

**United Nations Global Compact
Communication on Progress
Raya Holding 2015**



Network Egypt
WE SUPPORT

CHAIRMAN STATEMENT OF CONTINUED SUPPORT 2015

It is our great pleasure to re-affirm our continuous support to UN Global Compact and its principles for the tenth year.

At Raya, we are committed to be a responsible leader in facing the adverse economic conditions and precarious business environment. We strive to create a corporate culture that promotes sustainability and long-term value to our key stakeholders; employees, customers, investors, business partners and the community in which we operate in operate.

Considering our core values “Respect for People, Customer Focus, Teamwork and Excellence” in all our business practices and decision-making processes, we have ambitious goals in growth using a triple bottom line approach. We aspire to constantly innovate new management approaches and adopt new technologies not just in pursuing our business goals but also in addressing social needs. We are strong advocate for disruptive ways of doing business not just in creating and exploiting new business opportunities but also in addressing social issues and creating positive social impact.

In 2015, part of our commitment to social development, we have made several social investment initiatives addressing a chronic social issue in Egypt such as Education. We have collaborated with different non-governmental agencies specialized in educational projects and supported projects which have impacted the life of more than 4,500 children. Keen to capitalize our company’s resources and core strengths in promoting social change, we always want to engage our employees in these social initiatives creating a sense of shared value and purpose in serving our society.

Believing that social change comes from within, we are not just working on creating employee engagement through corporate volunteerism but also through an enabling environment where our female and male employees would equally strive and feel aspired. In coming years, we are working on promoting a corporate culture that will equally attract, develop and empower talents and employees complying with UNGC’s Women’s Empowerment Principles; signaling for our commitment in advancing Women in the ICT sector.

We are well aware that today’s businesses need to play a pivotal role in promoting Sustainability Development Goals (SDG’s) and Raya as UN Global Compact active participant is committed to contribute to these goals and be a local SDGs pioneer through its continued efforts in education, gender equality, fostering innovation and economic growth.



Medhat Khalil
Chairman & CEO, Raya Holding

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INTRODUCTION

Reporting to the UN Global Compact

This Communication on Progress accounts for Raya Holding activities during 2015 and its intended plans to be a sustainable business, having a proactive approach to change and ensuring long-term profitability .This report is a stepping stone in our efforts to deliver a sustainability report in 2016.

The Communication on Progress captures our contribution as a committed signatory to the UN Global Compact and its 10 universally accepted 10 principles in the areas of human rights, labor, environment and anti-corruption, and its approach to corporate sustainability. We are constantly making efforts in doing business responsibly and profitably creating value to our key stakeholders, shareholders, employees, customers and business partners and society in a sustainable manner.

Raya Holding is an active participant in the UN Global Compact since 2005 and is constantly providing the support to the local UN Global Compact Network Egypt.



Principle 1

Business should support and respect the protection of internationally proclaimed human rights; and

Principle 2

make sure they are not complicit in human rights abuses.

Our “Respect for People”-

Raya Holding is committed to protecting human rights; which is reflected in how we treat our employees, deal with our suppliers and how we strive to make sustainable impact in the communities we operate in. “Respect for People” is one Raya’s core values; being a vital principle we adhere to as a company. This commitment is embedded in our Code of Business Conduct (COBC).

Protecting Our People and Other Stakeholders

Health and Safety

At Raya Holding, we are committed to protect the health and safety of our employees, guests and neighbors, as part of our support to human rights. We continuously develop and improve our internal standards for safety and security systems. Since 2012, Raya holding have achieved and continue to maintain OHSAS 18001:2007 certification, which relates to occupational health and safety.

As part of our commitment to health and safety, we have developed and implemented an Occupational, Health and

Safety Policy. The goal of this policy is provide safe and healthy work place and working environment to employees, contractors, customers and visitors; having a proactive management approach to issues related to health and safety. Additionally, there is a Committee for Health and Safety chaired by the Company’s Chairman formed by members representing different business lines and departments who is responsible for overseeing health and safety issues and demands.

In line with the efforts to promote a corporate culture where health and safety considered in daily business operations, awareness and training sessions are periodically conducted to employees from fire- fighting, first aid training to more technical trainings given to employees across business lines.

Data Privacy and Information Security

As part of our risk management efforts, at Raya we recognize the significance of protecting the privacy and security of personal and business data for our customers and employees.

We have in place an Information Security Policy committing employees to protect the confidentiality, integrity and availability of all the physical and electronic information assets. In line with this policy, we have established an Information Security Management System (ISMS) which is intended to be an enabling mechanism for information sharing, for electronic operations, and for reducing information-related risks to acceptable levels.

Moreover, there is an Acceptable Use Policy (AUP) which ensures that all employees know how to deal appropriately and responsibly with information considering the level of sensitivity of data; preventing breach of confidentiality of personal and business information and compromising the network systems.

Taking Action in Support of Broader UN Goals and Issues

Strategic Social Investments; impacting the life of more than 4500 Children

In 2015, we have undertaken several CSR initiatives in educational sector striving to contribute to activities that have a

sustained social impact. We collaborated with different reputable NGOs through in-kind donations and monetary donations. In fact, whenever the situation seems fit, we are keen to leverage on our current portfolio of product and services and donating IT equipment. Furthermore, we are always soliciting employee engagement in CSR initiatives and promoting corporate volunteerism.

We collaborated with “Educate Me-NGO” and supported the establishment of their “skill based community school” in Talbeya, Haram, where now 320 students in un-privileged area have access to a quality education and facility. Believing that children are entitled to adequate learning environment where their safety is not in jeopardy, we participated in national campaign pioneering by Ministry of Education for “Safer Learning Environment in Public Schools”. In collaboration, with “Terous NGO”, we sponsored the maintenance of 8 schools in El Ganayen region in El Suez, providing a safer and better learning environment to 4118 students.

In line with our belief that our social contributions need to capitalize on company’s core resources, we have promoted corporate volunteerism and Raya’s employees volunteered in “Injaz Egypt NGO” programs and trained students in public schools providing them with skills & awareness related to environment, entrepreneurship, communication and collaboration.

Whenever, we assessed as fit, we contributed to IT capacity building to NGO's such as "Watneya NGO" supporting their goal to train caregivers and orphaned youth improving the orphans quality of live in Egypt. We also donated necessary IT equipment to Children Cancer Hospital 57357.



In addition, we continued with our efforts in our community engagement activities conducted periodically to create employee engagement and CSR awareness fostering a culture promoting corporate citizenship. Among these civic activities, we conducted two blood donation campaigns in all Raya premises. In collaboration with "Egyptian Food Bank NGO", we distributed Ramadan Food Boxes. In partnership with "Misr El Kheir NGO", we restored houses in El-Beheira after the floods as part of this year winter campaign.



For more details on Raya's CSR Initiatives, please contact us: CSR@rayacorp.com to receive our full CSR impact report for 2015.



Principle 3

Business should uphold the freedom of association and the effective recognition of the right to collective bargaining;

Principle 4

the elimination of all forms of forced and compulsory labor;

Principle

the effective abolition of child labor; and

Principle 6

the elimination of discrimination in respect of employment and occupation.

Our Commitment

Raya's has ongoing commitment to upholding labor standards-including freedom of association, elimination of forced labor, compulsory and child labor; and elimination of discrimination. This commitment to labor standards is embedded in our different HR policies, worker-manager social dialogue, training and communication tools provided to all employees.

This is reflected in company's core values, Respect for People, Customer Focus, Teamwork and Excellence. These values have helped define Raya and they continue to shape each of us in our business relationships with one another, our customers, shareholders, suppliers, competitors and the communities in which we live and operate. We expect to demonstrate these values in our work. This

is well articulated in our Code of Business Conduct (COBC), to emphasize respect, integrity, fairness and doing the right thing in everything we do.

Promoting High Labor Standards for Our People

At the core of our business are the skills and the know-how of our people-Human Capital. Valuing our people, we make sure that we apply high labor standards in hiring, promoting and implementing talent management and leadership programs. Our employees are hired, promoted and receive training based on meritocracy. In addition, Raya has well-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. Employees are recognized through the following programs:

- *Wall of Fame Program:* 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.
- *Star of the Quarter:* 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).
- *Raya Achievers Club:* 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.

Talent & Leadership Development Programs

Raya's Corporate Learning & Development team work on various corporate trainings across all levels and lines of businesses. Raya's Foundation Programs are one of the strongest trainings we organize; there are three levels for this program: Supervisory, Managerial, and Leadership. Each level targets different grades at Raya and has a different outline to fulfill the needs of this level. The content is specially developed for Raya to have something tailor-made for the needs of our employees. Each year, we have numerous training rounds. Graduates from every level are eligible to take the next level of training. Since 2014, we have completed 1 Leadership training, 5 Managerial trainings, and 10 Supervisory trainings with more in plan for 2016. The trainings cover modules varying from human relations, high impact presentations, leadership, negotiations, etc. The training methodology is very interactive there is little lecturing and a lot of tools and activities. The Corporate Learning & Development team is planning to expand their training for the coming years to ensure that we are equipping all Raya employees with the training and development they need to advance in their career and grow.

Ongoing Communication with Employees

At Raya, we make sure that employees have a voice and are able to raise work related-issues through different indirect and direct

communication channels. Employees are able to communicate with management through following mechanisms:

- *Annual Kick Off Meeting:* 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. During that meeting, employees are encouraged to liaise with the senior management.
- *Raya Town Hall Meeting:* A yearly corporate event where senior management and Raya's achievers and top performers are invited to attend and discuss the overall strategy for the year. During this event, Raya's celebrates the wall of fame winner of the year and the annual stars leaders in portraying Raya's core values.
- *Bi-weekly Chairman Breakfast:* Randomly selected employees get face-to-face contact with the chairman to highlight any concerns.
- *Rayetna:* Our internal portal, where there is a special link (discussion board) for employees to put their thoughts, opinions and discuss various subjects.
- *Fluka:* A monthly internal news magazine which includes a section that receives employees' suggestions, and daily work experiences.

- *On-going Focus groups and Employee Satisfaction Surveys* are conducted to measure employee motivation, performance, and morale.
- *Speak-Up System :* When an employee has a concern regarding their working conditions and want to raise issues related to fairness, Risk to health and safety, or else, the "Speak-Up System" provides a guideline for employees on how to raise an issue and or complaints to management.
- *Whistleblowing System:* we encourage any employee who suspects wrongdoing from any of the senior management team -in his/her Line of Business or in another Line of Business- to raise his/her concern directly through reporting the incident to the Whistleblowing email known to employees.

Promoting the Health and Well- Being of Employees

We support the advancement of health by providing various types of health guidance and raising health awareness. The Healthy Corner opening marked a turning point for our employees where we are able to provide them with healthy menu choices featuring a balance of calories and nutrition.

To encourage active lifestyles, Raya helps employees make active choices. Well-equipped gym, showers, health and wellness tips, running programs, team

sports, and Healthy Corner offer healthy options and are just some of the measures that encourage fitness and healthy lifestyles amongst employees.

In the effort to prevent illnesses, Raya, together with Raya Sports & Activities Committee, are promoting initiatives that focus on exercise and healthy eating.

We also provide health awareness campaign. This year, we actually conducted for our female employees breast cancer awareness sessions enabling them to better understand what cancer is, its risks factors and how to early detect breast cancer.



Gender Diversity and Women's Empowerment Initiatives

At Raya, we acknowledge the significance of a gender balanced workforce in general and across the IT sector in particular. A part of our commitment to gender diversity and women's empowerment principle, Raya's CEO signed this year the Statement of Support expressing Raya's support to the Women's Empowerment Principles (WEP) disseminated by the United Nations Entity for Gender Equality and UN Women.

Committed to develop the required policies and systems that would encourage gender diversity and closing the gaps of women in, Raya participated and proudly won the GIZ-ECONWIN (when women work, economies win) competition for gender diversity, which is a regional program pioneered to empower women economically. The related project is scheduled to take place in the coming year.

Celebrating International Women's Day and Ring the Bell for Gender Equality

At Raya, we celebrate yearly International Women's Day. This year we celebrated International Day for Women & Girls in Science and Technology. On that day, we highlighted the significance of female role models in Raya, providing quotes from female executives across Raya on how to be successful business leaders and face challenges.

Additionally, Raya participated this year in the global event "Ring the Bell for Gender Equality" celebrating women in workplace and the community.



Principle 7

Business should support a precautionary approach to environmental challenges;

Principle 8

undertake initiatives to promote greater environmental responsibility; and

Principle 9

encourage the development and diffusion of environmentally friendly technologies.

At Raya, we value the importance of advancing environmental sustainability and promoting environmentally friendly technologies. Over the years, Raya group have invested in key business lines where environmental stewardship is a cornerstone to their operations.

Raya Smart Buildings: developing energy efficient and resource-saving commercial & offices complexes

As part of our efforts in promoting environmental friendly business models, Raya Smart Buildings developed Galleria 40, a multipurpose green commercial building that complies with international standard of green building through the LEED program registration, by U.S Green Building Council (USGBC). This complex is designed to be a model of sustainability in terms of energy efficiency, water, carbon emissions and waste.

Raya Data Center: developing greener IT solutions through cloud computing

Since its inception in 2012, Raya Data center has always been committed to providing a greener environment through energy efficiency and eco-friendly data center facilities. Our green building designs are Leeds-certified (Leadership in Energy and Environmental Design), ensuring sustainable environmental responsibility and efficient use of power and cooling resources. To guarantee sustainable eco-friendliness in day-to-day operations, Raya Data Center has put in place a power quality and efficiency monitoring system that includes thermal zone mapping and power quality meters, all combined with continuous internal auditing to prevent inefficient use of power resources.

As organizations' appetite for data consumption and robust computer systems increases, so does the demand for

processing power and energy to keep those systems going. When businesses build their own data centers to cater for their IT requirements, the possibility of wasted energy increases causing bigger harm to the environment. One of the key benefits of Cloud Computing is to ensure efficient use of processing resources, thereby minimizing wasted energy. Being conscious of environmental issues that businesses face nowadays, Raya Data Center will launch its public Cloud computing platform in the Egyptian market by mid-2016 targeting small, medium, and large enterprises, thereby encouraging economies of scale in power and cooling consumption & providing greener IT the Egyptian business community.

BariQ: first manufacturer of recycled polyethylene terephthalate in the MENA region

Bringing state-of-the-art green technology to the region, BariQ is the first manufacturer of recycled polyethylene terephthalate (RPET) pellets in Egypt, the Middle East & North Africa Region. Backed by world-class technology providers, MENA's first "bottle-to-bottle" firm, BariQ, reprocesses post-consumer plastic PET bottles with a total annual quantity of 25,000 MT (approximately 1 billion bottles), that would otherwise likely become part of the landfill or burnt, providing top-quality food-grade pellets to major international bottle and food container makers and major recycled-material fiber producers throughout Europe and the United States.

BariQ's pellets are proudly approved by international regulators including the U.S. Food and Drug Administration (FDA), the European Food Safety Authority (EFSA) and Health Canada.

Maximizing Utilization of Our Resources

BariQ successfully completed several improvement projects in 2015. The company also aims to promote productivity, while complying with Egyptian as well as international laws.

Waste Recovery Unit

BariQ team started categorizing all its waste while closely monitoring market trends and expenses. These figures ultimately made the case for establishing new Waste Recovery Unit (WRU). The WRU enables the company to use so-called slow-moving waste items by converting them into non-food grade products. Alongside BariQ's food-grade PET products, these new items can help the company penetrate new markets by offering a more diversified product mix. Moreover, the WRU will provide two new sources of raw materials for the existing PET production lines via reworking both generated waste relieving pressure.

At the end of October, BariQ technical team attended the factory acceptance test for the machinery, which was delivered and installed early December. Normal operations are expected to commence by Q1 2016.

Energy Recovery Kit

In collaboration with BariQ's business partner and top-notch Austrian machinery supplier, an Energy Recovery Kit (ERK) will be installed in the SSP production line, which recovers some of the heat generated in the process and allows it to be reused in the early production stages, saving energy and money.

Pioneering Businesses for Sustainable Development Contest

In 2015, BariQ participated in the Pioneering Businesses for Sustainable Development Contest organized by the Federation of Egyptian Industries (FEI) in collaboration with the Confederation of Danish Industry. The latter is recognized as one of the leading global industrial bodies concerned with the sustainable development & CSR.

In this year's contest, 193 SMEs & large Egyptian & multinational companies participated and BariQ was one of 30 companies that were awarded for their completed projects throughout the year concerned with the environment, CSR & workplace environment.

This comes as recognition of the efforts done by BariQ as a member of a green industry that prioritizes healthy conditions for workers and operating with minimum impact on the environment. In order to maximize resources, reuse waste and have a more sustainable and healthier work environment, while at the same time

complying with all national & international laws, regulations & legislations.



Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

At Raya, we maintain 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, there is an established 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, any sort of bribery and fraudulent act is not allowed, putting forward transparency as the only way forward for a better economy.

Raya emphasizes anti-corruption strategies through clear financial and project reports. 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.

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).

Our Progress

In our continuous efforts to foster good governance, in the coming year, we plan to review the company's anti-corruption policy and to communicate it to all concerned stakeholders and create the needed awareness. In line to our commitment and call to action against corruption, we have a thorough anti-corruption implementation plan to reinforce the anti-corruption policy within Raya and be actively engaged in the collective action against corruption.