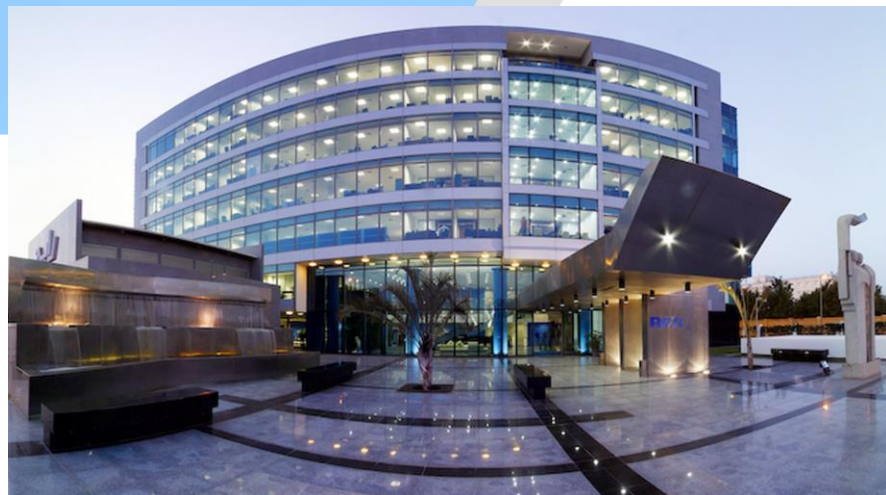




Raya Holding for Financial Investments

UN Global Compact Communication on Progress



COMMUNICATION ON
PROGRESS

This is our **Communication on Progress** in implementing the principles of the **United Nations Global Compact** and supporting broader UN goals.

We welcome feedback on its contents.

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Chairman Statement of Continued Support

It is our great pleasure to re-affirm our continuous support to the UN Global Compact and its principles for the 15th year.

At Raya, we are committed on aligning our operations with Environmental, Social, and Governance (ESG) principles. We have taken great care to identify how Raya and each Line of Business contributes to the Sustainable Development Goals (SDG's) targets and have explored opportunities to build upon and expand this impact. I am proud to see that what Raya has built over the years provides what our stakeholders pertinently needs today, in a diversified and resilient manner, in line with our pursuit of excellence and impact.

Our commitment over the years to responsible business practices helped us to withstand the profound impacts of the global pandemic and address the biggest challenge of our time: sustainability.

During 2020, in response to these challenging times, our solid partnerships have improved the quality of education, focused on alleviating poverty, and promoted healthy habits and well-being. Raya firmly believes in corporate citizenship, and despite the limitations of 2020, we sustained our civic engagement activities. Our different initiatives to support health-care workers, provide critical food supplies, and other emergency campaigns reflect our commitment to channelling resources where they are needed most, and ensuring they deliver real results.

We do realize that as businesses we play a pivotal in promoting Sustainable Development Goals and Raya as a UN Global Compact active participant is committed to contribute these goals, striving to become a local SDGs pioneer through constant improvement of our economic, social, environmental and governance performance.

Medhat Khalil



Founder & Chairman of the Board
Raya Holding

Introduction

Reporting to the UN Global Compact

This Communication on Progress accounts for Raya Holding activities during 2020 and its intended plans to be a sustainable business, having a proactive approach to change and ensuring long-term profitability.

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 support to the local UN Global Compact Network Egypt.

For a more comprehensive and detailed review on Raya's ESG performance refer to Raya's Sustainability Report for 2019-2020, which has been prepared in accordance with the GRI Standards (Core Option). Our sustainability report is also aligned with the United Nations Global Compact (UNGC) Ten Principles and the UN Sustainable Development Goals (SDGs).



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.

Well-being at Work**General benefits**

COVID-19 taught us that everyone's health is at risk. Our employees are essential to the success of all our Lines of Business, and we value their contribution. Our benefits support employee health and wellness and include medical, social, life insurance, and provident fund. In response to Covid19, the benefits provided to employees increased

Key Policies:

Human resources philosophy

Life Insurance Policy

Work from Home Policy

Medical Insurance Policy

Medical and Life Insurance

Medical insurance plans cover employees based on their grades, and Raya fully finances participation in the plan.

Work from Home Policy

Raya permanent employees can work from home once a week only if their job duties permit them. Employees should be available for video conferences or video calls if needed during their shift times.

COVID-19 Response

Raya conducted a COVID-19 awareness campaign that included distributing masks and other medical supplies to help keep employees and their families safe. We engaged with consumers via social media platforms, offers, promotions, and co-marketing campaigns with partners. COVID-responsible committees appointed by Raya Holding top management for each LOB to follow up with and support the employees and their families. The aim was to ensure workers safety while maintaining business continuity.

Occupational Health and Safety

At Raya, we are always taking steps to further enhance our people's health, safety, and wellbeing across all our worksites. This comes from our belief that our people's safety takes priority over all business activities, as reflected in our group's Occupational Health and Safety Policy. We highly value the health and safety of our employees, contracted and primary supply workers, and visitors, as well as our neighboring communities who could be affected by our operations. As a result, we strive to assess all the risks and opportunities to raise our safety and health standards wherever we operate. We have a dedicated Health and Safety Committee at the group level, that oversees all our LOBs systems and practices pertaining to health and safety. In addition, we have a dedicated HSE department consisting of highly trained and certified health and safety team members, at each LOB to ensure sector-specific standards and best practices are efficiently implemented.

Investing in the Safety of our People

Our people are the fundamental asset that lights the core of our business, therefore, investing in their safety and wellbeing means investing in our business and its prosperity. We are targeting zero accidents across all our facilities and buildings worldwide, and this could be achieved by advancing and continuously improving our management and monitoring systems and setting targets at both Holding and Lines of business levels. Identifying potential hazards across our worksites and eliminating them by implementing technical engineering solutions where feasible, in addition to acquiring the latest up-to-date safety devices and personal protective equipment as per each industry's nature of operations, for all our employees and workers across all our worksites.

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 5

the effective abolition of child labor; and

Principle 6

the elimination of discrimination in respect of employment and occupation.

Diversity and Inclusion

The business case for diversity and inclusion is clear. Diverse and inclusive companies learn faster, effectively withstand crises and know what comes next. At Raya, pursuits in this direction have become a part of our ongoing evolution as we discover and harness new possibilities to promote it within the workplace and beyond.

Creating a Workplace for All

Raya provides equal opportunities to all individuals. Employment and advancement decisions at Raya are based on merit and values, qualifications, and business needs. We cherish diversity and inclusion, privacy protection, freedom of opinion and expression, freedom of association, non-discrimination, and the right to be heard.

Every two years, Raya Holding HR department conducts an anonymous employee engagement survey titled "ECHO (Employees + Communication + Hard work = Output). It targets all Raya employees to measure the engagement and gather feedback. The survey covers the following categories: connection to Raya, inclusive working environment, active communication, opportunities for growth and development, proactive human resources, and hands-on management. The results are communicated back to the employees, and appropriate action plans are devised. ECHO results for 2019 showed that

73% of employees believe that Raya respects the diversity amongst its workforce and they feel a connected to Raya.

HR personnel within all LOBs have been trained on how to interview and employ people with disabilities. Raya does not discriminate in employment opportunities or practices based on race, color, religion, gender, national origin, age, disability, ancestry, medical conditions, family care status, or any other basis. Anyone engaging in discrimination is subject to disciplinary action, up to and including termination of employment.

Raya is committed to creating and maintaining a work environment that is fair and free from any type of harassment. We strictly prohibit acts of harassment by or against our employees (within and outside Raya premises), partners, customers, or clients. Violation of this policy results in discipline up to, and including, the immediate termination of employment. We also take the necessary action to prevent occurrences of prohibited harassment, including but not limited to verbal, visual, physical, and sexual harassment. This policy also extends to the conduct of employees performing their duties outside the Raya premises.

Towards a Gender-responsive Approach

Since 2017 Raya has been a signatory of Women's Empowerment Principles (WEP), an initiative between UN Women and the UN Global Compact. The WEP presents seven steps guidance to businesses on promoting women's participation and leadership in the workforce.

Our gender policy recognizes women's rights as human rights. It postulates fair and equal treatment for women and men (recognizing heterogeneity within each group) and equal access to opportunities. We proactively implement affirmative action programs targeting women as a corrective measure to equalize opportunities and access. We also organize training to improve knowledge, skills, and attitudes towards gender equality. Some of the core aspects of our gender policy are presented below.



Raya Gender Policy Core Elements

Celebrating International Women's Day

Aligning with UN Women's theme 2020, #Each for Equal, our employees had the opportunity to attend workshops to discuss beauty, acceptance, and resilience themes. This year, we collaborated with the Ahl Masr Foundation to support the victims of accidents and burns. As a guest speaker, Hagar Alaa, a young activist and ambassador for young girls and female victims of burn injuries, is subject to discrimination and harassment. Hager shared her inspiring story and how she overcame the challenges as a victim of severe burns at a young age. Further, we organized "Women Like Us Bazar" to encourage female entrepreneurs to exhibit their products and achievements.

Wellness Sessions: Think Pink

We have conducted breast cancer awareness sessions across Raya, enabling our female employees to understand cancer, correct misconceptions about this disease, and detect it in the early stages. During these sessions, we also discussed with female employees how to have a healthier and happier lifestyle and cope with daily challenges. The sessions were moderated by a professor who specialized in oncology and an experienced trainer and life coach.

Human Potential and Career Growth

Raya's success depends upon a skilled workforce and agile work methods. We strive to ensure that people at all levels possess and develop their skills, knowledge, and abilities to meet RAYA's goals and elevate their potential, career, and ambitions.

RAYA follows the Management by Objectives approach where organizational goals are cascaded from top to bottom, translated into individual objectives, and communicated and evaluated by managers.

The performance appraisal process reflects our belief that employees are Raya's most critical assets. During the appraisal process, employee self-evaluation is combined with evaluation by their manager, after which they meet for discussion in a formal appraisal meeting.

RAYA supports employees in personal and professional development via courses, diplomas, and certifications based on their development plans and job role needs. Employees are entitled to

Key policies

- HR Philosophy
- Recruitment Philosophy
- Learning Philosophy
- Rehire Policy
- Reward Philosophy
- Variable Compensation Payments
- Post Graduate Studies
- Learning Needs Analysis Policy
- Learning Implementation Policy
- Achievers Club RAC
- Star Program
- Wall of Fame
- Promotions Policy
- Severance policy

development programs in line with the annual training needs analysis developed by the HR department and the appraisal specified soft skills and technical requirements.

Sustainable Lending and Financial Inclusion

At Raya, we address complex economic disparities with reliable and sustainable delivery of financial services at an affordable cost, focusing on disadvantaged and low-income segments of society. We facilitate financial inclusion, which in turn becomes a driver to address complex societal challenges. Today, we pride Raya on being one of Egypt's leading institutions working in this direction. Promotion of financial inclusion based on a well-tailored suit of solutions and balanced risk-taking has shown to be a true driver for financial inclusion, small and micro-enterprises, and generation of significant benefits to local communities. We hope that our approach facilitates progress towards universal financial access and high levels of financial literacy, helping to build a more prosperous and equal society.

We have a comprehensive effort across all RAYA Lines of Business to address financial inclusion in our communities. In particular, the AMAN group adopted new ways and tools to satisfy the consumer need and market gap while committing technologically advanced services, including:

In the digital era, access to finance remains a significant barrier to sustainable development, higher quality of life, and equality. Nearly 2 billion adults globally have no access to financial services by regulated financial institutions. More than 200 million formal and informal MSMEs in emerging economies lack access to finance. According to the World Bank, only 14% of Egyptian adults have access to traditional financial institutions. Those challenges require a responsible and careful approach that expands the possibilities and builds necessary capacities, habits, and culture.

AMAN for Financial Services

AMAN for Financial Services, one of Raya's fast-growing line of business offers five programs to serve different customer segments catering to their needs and socio-economic background:

- AMAN Instalment Card provides customers with a convenient non-banking installment solution using bank card-level security. Key benefits include simple application, secured transactions, and installment periods from 6 to 36 months.
- Regular Program targets mainstream customers with proof of income or business ownership.
- Smart Program targets customers who want to buy on the spot and have supporting documentation.
- Osta Program provides financial services to unbanked populations and customers without income proof, evidence of permanent residence, or a guarantor.

It also participated in the government initiative "Mayeghlah Alek", making products more affordable through discounts and attractive interest rates. Combining those areas of work helps us achieve our goal of financial inclusion, supports groups at all income levels, and creates a thriving and sustainable economy.

AMAN Microfinance

Microfinance provides opportunities for financing solutions with positive socio-economic impacts. This allows to increase living standards, provide children access to education, enable better health care for families, and create job and business opportunities. Up to 3.2 million Egyptians currently benefit from microfinance businesses, which is expected to increase to 10 million in the upcoming 2-3 years. At AMAN microfinance, we strive to broaden and strengthen this group to leverage new development opportunities.

AMAN Microfinance provides loans to industrial, service, and commercial small and micro-enterprises within industrial, service, and commercial sectors. It works with low-income clients who need 10-20 thousand EGP per year, allowing them access to funds that help expand their business, build reputation and confidence.

Loan officers, appointed from the same vicinity as their clients' market, obtain leads on possible clients and then analyze how much money is required to grow their business. Within 48 hours, loan officers can either approve or deny payments, making it easier for business owners to get the financing they need to support local trade.

Harnessing the Power of Youth

Our interventions aim to enhance the capabilities and opportunities for children, youth and adults, considering the needs of the most vulnerable and underserved communities.

Educate Me School Transformation Journey Program

The program was first implemented in three public schools in El Fayoum governorate during 2018-2020 focused on humanistic values and project-based learning by:

- Enabling learning via tailored tools and a collaborative setting
- Building and improving relationships between participants
- Activating the roles of mentors and training units
- Embedding 21st-century learning and evaluation
- Facilitating knowledge and experience exchange

The program won the UNESCO-Hamdan Bin Rashid Al Maktoum Prize for outstanding practice and performance. We plan to further extend it to 136 schools, targeting 4,000 educators.

Initiative for Fighting Stunting

Childhood stunting and anemia hinder children's cognitive and physiological development. Today, Egypt has one of the highest stunting rates in the world with one in five children under 5 stunted or too short for his or her age. The project is providing evidence-based preventive intervention in the Ezbet Khairallah community suffering from high stunting rates. The caregivers were provided with the knowledge, skills, and needed support to achieve optimal feeding practices for their children.

Online Volunteering Program: COVID-19 Red Crescent: “Raise Awareness and Support our Community in Time of Crisis.”

The program raised awareness about COVID-19 facts and shared practical safety measures to protect the public's health. Raya volunteers received training on key topics, including safety and security guidelines, psychological support, nutrition, health promotion, and home isolation measures. Volunteers shared particular health promotion tips under the “OurAwarenessOurSafety” hashtag.

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.

Leading the Change in Environmental Stewardship¹

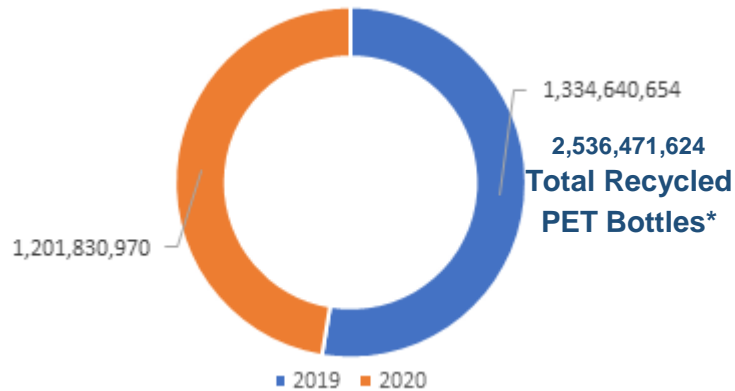
“A Market Leader No Matter Where We Are” will also be our motto when it comes to environmental leadership. We strive to become a leader in every industry we operate in, and by doing so, we need to ensure we implement international best practices when it comes to environmental management, in line with maintaining our operational quality and quality business performance. We believe we can lead the change like we always had, and to do so, we have devised our strategy to achieve the exemplary environmental performance we’re aiming for as a group.

Repurposing Plastic Waste

Stemming from our desire to contribute on a larger scale to the regional recycling efforts in combating and repurposing plastic waste, we established “BariQ”. Not only were we determined to recycle plastic waste, but we managed to upcycle plastic waste into high quality food-grade r-PET pellets, with an aim of closing the loop regionally, as well as globally, creating maximum shared value. By repurposing plastic waste, we support our partner [companies with large plastic footprint](#) to achieve their footprint reduction targets by including recycled content in their food packaging materials.

1.6 Billion

Average no. of PET
Bottles recycled at
BariQ annually



**The drop in the bottles collected was due to COVID-19, and the lock-down restrictions.*

Since it started operations in 2011, BariQ has repurposed more than 11.5 Billion PET Bottles, and is aiming to double that amount as it further expands its operations through additional production lines.

BariQ targets international bottle and food container makers, and fibre producers throughout Europe and North America, as well as locally, with various applications (food-grade and non-food-grade). In order to ensure by-products (non-PET materials) value maximization, we recycle the non-PET plastic waste and by-products such as the bottle caps and labels consisting of HDPE (High-Density Polyethylene) and PP (Polypropylene) into non-food-grade resin for non-food packaging applications. This way, ensuring almost all BariQ's production output serve as raw materials for other industries.

With an aim to advance our operations' efficiency, and accuracy, as we are planning to launch a data analytics model based on AI technology at our pre-sorting line in partnership with Coca Cola. The recent pandemic has accelerated the shift towards Industry 4.0 globally, we are considering automating the manual waste sorting operations at BariQ's facility using robotic arms, as part of investing in the safety of our people. We aim to provide the needed technical training to our waste sorters to operate the new systems, or relocate them to other departments if needed.

Sustainable Waste Management

Each and every LOB at Raya understands the significance of the impacts imposed by the waste, both hazardous and non-hazardous, that it generates on our environment and communities. As we operate in diverse sectors, including two of the largest waste generating sectors, the industrial and agricultural sectors, we have set clear policies and procedures to safely and sustainably manage our waste. All Raya's manufacturing facilities are ISO 14001-certified and are adopting best environmental and waste management practices according to each one's unique served sector. Our strategy is based on reducing first, then reusing, recovering and recycling our by-products and other surplus materials in our operations whenever feasible. Otherwise, we responsibly dispose of waste materials by categories through licensed waste disposal contractors.

Agricultural Waste Management

Since Raya Foods sources 85% of its raw materials from local farms, ensuring all operations are implemented in a sustainable and responsible manner is imperative. Raya Foods ensures that all local suppliers are supervised and well trained on sustainable agricultural practices by its own engineers and specialists. To guide its employees and suppliers throughout, the [Waste Reuse and Recycling Policy](#) has been developed, which clearly specifies the types of waste generated from the upstream activities at farm level, and how to handle, where to store, and how to reuse or dispose of them. Raya Foods acknowledges there's room for improving its waste management system, including tracking and monitoring upstream processes, and is currently working on advancing the data collection and monitoring systems across its local farms network, in line with providing the necessary awareness and training to its local suppliers.

Water Stewardship

Egypt is facing a future water scarcity challenge, and with the rapid population growth of almost 2% annually, the high demand for water by the agricultural sector and climate change are expected to produce sharp fluctuations in water availability and rainfall. At Raya, we have embedded sustainable water consumption practices within all our worksites and encourage our LOBs to strive towards sustainable water consumption models adequate to their areas of operation.

Building Smart and Green

In pursuit of introducing smart buildings in Egypt, we started with our very own Head Office, “Raya Holding’s HQ Building” which was the first smart and green building to operate in Egypt. Building on the success of our pioneer building, we established Raya Smart Buildings with an aim to disrupt the smart and green building industry with our unique innovation. Designed to be the reflection of Raya’s vision of creating smart and sustainable buildings, Galleria40 became the first business complex in Egypt, to comply with international business standards of green building by receiving the LEED Gold certificate in 2016 from US Green Building Council (USGBC), following the steps of Galleria40, we are aiming at advancing how we embed the operational standards of smart, green buildings at all Raya’s offices and facilities everywhere.

Energy Consumption at our Buildings

We maintain our operations across differing locations across Egypt, and electricity consumption constitutes over 65% of our total energy consumption. Thus, it is of high priority for us to manage our energy consumption and improve our monitoring systems to facilitate identifying reduction solutions from no cost to advanced technical measures at our office buildings everywhere. The energy sources consumed at our buildings are grid electricity, and diesel fuel which are used to power the emergency diesel generators, in addition to natural gas at Galleria40.

Managing Waste at our Buildings

At Raya's office buildings, our aim is to minimize waste generation at source and recycle whenever feasible, otherwise, we ensure our waste is safely disposed of through a contracted waste management company. We encourage our employees to segregate their waste by keeping labelled waste bins distributed in all areas. Currently, waste monitoring and quantities' recording is being implemented at Galleria40, while it is being estimated at Raya's office buildings. With an aim of enhancing how we manage and monitor waste at our office buildings and facilities everywhere, we target developing and implementing tailored waste management plans at all Raya's facilities, which would include details on the potential types of waste at each facility, their expected quantities, storage areas, number and capacity of segregated waste bins needed, special handling procedures, collection areas and frequencies, in addition to the roles and responsibilities of the waste management teams, and records of the contracted waste management companies' and relevant waste quantities reports and documentation.

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.

Key Policies

[Code of Ethics and Business Conduct](#)

[Board of Directors & Management](#)

[Securities Trading Policy](#)

[Dividends Policy](#)

[Disclosure Policy](#)

[Related Party Transactions Policy](#)

[Whistleblowing Policy](#)

[Acceptable use Policy](#)

Raya implements strict governance and anti-corruption policies through clear financial and project reporting systems. 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.

The compliance to Raya’s of Code of Conduct and its standards is regularly communicated to employees; specifying their roles and responsibilities in abiding and acting according to these standards; and in reporting non-compliance to our Code of Conduct.

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).

ⁱ For more details regarding the environmental indicators refer to Raya's Sustainability Report 2019-2020