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***2013 Review of the Implementation Status of Corporate
Governance Disclosures: Case of Egypt***

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2013 Review of the Implementation Status of Corporate Governance Disclosures: Case of Egypt

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Objectives

1. Provide a brief overview of key recent developments in Egypt since 2007, related to corporate governance disclosure
2. Present and analyze the results of the review of corporate disclosure practices among leading companies listed in the Egyptian Exchange



Key recent developments

- **In 2007**, the Capital Market Authority (CMA) issued a resolution and a manual about applying the governance rules by unlisted securities companies.
- **In 2009**, the World Bank issued the ROSC report for being the third in 10 years (2001- 2004 - 2009).
- **In 2011**, The Central Bank of Egypt issued a regulation on the corporate governance guidelines and instructions for banks.



Key recent developments

- **In 2013**, the Egyptian society of Accountants and Auditors (ESAA) released its first draft regarding Corporate Governance Regulations to be a part of the acceptance exam for the society.

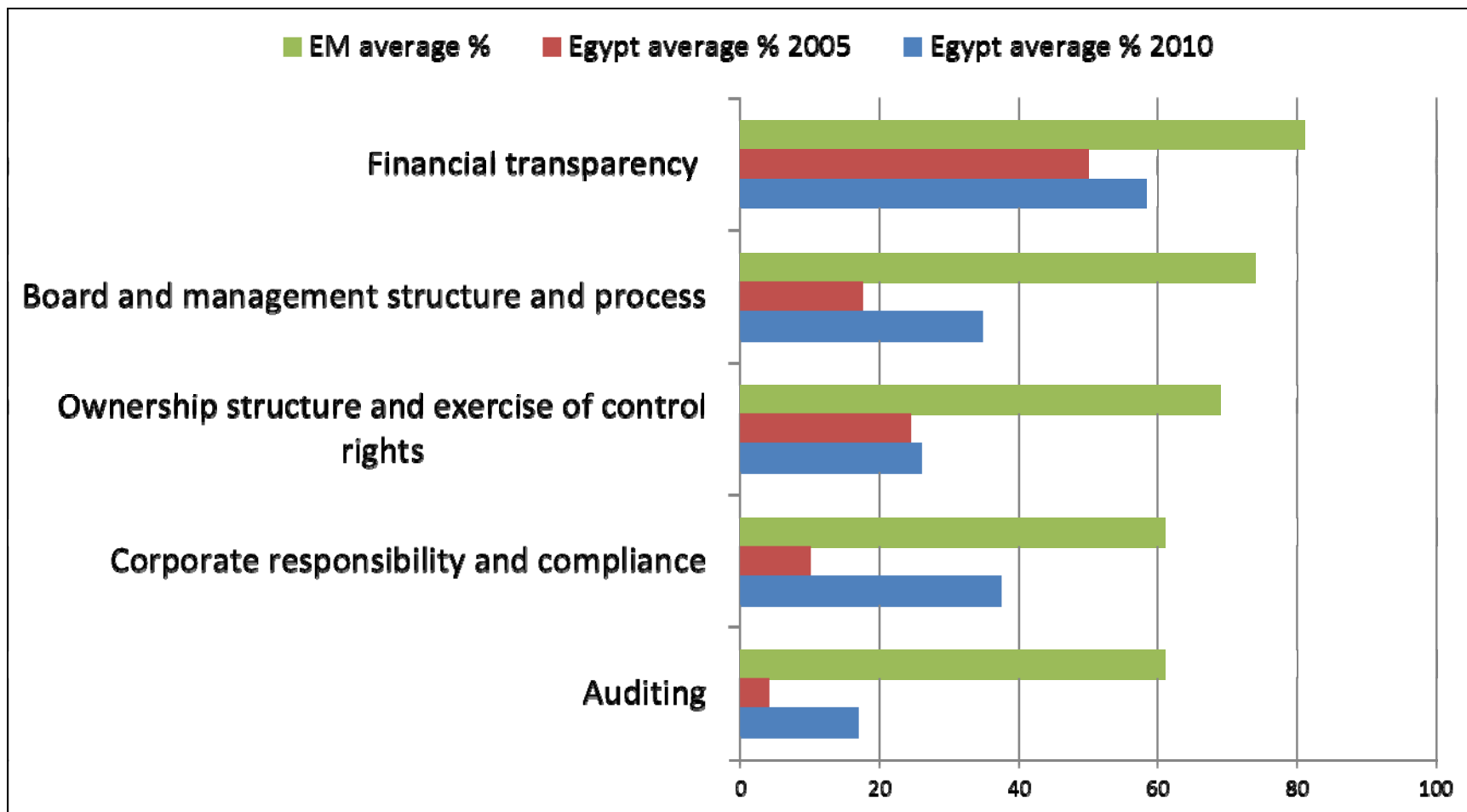


Methodology

- Compares the current results to the earlier 2007 study assessing Egypt and 2011 Emerging Markets study
- Method: ISAR disclosure index
- Sample of companies: EGX 30
- Survey type: manual survey of the annual reports and websites
- Annual reports: 2010 reports

Egyptian companies show improvement

Results: 2010 Vs. 2005 Vs. EM





Egyptian companies show improvement

Items improved by more than 100%:

- All Corporate Responsibility items
- AUD: Process for interaction with internal and external auditors, internal control systems
- FTID: Board's responsibilities regarding financial communications, The decision making process for approving transactions with related parties



Egyptian companies show improvement

- Board and Management:
 - Governance structures, such as committees
 - Types & duties of outside board & management positions
 - Number of outside board & management position directorships held by the directors
 - Existence of procedure(s) for addressing conflicts of interest among board members
 - Performance evaluation process
 - Duration of director's contracts
 - Professional development and training activities



Conclusion

- Significant large improvements in some categories compared to 2007 report (3 categories rate more than double Board & Management, Corporate Responsibility, Auditing)
- Overall disclosure rate still lags EM average.
- Egyptian regulators may still want to consider additional policy options.



Conclusion

- Education and training:
 1. Enhance the awareness of the rapidly evolving regulatory environment
 2. Clarify the difference between the generic description of corporate procedures and processes in the Egyptian laws and having the same information disclosed in detail in company's reports
 3. Explain to preparers of company reports the means and benefits of information disclosures, and corporate governance disclosures.