

## **Raya Communication on Progress: Year 2013 - Our Commitment to Corporate Sustainable Development**

The economic and political crisis in 2012-13 has renewed the emphasis for our focused attention on sustainability. The world has seen unprecedented economic disturbance caused by unsustainable business practices. This crisis has also demonstrated decisively to all of us that our actions are inter-related. We must consider the wider and long-term impact of the risks arising from the activities undertaken by us. From its earliest days, Raya Holding has taken responsibility for the impact of its activities on all its stakeholders. It has been a pioneer in employee welfare measures, social and community initiatives. It has led the way in business ethics. It has broken new ground in social and community initiatives to help build our country. And just as importantly, it has ensured sound financial management, acting always as a trustee of its shareholders' wealth. Raya Holding has withstood critical times in the past and is standing strong through the current economic instability.

Our strong commitment to sustainable development with a set of core values, encompassing human rights, environmental protection and anti-corruption measures guided our board's oversight, relationship with management, and accountability to and engagement with our shareowners. Our organization seeks to incorporate sustainability practices not only in its corporate social responsibility programs but first and far most in its business practices and internal day-to-day operations. We believe corporate social responsibility is simply a corporate attitude and will only have impact when integrated in our core business generating economic revenue while preserving our ethical and legal corporate values.

Raya Holding has been governed by principles put into practice through policies and systems. These pursuits encourage us to seek partnerships such as the United Nations Global Compact (UNGC) and together we work to improve compliance to corporate governance aspects. The UNGC commitment to labor standards, environment and anti-corruption aspects is covered and implemented through cross-functional initiatives of the company. Working conditions for employees and supply chains are primarily managed through compliance.

Working towards sustainable development, Raya Holding announced its commitment to the Integrity Network; a business-driven collective action initiative for Egypt; which primarily focuses on the establishment of an anti-corruption and transparency standard (Integrity Pledge) that is specifically tailored to the needs and challenges of SMEs working in Egypt. We believe that building trust with the community and giving organizations an edge in attracting good customers and employees, acting responsibly towards workers and others in society can help build value for businesses and their shareholders.

We have made every effort to report effectively to our stakeholders about our economic, environmental and social performance.

**Medhat Khalil**  
**Chairman and CEO, Raya Holding**

UN Global Compact	Actions Taken & Impact Achieved and/or Plans for the Upcoming Year
<b>HUMAN RIGHTS</b>	
<p><b>1. Businesses should support and respect the protection of internationally proclaimed human rights</b></p>	<p>Most of the human rights issues are fully considered and fully respected at Raya Holding. All employees are well treated, fairly appraised on an annual basis, and compensated financially based on an annual salary and benefits survey analysis that determines the salary scales for each job. They are compensated based on their achievement level for their annual objectives. To ensure fairness in compensation, Raya has applied Towers Wattson Grading System, in order to be able to classify compensation and benefits brackets and to ensure that all employees and their jobs are graded fairly and equitably. Therefore, their motivation as well as their productivity levels has increased. All international safety measures are applied at the work places - and all employees are medically covered and have life and disability insurance.</p> <p>Raya is committed to providing a safe workplace for all employees. In addition, there are laws and regulations that impose responsibility on Raya Group to safeguard against safety and health hazards. As well as securing the work environment by protecting ourselves, our assets and our operations against risk of injury, loss or damage resulting from criminal or negligence acts. Employees and other persons who are present at Raya facilities – where safety procedures are required – are expected to follow all the available safety instructions.</p> <p>Raya building is an OHSAS 18001 certified building with full occupational health and safety management. We are a smoke free building where smoking is not allowed except outside the facilities. It also has its own Gym with specialized instructors where all employees are entitled to use. In addition, special hours have been appointed for females in the gym in case they feel more comfortable to exercise in these specified hours alone. Moreover, a free hour on a daily basis is allocated for the employees to recharge their energy in the Gym or/and the cafeteria, where healthy subsidized meals are offered.</p> <p>Furthermore, a library to enrich our employees’ intellectual abilities and knowledge and to encourage them to have a work-life balance has been built in Raya building. The library includes more than 250 books from different areas like literature, self-development, management, etc. Library seminars, where prominent speakers are hosted to discuss intellectual topics and have book reviews with our employees are also conducted.</p>
<p><b>1a. Respect for the Workplace</b></p>	<p>Respect for people whether they are employees, customers or shareholders is a vital principle that we adhere to strongly in each and every realm of our existence. We believe that investing in people is by far the best allocation of our resources. Thus, we give both our customers and employees a superior</p>

	<p>environment for interaction and delivery. In interest of an efficient work place and in respect for Raya Group employees and directors, you are not allowed the following;</p> <ul style="list-style-type: none"> <li>• Solicit or distribute any non work related literature for any purposes during working hours or at any working area,</li> <li>• Eating, and/or chewing gum in work areas where customers are allowed to enter,</li> <li>• Using loud voice while talking to either colleagues and/or customers,</li> <li>• Engaging in any political act of any kind during the working hours or at any working area.</li> </ul>
<p><b>1b. Workforce Development</b></p>	<p><b><i>Constant Respect</i></b>  We treat each other with respect and fairness at all times, just as we wish to be treated ourselves. We value the differences of diverse individuals from around the world. Employment decisions are based on business reasons, such as qualifications, talents and achievements, and are in compliance with local and national employment laws.</p> <p><b><i>Harassment</i></b>  Abusive, harassing or offensive conduct is unacceptable, whether verbal, physical or visual. Examples include: derogatory comments based on gender, racial or ethnic characteristics, and unwelcome sexual advances. We are encouraged to speak out if a coworker’s conduct makes us or others uncomfortable and to report harassment if it occurs. Threats or acts of violence or physical intimidation are prohibited. Human Resource policies provide additional guidance on harassment, consistent with local law.</p>
<p><b>1c. Raya Sports Activities</b></p>	<p>Raya reinforces the Roman poet Juvenal's saying, "A healthy mind in a healthy body". Raya has a committee for sports and activities that organizes around 10 sports tournaments a year for employees, including football, volleyball, squash, table tennis, bowling, darts, baby foot, Connect 4, etc., with the aim to not only entertain them but to stimulate their physical health and to reinforce their work-life balance. All subsidiaries' employees join to compete for Raya Cup in a spirited and warm environment.</p>
<p><b>1d. Treatment of Employees &amp; their personal information</b></p>	<p>Raya Group is an equal opportunity employer and strives to treat its employees with respect and dignity. Raya is committed to capitalizing on the diversity of its employees and recognizes that its diverse workplace provides many benefits including creativity, variety in approaches to problem solving and the ability to work effectively as a regional company. This policy applies to all human resources actions, including recruitment, hiring, placement, promotion, separation, compensation, benefits administration, training, social and recreational programs, and the use of Raya Group facilities.</p>

	<p>Raya Group respects the privacy and dignity of all individuals. Under our current policies, personal information necessary for effective business operations will be collected and retained. Access to personal employee information within Raya Group will be limited to employees and those persons with legitimate business need for such information.</p> <p>Raya Group will disclose any information required by law or court order. Raya reserves the right to present such information without having the employee’s written consent and will notify the concerned employee afterwards.</p> <p>Raya prides itself on its strongly entrenched employee culture that is based on four essential values: teamwork, respect for people, customer focus and excellence. Part of a strong internal communication program, Raya puts high emphasis on regular and transparent communication among employees of all levels through regular internal events that work to create a harmonic work environment.</p>
<p><b>2. And make sure that they are not complicit in human rights abuses</b></p>	<p>No form of force is conducted with the employees at all. Relocations of employees between the different branches of the group geographically are sometimes done whenever the employees are needed there due to their experience. In those cases, the employees are fairly rewarded by having a convenient home to live in addition to the financial reward. Moreover, the company does not undertake any employment discrimination practice when it comes to hiring employees and only hires the ones who are most qualified for a job. An internal posting is given the priority to hire from within before looking at the external pool when there is a job opening, which always keeps the employees motivated. We avail summer training programs in different disciplines to prepare the youth for the job market and gain the needed technical and business skills.</p>
<p><b>LABOR RIGHTS &amp; FREEDOM</b></p>	
<p><b>3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining</b></p>	<p>There is no formal association of employees in the group but there is an informal system of the employees talking to their managers who in turn raise the issues to Senior Management in order to make decisions. We also have a direct communication channel between Senior Management and employees through several forms:</p> <ul style="list-style-type: none"> <li>• <b>Annual Kick Off Meeting:</b> At the beginning of the year, Raya conducts a kick-off meeting for all employees. The group celebrates the accomplishments of the past year and shares the goals and strategy for the coming one. High achievers are recognized in the event and are awarded the membership of Raya Achievers Club (RAC), which entitles them to a trip abroad.</li> <li>• <b>Bi-weekly Chairman Breakfast:</b> Randomly selected employees get face-to-face contact with the chairman to highlight any concerns.</li> </ul>

	<ul style="list-style-type: none"> <li>• <b>Rayetna:</b> Our internal portal, where there is a special link (discussion board) for employees to put their thoughts, opinions and discuss various subjects.</li> <li>• <b>Fluka:</b> A monthly internal news magazine which includes a section that receives employees’ suggestions, and daily work experiences.</li> <li>• <b>Annual Management Seminar:</b> targeted for the management board and first line managers to align the leadership strategy and raise and answer any inquiries or concerns related to it and to employees working conditions.</li> <li>• <b>On-going Focus groups</b> and <b>Employee Satisfaction Surveys</b> are conducted to measure employee motivation, performance, and morale.</li> <li>• <b>Tips Program:</b> bi-weekly tips are sent to the staff and leaders to enhance their skills and experience to have an improved work life balance.</li> <li>• <b>Cafeteria Screens:</b> Raya building has four screens in the cafeteria: two for broadcasting news and sports and two for broadcasting motivational and valuable videos to empower employees and enhance their loyalty and engagement.</li> <li>• <b>Induction Program:</b> Raya runs an induction program for the new hires in the organization in order to provide them with an orientation about Raya’s policies and procedures through an HR presentation, IT policies and services offered through an IT presentation, and a tour in the building as well as a discussion about the safety and security measures through a Facilities presentation.</li> </ul>
<p><b>4. The elimination of all forms of forced and compulsory labor</b></p>	<p>Raya Holding does not hire anyone by force or keep any employee by force. All employees have contracts and are insured – medically and socially. The hiring and firing policy of Raya Holding is based on the Egyptian labor laws and is rigidly respected.</p> <p>Any employee can resign with a prior notice period based on the signed contract at the beginning of the employment.</p>
<p><b>5. The effective abolition of child labor</b></p>	<p>Child labor is completely banned in Raya Holding. Minimum employment age is 18 years even for outsourced services offered by Raya’s suppliers, such as the security and cleaning companies. Child labor is not allowed at all. The minimum age of young employees who are employed on part time basis is 18 old, and those are usually summer trainees still at university who can perform small jobs to learn, acquire experience, and be compensated financially.</p>
<p><b>6. And the elimination of discrimination in respect of employment and occupation</b></p>	<p>Equal opportunities are provided to everyone during the hiring process. Any job applicant is merely assessed based on his qualifications and merits. If a job becomes vacant, an internal announcement is released to the company to give a chance for existing permanent employees as part of our valuation and motivation to our employees.</p>

	<p>Raya enjoys a highly diversified pool of employees with regard to age, gender, religion, race, color, culture, background etc., which shows the absence of any discriminative attitude during the hiring process.</p> <p>The selection process is standardized and multi-layered in order to ensure that employees are hired based only on their merits and qualifications, not based on any discriminative criteria.</p> <p>Promotions and outstanding achievements are recognized and announced to show employees how their colleagues advance in order to encourage healthy competition between them. Raya has established different recognition programs that allow outstanding employees to be recognized for their achievements. Each employee is eligible to be nominated for any of Raya’s recognition programs to be filtered by an objective selection committee that evaluates winners based on strict pre-set criteria.</p> <ul style="list-style-type: none"> <li>• <b>Wall of Fame Program:</b> Managers who over-achieve their target for 4 consecutive years and accomplish a superior landmark in the history of the organization are rewarded through becoming candidates for Raya Wall of Fame, which is located in the entrance of the building and has one member’s name (selected by a top management committee) engraved for each historical year of the organization.</li> <li>• <b>Star of the Quarter Program:</b> Each department head nominates an employee as the star of the quarter based on Raya’s values (Excellence, Team Work, Customer Focus, and Respect for People). A selection committee selects one employee to represent each line of business for the quarter. Finally the committee selects one star of all lines of business candidates. Winners of each value are rewarded with a recognition certificate and to join Raya Achievers Club’s trip (see next point).</li> <li>• <b>Raya Achievers Club:</b> Employees who have exerted outstanding efforts in the preceding year (either quantitative or qualitative results) are part of the annual Raya Achievers Club. This group is recognized by certificates of superior achievement and is rewarded with a unique recreational 5 days trip, usually abroad.</li> </ul>
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**ENVIRONMENT**

<p><b>7. Businesses should support a precautionary approach to environmental challenges</b></p>	<p>Raya believes in creating economic value without negatively impacting the environment:</p> <ul style="list-style-type: none"> <li>• Employees’ work in well-equipped offices with air-conditions. We seek to implement the environmental management systems and promote greater environmental responsibilities.</li> </ul>
<p><b>8. Undertake initiatives to promote greater environmental responsibility</b></p>	

	<ul style="list-style-type: none"> <li>• Raya building is smoke free and smoking is only allowed outside the building</li> </ul>
<p><b>9. And encourage the development and diffusion of environmentally friendly technologies</b></p>	<ul style="list-style-type: none"> <li>• The company makes considerable efforts to promote greater environmental responsibility and considers the discarding of waste or obsolete equipment part of that responsibility. An Environmental Management System in accordance with ISO 14001 and Occupational Health &amp; Safety Management System in accordance with ISO 18001:1999 are employed in Raya's Maintenance centers.</li> <li>• In our offices we have special wastebaskets to recycle office paper that are discharged and delivered on regular basis to a specific organization where they recycle papers. In addition, Raya Waste Segregation Initiative successfully reached the aim to separate paper, plastic and organic waste in order to make the recycling process easier for garbage collectors.</li> <li>• Raya has an energy saving program where we shut down Raya building electricity everyday at seven o'clock in the afternoon to save energy.</li> <li>• Our consumer electronics maintenance business, exports 80% of its electronics waste to Hungary in order to recycle these spare parts</li> <li>• We are working on a number of Green IT initiatives to preserve power consumptions.</li> <li>• We launched an anti-smoking campaign in order to educate our employees about the health and environment hazards of smoking. The campaign includes providing aid tools for employees who smoke to help them quit smoking.</li> <li>• We sponsored the 2012 Terry Fox Run in Egypt held by The Children's Cancer Hospital Foundation 57357, The Canadian Embassy in Cairo in partnership with the American University &amp; The European Union. The Terry Fox's story of courage, perseverance, &amp; compassion has inspired millions of people worldwide to support the fight against cancer. Raya employees participated to raise the awareness and collect funds to improve the quality of life and support the research work in Egypt</li> </ul>

**ANTI-CORRUPTION**

<p><b>10. Businesses should work against all forms of corruption, including extortion and bribery</b></p>	<p>Raya Holding maintains the highest standards of ethics and integrity in all its business operations. We maintain honest and open relationships based on mutual trust. We honor all our commitments - internal and external whether verbal or written – values and mission statement. Internally, Raya has set up an internal auditing system where all departments and expenditures are audited on an ad-hoc basis to ensure that all the budgets are spent properly according to the company's policies. Externally, Raya does not allow any sort of bribes and</p>
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	<p>believe that transparency is the only way forward for a better economy.</p> <p>Raya emphasizes anti-corruption strategies through clear financial and project reports.</p> <p>Our policies state clearly that employees are not allowed any form of corruption and bribery and have set clear rules to business operations and customer and supplier relationship management, governing the exchange of any sort of gifts/ giveaways. These policies are clearly and directly communicated to all employees upon their hiring in a “code of business conduct” manual which is even posted on our corporate website</p> <p>Raya demonstrates a strong commitment to transparency and accountability and its Board believes that sound corporate governance practices provide an essential foundation to assist it in fulfilling its responsibilities in building value and trust for all stakeholders (employees, partners, customers, and shareholders).</p>
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## **Corporate Social Responsibility and Sustainable Development**

Raya continues to take leaps in its CSR activities and how they are perceived and implemented. Sustainable development marks a milestone in Raya's endeavors, which it works very hard to ensure will continue to grow for the benefit of the society. Raya believes that CSR is about the collaboration and inclusion of corporations, the community and civil society to bring about real change. Therefore, CSR at Raya is being an integral part of the new business model.

This year we shall make every effort to interact meaningfully with society on a local level, and to participate in activities that contribute to society. Raya Holding employees are highly encouraged to join activities that form a positive contribution to the Egyptian society. Every year, Raya Holding identifies major social issues in the communities we function in. Through our employee social commitment, we aim to help address and implement initiatives that tackle those social challenges.

We believe that focusing our asset and time to one major cause every year to acquire long-term sustainability. We aim to keep on growing employee engagement through more employee channeled activities. This being highlighted, we will offer employee number of hours for volunteering per year for activities that support local community.

Our purpose is to provide a framework for helping corporate employees to participate in the existing CSR tools. On the line of social commitment, Raya Holding will support Sharek "the first Volunteer-Match Online Platform in Egypt & the Middle East". Raya's work with CSR projects is conducted purely through the volunteerism of Raya's people. On a regular basis, Raya orchestrates volunteer efforts and employee engagement. Raya's aim is to build a sense of social pride among Raya employees and to strengthen the communities in which it works in.

Raya holding continue supporting "The Triple Effect initiative" vision: Any Egyptians in need will have a quick access to the safest blood possible whenever and wherever it is needed. This year, we will not only host the blood drive in the company's premises, but we are aiming to have an awareness campaign to encourage a bigger number of employees to donate. Each department community leader will educate and advocate the blood awareness campaigns.

## SOCIAL SUPPORT

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### **Raya Holding Supports Sharek.org, the first Volunteer-Match Online Platform in Egypt & the Middle East**

Sharek.org works through matching volunteering opportunities of Civil Society Organizations (CSOs) and Startups with volunteers from the corporate world automatically through a social platform engaging employees in an enjoyable experience. Sharek.org helps matching the volunteering needs of various civil society institutions and SMEs with volunteers from the corporate world through an online platform.



Raya's objective for the coming year is to increase our employee volunteerism through using their Sharek profile to browse all the volunteering offerings and choose the skills, interests, geographical area, and schedule and match them with volunteering opportunity that best matches their skills.

## ETHICS SUPPORT

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### **Raya Holding commits to the Integrity Pledge and joins EJB's Integrity Network**

Raya Holding participated in "Integrity in Business: Tackling Corruption Challenges in Egypt" Conference at the Marriot Hotel, Zamalek on 7 April 2014. About 150 company executives, government representatives and representatives from civil society organizations participated at the conference.

The occasion also witnessed the official launch of the Integrity Network; a business-driven collective action initiative for Egypt. The Network, which primarily focuses on tackling corruption among small and medium enterprises (SMEs), was initiated by the Egyptian Junior Business Association (EJB) with support from the UN Global Compact under its Siemens Collective Action Initiative and HUMBOLDT-VIADRINA School of Governance, Berlin.

The initiative centers on the establishment of an anti-corruption and transparency standard (Integrity Pledge) that is specifically tailored to the needs and challenges of SMEs working in Egypt. The Integrity Network also includes large companies and other stakeholders that provide support and incentives to SMEs committing to the Integrity Pledge.



## COMMUNITY SUPPORT

### International Women's Day

Raya celebrated International Women's Day with its distinguished employees. The celebration recognized the achievements of the employees in the past, present and future in addition to the company's commitment of creating and enabling a healthy working environment for both, men & women. Raya encourages its employees to become better in what they do and be part of the company's and community's growth and progress. Building on the company's theme of 'INSPIRING CHANGE', Raya's main message to its employees was: Be the change you wish to see at Raya Holding.



### Ramadan Tamween Packages Campaign

As is customary each year, Raya launched its Ramadan Tamween Packages project, distributing 810 Ramadan boxes to underprivileged families in villages in need of assistance around the Helwan area.

Raya's employees personally visited the village and distributed the packages to the families.



### Ramadan Eid Clothes Campaign

In the spirit of doing well to the community, Raya launched its Eid clothes Campaign where employees donated their unused clothes to needy citizens via Resala.

Additionally, Raya bought new clothes for children in Dar El Fotouh Orphanage in Sheikh Zayed, distributing them in a small festive celebration.



**Egypt Support Fund Campaign**

Despite the unfavorable market conditions, political and economic uncertainty throughout the country, Raya has been able to lend a helping hand to the society. Raya's management, Board of Directors and employees donated part of their profit shares to the "Egypt Support Fund," an initiative led by a diverse group of businessmen aimed at supporting Egypt's recovering Economy. Raya donated EGP 1 million to the fund, for the express purpose of taking active role in reviving Egypt's economy.

**Environment Initiatives**

In line with its concentration on reinforcing sustainable practices company-wide, Raya is engaged in recycling its used paper in cooperation with Resala (NGO). In addition, Raya also exports 80% of its spare parts maintenance waste to a recycling facility in Hungary to be recycled and remanufactured. Furthermore, Raya launched an initiative of waste segregation in the company. The initiative introduced the segregation of paper, plastic and organic waste and to built awareness throughout the company about the importance of recycling and its benefits.