as part of the Group's commitment to an effective IR function. On a quarterly basis, the Investor Relations and Corporate Strategy team produces an Earnings Release, in addition to an Investor Relations Presentation, updating the public with the Group's most recent strategies, performance and major developments for the period. Releases are further discussed on an Earnings Call with the Public Market shortly after their disclosure. However, any information that may be regarded as privileged material information about the Group remains safeguarded until disclosed appropriately to the Egyptian Stock Exchange Market as regulations dictate.

Furthermore, The Group has established a website at <http://investors.cleopatrahospitals.com/> that shareholders and stakeholders can access freely. The Group's quarterly and annual results announcements, including press and earning releases are posted on the IR webpage on the Group's website immediately after announcements are made public. Shareholders and stakeholders are encouraged to channel their concerns, if any, to the Investor Relations Team via the contact number and email address indicated at <http://investors.cleopatrahospitals.com/en/ir-contacts>. To facilitate the stakeholders' understanding of the Company, we have placed a brief on the company along with its senior management and board members, as well as a brief on our approach to Corporate Governance under the "About Cleopatra" section. Other than the website, the Group continues to improve its Annual Report, Sustainability Report, and Corporate Governance Report in an effort to provide more detailed coverage on the company to the Group's shareholders and other stakeholders. At Cleopatra Hospitals Group, we believe in building investors' confidence and trust through good Corporate Governance practices, transparency in communications, and solid corporate and financial reporting.

Shareholders can participate, engage the board and senior management effectively and ultimately make informed voting decisions at General Meetings. The OGMs and EGMs of CHG serve as primary engagement platforms between the Board, Senior Management, and the shareholders of the Company which took place on the 15th and on the 29th of April 2021 respectively. During the meetings, shareholders have the opportunity to participate actively and provide their votes on raised matters and are given ample time to raise any of their questions and concerns to the Chairman, CEO, and other Directors. In light of the pandemic's restrictions and social distancing practices throughout 2021, the meetings were held virtually in an effort to curb the spread of COVID-19 with no compromise on shareholders' accessibility and participation.

Thank You

**SHAREHOLDER INFORMATION**

EGX: CLHO.CA

Listed: June 2016

Shares Outstanding: 1.6 billion

INVESTOR RELATIONS CONTACTS

Telephone: +2 02 23103771

E-mail: ir@cleopatrahospitals.com
investors.cleopatrahospitals.com



Reservation
& Information

www.cleopatrahospitals.com