



Hazem Hassan
Public Accountants & Consultants

Global consistency

Local delivery

2019 Transparency Report

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Message from our Chairman

I am eager to present current year Transparency Report in which we take the opportunity to share with you steps taken to execute our audit responsibilities at such a challenging and exciting time for our profession. The quality of information that is available to market must be of the highest quality and the most relevant. There is no doubt that we continue to operate in difficult times. Social and political change is happening at pace, regulation is getting ever more complex and indications are that economic conditions will remain challenging for the foreseeable future.

Our strategy and vision begins with an unwavering commitment to quality and integrity. This commitment is fundamental to meeting our responsibilities, and building a deep sense of trust with our clients, our people, the capital markets and society as a whole. Hence we vigorously address fundamental reappraisal of what investors, and other stakeholders, actually want in terms of assurance and on what information they want us to report. Auditing is of vital public interest and plays a specific role in reinforcing confidence and trust in the dysfunctional financial market. Investor confidence is volatile at the moment and that makes our job ever more meaningful.

The major investment, is the investment in our people with their hard work and with the support of our clients have enabled us to nourish our business. Being the Egyptian audit-leading firm is not just about size. It's about how an organization behaves, and how this behavior translates into the way our firm is perceived across the market, now and into the future. In other words, it's about our reputation legacy and integrity.

Our ambition to continue as the number one multi-disciplinary firm in Egypt can only be achieved if integrity and trust are at the core of what we do. They are an integral part of how we behave, how we challenge ourselves and our clients and how we make a positive contribution to the economy, the businesses that we work with and the communities that we are part of.

I believe that strong governance is vital to well-functioning capital markets and in a drive to 'practice what we preach' have taken steps to enhance our governance structure, that will set a tone of openness, trust and integrity, encouraging engagement and enhancing quality. Within such a culture I believe that we will be even better placed to challenge in pursuit of quality, improvement, innovation and a long term vision.

This report is firm's commitment to transparency and to making a substantial and meaningful contribution to the evolution of audit quality. If you would like to discuss any aspect of this report or have any questions or feedback, I would very much welcome your comments.



Hazem Hassan
Chairman
KPMG Egypt

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Who we are?

Our business

KPMG Hazem Hassan is a professional services firm that delivers Audit, Tax and Advisory services. We operate out of two offices across Egypt and had an average of 906 partners and employees in the year to 31 December 2019 (2018 : 826). Our audit services in Egypt are delivered through KPMG Hazem Hassan Public accountants and Consultants. Full details of the services offered by KPMG Hazem Hassan can be found on our website:

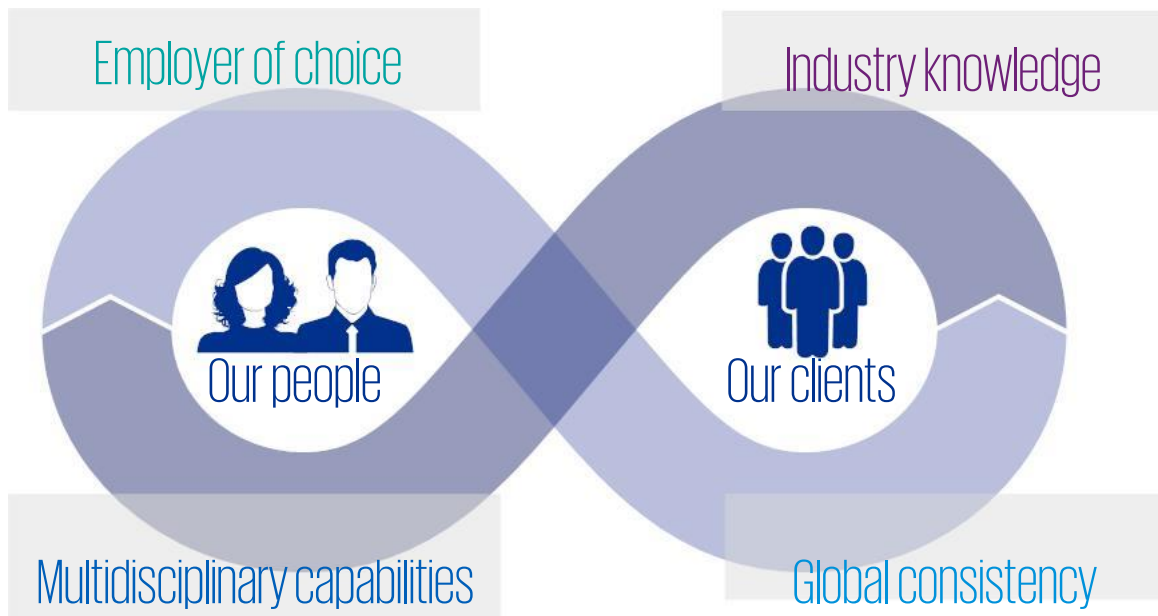
<https://home.kpmg/eg/en/home/about/overview/transparency-report.html>

Our strategy

Our strategy is set by the KPMG Egypt management Board and as well as sustaining our reputation as the best firm to work with by ensuring that our people, clients and community achieve their full potential.

demonstrates a commitment to quality and trust. our focus is to invest significantly in priorities that form part of a multi-year collective strategy implementation that is taking place across our entire global network.

We recognize that if we do not get the quality of our service and deliverables right then each and every one of the other objectives in our business plan may be jeopardized. Each of the priorities in our strategy is underpinned by an enabling programme– including a dedicated project to monitor how we continually reinforce the importance of quality across our firm.



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Our structure and governance

Legal structure

Legal structure and ownership

KPMG Hazem Hassan Public Accountants & Consultants is affiliated with KPMG International Cooperative (“KPMG International”). KPMG International is a Swiss cooperative which is a legal entity formed under Swiss law. It is the entity with which all the member firms of the KPMG network are affiliated. Further details about KPMG International and its business activities, including our relationship with it, are available in the ‘Governance and leadership’ section of the KPMG International Transparency Report.

KPMG Hazem Hassan is part of a global network of professional services firms providing Audit, Tax, and Advisory services to a wide variety of public and private sector organizations. The KPMG organization structure is designed to support consistency of service quality and adherence to agreed values wherever its member firms operate.

KPMG Egypt is a limited liability partnership. It is wholly owned by its Partners and is governed by Egyptian law. Our structure is designed to support consistency of service quality and adherence to agreed values that apply with KPMG International.

During the year to 31 December 2019, there were an average of 45 partners in KPMG Hazem Hassan (2018: 40 partners).

A list of the entities which form KPMG Hazem Hassan together with details of their legal structure, regulatory status, the nature of their business and area of operation is set out in Appendix A.1

KPMG International's structure is designed to support consistency of service, quality and adherence to agreed values wherever in the world member firms operate.

One of the main purposes of KPMG International is to facilitate the provision by the member firms of high quality Audit, Tax and Advisory services to their clients.

For example, KPMG International establishes and facilitates the implementation and maintenance of, uniform policies and standards of work and conduct by member firms and protects and enhances the use of the KPMG name and brand.

KPMG International is an entity which is legally separate from each member firm. KPMG International and the member firms are not a global partnership, joint venture or in a principal or agent relationship or partnership with each other. No member firm has any authority to obligate or bind KPMG International or any other member firm vis-à-vis third parties, nor does KPMG International have any such authority to obligate or bind any member firm.



Name, ownership and legal relationships

KPMG is the registered trademark of KPMG International and is the name by which the member firms are commonly known. The rights of member firms to use the KPMG name and marks are contained within agreements with KPMG International.

Member firms are generally locally owned and managed. Each member firm is responsible for its own obligations and liabilities. KPMG International and other member firms are not responsible for a member firm's obligations or liabilities.

Member firms may consist of more than one separate legal entity. If this is the case, each separate legal entity will be responsible only for its own obligations and liabilities, unless it has expressly agreed otherwise.

Our structure and governance

Responsibilities and obligations of member firms

Pursuant to their membership agreements with KPMG International, member firms are required to comply with KPMG International's policies, procedures and regulations including quality standards governing how they operate and how they provide services to clients to compete effectively.

This includes having a firm structure that ensures continuity and stability and being able to adopt global strategies, share resources (incoming and outgoing), service multinational clients, manage risk, and deploy global methodologies and tools. Each member firm takes responsibility for its management and the quality of its work.

Member firms commit to a common set of KPMG-values (see " Culture and tone at the top " section)

KPMG International's activities are funded by a levy paid to it by member firms. The basis for calculating such amounts is approved by the Global Board and consistently applied to the member firms. A firm's status as a KPMG member firm and its participation in the KPMG network may be terminated if, among other things, it has not complied with the policies, procedures and regulations set by KPMG International or any of its other obligations owed to KPMG International.

Governance structure

KPMG Hazem Hassan applies high standards of corporate governance.

The Council

The Council consists of all equity partners, It focuses on high-level governance tasks and provides a forum for open discussion. Among other things, the Council approves the Firm's strategy, annual business plan, budget and financial statements and elects the Firm's Senior partner, Heads of functions and the key positions , members of the Executive Committee and the board, and elects 6 additional partners to the management board.

The Board

The senior Partner is responsible for leading the Board ensuring that the Board members receive accurate, timely and clear information and ensuring effective communication and relationships with the members at large. The senior Partner also meets with the Non-Executive members (without the Executive Management Team present) at least annually.

The principal governance and oversight body of KPMG Hazem Hassan is the Board which provides leadership to the organization and is responsible for our long term growth and sustainability, setting our strategy for final approval of the Council and overseeing its implementation, monitoring performance against our business plan and protecting and enhancing the KPMG brand.



Our structure and governance

The Board consists of 10 members chaired by Hazem Hassan, including the senior partner, Head of audit, Head of tax, Head of advisory and a board member elected by the board and additional four partners elected by the Council. The constitution of the Board is as determined by the Council. The Board meets from time to time to undertake certain statutory duties for KPMG Egypt (including approving the annual accounts and the transparency report). The Board met seven times in the year to 31 December 2019. Full details of those charged with governance for KPMG Egypt, including their biographies and attendance at meetings are set out in Appendix A.2.

In addition, the Executive Committee is another main body that deals with key aspects of governance within the firm that reports into the Board. Details about the role, responsibilities and composition is set out below.

The Executive Committee

The Executive Committee is responsible for management of the day-to-day activities of the KPMG Hazem Hassan, recommending policies to the Board and developing the business plan within the overall strategy set by the Board, together with its subsequent implementation. It deals with operational matters affecting the firm including monitoring operating and financial performance, budgets, new business proposals, marketing, technology development, recruitment, retention and general remuneration, prioritization and allocation of resources and investment and managing the risk profile of KPMG Hazem Hassan. The Executive Committee members are all KPMG Hazem Hassan Partners and are appointed by the board. As at 1 January 2019, in addition to the Senior Partner, the Executive Committee included Head of functions and a board member elected by the board and the RMP. The Executive Committee aims to meet at least monthly and during the year to 31 December 2019 it met formally 12 times either face-to face or via video link/conference call supplemented by frequent additional telephone calls and ad hoc meetings.

The Executive Committee oversees the reporting of the following committees:

- Audit Steering Committee;
- Tax Steering Committee;
- Advisory Steering Committee;
- Quality, Risk, ethics & Reputation Committee
- The Compensation and Nomination Committee
- Infrastructure departments
- Industries Steering Groups

The Quality, Risk ethics & Reputation Steering Committee

The principal role of the Quality, Risk & reputation Committees to provide oversight of quality & risk management matters across the firm. As part of its role it oversees that a culture of quality and integrity is maintained within the firm and, where required, it will act as a sounding board to the Risk Management Partner on the policies and procedures relating to professional risk management, ethics and independence, quality control and compliance. The Committee also considers the impact of the key findings from our compliance quality monitoring programs and the adequacy of proposed remedial actions. Our Ethics Committee provide oversight of policies and procedures in relation to ethical standards and of breaches of their requirements in relation to personal financial independence, general trends in disciplinary, grievance, human resource appeals and whistle-blowing processes to consider what these might imply for members/employees underlying ethical behavior; and other ethical issues facing KPMG Hazem Hassan. During the year ended 31 December 2019, The Quality, Risk Management & ethics Committee consisted of 5 members being Senior Partner, Risk Management Partner, Quality Performance liaison Partner and Functional Risk Management & quality performance Partners. The Quality, Risk Management & Ethics Committee met 6 times in the year to 31 December 2019.

Our structure and governance

The Audit Quality Committee

The Audit Quality Committee, chaired by the National Head of Audit Quality, reports to the board and ensures risk and quality matters are a priority for audit leadership.

Specifically its responsibilities include:

- Reviewing the proposed significant audit initiatives ensuring the objectives and outcomes align with maintaining or enhancing audit quality.
- Recommending the strategic prioritization, resourcing and timetabling of audit initiatives as they impact audit quality across all offices.
- Confirming the robustness of our monitoring activities as consistent with our audit quality priorities.

The Compensation and Nomination Committee

This Committee is responsible for determining the Compensation and Nomination of the Senior partner and making recommendations on policies for partners' Compensation and Nomination. It also sets the pay allocation for the individual partner based on the agreed policy by the board.

As part of its activities, the Executive Committee receives and considers a report from the Head of Quality & Risk management on (i) the approach to ensuring that quality issues are appropriately considered in partner counseling and (ii) whether or not there are any quality concerns about specific partners.

The Compensation and Nomination Committee comprises of HR Partner, Heads of functions and the senior partner. The Compensation and Nomination Committee met 4 times in the year ended 31 December 2019 and the meeting to discuss 2019 partner pay has not yet held . Further information regarding partner Compensation and Nomination is set out in the "Partner Compensation and Nomination" section.



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System of quality control

Overview

Tone at the top, leadership, and clear set of values and conduct are essential to set the framework for quality. However, these must be backed up by a system of quality control that ensures our performance meets the highest professional standards.

To help all audit professionals concentrate on the fundamental skills and behaviors required to deliver a quality audit, KPMG has developed the Audit Quality Framework, based on International Standards on Quality Control (ISQC 1), issued by the International Auditing and Assurance Standards Board (IAASB) and on the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants (IESBA), which apply to professional services firms that perform audits of financial statements.

KPMG International has quality control policies that apply to all member firms. These are included in KPMG's Global Quality & Risk Management Manual (Global Q&RM Manual) which applies to all KPMG partners and employees. KPMG Hazem Hassan is required to establish and maintain a system of quality control and design, implement, and test the operating effectiveness of quality controls.

KPMG Hazem Hassan is required to implement KPMG International policies and procedures and also adopts additional policies and procedures that are designed to address rules and standards issued by the Financial regulatory Authority (FRA) and other relevant regulators as well as applicable legal and regulatory requirements of law No.133 of 1951 and its amendments by law 457 of 1954 in addition to those stipulated by companies law 159 of 1981 and other relevant regulators as well as applicable legal and regulatory requirements.

Quality control and risk management are the responsibility of all KPMG Hazem Hassan partners and employees. This responsibility includes the need to understand and adhere to firm policies and associated procedures in carrying out their day-to-day activities. . The system of quality control applies to KPMG partners and employees wherever they are based.

While this Transparency Report summarizes KPMG's approach to audit quality, it may also be useful for stakeholders interested in member firms' Tax and Advisory services, as many KPMG quality control procedures and processes are cross-functional, and apply equally to all services offered.

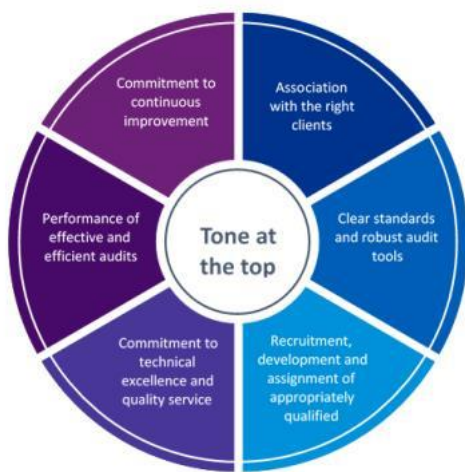
Audit Quality framework

At KPMG Hazem Hassan audit quality is not just about reaching the right opinion, but how we reach that opinion is reached. It is about the processes, thought, and integrity behind the auditor's report. The outcome of a quality audit is the delivery of an appropriate and independent opinion in compliance with the relevant professional standards and legal and regulatory requirements. To help all audit professionals concentrate on the fundamental skills and behaviors required to deliver a quality audit, KPMG international has developed the Audit Quality Framework.

KPMG's audit quality framework introduces a common language that is used by all KPMG firms to describe what drives audit quality and to help highlight to their audit professionals how they contribute to its delivery.

'Tone at the top' sits at the core of the Audit Quality Framework's seven drivers of audit quality and helps ensure that the right behaviors permeate across all KPMG firms. All of the other drivers create a virtuous circle because each driver is intended to reinforce the others. Each of the seven key drivers is described in more detail in the following sections of this report.

System of quality control



KPMG Global Code of Conduct

KPMG's commitment to integrity and quality is enshrined in the KPMG values that lie at the heart of the way we do things. They define KPMG's diverse and inclusive culture and our commitment to the right personal and professional conduct emphasizing that, above all, KPMG people act with integrity.

The KPMG values are communicated clearly to all people and are embedded into member firms' people processes—induction, performance development and reward.

Building on the KPMG values is the KPMG-Global Code of Conduct. Member firms, including KPMG Hazem Hassan are required to adopt, as a minimum standard, the Global Code of Conduct.

KPMG Hazem Hassan Code of Conduct

In addition, The KPMG Hazem Hassan Code of Conduct lays out the expectations of ethical behavior for all partners and employees at KPMG Hazem Hassan and is built on the foundation of the KPMG values

The KPMG Hazem Hassan code of conduct emphasizes that each partner and employee is personally responsible for following the legal, professional, and ethical standards that apply to his or her job function and level of responsibility.

The KPMG Hazem Haasan code of conduct sets out our commitments and include provisions that require KPMG Hazem Hassan partners and employees in summary to:

- Comply with all applicable laws, regulations, professional standards and KPMG Hazem Hassan policies.

Tone at the top

KPMG global leadership, working with regional and member firm leaderships, plays a critical role in establishing our commitment to quality and the highest standards of professional excellence. A culture based on quality, integrity and ethics is essential in an organization that carries out audits and other services on which stakeholders and investors rely.

At KPMG Hazem Hassan we promote a culture in which consultation is encouraged and recognized as a strength.

Tone at the top means that KPMG Hazem Hassan leadership demonstrates commitment to quality, ethics and integrity and communicates its commitment to clients, stockholders, and society at large to earn public trust.

System of quality control

- work with the right clients and third parties
- focus on quality
- maintain our objectivity and independence
- not tolerate any illegal or unethical acts, committed by within KPMG Hazem Hassan personnel, by clients or suppliers or public officials with whom we deal
- protect information
- compete fairly
- help our people to be extraordinary
- be responsible corporate citizens
- build public trust.

All KPMG Hazem Hassan partners and employees are required to:

- comply with both the Global Code of Conduct [and the KPMG Hazem Hassan Code of Conduct] and confirm their compliance with, the Code of Conduct, and
- complete regular training covering the Code of Conduct

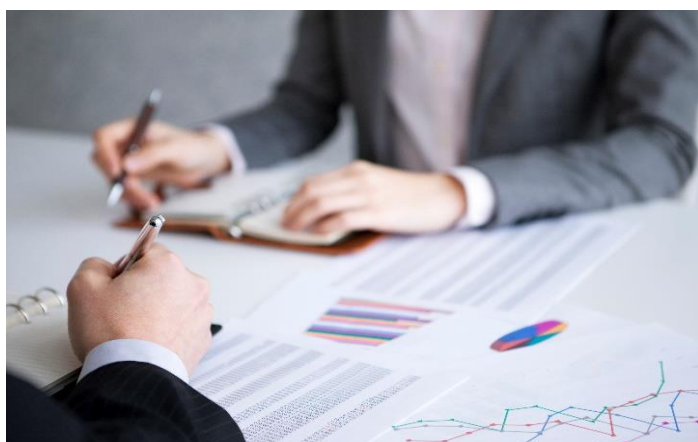
Individuals are encouraged to speak up when they see something that makes them uncomfortable or that is inconsistent with the KPMG values. Moreover, everyone at KPMG is responsible for reporting, and is required to report, any activity that could potentially be illegal or in violation of the KPMG values, KPMG policies, applicable laws, regulations, or professional standards.

We have procedures and established channels of communication so that our people can report ethical and quality issues. Retaliation is prohibited against individuals who raise their hand' and speak up in good faith.

In addition, the [KPMG International hotline](#) is a mechanism for KPMG partners, employees, clients and other third parties to confidentially report concerns they have relating to certain areas of activity by KPMG International itself, activities of KPMG member firms or the senior leadership or employees of a KPMG member firm.

At KPMG Hazem Hassan, we regularly monitor the extent to which our people feel that the firm lives the KPMG values through the Global People Survey (refer to "Insights from our people – Global People Survey (GPS)" section).

Our Code also incorporates our core values and addresses the commitments that we make as well as the responsibilities of our personnel at all levels across the firm. Our core values are:



System of quality control

Value	Description
We lead by example.	At all levels we act in a way that exemplifies what we expect of each other and our clients.
We work together.	We bring out the best in each other and create strong and successful working relationships.
We respect the individual.	We respect people for who they are and for their knowledge, skills and experience as individuals and team members.
We seek the facts and provide insight.	By challenging assumptions and pursuing facts, we strengthen our reputation to provide insight as trusted and objective business advisers.
We are open and honest in our communication.	We share information, insight and advice frequently and constructively and manage tough situations with courage and candor.
We are committed to our communities.	We act as responsible corporate citizens by broadening our skills, experience and perspectives through work in our communities and protecting the environment .
Above all, we act with integrity.	We are constantly striving to uphold the highest professional standards, provide sound advice and rigorously maintain our independence.

We understand that trustworthiness is a critical characteristic that clients expect and rely upon. This commitment underlies our values-based compliance culture where individuals are encouraged to raise their concerns when they see behaviors or actions that are inconsistent with our values or professional responsibilities.

A KPMG International hotline is available for KPMG personnel, clients, and other parties to confidentially report concerns they have relating to certain areas of activity by KPMG International itself, those who work for KPMG International, or the senior leadership of a KPMG member firm.

We operate a whistleblowing hotline which is available for our personnel to confidentially report concerns they have relating to how others are behaving (both internally and externally). Our people can raise matters anonymously and without fear of retaliation.

Matters reported to the hotline are investigated and reported ultimately to the firm's Risk Management Steering Committee that reports to the firm's senior partner. This report covers matters reported to the hotlines, how the investigations were conducted, findings from the investigations and the implications for our policies and procedures.

Our governance structure and leadership responsibilities for quality

Our governance structure is set out in detail in the "Our structure and governance" section and those within leadership who have a responsibility for quality are described in the "Leadership responsibilities for quality and risk management" section below .

System of quality control

Leadership responsibilities for quality and risk management

KPMG Hazem Hassan demonstrates commitment to quality, ethics and integrity, and communicates our focus on quality to clients, stakeholders and society. Our leadership plays a critical role in setting the right tone and leading by example demonstrating an unwavering commitment to the highest standards of professional excellence and championing and supporting major initiatives.

Our leadership team is committed to building a culture based on quality, integrity and ethics, demonstrated through their actions-written and video communications, presentations to teams and one-to-one discussions. The following individuals have leadership responsibilities for quality and risk management at KPMG Hazem Hassan.

Senior Partner

In accordance with the principles in ISQC 1, our Senior Partner Hatem Montasser (who is also a member of the management board) has assumed ultimate responsibility for KPMG Hazem Hassan's system of quality control. Details of some of the measures that he and the rest of the Board have taken to ensure that a culture of quality prevails within KPMG Hazem Hassan are set out in the "System Of Quality Control " section.

Risk Management Ethics and Independence Partner

Operational responsibility for the system of quality control, risk management, compliance, the direction and execution of ethics and independence policies and procedures has been delegated to Mohamed Tarek, Risk Management Ethics and Independence (RMP) who is responsible for setting overall professional risk management and quality control policies and monitoring compliance for KPMG Hazem Hassan.

The RMP has a seat on the board and the executive committee and has a direct reporting line to the Senior Partner. The RMP consults with the appointed Area Quality and Risk Management Leader.



The fact that the role is a board position, and seniority of the reporting lines, underlines the importance that the firm places on risk and quality issues. The RMP is supported by a team of partners and professionals in each of the functions.

The Audit, Tax and Advisory functions – Function Heads

The three heads of the client service functions (Audit, Tax and Advisory) are accountable to the Senior Partner for the quality of service delivered in their respective functions. Between them, they determine the operation of the risk management, quality assurance and monitoring procedures for their specific functions within the framework set by The Risk Management Partner.

These procedures make it clear that at the engagement level, risk management and quality control is ultimately the responsibility of all Professionals in the firm.

System of quality control

KPMG Hazem Hassan Head of Audit is responsible for leading a sustainable high-quality Audit practice that is attractive to KPMG partners and employees.

This includes:

- setting the right 'tone at the top' by demonstrating an unwavering commitment to the highest standards of professional excellence, including skepticism, objectivity, and independence
- developing and implementing strategies to monitor and maintain knowledge and skills required of partners and employees to fulfil their professional responsibilities.
- working with the Risk Management partner to monitor and address audit quality and risk matters as they relate to the audit practice including an annual evaluation of activities considered to be key to audit quality.

Investing in continuous improvement

KPMG globally continues to invest significantly in audit quality across the Global Organization. We are building on our sound audit quality foundations, both in terms of how we manage our firms and our audit engagements.

This means significant ongoing investment in our system of quality management, global monitoring of audit quality, our professionals and enhanced support, technology and tools for engagement teams.

Our global audit quality program ensures consistent deployment of investments to enhance and support a common approach.



System of quality control

Association with the right clients

Acceptance and continuance of clients and Engagements

Rigorous global client acceptance and continuance policies are vital to being able to provide high-quality professional services. KPMG's client and engagement acceptance and continuance systems and processes are designed to identify and evaluate any potential risks prior to accepting or continuing a client relationship, or performing a specific engagement.

KPMG firms must evaluate whether to accept or continue a client relationship-whether or perform a specific engagement where client/engagement acceptance (or continuance) decisions pose significant risks, additional approvals are required.

With every potential new client, the partner responsible for the relationship conducts an evaluation of the client's principals, business and other service-related matters. This evaluation includes completion of a standard questionnaire that assesses the risk profile.

Client and engagement acceptance process

Client evaluation

KPMG Hazem Hassan undertakes an evaluation of every prospective client. This involves obtaining sufficient information about the prospective client, its key management and significant beneficial owners and then properly analyzing the information to be able to make an informed acceptance decision. This evaluation includes completion of a questionnaire to assess the client's risk profile and obtaining background information on the client, its key management, directors and owners. In addition, we obtain additional information required to satisfy our local legal [and]/[or] regulatory requirements.

Engagement evaluation

Each prospective engagement is also evaluated to identify potential risks in relation to the engagement. A range of factors are considered as part of this evaluation, including potential independence and conflict of interest issues (using Sentinel™, KPMG's conflicts and independence checking system), intended purpose and use of engagement deliverables, public perception, as well as a range of factors specific to the type of engagement. For audit services, these include the competence of the client's financial management team and the skills and experience of partners and employees assigned to staff the engagement. The evaluation is made in consultation with other senior KPMG Hazem Hassan partners and includes review by quality and risk management leadership as required.

Where audit services are to be provided for the first time, the prospective engagement team is required to perform additional independence evaluation procedures including a review of any non-audit services provided to the client and of other relevant business and personal relationships.

Similar independence evaluations are performed when an existing audit client becomes a public interest entity or additional independence restrictions apply following a change in the circumstances of the client.

Depending on the overall risk assessment of the prospective client and engagement, additional safeguards may be introduced to help mitigate the identified risks. Any potential independence or conflict of interest issues are required to be documented and resolved prior to acceptance.

A prospective client or engagement will be declined if a potential independence or conflict issue cannot be resolved satisfactorily in accordance with professional standards and our policies, or if there are other quality and risk issues that cannot be appropriately mitigated.

System of quality control

Continuance process

KPMG Hazem Hassan undertakes an annual re-evaluation of all its audit clients.

The re-evaluation identifies any issues in relation to continuing association and Mitigating procedures that need to be put in place (this may include the assignment of additional professionals such as an Engagement Quality Control (EQC) reviewer or the need to involve additional specialists on the audit).

Recurring or long running non-audit engagements are also subject to periodic re-evaluation.

In addition, clients and engagements are required to be re-evaluated if there is an indication that there may be a change in their risk profile, and as part of the continuous independence evaluation process, engagement teams are required to identify if there have been any changes to previously identified threats or if there are new threats to independence. The threats are then evaluated and, if not at an acceptable level, are eliminated or appropriate safeguards are applied to reduce the threats to an acceptable level.

Withdrawal process

Where KPMG Hazem Hassan obtains information that indicates that we should withdraw from an engagement or from a client relationship, We consult internally and identify any required legal ,professional and regulatory responsibilities. We also communicate as necessary with those charged with governance and any other appropriate authority.

Client portfolio management

KPMG Hazem Hassan leadership appoints engagement partners that have the appropriate competence, capabilities, time and authority to perform the role for each engagement.

We review each audit partner's client portfolio at least annually in individual discussions with the audit partner. The reviews consider the industry, nature and risk of the client portfolio as a whole along with the competence, capabilities and capacity of the partner to deliver a quality audit for every client.

Our firm is organized into specialized industry groups and the Managing Partner assigns engagements to groups in accordance with the nature of the client industry and other requirements for reporting including accreditation requirements.

The head of functions ensures that the partners assigned to the engagements possess the appropriate capabilities, time availability, competencies and adequate recourse to perform the engagement by considering all these issues. Each partner's client portfolio is regularly reviewed to ensure that they have sufficient time to manage the portfolio and to ensure that the risks are being appropriately managed.

Clear standards and robust audit tools

All KPMG Hazem Hassan professionals are expected to adhere to KPMG International and KPMG Hazem Hassan policies and procedures including independence policies, and are provided with a range of tools and guidance to support them in meeting these expectations.

The KPMG Hazem Hassan policies and procedures set for audit engagements incorporate the relevant requirements of accounting, auditing, ethical and quality control standards, and other relevant laws and regulations represented in the provisions of the companies law 159 of 1981, law no. 8 of 1997 and Central Bank of Egypt regulations.

System of quality control

Our approach to audit

KPMG has been investing significantly in evolving the network's Global Organization's audit capabilities and will continue to do so in the coming years including a new global electronic audit workflow delivered through KPMG Clara platform –KPMG's smart , modular audit platform – capable of continually integrating new and emerging technologies, with advanced capabilities embedded that leverage data, automation, and visualization. Data & Analytics (D&A) is integral to the way how KPMG member firms obtain audit evidence and interact with clients in the digital era.

KPMG's high-quality audit process will continue to include:

- *timely partner and manager involvement* throughout the engagement
- *access to the right knowledge* including involvement of specialists, training and experience requirements and relevant industry expertise
- *critical assessment of all audit evidence obtained during the audit*, exercising appropriate professional judgment
- *ongoing mentoring, supervision and review* of the engagement team managing and documenting the audit.

Consistent audit methodology and tools

The KPMG audit methodology, developed by the KPMG Solution Group (KGSG), is based on the requirements of International Standards on Auditing (ISAs) as well as the auditing standards of PCAOB and AICPA. The KPMG methodology is set out in the in KPMG Audit Manual (KAM)and includes additional requirements that go beyond the ISAs, which KPMG International believes enhance the quality of the audit.

The methodology emphasizes applying appropriate professional skepticism in the execution of audit procedures and requires compliance with relevant ethical requirements, including independence. Enhancements to the audit methodology, guidance and tools are made regularly to be in compliance with standards, emerging auditing areas of focus and audit quality results (internal and external). Key topics include risk identification, assessment and response, accounting estimates group audits, and audit sampling.

KPMG member firms may add local requirements and/or guidance in KAM to comply with additional professional, legal or regulatory requirements.

KAM contains examples and guidance for, among other things, procedures intended to identify and assess the risk of material misstatement and procedures to respond to those assessed risks.



System of quality control

The KPMG audit workflow is enabled through eAudit's, an activity-based workflow and electronic audit file. [used by [all] KPMG member firms]. eAudit is KPMG's audit documentation workflow that allows professionals to complete high quality and consistent audits. eAudit integrates KPMG's audit methodology, guidance and industry knowledge, and the tools needed to execute and document the audit work performed.

eAudit can be "scaled" to present the relevant requirements and guidance, depending on the nature of the entity to be audited and in accordance with professional standards and applicable legal and regulatory requirements. It provides direct access to KPMG's audit guidance, professional standards and documentation templates.

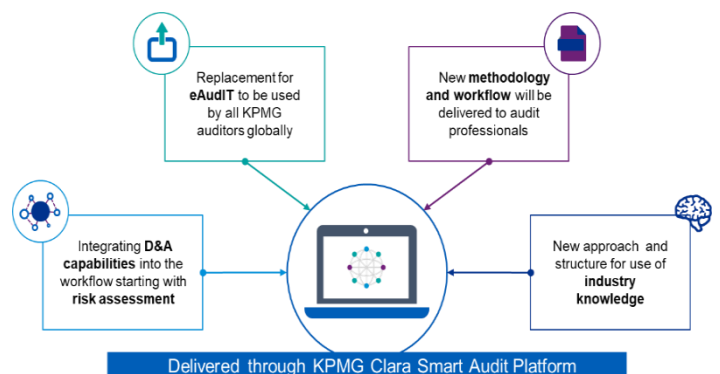
Significant investments are underway to revise and enhance the KPMG audit methodology (KAM) and workflow tool (eAudit), with the deployment of KPMG Clara Workflow which was piloted in 2018, planned for initial deployment globally in 2019, and full deployment beginning in 2020. KPMG Hazem Will comply with the global implementation plan for initial deployment in 2019, and full deployment beginning in 2020.

KPMG Clara, KPMG Clara Workflow and Audit Data Analytics (D&A)

KPMG International is making significant investments to improve audit quality, drive consistency in execution of audits and strengthen both the member firm and global monitoring of engagements

KPMG Clara

The global launch of KPMG Clara –created a smart audit platform that brings together KPMG's Audit Data & Analytics (D&A) capabilities, innovative new technologies, collaboration capabilities and audit workflow.



System of quality control

KPMG Clara Workflow

Building on the launch of KPMG Clara in 2017, KPMG International is creating a new workflow tool that will be used by KPMG member firms audit teams to execute and document KPMG audits. It will be intuitive, user-friendly and modern. The new system will genuinely be a workflow – guiding audit teams through a series of steps in a logical sequence aligned to the standards with a clear display of information and visuals, knowledge and guidance available at the moment of need, and with embedded advanced data and analytics (D&A) capabilities. The workflow and methodology will also be scalable – adjusting the requirements to the size and complexity of the audit engagement. This globally-driven project will significantly overhaul and redesign the execution of an audit by KPMG professionals and drive improvements in audit quality.

KPMG Clara Workflow incorporates monitoring capabilities (e.g. data mining) at the engagement level for use by member firms. The KPMG Clara Workflow was piloted in 2018, with initial

deployment globally in 2019 and full deployment beginning in 2020. The predecessor audit workflow tool, eAudit, is expected to be decommissioned in the 2021 fiscal year.

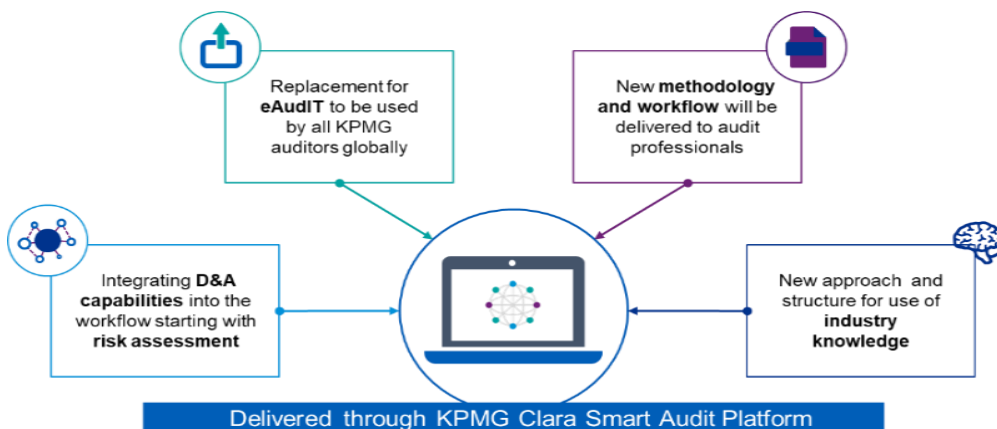
Audit data & analytics (D&A)

KPMG's audit, powered by D&A is designed to:

— **enhances audit quality**; by providing a deeper understanding of data populations, giving focus to higher risk transactions;

— **be secure**; by restricting access to data both in transit and within KPMG's IT environments; and

— **be transparent**; by facilitating detailed analysis to uncover the reasons behind, and root causes of, outliers and anomalies and provide increased visibility into higher risk transactions and process areas. D&A tools and routines are built on principles and professional standards underlying an audit and do not relieve auditors of their responsibilities



System of quality control

Independence, integrity, ethics and objectivity

Overview

Auditor independence is a cornerstone of international professional standards and regulatory requirements.

KPMG International has detailed independence policies and procedures, incorporating the requirements of the IESBA Code of Ethics. These are set out in KPMG's Global Quality & Risk Management Manual, which applies to all KPMG member firms. Automated tools, which must be used for every prospective engagement to identify potential independence and conflict of interest issues, Automated tools facilitate compliance with these requirements.

These policies are supplemented by other processes to ensure compliance with the standards issued by [insert name of national body] and those of [other applicable regulatory bodies]. These policies and processes cover areas such as firm independence (covering, for example, treasury and procurement functions), personal independence, firm financial relationships, post-employment relationships, partner rotation and approval of audit and non-audit services.

The Partner-in-Charge of the Global Independence Group, is supported by a core team of specialists to help ensure that robust and consistent independence policies and procedures are in place at KPMG member firms, and that tools are available to help the firms and their personnel to comply with these requirements.

KPMG Hazem Hassan has a designated Ethics and Independence Partner (EIP) who has primary responsibility for the direction and execution of ethics and independence policies and procedures in KPMG Hazem Hassan. The EIP is responsible for communicating and implementing KPMG global policies and procedures and ensuring that local policies and procedures are established and effectively implemented when they are more stringent than the global requirements. The EIP fulfills this responsibility through:

- implementing/monitoring the ethics and independence quality control process and structure within the firm;
- approving/appointing partners responsible for ethics and independence within the firm;
- overseeing the processes related to the evaluation of specific independence threats in connection with clients and prospective clients;

- participating in the development and delivery of training materials,
- monitoring compliance with policies;
- implementing procedures to address non-compliance; and
- overseeing the disciplinary process for ethics and independence matters.

Amendments to KPMG International's ethics and independence policies in the course of the year are included in regular quality and risk communications with member firms. Member firms are required to implement changes as specified in the communications, and this is checked through the internal monitoring programs described in "Internal monitoring and compliance programs" section

KPMG Hazem Hassan partners and employees are required to consult with the EIP on certain matters as defined in the Global Q&RM Manual. The EIP may also be required to consult with the Global Independence Group, depending upon the facts and circumstances.

Personal financial independence

KPMG International policies require that each KPMG member firm and KPMG professionals are free from prohibited financial interests in, and prohibited financial relationships with, KPMG member firm assurance and audit clients, (by definition, 'audit client' includes its related entities or affiliates), their management, directors, and, where required, significant owners.

All KPMG partners — irrespective of their member firm and function — are generally prohibited from owning securities of any audit client of any member firm.

KPMG member firms use a web-based independence compliance system (KICS) to assist our professionals in complying with personal independence investment policies. This system contains an inventory of publicly available investments and provides a tracking

System of quality control

mechanism for required users to report acquisitions and disposals of their financial interests. The system facilitates monitoring by identifying and reporting impermissible investments and other non-compliant activity (i.e., late reporting of an investment acquisition).

All partners and all manager grade and above client-facing employees are required to use the KICS system prior to entering into an investment to identify whether they are permitted to do so. They are also required to maintain a record of all of their investments in publically traded entities in KICS, which automatically notifies them if any investment subsequently becomes restricted. Newly restricted investments must be disposed of within five business days of the notification. KPMG monitors Partner and manager compliance with this requirement as part of our program of independence compliance audits of a sample of professionals.

The Global Independence Group provides guidance and suggested procedures relating to the audit and inspection by KPMG member firms of personal compliance with KPMG's independence policies. This includes sample criteria including the minimum number of professionals to be audited annually.

[In 2019 over {20} of KPMG Hazem Hassan personnel were subject to these audits (this included approximately [24%] of our partners).

Employment relationships

Any KPMG Hazem Hassan professional providing services to an audit client irrespective of function is required to notify our EIP if they intend to enter into employment negotiations with that audit client. For partners, this requirement extends to any audit client of any KPMG member firm that is a public interest entity.

Former members of the audit team or former partners of KPMG Hazem Hassan are prohibited from joining an audit client in certain roles unless they have disengaged from all significant connections to KPMG Hazem Hassan, including payments which are not fixed and determined and/or would be material to KPMG Hazem Hassan and ceased participating in KPMG Hazem Hassan business and professional activities.

Key audit partners and members of the chain of command for an audit client that is a public interest entity are subject to time restrictions (referred to as 'cooling-off' periods) that preclude them from joining that client in certain roles until a defined period of time has passed.

We communicate and monitor requirements in relation to Employment and partnership of KPMG Hazem Hassan professionals by audit clients.

Firm financial independence

KPMG member firms must also be free from prohibited interests in, and prohibited relationships with, audit clients, their management, directors and, where required, significant owners.

In common with other KPMG member firms, KPMG Hazem Hassan uses KICS to record their own direct and material indirect investments in listed entities and funds (or similar investment vehicles) as well as in non-listed entities or funds. This includes investments held in pension, and employee benefit plans.

Additionally, KPMG Hazem Hassan is required to record in KICS all borrowing and capital financing relationships, as well as custodial, trust and brokerage accounts that hold member firm assets.

On an annual basis, KPMG Hazem Hassan confirms compliance with independence requirements as part of the Risk Compliance Program.

System of quality control

Business relationships/suppliers

KPMG Hazem Hassan has policies and procedures in place that are designed to ensure its business relationships with audit clients are maintained in accordance with the IESBA Code of Ethics and Financial Regulatory Authority (FRA) requirements such as those promulgated by the SEC.

Detailed guidance is maintained covering, business alliances and joint working arrangements, procurement relationships, and marketing and public affairs activities. Consultation with our ethics and independence professionals is required in any case of uncertainty to ensure that no relationship is entered into with an audit client or its management which is not permitted for independence purposes.

Independence clearance process

KPMG Hazem Hassan follows specific procedures to identify and evaluate threats to independence related to prospective audit clients that are public interest entities; these procedures, also referred to as 'the independence clearance process,' must be completed prior to accepting an audit engagement for these entities.

Engagement partners are responsible for evaluating and accepting a new engagements which includes any , considerations of compliance with independence. The EP also required to identify threats to independence through evaluation process , evaluate the significance of the threats identified; and apply safeguards, when necessary, to eliminate the threats or reduce it to an acceptable level. Engagement team is required to document conclusions regarding compliance with independence requirements and any safeguards applied in engagement acceptance form along with maintaining communications required with risk management ethics and independence partner

Independence training and confirmations

All KPMG Hazem Hassan provides all relevant personnel (including all partners and client service / facing professionals), as well as certain other individuals, must complete independence training that is appropriate to their grade and Function upon joining KPMG Hazem Hassan and on an annual basis thereafter.

New partners and client-facing employees who are required to complete this training must do so by the earlier of (a) thirty days after joining KPMG Hazem Hassan or (b) before providing any services to, or becoming a member of the chain of command for, any audit client (by definition, "audit client" includes its related entities or affiliates).

We also provide all partners and employees with biennial training on:

- The [Global Code of Conduct or the KPMG Hazem Hassan Code of Conduct] and ethical behavior, including KPMG's anti-bribery policies, compliance with laws, regulations, and professional standards; and
- reported suspected or actual non compliance with laws, regulations, professional standards, KPMG and KPMG's policies.

New partners and employees are required to complete this training within three months of joining KPMG Hazem Hassan

System of quality control

All KPMG partners and employees are required to sign, upon joining KPMG Hazem Hassan / accepting their offer to join KPMG Hazem Hassan and thereafter, an annual confirmation stating that they have remained in compliance with applicable ethics and independence policies throughout the year.

Non-audit services

All KPMG firms are required, at a minimum, to comply with the IESBA Code of Ethics and applicable laws and regulations, related to the scope of services that can be provided to audit clients.

KPMG Hazem Hassan are required to establish and maintain a process to review and approve all new and modified services that are developed by KPMG Hazem Hassan. KPMG Hazem Hassan's EIP is involved in the review of potential independence issues. In addition to identifying potential conflicts of interest, Sentinel™, facilitates compliance with these policies. Certain information on all prospective engagements including service descriptions and fees must be entered into Sentinel™ as part of the engagement acceptance process. When the engagement is for an audit client, an evaluation of potential threats and safeguards is also required to be included in the Sentinel™ submission.

Lead audit engagement partners are required to: maintain group structures for their publicly traded and certain other audit clients as well as their related entities or affiliates in Sentinel, and they are also responsible for identifying and evaluating any independence threats that may arise from the provision of a proposed non-audit service and the safeguards available to address those threats.

In accordance with applicable auditor independence rules, none of our audit partners are compensated on their success in selling non-audit services to their audit clients

Fee dependency

KPMG International's policies recognize that self-interest or intimidation threats may arise when the total fees from an audit client represent a large proportion of the total fees of the member firm expressing the audit opinion. These policies require KPMG member firms to consult with their Area Q&RM Leader where it is expected that total fees from an audit client will exceed 10 percent of the annual fee income of the member firm for two consecutive years. In the event that the total fees from a public interest entity audit client and its related entities were to represent more than 10 percent of the total fees received by a particular member firm for two consecutive years these policies further require that:

- This would be disclosed to those charged with governance at the audit client; and
- A senior partner from another KPMG member firm would be appointed as the engagement quality control (EQC) reviewer.

No audit client accounted for more than 10 percent of the total fees received by KPMG Hazem Hassan over the last two years.

System of quality control

Resolving conflicts of interest

Conflicts of interest can arise in situations where KPMG Hazem Hassan partners and employees have a personal connection with the client which may interfere or be perceived to interfere, with their ability to remain objective, or where they are personally in possession of confidential information relating to another party to a transaction. Consultation with the Risk Management Partner (RMP) or the EIP is required in these situations.

KPMG International policies are also in place to prohibit KPMG partners and staff from accepting gifts and hospitality from audit clients, unless the value is trivial and inconsequential, is not prohibited by relevant law or regulation and is not deemed to be have been offered with the intent to improperly influence the behavior of the audit team member or the member firm. KPMG partners and staff are also precluded from offering inducements, including gifts and entertainment, which are made or perceived to be made with the intent to improperly influence the behavior of the recipient or which would cast doubt on the individual's or the member firm's integrity, independence, objectivity or judgment.

Any potential conflict matters that raise important points of principle for our firm are referred to our E&I partner for resolution; in cases of difficulty a panel of partners may be convened to resolve the matter.

All KPMG member firms and personnel are responsible for identifying and managing conflicts of interest, which are circumstances or situations that have, or may be perceived to have an impact on a member firm and / or its partners and employees in their ability to be objective or otherwise act without bias.

All KPMG member firms must use sentinel for potential conflict identification so that these can be addressed in accordance with legal and professional requirements.

KPMG Hazem Hassan has risk management resource/s who are/is responsible for reviewing an identified potential conflict and working with the affected member firms to resolve the conflict, the outcome of which must be documented.

Escalation and dispute resolution procedures are in place for situations in which agreement cannot be reached on how to manage a conflict. If a potential conflict issue cannot be appropriately mitigated, the engagement is declined or terminated

Independence Breaches

All KPMG Hazem Hassan personnel are required to report an independence breach as soon as they become aware of it to the EIP. In the event of failure to comply with our independence policies, whether identified in the compliance review, self-declared or otherwise, professionals are subject to an independence disciplinary policy. All breaches of independence rules must be reported to those charged with governance as soon as possible except where alternative timing for less significant breaches has been agreed to with those charged with governance.

KPMG Hazem Hassan has a documented and communicated disciplinary policy in relation to breaches of independence policies, incorporating incremental sanctions reflecting the seriousness of any violations. [Our Quality, Risk & reputation committee oversees policies and procedures in relation to ethical matters and breaches of requirements].

[Matters arising are factored into our promotion and compensation decisions and, in the case of engagement leaders and managers, are reflected in their individual quality and risk metrics.]

Compliance with laws, regulations, and anti-bribery and corruption

Compliance with laws, regulation and standards is a key aspect for everyone at KPMG Hazem Hassan. In particular, we have zero tolerance of bribery and corruption.

We prohibit involvement in any type of bribery — even if such conduct is legal or permitted under applicable law or local practice. We also do not tolerate bribery by third-parties, including by our clients, suppliers or public officials.

System of quality control

Further information on KPMG International anti-bribery and corruption policies can be found on the

<https://home.kpmg/xx/en/home/about/who-we-are/governance/anti-bribery-and-corruption.html>

Partner and firm rotation

KPMG International partner rotation policies are consistent with or exceed the requirements of the IESBA Code of Ethics and require all member firms to comply with any stricter local applicable rotation requirements.

KPMG Hazem Hassan partners are subject to periodic rotation of their responsibilities for audit clients under applicable laws, regulations, independence rules and KPMG International policy. These requirements place limits on the number of consecutive years that partners in certain roles may provide audit services to a client, followed by a 'time-out' period during which time these partners may not :

- participate in the audit;
- provide quality control for the audit;
- consult with the engagement team or the client regarding technical or industry-specific issues; in any way influence the outcome of the audit;
- lead or coordinate professional services at the client;
- oversee the relationship of the firm with the audit client; or have any other significant or frequent interaction with senior management or those charged with governance at the client

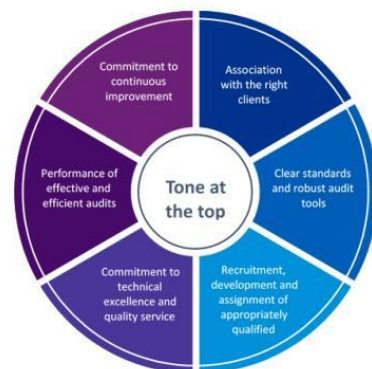
KPMG Hazem Hassan monitors the rotation of audit engagement leaders (and any other key roles, such as the Key Audit Partner and Engagement Quality Control Reviewer, where there is a rotation requirement) and develops transition plans to enable allocation of partners with the necessary competence and capability to deliver a consistent quality of service to clients.

The Egyptian Regulatory Authority (FRA), the regulatory body in Egypt, recently announced the new rotation requirements: for Banks –10 years for the Firm and 5 years for the partner within one firm, not to exceed the 10 years. as a transition at the date of commencing the rotation rule, a partner completed his/her five years term may continue the remaining period of his/her five years term even if his/her firm exceeded 10 years.

KPMG Hazem Hassan rotated all banking partners after 2015 to maximize their tenure and mitigate any short-term impact.

With respect to financial institution other than banks, The Financial Regulatory Authority (FRA) has issued new rotation rule (6 years rotation for partners and the firm) in April 2018 that might affect our portfolio if applied retroactively. This matter is not clear from legal stand, and waiting any interpretation from FRA.

Other Companies (Non-banks and Financial institutions) Subject to FRA rotation rules – 5 years rotation for partners, with no limit on the firm. With no Specific date for application.



System of quality control

Recruitment, development and assignment of appropriately qualified personnel

One of the key drivers of quality is ensuring that all KPMG professionals have the appropriate skills and experience, passion and purpose, to deliver the highest quality in audit. This requires the right recruitment, development, reward, promotion, retention and assignment of professionals.

Recruitment

KPMG Hazem Hassan is committed to building an extraordinary people experience for all KPMG partners and employees prospective partners and employees.

[Our recruitment strategy are focused on drawing entry-level talent from a broad talent base, including working with established universities and colleges, helping build relationships with a younger, diverse talent pool at an early age.]

KPMG Hazem Hassan also recruits significant numbers at an experienced hire.

All candidates submit an application and are employed following a variety of selection processes, which may include [application screening, competency-based interviews, psychometric and ability testing, and qualification/reference checks]. These leverage fair and job-related criteria to ensure that candidates possess the appropriate characteristics to perform competently, are suitable and best placed for their roles.

KPMG Hazem Hassan recruited over [199] new graduates in the year ended 30 December 2019 (2018: approximately 100).

Where individuals are recruited for senior grades, a formal independence discussion is conducted with them by the Ethics and Independence Partner or a delegate. KPMG Hazem Hassan does not accept any confidential information belonging to the candidate's former firm/employer.



System of quality control

Personal development

Development

KPMG Hazem Hassan will shortly be launching a new approach to performance development built around the Everyone a Leader performance principles, Open Performance Development, Which includes:

- Global role profiles;
- a goal library; and
- Standardized review forms.

Open Performance Development is linked to the KPMG values and designed to articulate what is required for success — both individually and collectively. We know that by being clear and consistent about the behavior we're looking for and rewarding those who role model these behaviors, will enhance our ability to achieve quality and we have articulated this through our performance principles of seeking growth, inspiring trust and delivering impact.

At the same time, we are driving a shift in our performance-driven culture, supported by and enacted through leading technology that allow us to embed audit quality to the assessment of performance and the decisions around reward as well as drive consistency across the Global Organization.

KPMG Hazem Hassan monitors quality and compliance incidents and maintains quality and compliance metrics in assessing the overall evaluation, promotion and remuneration of partners [and directors and managers]. These evaluations. of partners [and directors and managers]. These evaluations are conducted by performance managers and partners who are in a position to assess performance.

Inclusion and Diversity programs

KPMG Hazem Hassan works hard to foster an inclusive culture. Being inclusive enables us to bring together successful teams with the broadest range of skills, experiences and perspectives.

Our leadership and management teams also need to reflect the diversity within our firm and the diversity of our clients.

We believe that the established KPMG Global Inclusion and Diversity strategy provides the framework to drive the actions that are necessary to promote inclusive leadership at KPMG Hazem Hassan and across all KPMG member firms.

For more about Inclusion & Diversity at KPMG read :

<https://home.kpmg/xx/en/home/about/what-we-stand-for/inclusion-and-diversity.html>

Reward and Promotion

KPMG Hazem Hassan's policy prohibits audit partners from being evaluated on or compensated based on their success in selling non-assurance services to audit clients.

System of quality control

Reward

KPMG has compensation and promotion policies that are informed by market data, clear, simple, and linked to the performance review process. This helps our partners and employees know what is expected of them, and what they can expect to receive in return. The connection between performance and reward is achieved through [calibration/moderation meetings] where relative performance across a peer group is discussed and used to inform reward decisions.

Reward decisions are based on consideration of both individual and organizational (member firm) performance.

The results of performance evaluations directly affect the promotion and remuneration of partners and employees and, in some cases, their continued association with KPMG.

The extent to which our people feel their performance has been reflected in their reward is measured through the Global People Survey, with action plans developed accordingly.

Promotion

The results of performance evaluations directly affect the promotion and remuneration of partners and employees and, in some cases, their continued association with KPMG.

Partner admissions

The KPMG Hazem Hassan process for admission to partnership is rigorous and thorough, involving appropriate members of leadership. Our criteria for admission to the KPMG Hazem Hassan partnership are consistent with our commitment to professionalism and integrity, quality, and being an employer of choice.

All recommendations for admission to membership of KPMG Hazem Hassan need to be approved by the firm's council.

Assignment of professionals

KPMG Hazem Hassan has procedures in place to assign both engagement partners and professionals to a specific engagement on the basis of their skill sets, and relevant professional and industry experience, and the nature of the assignment or engagement.

Our firm is organized into specialized industry groups and the Managing Partner assigns engagements to groups in accordance with the nature of the client industry and other requirements for reporting including accreditation requirements and the nature of the assignment or engagement.

Function heads are responsible for the partner assignment process. Key considerations include partner experience, and capacity, based on an annual partner portfolio review, to perform the engagement taking into account the size, complexity and risk profile of the engagement and the type of support to be provided (i.e., the engagement team composition and specialist involvement).



System of quality control

Audit engagement partners are required to be satisfied that their engagement teams have appropriate competencies, training and capabilities - including time, to perform audit engagements in accordance with KAM, professional standards and applicable legal and regulatory requirements. This may include involving KPMG's local and global specialists.

When considering the appropriate competence and capabilities expected of the engagement team as a whole, the engagement partner's considerations may include the following:

- an understanding of, and practical experience with, audit engagements of a similar nature and complexity through appropriate training and participation
- an understanding of professional standards and legal and regulatory requirements
- appropriate technical skills, including those related to relevant information technology and specialized areas of accounting or auditing
- knowledge of relevant industries in which the client operates
- ability to apply professional judgment
- an understanding of KPMG Hazem Hassan quality control policies and procedures.
- Quality Performance Review (QPR) results and results of regulatory inspections

As an additional control in Audit (where the services are of more of a recurring nature than across much of the rest of our business), our Heads of Audit and Quality & Risk together perform an annual review of the portfolio of all of our audit engagement partners.

The purpose of this portfolio review is to look at the complexity and risk of each audit and then to consider whether or not taken as a whole the specific engagement partner has the appropriate time and the right support to enable them to perform a high quality audit for each client in their portfolio.

Insights from our people – Global People Survey (GPS)

Annually KPMG Hazem Hassan invites all its people to participate in an independent Global People Survey to share their perception about their experience working for KPMG. The GPS provides an overall measure of our people's engagement through an Engagement Index (EI) as well as insights into areas driving engagement which may be strengths or opportunities.

Results can be analyzed by functional or geographic area, grade, role, gender to provide additional focus for action. Additional insight is provided on how we are faring on categories known to impact engagement.

The survey also specifically provides KPMG Hazem Hassan leadership and KPMG global leadership with results related to quality and risk behaviors, audit quality, upholding the KPMG values, employee and partner attitudes to quality, leadership and tone at the top, KPMG Hazem Hassan participates in the GPS, monitors results and takes appropriate actions to communicate and respond to the findings of the survey.

The results of the GPS are also aggregated for the entire Global Organization and are presented to the Global Board each year and appropriate follow-up actions agreed.

System of quality control

Commitment to technical excellence and quality service delivery

All KPMG Hazem Hassan professionals are provided with the technical training

and support they need to Perform their role. This includes access to internal specialists and the professional practice department or equivalent



either to provide resources to the engagement team or for consultation. Where the right resource is not available within KPMG Hazem Hassan, access is provided to a network of highly skilled KPMG professionals in other KPMG member firms.

At the same time audit policies to require all KPMG audit professionals to have the appropriate knowledge and experience for their assigned engagements.

Lifetime learning strategy

Formal training

Annual training priorities for development and delivery are identified by the Audit Learning and Development steering groups at global, regional and, where applicable, at a local level. Training is delivered using a blend of classroom, digital learning and performance support to assist auditors on the job.

Mentoring and on the job training

Learning is not confined to the classroom, rich learning experiences are available at when needed through coaching and just-in-time learning, available at the click of a mouse and aligned with job specific role profiles and learning paths. All classroom courses are reinforced with appropriate performance support to assist auditors on the job.

In relation to audit, KPMG Hazem Hassan:

deploys a variety of learning solutions that are designed to reinforce the KPMG values and ensure our professionals get the fundamentals right, and develop the necessary skills and attitudes to make judgments, and apply professional skepticism that enhance audit quality and the value of audit.

provide instructor-led and virtual classroom training, performance support tools and just-in-time learning. Guidance is available on judgmental audit topics – this is used by audit teams and this guidance is embedded across audit learning solutions

provide courses to enhance personal effectiveness and develop leadership and business skills. Our partners and employees are developed further for high performance through coaching and mentoring on the job, stretch assignments and country rotational and global mobility opportunities

Licensing and mandatory requirements for IFRS and U.S. GAAP engagements

Licensing

All KPMG Hazem Hassan professionals are required to comply with applicable professional license rules and satisfy the Continuing Professional Development (CPD) requirements in the jurisdiction where they practice.

KPMG [Global] / [Hazem Hassan] policies and procedures are designed to facilitate compliance with license requirements.

System of quality control

We are responsible for ensuring that audit professionals working on engagements have appropriate audit, accounting and industry knowledge and experience in the local predominant financial reporting framework – Egyptian Accounting Standards.

Mandatory requirements – IFRS and U.S.GAAP engagements

In addition, KPMG has specific requirements for partners, managers and EQC reviewers working on IFRS engagements, in countries where IFRS is not the predominant financial reporting framework.

Similar policies to engagements performed outside the U.S. to report on financial statements or financial information prepared in accordance with U.S. GAAP and/or audited in accordance with U.S. auditing standards, including reporting on the effectiveness of the entity's internal control over financial reporting (ICOFR). These require that at a minimum, all partners, managers, engagement in-charges and EQC reviewers assigned to the engagement have completed relevant training and that the engagement team, collectively, has sufficient experience to perform the engagement or has implemented appropriate safeguards to address any shortfalls.

KPMG Hazem Hassan engagement teams have access to a network of local and global specialists as well as specialists in other KPMG member firms.

Specialists who are members of an audit team and have overall responsibility for specialist involvement on an audit engagement have the competencies, capabilities and objectivity to appropriately fulfill their role.

Training on audit concepts is provided to these specialists. The need for specialists (e.g. Information Technology, Tax, Treasury, Actuarial, Forensic, Valuation) to be assigned to a specific audit engagement is considered as part of the audit engagement acceptance and continuance process.

Access to specialist networks

KPMG Hazem Hassan engagement teams have access to a network of local and global specialists as well as specialists in other KPMG member firms.

Specialists who are members of an audit team and have overall responsibility for specialist involvement on an audit engagement have the competencies, capabilities and objectivity to appropriately fulfill their role.

Training on audit concepts is provided to these specialists. The need for specialists (e.g. Information Technology, Tax, Treasury, Actuarial, Forensic, Valuation) to be assigned to a specific audit engagement is considered as part of the audit engagement acceptance and continuance process.

Culture of Consultation

KPMG encourages a strong culture of consultation that supports member firm teams throughout their decision-making processes and is a fundamental contributor to audit quality. KPMG Hazem Hassan promotes a culture in which consultation is recognized as a strength and that encourages all KPMG professionals to consult on difficult or contentious matters. To assist audit engagement professionals in addressing difficult or contentious matters, protocols have been established for consultation and documentation of significant accounting and auditing matters, including procedures to facilitate resolution of differences of opinion on engagement issues. In addition, the KPMG Global Q&RM Manual includes mandatory consultation requirements where certain matters are identified such as concerns over client integrity.

System of quality control

Technical consultation and global resources.

Across KPMG Hazrm Hassan, the Role of Audit technical committee is crucial in terms of the support that it provides to the Audit Function. It provides technical guidance to client service professionals on specific engagement related matters, develops and disseminates specific topic related guidance on emerging local technical and professional issues and disseminates international guidance on IFRS and ISAs.

Consultation with a team member at a higher level of responsibility than either of the differing parties usually resolves such differences. In other circumstances, the matter may be elevated through the chain of responsibility for resolution by technical specialists. In exceptional circumstances, a matter may be referred to the Head of Audit, Head of Audit technical committee, Head of Quality and Risk (or appropriate nationally qualified delegates) or ultimately the national senior partner (or appropriate nationally qualified delegates).

Technical auditing and accounting support is available to all member firms and their professionals through the KPMG Global Solutions Group (KGSG) (formally referred to as the Global Service Centre (GSC) and the ISG as well as U.S. Capital Markets Group for SEC foreign registrants

KPMG Global Solutions Group (KGSG)

The KGSG's mission is to drive success for KPMG's global network of Audit practices through collaboration, innovation and technology. The KGSG develops, maintains and deploys KPMG's audit methodology and technology-based tools used by KPMG audit professionals to facilitate effective and efficient audits. With three global locations, one in each region, the KGSG Audit team is made up of professionals with backgrounds in audit, IT, data science, mathematics, statistics, and more from around the world who bring diverse experiences and innovative ways of thinking to further evolve KPMG's audit capabilities.

International Standards Group (ISG)

The ISG works with Global IFRS and ISA topic teams with geographic representation from around the world to promote consistency of interpretation of IFRS and auditing requirements between member firms, identify emerging issues and develop global guidance on a timely basis.

The ISG has a network of contacts and holds regular calls both in relation to auditing and IFRS to update country professional practice representatives.

Member firm professional practice resource.

Appropriate consultation support on auditing and technical accounting matters is provided to audit engagement professionals through our professional practice resources (referred to as Department of Professional Practice or DPP). DPP also assists engagement teams where there are differences of opinion either within teams or with the EQC reviewer. Unresolved differences are required to be escalated to senior partners for final resolution. The ISG is also available for consultation when required.

Developing business understanding and industry knowledge

A key part of quality is having a detailed understanding of the client's business and industry.

For significant industries global audit sector leads are appointed to support the development of relevant industry information to audit professionals through the KPMG audit workflow.

This knowledge comprises examples of industry audit procedures and other information (such as typical risks and accounting processes).

In addition, industry overviews are available that provide general and business information in respect of particular industries as well as a summary of the industry knowledge provided in the KPMG Audit workflow.

System of quality control

Performance of effective and efficient audits

How an audit is conducted is as important as the final result. KPMG Hazem Hassan partners and employees are expected to demonstrate certain key behaviors and follow certain policies and procedures in the performance of effective and efficient audits.



Ongoing mentoring, supervision and review

We understand that skills build over time and through exposure to different experiences. To invest in the building of skills and capabilities of KPMG professionals, without compromising on quality, KPMG Hazem Hassan promotes a continuous learning environment and supports a coaching culture.

Ongoing mentoring, coaching and supervision during an audit involves :

- engagement partner participation in planning discussions
- tracking the progress of the audit engagement
- considering the competence and capabilities of the individual members of the engagement team, including whether they have sufficient time to carry out their work, whether they understand their instructions, and whether the work is being carried out in accordance with the planned approach to the engagement.
- helping engagement team members address any significant matters arising during the audit, and modifying the planned approach appropriately
- identifying matters for consultation with more experienced team members during the engagement.

A key part of effective mentoring and supervision is timely review of the work performed so that significant matters are promptly identified, discussed and addressed.



System of quality control

Timely engagement quality control (EQC) reviewers

EQC reviewers are independent of the engagement team and have the appropriate experience and knowledge to perform an objective review of the more critical decisions and judgments made by the engagement team and the appropriateness of the financial statements.

The EQC is an important part of KPMG's framework for quality. An EQC reviewer is required to be appointed for audits, including any related review(s) of interim financial information of all listed entities, non-listed entities with a high public profile, engagements that require an EQC review under applicable laws or regulations, and other engagements as designated by the Risk Management Partner or country Head of Audit.

Although the engagement partner is ultimately responsible for the resolution of financial reporting and auditing matters, the EQC reviewer must be satisfied that all significant questions raised have been resolved before an audit can be considered complete.

KPMG Hazem Hassan is continually seeking to strengthen and improve the role that the EQC reviewer plays in audits, as this is a fundamental part of the system of audit quality control.

Also ensuring that the role performed by EQCRs is taken into account when performing the Partner Portfolio Review process to ensure adequacy of time and appropriate skill set for the role and reallocation if needed; and assessing, as part of our Quality Performance Reviews, the work performed by the EQCR and the adequacy of involvement including discussion with the EQC Reviewer.

Reporting

Auditing standards and the regulations of the Egyptian Financial Supervisory Authority (EFSA) and the Central Bank of Egypt largely dictate the format and content of the auditors' report that includes an opinion on the fair presentation of the client's financial statements in all material respects. Experienced engagement partners form all audit opinions based on the audit performed.

In preparing auditors' reports, engagement partners have access to extensive reporting guidance and technical support to audit through consultations with Audit technical committee.

We provide extensive reporting guidance and technical support through consultations with Audit technical committee. In preparing audit reports, where there are significant matters to be reported to users of the auditors' report (e.g. a modification to the opinion or through the inclusion of an 'emphasis of matter' or 'other matter' paragraph as well as key audit matters to be communicated).

System of quality control

Insightful, open and honest two-way communication

Two-way communication with those charged with governance, often identified as the Audit Committee, at our clients, is key to audit quality and is a key aspect of reporting and service delivery.

At KPMG Hazem Hassan we stress the importance of keeping those charged with governance informed of issues arising throughout the audit and the need to listen to and understand their views. We achieve this through a combination of reports and presentations, attendance at Audit Committee or board meetings, and, when appropriate, ongoing informal discussions with management and members of the Audit Committee.

Client confidentiality, information security and data privacy

The importance of maintaining client confidentiality is emphasized through a variety of mechanisms including the Global and KPMG Hazem Hassan Code of Conduct, training, and the annual affidavit/confirmation process, that all KPMG professionals are required to complete.

We have a formal document retention policy concerning the retention period for audit documentation and other records relevant to an engagement in accordance with the relevant IESBA requirements as well as other applicable laws, standards and regulations.

We have clear policies on information security that cover a wide range of areas. Data Privacy policies are in place governing the handling of personal information, and associated training is required for all KPMG Hazem Hassan personnel.

Commitment to continuous improvement

KPMG commits to continually improve the quality, consistency and efficiency of KPMG audits. Integrated quality monitoring and compliance programs enable member firms to identify quality deficiencies, to perform root cause analysis and develop, implement and report remedial action plans both in respect of individual audit engagements and the overall system of quality control.

The quality monitoring and compliance programs (see "internal monitoring and compliance programs" section for details) are globally administered and consistent in their approach across all member firms, including the nature and extent of testing and reporting. KPMG Hazem Hassan compares the results of its internal monitoring programs with the results of those of any external inspection programs and take appropriate action.



System of quality control

Internal monitoring and compliance programs

KPMG Hazem Hassan monitoring programs evaluate both:

- engagement performance in compliance with the applicable standards, applicable laws and regulation and KPMG International policies and procedures; and
- KPMG Hazem Hassan compliance with KPMG International policies and procedures and the relevance, adequacy, and effective operation of key quality control policies and procedures.

Our internal monitoring program also contributes to the assessment of whether our system of quality control has been appropriately designed, effectively implemented, and operates effectively. These include:

- Quality Performance Reviews and Risk Compliance Programs (RCP), which are conducted annually across the Audit, Tax, and Advisory functions ; and
- A cross functional Global Compliance review (GCR) program. which is conducted at least every three years .

The results and lessons from the integrated monitoring programs are communicated internally and appropriate action is taken at local, regional and global levels

Audit Quality Performance Reviews (QPRs)

The QPR program assesses engagement level performance and identifies opportunities to improve engagement quality.

Risk-based approach

Each engagement leader in every KPMG member firm is reviewed at least once in a three year cycle. A risk-based approach is used to select engagements.

KPMG Hazem Hassan conducts the annual QPR program in accordance with KPMG International QPR instructions. The reviews are performed at KPMG Hazem Hassan level and are monitored regionally and globally. Member firm Audit QPR reviews are overseen by a senior experienced lead reviewer independent from the member firm.

Reviewer selection, preparation and process

There are robust criteria for selection of reviewers. Review teams include senior experienced lead reviewers that are independent of the member firm under review. Training is provided to review teams and others overseeing the process, with a focus on topics of concern identified by audit oversight regulators and the need to be as rigorous as external reviewers.

Evaluations from Audit QPR

Consistent criteria are used to determine engagement ratings and member firm Audit practice evaluations.

Audit engagements selected for review are rated as 'Satisfactory', 'Performance Improvement Needed' or 'Unsatisfactory'.

Reporting

Findings from the QPR program are disseminated to member firm professionals through written communications, internal training tools, and periodic partner, manager and staff meetings.

These areas are also emphasized in subsequent inspection programs to gauge the extent of continuous improvement. Lead audit engagement partners are notified of less than satisfactory (defined as 'Performance Improvement Needed' or 'Unsatisfactory') engagement ratings on their respective cross-border engagements and/or global audit accounts and subsidiaries. Additionally lead audit engagement partners of global audit accounts are notified where a subsidiary of their client group is audited by a member firm where quality issues have been identified during the QPR.

System of quality control

Risk Compliance Program (RCP)

KPMG International develops and maintains quality control policies and processes that apply to all KPMG member firms. These policies and processes, and their related procedures, include the requirements of ISQC 1. During the annual RCP, we perform a robust assessment program consisting of documentation of quality controls and procedures, related compliance testing and reporting of exceptions, action plans and conclusions.

The objectives of the RCP are to :

- Document, assess, and monitor the extent of compliance of KPMG Hazem Hassan system of quality control with Global Quality & Risk Management policies and key legal and regulatory requirements relating to the delivery of professional services; and
- Provide the basis for KPMG Hazem Hassan to evaluate that the firm and its personnel comply with relevant professional standards and applicable legal and regulatory requirements

Where deficiencies are identified, we are required to develop appropriate action plans and monitor the status of each action item.

Global Compliance Review (GCR) programs

Each member firm is subject to a GCR conducted by KPMG International's GCR team, independent of the member firm, at least once in a 3 year cycle.

The GCR team performing the reviews is independent of the KPMG member firm and is objective and knowledgeable of Global Quality and Risk Management policies. GCRs assess compliance with selected KPMG International policies and procedures and share best practices among member firms. The GCR provides an independent assessment of:

- a member firm's commitment to quality and risk management (tone at the top) and the extent to which the overall structure, governance and financing support and reinforce this commitment
- member firm's compliance with KPMGI policies and procedures; and
- the robustness with which the member firm performs its own compliance program (RCP).

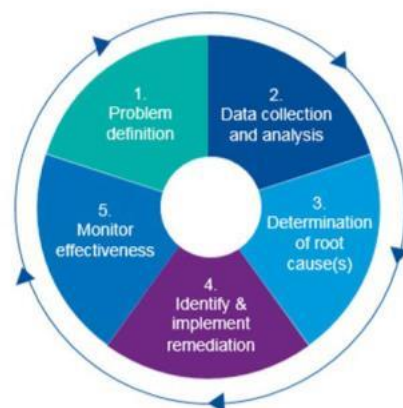
KPMG Hazem Hassan develop action plans respond to all GCR findings and agree these with the GCR team. Our progress on action plans is monitored by the GCR central team. Results are reported to the Global Quality & Risk Management Steering Group and, where necessary, to help appropriate KPMG International and regional leadership, to ensure timely remedial actions taken by the member firm.

Root Cause Analysis (RCA)

KPMG Hazem Hassan performs root cause analysis to identify and address audit quality issues in order to prevent them from recurring and help identifies good practices as part of continuous improvement.

In 2017, RCA training based on our Global RCA 5 Step Principles was attended by those individuals at KPMG Hazem Hassan who will be performing RCA or directing those performing RCA. The training provides a common platform for advancing the practices and skills associated with resourcing, planning and conducting RCA.

The Global RCA 5 Step Principles are as follows:



System of quality control

It is the responsibility of all KPMG member firms to perform RCA and thereby identify and subsequently develop appropriate remediation plans for the audit quality issues identified.

KPMG Hazem Hassan Head of Audit is responsible for the development and implementation of action plans as a result of RCA, including identification of solution owners. Our Risk Management Partner monitors their implementation.

Recommendations for improvements

At a global level, through the GAQSC and the Global Quality & Risk Management Steering Group, KPMG International reviews the results of the quality monitoring programs, analyzes member firm root causes and action plans and develops additional global actions as required.

Global remediation plans developed by KPMG International are aimed at changing culture and behavior across the Global Organization and at driving consistent engagement team performance within KPMG member firms.

The remediation plans have been implemented through the development of global training, tools and guidance to drive consistency, ensure the fundamentals are right and that best practice is shared across the Global Organization.

External feedback and dialogue

Regulators

In Egypt the Financial regulatory Authority (FRA) has been established to carry out independent inspections for the coming years. The firm has not yet been reviewed.

KPMG Hazem Hassan is under the process of registration with the UK Professional Oversight Board "FRC" as a third country auditor (registration number EG 1103) according to EU Directive 2006/43/EC, as amended,

KPMG International has regular two-way communication with the International Forum of Independent Audit Regulators (IFIAR) to discuss audit quality findings and actions taken to address such issues across the entire organization.

Client feedback

We proactively seek feedback from clients through in-person conversations and clients surveys to monitor their satisfaction with services delivered. We endeavour to take this feedback and make dynamic changes at both the engagement level and firm level to meet clients' needs

Monitoring of complaints

We have procedures in place for monitoring and addressing complaints received relating to the quality of our work. These procedures are detailed on our operating firms' websites as well as in our general terms of business.



5

Financial information

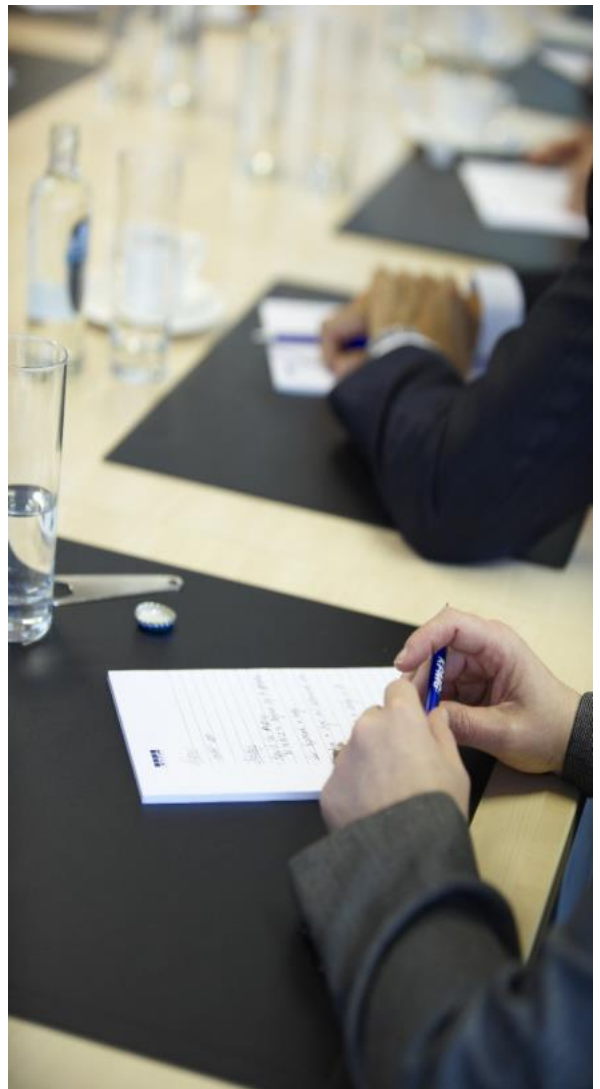
Although there is no local legislation that requires disclosure of financial information that shows the importance of statutory audit work to the overall results, we prepared such data to give a 'transparent' view to comply with the European Union (EU) 8th Company Law Directive.

The financial information represents information on our all operations that are: Audit, Tax and Advisory. Certain Advisory services are provided through separate legal entities in most cases to comply with local laws requirements.

Total firm revenues can be analyzed on the following basis:

Total firm revenues for years 2019 & 2018 "EGP"	31/12/2019	31/12/2018
Audit of annual and consolidated financial statements	256,050,397	232,582,354
Non-audit service for audit clients	42,567,322	40,110,501
Non-audit service for none audit clients	103,102,877	94,151,874
Total	401,720,596	366,844,729

Total firm audit revenues for years 2018 & 2017 "EGP"	31/12/2019	31/12/2018
Audit services of Public-interest entities "PIEs"	40,968,064	40,287,531
Audit services of non Public-interest entities "Non-PIEs"	215,082,333	192,294,823
Total	256,050,397	232,582,354



6

Partner remuneration

Partner remuneration

Partners' profit share

Partners are remunerated out of the distributable profits of KPMG Hazem Hassan (such profits being determined by KPMG Hazem Hassan management Board) and are personally responsible for funding pensions and most other benefits. The final allocation of profits to partners is made by the executive committee after assessing each partner's contribution for the year. The KPMG Hazem Hassan Board's Compensation and Nomination Committee] (comprising partners of the Board) approves this process and oversees its application.

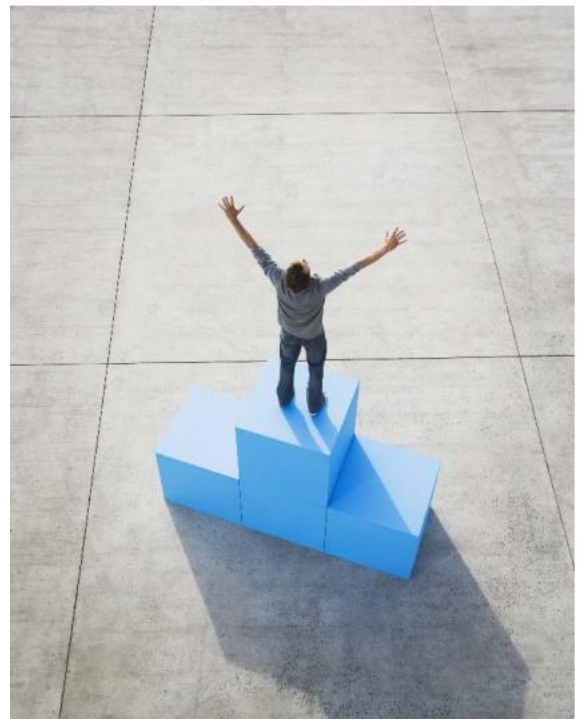
There are two elements to partner remuneration:

- base component – a proportion of the KPMG Hazem Hassan budgeted profits are allocated to members as base component; this is effectively member salary. The amount of base component reflects the role and seniority of each partner. In the year to 31 December 2019, the total base component was approximately 50% of the profits allocated to individual members (2018: 50%); and
- profit related performance component – rewards performance in the year by each partner against individual objectives previously agreed and the overall profits of their part of KPMG Hazem Hassan as a whole. Our policies for this variable element of partner remuneration take into account a number of factors including quality of work, excellence in client service, growth in revenue and profitability, leadership and living the KPMG values. Audit partners are not permitted to have objectives related to, or receive any remuneration from, selling non-audit services to their audit clients. In addition, a part of their performance-related component is based on an assessment of their ability to deliver audit quality

Drawings

During the year, partners working within KPMG Hazem Hassan received monthly drawings, and from time to time, additional profit distributions. The level and timing of the additional distributions are decided by the executive committee taking into account cash requirements for operating and investing activities. All such drawings and profit distributions to partners represent payments on account of current year profits and are reclaimable from partners until profits have been allocated.

Any over-distribution of profits during the year is also recoverable from partners.



7

Network arrangements

Legal Structure

The independent member firms of the network are affiliated with KPMG International, a Swiss cooperative which is a legal entity formed under Swiss law.

KPMG International carries on business activities for the overall benefit of the KPMG network of member firms but does not provide professional services to clients. Professional services to clients are exclusively provided by its member firms.

One of the main purposes of KPMG International is to facilitate the provision by member firms of high quality Audit, Tax, Advisory services to their clients.

For example, KPMG International establishes, and facilitates the implementation and maintenance of, uniform policies, standards of work and conduct by member firms and protects and enhances the use of the KPMG name and brand.

KPMG International is an entity which is legally separate from each member firm. KPMG International and the member firms are not a global partnership, joint venture or partnership with each other.

No member firm has any authority to obligate or bind KPMG International or any other member firm vis-à-vis third parties, nor does KPMG International have any such authority to obligate or bind any member firm.

Responsibilities and obligations of member firms

Under agreements with KPMG International, member firms are required to comply with KPMG International's policies and regulations including quality standards governing how they operate and how they provide services to clients to compete effectively. This includes having a firm structure that ensures continuity and stability and being able to adopt global strategies, share resources (incoming and outgoing), service multi-national clients, manage risk, and deploy global methodologies and tools

Each member firm takes responsibility for its management and the quality of its work. Member firms commit to a common set of KPMG values (as set out in "KPMG Hazem Hassan Code of Conduct" section)

KPMG International's activities are funded by amounts paid by member firms. The basis for calculating such amounts is approved by the Global Board and consistently applied to the member firms. A firm's status as a KPMG member firm and its participation in the KPMG network may be terminated if, among other things, it has not complied with the policies and regulations set by KPMG International or any of its other obligations owed to KPMG International.

Professional Indemnity Insurance

Insurance cover is maintained in respect of professional negligence claims. The cover provides a territorial coverage on a worldwide basis and is principally written through a captive insurer that is available to all KPMG member firms.

Governance structure

The key governance and management bodies of KPMG International are the Global Council, the Global Board, and the Global Management Team.

Global Council

The Global Council focuses on high-level governance tasks and provides a forum for open discussion and communication among member firms. It performs functions equivalent to a shareholders' meeting (albeit that KPMG International has no share capital and only has members, not shareholders).

Among other things, the Global Council elects the Global Chairman and also approves the appointment of Global Board members. It includes representation from 59 member firms that are "members" of KPMG International as a matter of Swiss law. Sublicenses are generally indirectly represented by a member.

Network arrangements

The Global Board

The Global Board is the principal governance and oversight body of KPMG International. The key responsibilities of the Global Board include approving strategy, protecting and enhancing the KPMG brand, overseeing management of KPMG International, and approving policies and regulations. It also admits member firms.

The Global Board includes the Global Chairman, the Chairman of each of the three regions (the Americas; Asia Pacific (ASPAC); and Europe, the Middle East, and Africa (EMA)) and a number of senior partners of member firms

It is led by the Global Chairman, who is supported by the Executive Committee, consisting of the Global Chairman, the Chairman of each of the regions and currently three other senior partners of member firms. The list of Global Board members, as at 1 October 2019 is available in the KPMG Global Review.

<https://home.kpmg/xx/en/home/campaigns/2019/12/global-annual-review.html>

One of the other Global Board members is elected as the lead director by those Global Board members who are not also members of the Executive Committee of the Global Board (“non- executive” members). A key role of the lead director is to act as liaison between the Global Chairman and the “non- executive” Global Board members

Global Management Team

The Global Board has delegated certain responsibilities to the Global Management Team. These responsibilities include developing global strategy by working together with the Executive Committee. The Global Management Team also supports the member firms in their execution of the global strategy and is responsible for holding them accountable for commitments.

It is led by the Global Chairman and includes the Global Chief Operating Officer Global Chief administrative Officer, global function and infrastructure heads, and the General Counsel

The list of Global Management Team members as at October 2019 is available in the-KPMG Global Review <https://home.kpmg/xx/en/home/campaigns/2019/12/global-annual-review.html>

Global Steering Groups

The Global Steering Groups represent the function and infrastructure groups of KPMG International and are the main driving groups of the organization. They act under delegated authority from the Global Board and oversight by the Global Management Team, in particular the Global Audit Steering Group, Global Audit Quality Steering Committee and Global Quality Risk Management Steering Group work closely with regional and member firm leadership to:

- establish and communicate appropriate audit and quality/risk management policies;
- enable effective and efficient risk processes to promote audit quality;
- proactively identify and mitigate critical risks to the network.

Network arrangements

The roles of the Global The Global Audit Steering Group and the Global Quality & Risk Management Steering Group are detailed in the section 'Governance and leadership' of the KPMG International Transparency Report

<https://assets.kpmg/content/dam/kpmg/xx/pdf/2019/12/2019-transparency-report.pdf>

Each member firm is part of one of three regions (the Americas, ASPAC, and EMA). Each region has a Regional Board comprising a regional chairman, regional chief operating officer, representation from any sub-regions, and other members as appropriate. Each Regional Board focuses specifically on the needs of member firms within their region and assists in the implementation of KPMG International's policies and processes within the region.

Further details about KPMG International including the governance arrangements, can be found in section 'Governance and leadership' of the KPMG International Transparency Report.

<https://assets.kpmg/content/dam/kpmg/xx/pdf/2019/12/2019-transparency-report.pdf>

Area Quality & Risk Management Leaders

The Global Head of Quality, Risk and Regulatory appoints Area Quality & Risk Management Leaders (ARL) who serve a regular and ongoing monitoring and consultation function to assess the effectiveness of a member firm's efforts and processes to identify, manage and report significant risks that have the potential to damage the KPMG brand. Significant activities of the ARL, including member firm issues identified and related member firm response/remediation, are reported to Global Quality & Risk Management (GQ&RM) leadership. The objectives of the ARL role are to:

- assist GQ&RM leadership in the monitoring of member firms' quality and risk activities;
- work with GQ&RM leadership and the International Office of General Counsel (IOGC) when significant brand and legal risk issues occur to assist in ensuring that matters are properly handled; and
- assist in monitoring the effectiveness of member firm remediation of significant issues, including identification of the root cause(s) of serious quality incidents.





Statement by the Board of KPMG Hazem Hassan on the effectiveness of quality controls and independence

The measures and procedures that serve as the basis for the system of quality control for KPMG Hazem Hassan outlined in this report aim to provide a reasonable degree of assurance that the statutory audits carried out by our firm comply with the applicable laws and regulations. Because of its inherent limitations, the system of quality controls is not intended to provide absolute assurance that non-compliance with relevant laws and regulations would be prevented or detected.

The Board of KPMG Hazem Hassan has considered:

- the design and operation of the quality control systems as described in this report
- the findings from the various compliance programs operated by our firm (including the KPMG International Review Programs as described in the " Internal monitoring and compliance programs" section and our local compliance monitoring programs); and
- findings from regulatory inspections and subsequent follow up and/or remedial actions.

Taking all of this evidence together, the Board of KPMG Hazem Hassan confirms with a reasonable level of assurance that the systems of quality control within our firm have operated effectively in the year to 31 December 2019.

Further, the Board of KPMG Hazem Hassan confirms that an internal review of independence compliance within our firm has been conducted in the year to 31 December 2019.

Cairo, March 2020

Hatem Montasser



Appendices

A.1 Key Legal Entities and areas of operation

Name of Entity	Legal Structure	Regulatory Status	Nature of Business	Area of Operation
<p>Hazem Hassan (Public Accountants and Consultants) Owned by the local partners</p>	Partnership	Financial Regulatory Authority (FRA) / Ministry of Finance (MOF)	<p>Audit, Tax, Advisory, Payroll, Corporate Secretarial, Legal: , Temporary Resourcing (Seconded Employees), Training</p>	MESA / Egypt
<p>Hazem Hassan Human Resources Ltd. – Under Liquidation 100% owned by KPMG Hazem Hassan Public Accountants and Consultants.</p>	Limited Liability Company	None	Executive Recruiting: Recruitment (Human Resources).	MESA / Egypt
<p>The Egyptian Company for professional support services- S.A.E. previously named KPMG Hazem Hassan IT Systems Implementation -S.A.E. 75% owned KPMG Hazem Hassan Public Accountants and Consultants</p>	Joint Stock Company	None	IT Consulting	MESA / Egypt
<p>KPMG Hazem Hassan Consulting (S.A.E.) – Dormant 100% owned by KPMG Hazem Hassan Public Accountants and Consultants.</p>	Joint Stock Company	None	<p>Advisory: Corporate Finance, Actuarial, Compensation or Benefit Consulting: No actuarial services., IT Consulting</p>	MESA / Egypt
<p>KPMG Hazem Hassan Consulting for Securities (S.A.E.) 100% owned by KPMG Hazem Hassan Public Accountants and Consultants.</p>	Joint Stock Company	None	Advisory: Corporate Finance: Valuation services	MESA / Egypt



A. 2 Details of those charged with governance at KPMG Hazem Hassan



Hazem Hassan

Chairman

With over 40 years in the public practice, Hazem Hassan has tremendous experience in Audit, Tax and Advisory work. He is the President of the Egyptian Society of Accountants and Auditors, General Secretary and Board Member of the Egyptian Center for Economic Studies (Egypt Think Tank), Board Member of The Egyptian Institute of Directors, Chairman of the British Egyptian Business Association "BEBA", Chairman of the Confederation of Egyptian European Business Associations "CEEBA", Member of the Board and Council of FCM (Federation Experts Comptables Mediterraneens) in Rome. He was also the Chairman of The Audit Committee of The International Monetary Fund (IMF) in Washington, Board Member of the Central Bank of Egypt , and Board Member of The Capital Market Authority , Member of the Board and The Executive Committee of KPMG International, President of FCM (Federation des Experts Comptables Mediterraneens) in Rome, Chairman of the Board of Trustees of The Investment Authority and Free Zones, Board Member of Egypt's New Cities Authority.



Hatem Montasser

Senior Partner

Hatem is the firm senior partner, with extensive thirty four years working for KPMG Hazem Hassan. Hatem in his capacity as managing partner for the firm he has the responsibility of being the client relationship partner for large groups and clients with vast experience in managing sophisticated engagements. He is a Fellow of the Egyptian Society of Accountants and Auditors (ESAA).



Mohamed Alaam

Partner – Head of Tax

Alaam has served in the field of taxation for more than 30 years and specializes in providing consultations to international clients as well as key local clients. Specializes in taxation, companies & Business Law.

A. 2 Details of those charged with governance at KPMG Hazem Hassan (Cont.)



Ehab Abouelmagd

Partner – Head of Audit / Non Financial Institutions

The 25 years of experience in this specialized industry gives a lot of support to the performance of the engagement. Ehab has provided audit and accounting services to those clients in addition to special engagements such as due diligence.

Ehab has excellent experience in Egyptian accounting standards, in addition to he is IFRS accredited and has a good experience in US GAAP and Sox requirements and a member of the American Institute of certified public accountants (AICPA).



Aziz Maher

Partner – Head of Audit / Banks and Financial Institutions

Aziz has over than 28 years of experience specialized in banking and financial institutions audits. With the last 14 years in the capacity of a “Financial Services Partner”. He has served in a senior capacity in providing audit and advisory services including Transactions and Restructuring and securitization transaction to a number of financial services clients. He works with large-scale institutions and clients, at both national and group level, in the analysis and improvement of accounting standards, governance frameworks and controls. He is a Member of the American Institute of Certified Public Accountants (AICPA), Fellow of the Egyptian Society of Accountants and Auditors (ESAA).



Haytham El Mansy

Partner

Haytham is specialised in commercial valuations and feasibility studies. He has diversified experience in commercial valuations in the context of fairness opinions, mergers and acquisitions, divestiture, regulatory reporting and reorganisations. Haytham also has experience of working on international assignments and with multi-jurisdiction teams having worked on engagements in Egypt, Gulf, the UK, Europe and Libya. Prior to joining the Corporate Finance services practice in KPMG Egypt in 2007 Haytham worked for KPMG LLP in the UK. He is a certified public accountant,USA and a certified fraud examiner,USA.



Ahmed Raafat

Partner

Ahmed has extensive experience for 26 years in different industries. He has provided audit, consulting and transaction services to a variety of clients specially in the oil & gas sector. Ahmed is a member of the Energy & Natural Resources Committee of Egyptian practice and Fellow of the American Institute of Certified Public Accountants (CPA)-USA.

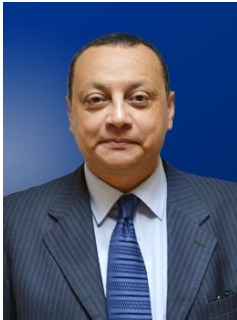
A. 2 Details of those charged with governance at KPMG Hazem Hassan (Cont.)



Samy Abdel Hafiz

Partner

Samy has been working for KPMG over twenty eight years. He is currently the partner in charge for a number of International clients and Key national clients working in a variety of business segments such as; communications, industrial markets, and consumer markets. Samy also participated in carrying out major transaction service assignments including Public Offering and Due Diligence Assistance. He is also a Fellow of the Egyptian Society of Accountants and Auditors (ESAA) and Member of Egyptian Accounting and auditing Standards Board.



Mohamed Tarek

Partner

Mohamed has been working for the biggest international professional firms for more than twenty four years. Mohamed's experience in auditing covers a variety of international and major local clients working in different business segments such as; Energy, industrial, communications, financial institutions, and consumer markets. He is also the partner in charge for the professional risk management and independence department in the firm. Mohamed participated in carrying out major transaction service assignments including Due Diligence Assistance and other advisory engagements . He is also a Fellow of the American Institute of Certified Public Accountants (CPA.)



Ahmed Helmy

Partner

Ahmed Helmy has more than 26 years experience. He is the Head of Marketing and the Head of Consumer Markets LOB in Egypt with over twenty-five years with KPMG Hazem Hassan and other biggest international professional firms. He is member of the American Institute of Certified Public Accountants (CPA)-USA, Member of the Egyptian Society of Accountants and Auditors (ESAA)



Saleh Rewaished

Partner

Saleh has been working for KPMG over sixteen years. Prior to joining KPMG, Saleh was a tax auditor at the Egyptian Tax authority for 8 years before joining KPMG Hazem Hassan. Saleh has advised International and Local Companies on Egyptian tax issues and participated in major due diligence assignments. He is also specialized in tax optimized structuring for investors inbound as well as outbound. He and his team provide the whole range of services regarding tax compliance, structuring, tax due diligence and exit planning. Saleh specializes in income tax. He practiced corporate tax since 1991.

A. 2 Details of those charged with governance at KPMG Hazem Hassan (Cont.)

Number of meetings attended during the year ended 31 December 2018

Board Member	No. meetings available	No. attended
Hazem Hassan	7	7
Hatem Montasser	7	7
Mohamed Alaam	7	7
Ehab Abouelmagd	7	7
Aziz Maher	7	7
Haytham El Mansy	7	7
Ahmed Raafat	7	7
Samy Abdelhafiz	7	7
Ahmed Helmy	7	7
Mohamed Tarek	7	7
Saleh Rowaished	7	7

A. 3 Public Interest Entities

The list of public interest entity audit clients for which KPMG Hazem Hassan has signed an audit opinion in the year ended 31 December 2019 is given below. In the absence of specific definition by local law. The definition of public interest entities for this purpose are listed entities as defined by the IESBA Code of Ethics (an entity whose shares, stock or debt are quoted or listed on a recognized stock exchange, or are marketed under the regulations of a recognized stock exchange or other equivalent body) together with entities regulated by the following local regulatory bodies where enhanced independence requirements are required:

The Financial Regulatory Authority (FRA) is a public Authority, having a legal status, established in accordance with law 10 of the year 2009 responsible for supervising and regulating non-banking financial markets and instruments,

I. **Central Bank of Egypt (CBE)** , supervising the banking sector.



A. 3 Public Interest Entities

Acrow Misr for Scaffolding and Formwork
African Export - Import Bank
African Retakaful Company
Ahli United Finance Company
Al- Ahli Capital Holding company S.A.E
Al Ahli Exchange
Al Ahli United Bank Egypt
Al Baraka Bank
Al Baraka Investment Fund
Al Ezz Ceramics And Porcelain Company (GEMMA)
Al Ezz Dekheila
Al Tadamun Microfinance Foundation
Alexandria Mutual Fund (3)
American University in Cairo
Arab African International Bank
Arab African International Bank Fourth Fund (Guard)
Arab African International Bank Money Market Fund (Juman)
Arab African International Bank Mutual Fund (shield)
Arab African International Leasing (AAIL)
Arab African International Mortgage Finance (AAIMF)
Arab African International Securities (AAIS)
Arab African investment Holding (AAIH)
Arab African Investment Management (AAIM)
Arab Banking Corporation (ABC Bank)
Arab Banking Corporation Egyptian Pound Cumulative Mutual Fund
Arab Co.for Facilities Management Security & Janitorial
Arab International Bank
Arab Misr Insurance Group (gig)
Arabeya Online Brokerage Co.
Arkaam securities brokerage S.A.E
Arope Insurance Egypt
Arope Life Insurance Egypt
Association of Friends of the National Cancer-Free Initiative
Bank Audi Mutual Fund
Bank Audi Mutual Fund (Izdhar)
Bank Misr EGP Fund
Bank Misr EUR Fund
Bank Misr USD Fund
Banque Du Caire
Belton Gems Equity Fund Limited
Beltone Asset Management
Beltone Financial Holding
Beltone Fixed Income
Beltone Holding for Investment - Free zone
Beltone Information Technology
Beltone Investment Banking
Beltone Market Maker

A. 3 Public Interest Entities

Beltone Real Estate
Beltone Securities Brokerage
Beltone Securities Holding
Blom Bank
Bupa Egypt Insurance Company
Bupa Egypt Services
C Ventures
Capital for Securitization
CI Asset Management (CIAM)
CI Capital Durable Installment Company - Souhoola
CI Capital Holding
CI Capital Investment Banking
CI Mortgage Finance
Citibank Egypt branch
Commercial International Bank Foundation
Commercial International Brokerage Company (CIBC)
Consulting Services Micro Financing (Mashroey)
Contact mortgage Company
Coptic Evangelical Organization for Social Services
Corplease Leasing Company
Credit Agricole Mutual Fund - Egypt
Credit Agricole Mutual Fund (2)
Credit Agricole Bank-Egypt
Credit Agricole Mutual Fund (4)
Credit Agricole Mutual Fund (3)
Credit Guarantee Company For Small And Medium Enterprises
Drive Auto Trade
Drive Finance Company
Dynamic Securities Trading
EFG Hermes Factoring
EFG Hermes Finance Lease Company
EFG Hermes Financial Management
EFG Hermes Holding Company
EFG Hermes Securitization
EFG Hermes Segregated Potofolio Co.
EFG Hermes Social Development Foundation
EFG Hermes - Valu
Egypt Kuwait Holding Company
Egypt Pre Owned Auto Mail S.A.E
Egypt's Society for Culture and Development
Egypt Tires Market (ETM)
Egyptian Association for Hypertension
Egyptian Banks Co . for Technological Advancement

A. 3 Public Interest Entities

Egyptian Businessmen Association
Egyptian co Dairy Products
Egyptian Co.for Manufacturing Electrical Insulators
Egyptian Company for Development Wind Energy
Egyptian Company for solar energy development
Egyptian Company for the Development of Renewable Energies
Egyptian for Real Estate Investment Fund
Egyptian Food Industries - EGY Food
Egyptian Housing Finance Co.
Egyptian portfolio management group
Egyptian Real Estate Fund
Egyptian Resorts Company (ERC)
Egyptian Saudi Insurance Home
Egyptian Union for Mortgage Finance
Egytech Cables Co.
Egyptian Zakat & Charity House
Ekuity Holding
El Ahly for Development And Investment Company
EL Sewedy Cables - Egypt
El Sewedy Development Management
El Sewedy Electric
El Sewedy Electric for Trading and Distribution
El Sewedy Electric International
El Sewedy Power
El Sewedy Sedco for Petroleum Services Co.
El Sewedy Transformers Company
Elastimold Egypt Co.
Enmaa for Livestock
Enmaa for Reclamation and Agriculture
Enmaa Ijara Company
Ertekaa for Services and Recycling
Etisalat Misr
Etisalat Foundation for Society Development and Care
Ezz Steel Company
Faisal Islamic Bank
Falcon Group
Family Corporation
Federation Of Egyptian Banks
Financial Brokerage Group
Frist Microfinance Company
GB Automotive Manufacturing Company
GB Capital Holding for Financial Investment
GB for Heavy Truck and Construction Equipment Trading
GB for Water and Environment Technology
GB Lease Finance Company
GB Light Transport Manufacturing Company
GB Logistics co.
GB Polo Bus Manufacturing
General Arab Insurance Federation - GAIF
Ghabbour Continental Trading Co.(GCT) S.A.E
Haram for Tourism Transport Company
Haram for Transportation and Trading

A. 3 Public Interest Entities

HC Brokerage Co
HC Securities and Investment Company
Hermes Finance Lease Company
Hermes Securities Brokerage
HSBC Money Market Fund for Liquidity
Industrial Engineering Co. For Construction & Development - Icon
Insurance Federation of Egypt
International Business Associates Group
International company for modern Food Manufacturing
International Trade Agencies and Marketing Co.(ITAMCO) S.A.E
Iskra Emco Energy Measurement
Juhayna Food Industries
Kafr El Zayat Pesticides and Chemicals Co.
Karnak Investments Limited
Lecico Egypt
Lebano Swisse Family Takaful - Egypt
Lockton Insurance Brokers (Egypt)
Loyalty and belonging fund for employees of Telecom Egypt Company
Master Automotive
Med Net Egypt LLC
Ministry of Social Solidarity – Takaful and Karama Project
Misr Asset Management
Misr Beltone
Misr Emirates Takaful Life Insurance
Misr Fertilizers Production Co. (MOPCO)
National Charity Investment Fund For Education
National Council for Human Rights
NI Capital holding for financial investment
NI Consulting & restructuring
Ola for Development of Industrial Zones
Orange Egypt
Orascom Construction PLC
Orascom Development Company
Orascom Investment Holding (OIH)
Orient Takaful Insurance Company
Pan African Lubricants Egypt Company
Papyrus Fund

A. 3 Public Interest Entities

pharos Mutual Fund
Plus Factoring
Plus Leasing S.A.E
Premium Card
Pyramids Development Industrial Parks
Pyramids Zona Franca for Industrial Parks Development
Qatar National Bank Al Ahli
QNB Al Ahli Life Insurance
QNB Asset Management Egypt
QNB Factoring
QNB Leasing
Ready Parts
Red Sea for Copper - Egypt
Reefy - Micro Finance Enterprise Services Co.
RGI Investment SAE
Rooya Insurance Brokerage Company
Rubex
S.L.P for Logistic Properties
Sandah Micro Finance Co.
Sarwa Capital
Sarwa for Securitization
Sawiris Foundation for Social Development
Siag El Sewedy for Towers
Sidico For Electric Industries
Sinai Cement
Sinai National Investment Company
Six October Development & Investment – SODIC
SODIC for Securitization
Societe Arabe Internationale De Banque (SAIB)
Souq Misr Commercial Center
Star Insurance Brokerage Company
Suez canal banks second equity fund Agial
Suez Canal Logistics Services Company
Tadamun Microfinance Foundation
Tahya Misr Fund
Tamweely for Micro Finance Company
Tanmeyah Micro Enterprise Services
Teba for Trade and Distrebution
Telecom Egypt
The Association For The Protection Of The Environment - APE
Tires&More Auto Service(Tires&Mre)

A. 3 Public Interest Entities

Tokyo Marine Family Takaful
Tokyo Marine General Takaful
Tsaheel Micro Finance S.A.E
Union National Bank – Egypt
United Industries - El Sewedy
United leasing
United Metal Company
United Wires - El Sewedy
University Educational Endowment
Universal for Investment and Development
WE Data
We Owe It To Egypt Foundation
Women’s Health Improvement Association

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