



2019

Board of Directors Charter

BOARD OF DIRECTORS CHARTER | REVIEWED ON FEBRUARY 2019

APPROVED BY: BOARD OF DIRECTORS

RAYA HOLDING FOR FINANCIAL INVESTMENTS



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Board of Directors Charter

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1. Introduction

- 1.1 The Board of Directors (the “Board”) of Raya Holding for Financial Investments (“Raya” or the “Company”) is responsible for overseeing the Company’s operational and financial performance, as well as its conduct and corporate governance practices, and making all major policy decisions of the Company.
- 1.2 The Board has adopted this Corporate Governance Charter, which together with Raya’s Articles and Memorandum of Association and the charters of certain Board committees, provides the authority and practices for governance of the Company.
- 1.3 In order to guide and monitor the organization and effectively discharge their responsibilities, the Board relies upon accurate, appropriate, and timely information. This information is usually prepared by management in the form of a Board Report that is distributed prior to each Board meeting.
- 1.4 Raya’s Board of Directors is subject to and must be in compliance with all the pertinent laws and regulations of the Egyptian Financial Regulatory Authority (FRA).

2. Corporate Governance Mission

- 2.1 Corporate governance establishes how the shareholders, Board of Directors, and management interact in determining the direction and performance of the Company. Good governance holds management accountable to the Board and the Board accountable to the owners and other stakeholders.
- 2.2 Raya Holding aspires to the highest standards of ethical conduct: doing what it says; reporting results with accuracy and transparency; and maintaining full compliance with the laws, rules, and regulations that govern the Company’s business.
- 2.3 Incorporating a sound corporate governance framework is one of Raya’s key doctrines. The Company is committed not only to meeting legal and regulatory governance requirements, but to having leading-practice governance. The Company is however aware that good corporate governance is not an end in itself, but that it facilitates the Company’s capacity to define and achieve its purposes.
- 2.4 Raya Holding regards the guiding principles of good corporate governance to be:
 - 2.4.1 *Fairness*: Minority shareholders, investors and other stakeholders are treated fairly and their interests are taken into account.

- 2.4.2 *Transparency*: Disclosure of information (financial, organizational, governance and related transactions) is adequate and timely for stakeholders to assess the performance of the Company.
- 2.4.3 *Accountability*: Senior management is accountable to the Board of Directors for achieving plans and implementing approved policies that ensure the safeguarding of assets and the financial viability of the Company. In turn, the Board of Directors is accountable to the shareholders and other stakeholders.
- 2.4.4 *Responsibility*: Clear lines of responsibility need to exist in terms of delegations of authority and which actions or decisions require Board approval or shareholder approval. Responsibility must be attributed in order to have accountability for results.

3. Board of Directors and Management

- 3.1 The Board of Directors manages its responsibilities based on the authorization delegated by the Raya's General Assembly.
- 3.2 The Board of Directors' primary responsibilities are to provide central leadership to Raya Holding, establish its objectives, and approve the strategies that direct the ongoing activities of the Company to achieve these objectives.
- 3.3 The Board will provide effective governance over the Company's affairs for the benefit of its shareholders, and balance the interests of its diverse constituencies, including its clients, employees, suppliers, and local communities.
- 3.4 In all actions taken by the Board, the Directors are expected to exercise their business judgment in what they reasonably believe to be the best interests of the Company.
- 3.5 In discharging that obligation, Directors may rely on the honesty and professional integrity of the Company's senior executives and its outside advisors and auditors.
- 3.6 Management is concerned with implementing the decisions taken by the Board through day-to-day operations. Too much involvement by the Board in management can undermine the Board's responsibility and management's accountability.
- 3.7 The Board's principal channel of communication to management shall be through the Chief Executive Officer (CEO), who shall have primary responsibility to the Board for implementing its decisions.
- 3.8 Strategic Planning Process:
 - 3.8.1 The Board will approve and oversee the implementation of Raya's strategies and will review and approve the Company's strategic plan.
 - 3.8.2 In its strategy document, the Board will identify the significant risks that the Company faces in achieving its business objectives through its business strategies and plans.

- 3.8.3 A high-level overview of the strategies will be communicated throughout the Company and will be disclosed publicly.
 - 3.8.4 The Board shall have an annual strategy review process in which the Board shall:
 - 3.8.4.1 Review and approve Raya's business plans and the inherent levels of risks in these plans;
 - 3.8.4.2 Assess the adequacy of capital to support the business risks of the Company;
 - 3.8.4.3 Set performance objectives;
 - 3.8.4.4 Review the performance of executive management; and
 - 3.8.4.5 Review major capital expenditures, divestitures, and acquisitions.
 - 3.8.5 The Board is also responsible for ensuring that the systems and controls framework, including the Board structure and organizational structure of the Company, is appropriate for the Company's business and associated risks.
 - 3.8.6 The Board must ensure that collectively it has sufficient expertise to identify, understand, and measure the significant risks to which the Company is exposed in its business activities.
 - 3.8.7 Board members will have complete access to the CEO, and through the CEO to management.
 - 3.8.8 The Board must independently assess and question the policies, processes, and procedures of the Company, with the intent to identify and initiate management action on issues requiring improvement.
 - 3.8.9 The Board, through its different Committees, will ensure that the Company meets its objectives and ensures integrity in the accounting and financial reporting systems.
- 3.9 Board Composition:
- 3.9.1 Good governance principles require independence, transparency, and flexibility. The Board acknowledges the importance of Board structure and, as a consequence, the Board seeks to recommend the following when implementing an effective governance structure in the Company.
 - 3.9.2 Criteria for Composition of the Board
 - 3.9.2.1 One of the Board's most important responsibilities is identifying, evaluating, and selecting candidates for the Board of Directors. This responsibility is delegated to the Nomination Committee.
 - 3.9.2.2 The Committee will seek members from diverse professional backgrounds who combine a broad spectrum of experience and expertise with a reputation for integrity.

3.9.2.3 Directors should have had experience in positions with a high degree of responsibility, be leaders in the companies or institutions with which they are affiliated and be selected based upon the contributions they can make to the Board.

3.9.2.4 The factors to be considered by the Committee in its review of potential candidates are exemplified in details in Raya's Nomination Committee Charter.

3.9.2.5 The application of these factors involves the exercise of judgment and cannot be measured in any mathematical or routine way.

3.10 Attendance at Meetings:

3.10.1 Directors are expected to attend the Company's General Assembly, Board meetings, and meetings of committees and subcommittees on which they serve, and to spend the time needed and meet as frequently as necessary to properly discharge their responsibilities.

3.10.2 Information and materials that are important to the Board's understanding of the business to be conducted at a Board or committee meeting should be distributed to the Directors prior to the meeting, in order to provide time for review.

3.10.3 The Chairman should establish a calendar of standard agenda items to be discussed at each meeting scheduled to be held over the course of the ensuing year, and shall also establish the agenda for each Board meeting. Each Board member is free to suggest items for inclusion on the agenda or to raise subjects that are not on the agenda for that meeting, subject to the provisions of the memorandum and articles covering Board of Directors' meetings.

3.10.4 All Board members are encouraged to attend all Board meetings within a calendar year.

3.11 Conduct of Meeting:

3.11.1 The Chairman will determine the degree of formality required at each meeting while maintaining the decorum of such meetings. The following general rules will apply:

3.11.2 The Chairman will ensure that all members are heard;

3.11.3 The Chairman will retain sufficient control to ensure that the authority of the Chair is recognized so that a degree of formality can be reintroduced when it is required to make progress;

3.11.4 The Chairman will ensure that decisions are properly understood and well recorded; and

3.11.5 The Chairman will ensure that the decisions and debate are completed with a reasonably formal resolution recording the conclusions reached.

3.12 Quorum of the Board:

3.12.1 A meeting of the Board will not be valid unless attended by a minimum number of three Directors including the Chairman to be present.

3.13 Frequency of Meetings:

3.13.1 The Board will meet at least four times each financial year and upon invitation of the Chairman or at least one third of the Board members. The Board may also meet for an urgent matter.

3.14 Board Committees:

3.14.1 The standing committees of the Board are the Audit Committee, Nomination Committee, and the Remuneration Committee. The Board shall appoint committee members after consultation with the individual Directors.

3.14.2 Each Committee shall have its own documented charter, which shall comply with the applicable corporate governance rules, and other applicable laws, rules and regulations. The charters shall set forth the mission and responsibilities of the committees as well as qualifications for committee membership, procedures for committee member appointment and removal, committee structure and operations and reporting to the Board.

3.14.3 The Chair of each committee, in consultation with the committee members, shall determine the frequency and length of the committee meetings consistent with any requirements set forth in the committee's charter. The Chair of each committee, in consultation with the appropriate members of the committee and senior management, shall develop the committee's agenda. At the beginning of the year, each committee shall establish a schedule of major topics to be discussed during the year (to the degree these can be foreseen). The agenda for each committee meeting shall be furnished to all committee members in advance of the meeting.

3.14.4 The Board and each Committee shall have the power to hire independent legal, financial, or other advisors, as they may deem necessary to serve the committee. They must however consult with senior management of the Company in advance.

3.14.5 The Board may, from time to time, establish or maintain additional committees as necessary or appropriate.

3.14.6 A Committee appointed by the Board of Directors may meet and adjourn as it considers proper. Questions arising at any meeting shall be determined by a majority of votes of the committee members present. In case of an equality of votes, the Chairman shall not have a second or casting vote and the matter will be referred to the full Board.

3.15 Board Operations:

3.15.1 The standing committees of the Board are the Audit Committee, Nomination Committee, and the Remuneration Committee. The Board shall appoint committee members after consultation with the individual Directors.

3.15.2 Role of the Chairman

3.15.2.1 The Chairman of the Board is expected to fulfill the following responsibilities:

- 3.15.2.1.1 Ensure that the Board provides leadership and vision to the Company;
- 3.15.2.1.2 Ensure that the Board is participating in setting the aims, strategies and policies of the Company;
- 3.15.2.1.3 Ensure that there is adequate monitoring of the pursuit and attainment of the goals and aims of the Company;
- 3.15.2.1.4 Direct the Board discussions to effectively use time to address the critical issues facing the Company;
- 3.15.2.1.5 Ensure that Directors are enabled and encouraged to play their due role in the meetings;
- 3.15.2.1.6 Ensure that Directors have adequate opportunities to express their views;
- 3.15.2.1.7 Ensure that Directors are provided with sufficient and timely information;
- 3.15.2.1.8 Ensure that minutes properly reflect decisions; and
- 3.15.2.1.9 Uphold this Board of Directors Charter.

3.15.2.2 The Chairman shall not be entitled to vote or participate in the deliberations on any matter in which he/she has a personal interest, or be counted in the quorum, unless he/she has obtained the prior approval of the General Assemble thereof

3.16 Evaluation of Board Performance:

3.16.1 The Nomination Committee shall conduct an annual review of Board performance, in accordance with guidelines recommended by the Committee and approved by the Board. This review shall include an overview of the talent base of the Board as a whole as well as an individual assessment of each Director's qualification under corporate governance rules and all other applicable laws, rules and regulations regarding Directors; consideration of any changes in a Director's responsibilities that may have occurred since the Director was first elected to the Board; and such other factors as may be determined by the Committee to be appropriate for review.

3.16.2 Each Committee shall conduct an annual evaluation of its own performance as provided in its charter. The results of the Board and Committee evaluations shall be summarized and presented to the Board.

3.17 Board's Responsibility for Disclosure:

3.17.1 The Board shall oversee the process of financial and business disclosure and communications with external stakeholders. The Board shall ensure that disclosures made by the Company are fair, transparent, comprehensive, and timely and reflect the Company's nature, complexity and risks inherent in the Company's business activities.

4. Directorship

4.1 Selection of Directors:

4.1.1 For every term (3 years), the Nominations Committee is responsible for identifying individuals qualified to become Board members and recommending to the Board the Director nominees for the General Assembly Meeting of the shareholders.

4.1.2 For selection criteria, please refer to the Nomination Committee Charter.

4.2 Number of Directors:

4.2.1 A Board of Directors, consisting of a minimum of five members, shall administer the Company in accordance with the Articles of Association.

4.3 Term for Directorship:

4.3.1 Members of the Board of Directors shall be elected for a three-year renewable term. An elected member of the Board may be re-elected upon the expiry of his term of office.

4.4 Directors' Responsibilities:

4.4.1 Directors shall determine the future of the Company and shall protect its assets and reputation. They will consider how their decisions relate to stakeholders and the regulatory framework.

4.4.2 Directors will apply skill and care in exercising their duties to the Company and are subject to fiduciary duties.

4.4.3 Directors shall be accountable to the shareholders of the Company for Raya's performance and can be removed from office by them.

4.4.4 Each person serving as Director must devote the time and attention necessary to fulfill the obligations of a Director. Key obligations include appropriate attendance at the Board and an adequate review of preparatory material.

4.4.5 Directors are also expected to attend the General Assembly of the shareholders.

4.4.6 Board members must obtain permission from the Board of Directors before accepting being on the Board of any other Company. The number of public company Boards on which a Director may serve shall be subject to a case-by-case

review by the Nomination Committee, in order to ensure that each Director is able to devote sufficient time to perform his or her duties as a Director

4.5 Directors' Independence:

4.5.1 The Board of Directors should include independent, non-executive members. At least half of the Directors on the Board will be independent Directors.

4.6 Directors' Appointment and Succession Planning:

4.6.1 The Nomination Committee must periodically assess the Board of Directors' composition and size and, where appropriate, reconstitute itself and other committees by selecting new Directors to replace long-standing members or those members whose contribution to the Company or its committees is not adequate.

4.6.2 The Nomination Committee shall consider succession planning.

4.7 Directors' Orientation:

4.7.1 The Company shall provide an orientation program for new Directors which shall include presentations by senior management on the Company's strategic plans, its significant financial, investment and risk management issues, compliance programs, operations, Code of Business Conduct and Ethics, management structure and executive officers, and internal and external auditors.

4.8 Directors' Compensation:

4.8.1 The Board, based upon the recommendation of the Remuneration Committee and subject to the laws and regulations, determines the form and amount of Director's compensation.

4.8.2 The Remuneration Committee shall conduct an annual review of Director's compensation.

4.8.3 Directors who are employees of the Company shall not receive any compensation for their services as Directors.

4.8.4 Directors who are not employees of the Company may not enter into any consulting arrangements with Raya Holding without the prior approval of the Board.

4.8.5 Directors who serve on the Audit Committee shall not directly or indirectly provide or receive compensation for providing accounting, consulting, legal, investment or financial advisory services to the Company.

5. Chief Executive Officer's Performance

- 5.1 The Nomination Committee shall conduct an annual review of the Chairman's and the CEO's performance, as set forth in its charter.
- 5.2 The Board of Directors shall review the Nomination Committee's report in order to ensure that the Chairman and the CEO are providing the best leadership for Raya in the long and short terms.

6. Roles and Responsibilities of Managers

- 6.1 Managers have the executive decision-making responsibility for Raya (unless otherwise delegated by the Board) and hence they are concerned with implementing the decisions taken by the Board.
- 6.2 Managers have far less legal responsibilities and obligations than Directors and most of their duties arise out of the contract between them and Raya.
- 6.3 Managers are usually appointed by the Directors or executive management and are usually accountable to them under the terms of their contract.
- 6.4 **THE COMPANY'S CODE OF BUSINESS CONDUCT AND ETHICS**
- 6.5 The Company will adopt a Code of Business Conduct and Ethics and other internal policies and guidelines designed to support the corporate governance mission statement set forth above and to comply with the laws, rules, and regulations that govern Raya's business operations, including any decisions and guidance of the Board.
- 6.6 The Code of Business Conduct and Ethics will apply to all employees of Raya and its subsidiaries, as well as to Directors, temporary workers and other independent contractors and consultants when engaged by or otherwise representing the Company and its interests.
- 6.7 The Audit Committee shall monitor compliance with the Code of Business Conduct and Ethics and other internal policies and guidelines.

7. Policies to Prohibit Conflicts of Interest

- 7.1 The Board will ensure that policies are in place to prohibit potential conflicts of interest in cases such as:
 - 7.1.1 Related party transactions;
 - 7.1.2 Potential misuse of corporate assets; and
 - 7.1.3 Possible use of privileged information for personal advantage.

- 7.2 The Board must establish and disseminate to its members and management, policies and procedures for the identification, reporting, disclosure, prevention, or strict limitation of potential conflicts of interest. A Board member must:
- 7.2.1 Not enter into competition with the Company;
 - 7.2.2 Not demand or accept substantial gifts from the Company for himself or his associates;
 - 7.2.3 Not misuse the Company's assets;
 - 7.2.4 Not use company privileged information or take advantage of business opportunities to which the company is entitled for himself or his associates;
 - 7.2.5 Declare in writing all of their interests in other enterprises or activities (whether as a shareholder of above 5% of the voting capital of a company, a Manager, or other form of significant participation) to the Board of Directors on an annual basis.
 - 7.2.6 Absent themselves from any discussions or decision-making that involves a subject where they are incapable of providing objective advice or which involves a subject or (proposed) transaction where a conflict of interest exists.
- 7.3 A member of the Board or any Manager shall not have any interest whether directly or indirectly in transactions or contracts made for the account of the Company, except with an authorization of the General Assembly.
- 7.4 A Director shall declare to the Board any personal interest, whether direct or indirect, he may have in matters brought before the Board. This declaration shall be recorded in the minutes and the interested Director shall not participate in the debates or voting on the resolutions to be adopted in this respect.
- 7.5 The Chairman of the Board shall communicate to the General Assembly, when it is convened, the result with respect to the transactions and contracts in which any Director has a personal interest. Such communication shall be accompanied by a special report from the auditor and the Company shall disclose such transactions in its financial statements.
- 7.6 Violation of such restriction shall result in claiming compensation from the member for the damages caused to the Company. The said provision shall not apply to ordinary transactions that the Company enters into with its customers and those made by way of public bidding shall, however, be exempted from this restraint if the member has submitted the best offer.

8. Prohibition against the Use of Insider Information

- 8.1 The Board shall ensure that policies are in place that prohibit insider trading.
- 8.2 Directors shall not, at any time, deal in any of the Company's securities or securities of any other listed company when they are in possession of unpublished price-sensitive information in relation to those securities.
- 8.3 Directors shall abide by all applicable regulatory requirements.
- 8.4 Directors shall not deal in the Company's securities on considerations of short-term gains.
- 8.5 Directors shall not make any unauthorized disclosure of any confidential information, whether to co-trustees or any other person. Directors shall not use confidential information for their benefit or the benefit of others.
- 8.6 Directors, Senior Management and associated persons shall not purchase or sell any securities of the Company during "Blackout Periods" as stipulated by the FRA Disclosure Standards – Article (29).
- 8.7 Directors, Senior Management, and associated persons shall not trade by buying and selling in the same day on the stocks of the Company.
- 8.8 A list of Directors and Senior Managers dealing in the securities of the Company since the date of the previous list shall be circulated to members of the Board or maintained in a register.

9. Annual Review of Internal Corporate Governance

- 9.1 The Board shall assess and document, on an annual basis, whether the corporate governance processes that it has implemented have successfully achieved their objectives and consequently confirm whether the Board itself is fulfilling its own responsibilities.
- 9.2 The Board shall identify any material deficiencies and problems and draw up action plans and timetables for their correction.
- 9.3 The Board should also obtain independent third party assessment of their corporate governance processes to ensure compliance with national laws and regulations.

10. Amendments

10.1 The Board may amend this Board of Directors Charter, or grant waivers in exceptional circumstances, provided that any such modification or waiver may not be a violation of any applicable law, rule, or regulation and further provided that any such modification or waiver is appropriately disclosed.

Approval

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