

Our Trunk



Corporate Governance

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Telecom Egypt is committed to the best practice in the area of corporate governance, working to ensure the integrity and sustainability of its business operations at all times. Our main corporate governance and Board practices during the 2008 financial year are described in this section.

Our Board regularly reviews and updates our corporate governance practices to accommodate developments occurring within the marketplace and our business and to comply with internationally recognised governance standards. We are guided by the corporate governance principles presented by the Arab Republic of Egypt Capital Market Authority, ensuring that the highest standards of corporate governance throughout our organization are consistently maintained.

The Board of Directors

Roles and Responsibilities of the Board

Telecom Egypt's Board of Directors is responsible to shareholders for the overall strategy of the Company, its governance and performance. The Board manages the Company's business and affairs and decides on matters other than those that must be determined by shareholders pursuant to Egyptian law and the Company's bylaws. The Board's role includes:

- providing strategic direction to the Company by working closely with management to determine, monitor, develop and modify our strategy and performance targets;
- approving the annual budget for the Company and other significant business decisions;
- reviewing and approving statutory accounts and overseeing our financial position;
- issuing recommendations to the General Assembly concerning our capital, including capital restructures, expenditure and dividend policy; and
- monitoring the integrity of internal control and reporting systems.

Board size and composition

As per the Company's bylaws, the Board of Directors is composed of eleven Board seats: three of which are Independent Directors elected by the General Assembly, one that is an employee representative elected by the Company's Labor Syndicate and seven that are appointed by a decree of the Prime Minister upon recommendation from the Ministry of Communication and Information Technology (MCIT). One of the Board seats to be appointed by Prime Ministerial decree is currently vacant following a Board member's resignation and is yet to be filled.

The Company's bylaws provide that meetings of the Board of Directors are to be held at least four times a year. A quorum of the Board of Directors requires the presence of at least a majority of its members. Each member has one vote. The Board of Directors passes resolutions by at least a simple majority vote of those members present and/or represented at the meeting. In the event of a tie, the chairman casts the deciding vote.

Board of Directors

(Biographies available under "Board of Directors" section)

- Akil Hamed Beshir, Chairman & Chief Executive Officer ("CEO")
- Mokhtar Abdel Moneim Khattab, Board Member
- Ahmed Fathy El Kassass, Board Member
- Azza Mohamed Torky, Board Member
- Hassan El Sayed Abdullah, Board Member
- Adel Rashad Danash, Board Member
- Hesham Mekkawy, Board Member
- Neveen Hamdy El Tahri, Board Member
- Farghaly Bakry Seleem, Board Member
- Tarek Mohamed Moharram, Board Member

Board Committees

The Board committees assist the Board in the fulfillment of its responsibilities. The role of Board committees is to advise and make recommendations to the Board. There are four standing committees:

- Audit Committee
- Remuneration Committee
- Investment Committee
- Technical Committee

A description of the role and composition of each Committee is provided below. Following each meeting, the Board receives a report from the Committee on the activities and performance of the relevant Committee.

Audit Committee

Telecom Egypt has an Audit Committee composed of four members, two of whom are Independent Directors. The Audit Committee is charged with monitoring the efficacy of internal audit procedures, internal controls and the performance of the outside auditors, as well as reviewing and discussing with management all audit reports, financial statements and annual reports to shareholders. The Audit Committee additionally presents periodic reports and recommendations to the Board of Directors regarding the foregoing matters.

Remuneration Committee

Telecom Egypt has a Remuneration Committee comprised of five members, two of whom are Independent Directors. The role of the Remuneration Committee is to review and approve corporate goals and objectives relevant to compensation of the executive directors and senior management. The Remuneration Committee is required to evaluate each individual's performance in light of these goals and to make recommendations to the Board of Directors with respect to incentive and equity-based compensation plans.

Investment Committee

Telecom Egypt has an Investment Committee composed of six members, three of whom are Independent Directors. The Investment Committee is charged with developing and recommending to the Board policies relating to the Company's investments and also for overseeing the implementation of these policies.

Technical Committee

Telecom Egypt has a Technical Committee composed of three members, none of whom are Independent Directors. The Technical Committee is charged with the study and review of technical matters involved in the performance of the operations of the Company. The Technical Committee additionally presents reports and recommendations to the Board of Directors concerning such technical matters.

The General Assembly

Roles and Responsibilities of the General Assembly

The Company's annual Ordinary General Assembly convenes at least once every year within three months following the end of the fiscal year to consider the following:

- 1- review of the Auditor's report;
- 2- review of the report of the Board of Directors;
- 3- approval of the financial statements;
- 4- approval of the distribution of dividends;
- 5- determination of the members of the Board of Directors' remuneration and allowance;
- 6- appointment of the auditor and determine his fees;
- 7- election of the Board of Directors as necessary;
- 8- extension of the appointment of the Chief Executive Officer and the Deputies of the Chief Executive Officer over the age of 60.

In addition to the above-mentioned matters, the Company's Ordinary General Assembly is responsible for the following:

A. With respect to the Company's financial matters the Ordinary General Assembly reviews such matters as:

- 1- suspending the setting aside of the legal reserve if it reaches half the amount of the Company's issued capital;
- 2- formation of other reserves aside from the legal reserve and the statutory reserve;
- 3- use of statutory reserve for the benefit of the Company or its shareholders;
- 4- transacting on the reserves and provisions;
- 5- approval of the distribution of the share of net profits realized by the Company as a result of the sale of one of its fixed assets or compensation therefore;
- 6- approval of the issuance of bonds and the guarantees given to the bearers of such bonds;
- 7- review of the decisions and recommendations of the group of bondholders;
- 8- authorizing the founders and the members of the Board of Directors to enter into bilateral contracts with the Company; and
- 9- authorizing the Board of Directors to make donations.

B. The Ordinary General Assembly also looks into other matters pertaining to the Company's Board of Directors including:

- 1- discharging the Board of Directors or one of its members and bringing a liability claim against them;
- 2- discharging members of the Board of Directors that have repeatedly failed to attend meetings of the General Assembly and electing other members to replace them;
- 3- applying a monetary fine against members of the Board of Directors that fail to attend the General Assembly without an acceptable excuse for their absence;
- 4- authorizing the Managing Director to hold the position of managing director in another company;
- 5- authorizing a member of the Board of Directors to carry out a technical or administrative position in another joint stock company on a permanent basis;

- 6- authorizing a member of the Board of Directors to trade for his own account or for the account of other individual in the Company's field of activity;
- 7- carrying out management actions that the Board has failed to review due to an incomplete quorum;
- 8- approval of any decisions issued by the Board of Directors; and
- 9- issuing recommendations with regards to matters within the authority of the Board of Directors.

C. Other responsibilities of the Ordinary General Assembly pertaining to the Auditor and liquidation of the Company include:

- 1- looking into changing the Company's auditors throughout the course of the fiscal year;
- 2- looking into discharging the Company's auditors and bringing liability claims against them;
- 3- looking into the auditor's report in the event that he is incapable of fulfilling his duties;
- 4- appointing liquidators and defining their fees and discharging the liquidators;
- 5- extension of the time period set for liquidation upon inspection of the liquidators report;
- 6- looking into the temporary accounts submitted by the liquidator every six months;
- 7- approving the final liquidation account; and
- 8- specifying the place in which the Company's files shall be stored after the Company has been stricken off from the Commercial Registration Authority.

The Company's Extraordinary General Assembly Meeting is concerned with amending the Company's bylaws, particularly the following:

- 1- an increase or decrease of the capital of the Company;
- 2- liquidation of the Company prior to expiry of its terms;
- 3- amendment of the objectives of the Company; and
- 4- the merger of the Company with any other company or legal entity.