



2019

Risk Management Policy

RISK MANAGEMENT POLICY | REVIEWED ON FEBRUARY 2019

APPROVED BY: BOARD OF DIRECTORS

RAYA HOLDING FOR FINANCIAL INVESTMENTS S.A.E.



Contents

RISK MANAGEMENT POLICY	2
1. INTRODUCTION	2
2. WHY A RISK MANAGEMENT POLICY IS NEEDED	2
3. RISK MANAGEMENT POLICY OBJECTIVE	3
4. RISK MANAGEMENT POLICY PRINCIPLES	3
APPROVAL	7

Risk Management Policy

Risk Management Policy	Issue No. 02	
	Issue Date February 7 th , 2019	

1. Introduction

This policy provides for the rules, regulations and procedures organizing Raya Holding’s confrontation of risks accompanying its various activities with the aim of realizing sustainable development for each individual activity and for all different activities as a whole pursuant to the rules established by the Egyptian law, the rules of EGX, Raya Holding’s governance agreement as well as other related policies. The aim of these policies is to ensure full understanding by all stakeholders of the definition of risk management and regulatory rules thereof. The parties shall be aware of their responsibilities in relation to risk management associated with Raya Holding's activities in order to assess and improve the effectiveness of internal monitoring, control and governance within Raya in a manner that ensures high and sustainable growth rates. This shall be complementing Raya’s organizational structure by a specialized management to assess, evaluate and provide expertise in the field of risk management.

The main focus of a good risk management is to define and deal with such risks, while its key objective are to give the maximum sustainable added value to all Raya’s activities to maximize the overall value of the company.

2. Why a Risk Management Policy is needed

Although there are many experiences in dealing with business risks at Raya, we are in need of change, development and growth through the support of more effective risk management, and as part of the quick response by different official agencies such as the Financial Regulatory Authority, The Egyptian Stock Exchange and the Central Bank of Egypt for the change, development and growth in the economic environment to enhance the ability to set emergency plans to face such changes.

Another driver for change, development and growth is the applications of the company governance on the basis of which Raya’s business is managed under "Raya’s Corporate Governance Code and Other Related Policies". Particularly with Raya's obligations of transparency and disclosure rules that generate the need to have a regulation to organize the internal control of Raya's activities, provide information on such activities in terms of monitoring the risks and defining responsibilities. A step in support of more transparency and disclosure of

financial and non-financial data and better transparency and disclosure processes at the required levels for all parties related to Raya Holding in accordance with the Egyptian law, governance agreement and the other related policies.

3. Risk Management Policy Objective

Raya Holding aims at becoming a leader in the application of risk management systems at the level of communication and information technology sector in the Arab Republic of Egypt as a whole. For this end, Raya uses modern management techniques to face threats and to avail and maintain all opportunities available, and to enforce the best practices in this field in order to win the respect and confidence of all stakeholders in our capabilities in this domain by maintaining the balance between risks and opportunities.

To do this, Raya will ensure that its risk management policy follows the new trends in the practices of risk management either in terms of the applied regulations, rules and procedures or the actual performance.

4. Risk Management Policy Principles

Raya Holding's risk management policy is based on the following seven principles:

Transparency:

Raya Holding's risk management policy is based on transparency before all stakeholders in accordance with the Egyptian law, governance agreement and the other related policies. Therefore, information shall be provided on the present and future risks and access to such information shall be facilitated in order to help the managers and individuals to take proper and timely decisions.

Objectivity:

Raya Holding's risk assessment and management basics are based on objectivity through the unified approach of handling and the business methodology in order to enhance Raya's objectives and organizational structure. In addition, the departments and risk staff members shall have the power to manage these risks within the internal limits specified by a competent department to assess, evaluate the process, provide expertise in the risk management

field and to periodically review such risks using the proper professional methods that are to be determined in the risk management procedures handbook excluding the strategic risks that shall be managed by the board of directors pursuant to the rules of the Egyptian law, governance agreement and other related policies.

Independence:

Raya Holding's risk management policy shall guarantee the independence of the competent department to assess, evaluate the process, and provide expertise in the risk management field and to periodically review such risks using the proper professional methods with direct accountability before the board of directors to ensure non- intervention by any internal or external parties in the assessment, evaluation, management or the periodical review as well as to ensure the enforcement of the principles of the risk management policy applied by Raya.

Trust:

Raya Holding's risk management policy aims at winning the confidence of all stakeholders by establishing monitoring procedures and contact with any other parties related to any changes in risk types, including conflict of interest risks between all stakeholders, their levels in terms of measurement and the techniques used in management thereof pursuant to the rules of the Egyptian law, governance agreement and the other related policies.

Effectiveness:

Raya Holding's risk management policy shall use the most effective techniques for risk management with the aim of assessment, evaluation and periodical review of risks to allow the establishment of best practices to protect the interests of stakeholders by enforcing such procedures in a manner that reflects the credibility of risk management procedures and data.

Responsibility:

Raya Holding's risk management policy shall define the responsibility for various businesses and activities of the company, determine the limitations thereof for stakeholders respectively and to assign the powers and tasks to each individual.

Self-Quality Control (Risk Management Process Quality):

Raya Holding's risk management policy is self-quality control- oriented based on risk management regulations, rules and procedures by laying down overall quality rules for the risk management processes in terms of risk assessment, evaluation, management and periodical review, as well as developing ad hoc programs within the risk management procedures handbook in order to ensure the interests of stakeholders pursuant to the rules of the Egyptian law, governance agreement and the other related policies.

Key Steps for Risk Management Enforcement:

Raya Holding's main guidelines for its risk management policy are based on the following 4 sustainable steps:

1. Risk Definition
2. Risk Management
3. Risk Evaluation
4. Risk Review

This shall be done as per the risk management standards approved by the Institute of Risk Management (IRM) and the Association of Insurance and Risk Managers (AIMIC).

Risk Management Plans:

Raya's risk management policy ensures the overall planning of risk management at all levels. This is done in accordance with long-term strategic plans, and operational short-term plans to include all levels of organizational structure of the company down to the individual level to create a comprehensive overview of risk management in Raya.

Responsibility of Raya Holding's Board of Directors:

- To be aware of strategic risks facing Raya and the methods of management thereof.
- To be aware of potential impact on shareholders as a result of any deviations from the expected performance.
- To approve Raya's plans in crisis management based on the reports of risk management.
- To ensure the effectiveness of the application of risk management activities of the Raya Company.
- To follow-up methods of control on the implementation of risk management policy which covers both the philosophy and responsibility.

Responsibility of Raya's Different Departments:

- To know the risks falling under their responsibilities and their potential impact both on their departments or other departments.
- To prepare performance indicators to allow monitoring of the department's main activities.
- The systematic and rapid reporting of any new risks or failure in the control measures applied.
- To confirm the mitigation plans of the risk management dep.

Responsibility of Raya's Employees:

- To understand their responsibilities for individual errors.
- To recognize the importance of contributing to the development of risk management tools.
- To report regularly and rapidly to the risk management on the new risks or any failure of controlling measures.

Responsibility of Raya's Risk Management Department:

- To develop regulations and procedures for internal controls based on the perception of risks facing the company.
- To review the risk statement submitted by each department manager with regard to his department and to submit such statement to the Chairman of the Board of Directors of the company as well as to prepare a regular report on the risk management framework and risk restructuring for Raya Company.
- To identify, develop and monitor the application of guiding rules and procedures for risk management in order to identify, measure, control, and monitor the risks associated with activities of the company and to propose the exposure limits for all activities of the company either for the exposure to financial, operational, credit or reputation risks.
- To raise awareness of the risks and risk management culture within Raya Holding.
- To design reporting systems of any deviations from the performance in a systematic manner.

Therefore, the risk management policy of Raya Holding seeks to develop systems to evaluate the methods and procedures of risk management in various departments of the company and the proper enforcement of risk management rules and governance by monitoring the level of commitments to the enforcement of policies, regulations and work procedures of Raya up to the level of daily practices to ensure more support for informed decisions, and more

disclosure and transparency to all stakeholders in accordance with the rules of Egyptian law and the company's agreement of governance and other related policies.

Approval

Version	Prepared by	Reviewed by	Approved by	Review Date
2.1	Ahmed N. Hassan	Medhat Khalil, Chairman & CEO	Board of Directors	Feb 2019