



JUHAYNA FOOD INDUSTRIES

BOARD OF DIRECTORS CHARTER

CORPORATE GOVERNANCE FRAMEWORK

The joint stock company affairs shall be managed by the board of directors as per the general assembly delegation. Therefore, the ultimate liability of the company is entrusted to the board, even if the board formed committees or delegated entities or other individuals in order to carry out its tasks.

The company's board of directors is composed of representatives chosen from within different groups of shareholders, however, whenever a board of directors member is appointed to such position, he/she shall consider him/herself as a representative of all the shareholders, in which the member shall be committed to the company's best interest in general, and not only to the best interest of the corporate he/she represents or to that which voted in favor of his appointment in the board.

The Egyptian laws stipulates that the company's board of directors is elected in order to represent the shareholders, and take into account that the board shall express the percentage of capital distribution, but the rules of voting enables the corporation with the majority in the general assembly to appoint the whole board through voting on each candidate separately. Therefore, the wise governance of the company requires a cumulative method in voting on the candidates of the board of directors or to observe the percentage of capital distribution in any other method, by which the final result shall reflect the proportional representation of the shareholders in the board of directors.

The board of directors shall include a majority of non-executive members of the company. Non-executive members shall be experienced or possess technical or analytical skills which shall be beneficial to the board and the company. In all cases, when choosing non-executive members of any company, it should be taken into consideration that the member is capable of devoting sufficient time and concern to his membership, by which such membership shall not be inconsistent with any of his other interests.

Information, Data and sufficient explanation shall be provided to the newly appointed members to the company's board of directors, in order to be able to familiarize oneself with the company's general aspects, points of weaknesses, administrative structure, budget elements, in addition to all what may assist them to carry out their tasks to the fullest extent.

The board of directors shall be entitled to appoint a chairman and a deputy, by which it is preferred that the appointed person shall not hold both positions. If the dual mandate constituted a necessity, reasons of such act must be clarified in the company's annual report in addition to appointing a non-executive Vice Chairman.

At all times, the board of directors shall closely follow up with the company's general status, otherwise the board shall relinquish such pursuance to another entity.

The board shall be entitled to develop the mechanisms and the systems that ensure the company's deference to the present laws and regulations, in addition its commitment to reveal the fundamental information for the shareholders, creditors and other stakeholders.

Each delegation issued by the company's board of directors -whether for one of its members or for any other individual - shall have a specific topic, a specific duration of validity and shall include a deadline for the results to be introduced before the board members. The board shall avoid issuance of general delegations or of which with an indefinite duration, which may consequently lead to an actual power relinquish by the board.

The board members are granted access the company's information and data on time, and through the methods they deem suitable.

When approved by the majority, the board members are allowed to acquire an external consultant opinion in any of the company's matters and at their own expense, as long as such action proved not to be inconsistent with the interests stipulated regarding such rules.

The company shall provide its executive managers with a remuneration in order to attract and to preserve the best calibers in the market, which can be accomplished through formation of a committee dominated by non-executive board members, in which such committee has the authority to suggest the remuneration that shall be granted to the executive members, in addition to negotiating with them in this regard in consultation with the director manager, provided that the final decision shall be issued by the non-executive board members. Names of the said committee members shall be revealed within the annual report of the company, where the head of committee shall attend the annual general assembly in order to answer the shareholders' questions in this regard.

Disclosure of the remuneration of any of the members of the board of directors shall include the salary, allowance, benefits in kind, bonus shares and any other elements of fiscal nature. It is always better that the elements connected to the company's performance shall represent the largest share of the remuneration sum, in order for the executive board member to have an ongoing motivation to carry on with the process of the company's performance development.

Regarding the bonus shares in particular, it shall be taken into consideration that such shares shall not only motivate the board to adopt resolutions that serve the company's interest on the short run, but it shall also be committed to enhance the company's performance on both long and medium terms.

The executive board member's contract period shall not exceed three years, unless there are clear and specific reasons for contract extension, in which such reasons shall be revealed in the general assembly.

A committee dominated by non-executive board members shall be entitled to suggest the remunerations paid for the non-executive board members, provided that such suggestions shall be introduced before the company's general assembly in order to take a decision in this regard. Distinctions shall be kept to minimum regarding the remunerations earned by non-executive board members, in which such distinctions are subjected to either the special tasks, duties that are assigned to them, or the committees that witnessed their participation.

The board shall convene at least once every three months. The names and the numbers of the members who did not attend the board's meetings or the ensuing committees shall be included in the company's annual report. Calling for the meeting to be convened shall take place on dates and at venues and according to arrangements that enable members to attend. Any of the information regarding any of the topics that would be introduced before the board or the resolution that will be issued shall be available to all members before the meeting convenes well in advance, unless there are specific cases that requires a quick view. However, in such cases, whoever attends - whether executive members or company managers - shall have the ability to explain the issue thoroughly, and to respond to the members' questions. It is preferable not to issue a resolution by passing, unless in the cases were the meeting could not be held after resorting to several means, where in such case, voting shall not be carried out, only except for urgent resolutions, provided that the resolution shall be issued unanimously.

Non-executive board members have the right to meet with any of the company's managers in order to discuss any of its issues, whether in the presence of the executive members or not, provided that through means of coordination, an appointment shall be fixed in order to inform the with the results of the deliberations.

The board shall continuously review the company's internal procedures in order to check its appropriateness and efficiency. The board shall be allowed to acquire all the information regarding the company's performance, in addition to the financial and non-financial reports.

The board shall be entitled to form committees composed of either its members or others in order to execute certain tasks and for certain durations. Such committees shall be considered as means of assistance to the board that enables it to carry out its tasks, and not to be used as a pretext by the board to renounce its liability or to transfer such liability to another entity.

Forming the committees affiliate to the board of directors shall be in compliance with general proceedings developed by the board, which include the committee's mission, its duration, the privileges granted to it during such period and the means by which the board shall supervise such committee. The committee shall inform the board with its activities, the results reached or the resolutions issued with an absolute transparency, where the board shall check the actions of the committees regularly, in order to make sure they execute the tasks assigned to them.

A committee composed of a number of non-executive members shall be formed by the company for sake of internal reviewing, its main mission is to review the actions of the internal control department in addition to the company's internal operational systems.

It is preferable to assigned the non-executive board members to participate in the committees formed by the board, in which one of the members shall chair the committee. The committees shall be entitled to ask for assistance from external consultants in order to assist them in carrying out their missions, at the company's own expense. The company's annual report shall include a brief overview regarding the formation of every committee, the number of its meetings, its assignments in addition to the executed tasks, in which the company's general assembly shall be attended by the committees' chairpersons.

The Board shall approve the appointment of a Secretary for the board of directors, in order to manage all the board's records, minutes and documents, in which the Secretary shall attend the board's meetings unless advised otherwise. The members have the right to contact the Secretary during the time intervals between each meeting. The board shall inform the Secretary with the terms of references in order to carry out his/her work. It is favorable that the Secretary's role and responsibilities exceeds the common practice indicated in the Egyptian law regarding attending the assembly and recording the minutes, to establish a link between the members on one hand, between the members and the company on the other, in addition to providing the information requested by them.

The board of directors is generally responsible for the company's risk management according to the company nature of activity, size and the market in which it operates in. The board bears responsibility of setting a strategy to identify the company's risks, different levels and the means to deal with, all of which should be clearly presented to the shareholders. The board of directors shall prepare an annual report to be presented to the shareholders, which particularly includes (as well as required by the law):

- An overview of the company's business and financial status.
- A future overview of the company's activity during the next year (the activities and the outcome of the affiliate companies if present).
- An overview of any adjustments in the company's capital structure.
- The extent of commitment regarding the pursuance and the application of the corporate governance rules.

The Board of Directors
of the Joint Stock Companies

(Article 233)

The calculation of the membership duration:

The duration of the membership of the board of directors stipulated upon the article (77) of the law shall be calculated from the date of enlisting the company in the commercial register or the date of issuing the resolution of the general assembly concerning the election of the board members - as the case may be - up to the date of finishing the works of the first general assembly to be held to look into the balance sheet as well as the profit and loss account for the fiscal year in which the end of the membership duration fails.

(Article 234)

The permissibility of renewing the membership of those whose duration expires:

The membership of the board member, whose duration is over, may be renewed for another period(s) unless the articles of association stipulates otherwise.

The renewal of the membership shall be considered a new appointment to which all the provisions and conditions applied on the appointment for the first time shall apply including the recalculation of the value of the shares guaranteeing the membership.

(Article 235)

During the membership duration, no position in the company or a job whether permanent or temporary shall be occupied by the member of the board of directors.

(Article 236)

The permissibility of the membership of a juridical person in the board of directors:

The juridical person may be a member of the board of directors provided that he shall appoint forthwith a natural person to be his representative in the board of directors. Such representative shall fulfill all the requirements that should be available in the board member and he/she shall be committed to the responsibilities of the board members subject to the responsibility of the juridical person concerning the act of its representative in the board of directors. The representative shall be responsible for such acts.

The company's articles of association may stipulate the multiplicity of the representatives of the juridical person in the board of directors. In that case, the votes shall be multiple according to the multiplicity of the representatives.

(Article 237)**Determining of the entity competent for the appointment of the juridical person's representative in the membership of the board of directors:**

The entity or persons, assuming the administration of the juridical person whether it is a joint stock company or a partnership limited by shares or a limited liability company or a general partnership or a company in commandit, shall appoint the person who will represent it in the board of directors of the company to which he contributes unless the articles of association stipulates otherwise.

The abovementioned provisions shall not prejudice with the rules governing the election of the representatives of the public sector companies and the public juridical persons in the membership of the boards of directors of the joint stock companies in which they hold shares.

The juridical person shall not charge its representative from one session to another unless it deems to replace him/her with another representative in accordance with the provisions of the following article.

However, the juridical person may deputize another one in attending such session in case its representative cannot attend the session or is absent.

(Article 238)**The membership duration of the juridical person's representative:**

The membership duration of the juridical person's representative in the board of directors shall be for the same duration as that of the juridical person in the board of directors is renewed, it shall appoint a representative thereof of each renewal duration of its membership.

The juridical person may dismiss its representative in the board of directors, at any time, provided that it shall notify the company thereof by a registered letter with acknowledgment of receipt in which it shall determine his successor. The new representative shall continue the duration of his predecessor.

(Article 239)**The determination of the juridical person's representative in the general assembly:**

The representative of the juridical person in the board of directors shall not represent such person in attending the general assembly. The juridical person shall appoint its representative in the general in accordance with the previous articles. The provisions included in such articles shall apply thereto.

(Article 240)**The stand-by members of the board of directors:**

The company's articles of association may allow the appointment of stand-by members of the board of directors to replace the original members who are absent without an excuse acceptable by the board.

(Article 241)**The value of the qualification shares:**

Subject to the provisions of article (91) of the law, the board member shall hold a number of the company's shares that the nominal value of which is not less than five thousand pounds or the value determined in the company's articles of association whichever is more.

The qualification shares' value shall be determined based on the prices which are dealt with in the stock exchange or the nominal value of the shares in case the company's shares are not registered in such stock exchange.

(Article 242)**The qualification shares are not affected by any changes to be introduced to their value:**

Once the qualification shares, which are estimated in the way indicated in the present regulations, are deposited, They are not affected by any changes introduced to their value thereafter throughout the duration of the membership of the board of directors. It is not permissible to refund a part thereof or request its completion if its value is increased above or decreased below the prescribed limit.

(Article 243)**The release of the qualification shares:**

The qualification shares shall not be released unless the duration of the member's mandate expires and the balance sheet as well as the profit and loss account for the last fiscal year - in which he carries out his tasks - are ratified together with discharging him.

(Article 244)**Decline of the number of members below the minimum limit:**

If the number of the board members declines, due to death or resignation, below three members, the board's meetings or resolutions shall not be valid. The rest of members or the company's general manager or the auditor shall notify the companies general department to call the general assembly to convene and consider the appointment of a successor to the member whose membership has expired.

(Article 245)**The validity quorum of the board of directors' meeting and of the resolutions:**

The board of directors' meeting shall not be valid unless it is attended by half the members at least including the chairman, provided that the number of the present members shall not be less than three, or the number prescribed by the articles of association, whichever is more. The resolutions of the board of directors shall be issued by the majority of the present members unless the articles of association stipulates a special majority.

The board members and those who are invited to attend the board's sessions shall keep the confidentiality of the data and information known thereby through their participation in the board's works when such data or information is confidential by nature or when the board chairman draws their attention to keep it confidential.

(Article 246)**The appointment of the board chairman:**

The board of directors shall appoint a chairman from among its members. It may also appoint a deputy thereof to replace the chairman in case of his absence. The duration of occupying the post of board chairman or deputy board chairman shall not exceed the duration of his membership of the board of directors.