

## Board of Directors Annual Report attached to the Financial Statements

(Prepared according to the provisions of Article 40 of the registration rules)

The company is committed to prepare the report of its Board of Directors prepared for presentation to the General Assembly with the data contained in Annex No. 1 attached to the Executive Regulations of Law 159 of 1981 in addition to what is stated in the following form:

<b>Company Name</b>	Qalaa Holdings For Financial Investments S.A.E
---------------------	--

### Basic Information:

<b>Purpose of the company</b>	<ul style="list-style-type: none"> <li>• Providing consultancy in financial and funding fields for companies and projects of various types.</li> <li>• Preparation and submission of economic, engineering, technological, marketing, administrative and financial feasibility studies, borrowing arrangements and financing studies in general.</li> <li>• Prepare and submit studies and consultations on the promotion of projects and provide the necessary technical support in this regard, except for legal advice.</li> <li>• Agency for companies and projects in the negotiation and contracting of various types and phases, in particular negotiations management contracts and participation and technical assistance.</li> <li>• Management, implementation, rehabilitation and structuring of projects.</li> <li>• Owning shares in subsidiaries.</li> </ul>		
<b>The duration of the company</b>	25 years	<b>Date of listing on the Stock Exchange</b>	02/12/2009
<b>The company is subject to the law</b>	No. 159 for 1981	<b>Nominal value of the share</b>	5 Egyptian pounds per share
<b>Last authorized capital</b>	10.000.000.000 EGP	<b>Last issued capital</b>	9.100.000.000 EGP
<b>Last paid capital</b>	9.100.000.000 EGP	<b>Number and date of registration in the Commercial Register</b>	11121 on 13/04/2004

### Investor Relations:

<b>Contact name</b>	Mr. Amr Mohamed Al Qadi		
<b>Head office address</b>	1089 Cornish El Nil – Garden City		
<b>Phone number</b>	0227914440	<b>Fax number</b>	0227914448

Web Site	<a href="http://www.qalaaholdings.com">www.qalaaholdings.com</a>
EMail	<a href="mailto:info@qalaaholdings.com">info@qalaaholdings.com</a>

### Financial Auditor:

Auditor's Name	: Wael Sakr Mohamed Amer		
Appointment date	: 11/6/2018		
Registration number	: 381	Registration Date	: 29/7/2009

### Ownership Structure & Board Members Ownership

Holders of 5% of the company's shares and more	The final beneficiary	Number of shares at the dated balance sheet	Percentage %
Citadel Capital Partners Ltd.	Citadel Capital Partners Ltd.	427,455,671	23.49%
Olayan Saudi Investment Company (OSICO)	Olayan Saudi Investment Company (OSICO)	165,964,000	9.12%
Emirates International Investment Company LLC	Emirates International Investment Company LLC	100,900,000	5.54%
<b>Total</b>		<b>679,172,542</b>	<b>38.15%</b>

Ownership of Board Members in the Company's Shares	Number of shares at the date of the financial statements	Percentage %
None	None	None
<b>Total ownership of board members.</b>	None	None

The company's treasury shares according to the date of purchase.	Number of shares according to the last previous disclosed statement	Percentage %
None	None	None
<b>Total treasury shares</b>	None	None

### Board of Directors

#### Last Formation of the Board of Directors

Serial	Member's Name	Member's capacity (Executive / Non-)	Number of shares owned	Date of enrollment	Representation
--------	---------------	---	------------------------	--------------------	----------------

		<b>executive / Independent)</b>			
1	Dr. Ahmed Mohamed Hassanein Heikal	Chairman	-----	2004	Representing Citadel Capital Partners LTD
2	Mr. Hisham Hussein El-Khazindar	Managing Director-Executive	-----	2004	Representing Citadel Capital Partners LTD
3	Mr. Karim Hassan Sadek	Managing Director for Transport and Logistics sector - Executive	-----	2005	Representing Citadel Capital Partners LTD
4	Mr. Moataz Farouk Ayad	Managing Director for the Financial sector - Executive	-----	2023	Representing Citadel Capital Partners LTD
6	Mrs. Mona Makram Ebeid	Board Member - Non-executive	-----	2017	Representing Citadel Capital Partners LTD
7	Mr. Magdy Kamal Ibrahim El Desouki	Board Member - Non-executive	-----	2010	Himself
8	Mr. Philip Blair Dundas	Board Member - Non-executive - Independent	-----	2014	Himself
9	Mrs. Dina Heather Hamdy Hassan Sherif	Board Member - Non-executive - Independent	-----	2017	Herself

### **Changes to the Formation of the Board of Directors**

<b>Serial</b>	<b>Member's Name</b>	<b>Member's capacity (Executive / Non-executive / Independent)</b>	<b>Number of shares owned</b>	<b>Date of enrollment</b>	<b>Representation</b>
1	Dr. Ahmed Mohamed Hassanein Heikal	Chairman	-----	2004	Representing Citadel Capital Partners LTD
2	Mr. Hisham Hussein El-Khazindar	Managing Director-Executive	-----	2004	Representing Citadel Capital Partners LTD

3	Mr. Karim Hassan Sadek	Managing Director for Transport and Logistics sector - Executive	-----	2005	Representing Citadel Capital Partners LTD
4	Mr. Tarek Mahmoud Abdel Zaher El Gammal	Managing Director for the Financial sector – Executive	-----	2023	Representing Citadel Capital Partners LTD
5	Mr. Mousheer Mohamed Abdelfattah Gharib Hadhoud	Managing Director for Banking and Financing– Executive	-----	2023	Representing Citadel Capital Partners LTD
6	Mr. Mansour Ahmed Mohamed Heikal	Board Member - Non-executive	-----	2023	Representing Citadel Capital Partners LTD
7	Mr. Taymour Ahmed Mohamed Heikal	Board Member - Non-executive	-----	2023	Representing Citadel Capital Partners LTD
8	Mrs. Mona Makram Ebeid	Board Member - Non-executive	-----	2017	Representing Citadel Capital Partners LTD
9	Mr. Magdy Kamal Ibrahim El Desouki	Board Member - Non-executive	-----	2010	Himself
10	Mr. Philip Blair Dundas	Board Member - Non-executive - Independent	-----	2014	Himself
11	Mrs. Dina Heather Hamdy Hassan Sherif	Board Member - Non-executive - Independent	-----	2017	Herself

### **Board of Directors meetings**

The Board of Directors met 6 times during the year.

No.	Meeting type	Meeting Date
1.	Board of Directors	20 March 2023
2.	Board of Directors	13 May 2023
3.	Board of Directors	30 May 2023
4.	Board of Directors	15 July 2023
5.	Board of Directors	16 September 2023
6.	Board of Directors	21 December 2023

## **Audit and Governance Committee**

<b>Name</b>	<b>Position in the Committee</b>
Mr. Philip Blair Dundas	Committee president
Mr. Magdy Kamal Ibrahim El Desouki	Committee member
Mrs. Dina Heather Hamdy Hassan Sherif	Committee member

### **List of the committee responsibilities and the tasks entrusted to it:**

- Audit the accounts, reviewing, financial reports and issues related to financial internal control in the company.
- Audit the integrity of the company's senior management, its policy, legal compliance, reporting practices, and internal control systems in relation to finance and accounting.
- Review and study the effectiveness of the internal audit, the internal control, the internal audit system and the crises management in the company.
- Recommending the appointment of external auditors and determining their fees and retaining them.
- Audit the independence, qualifications and performance of the company's external and internal auditors.
- Establish and maintain fraud handling and reporting procedures (whistleblowing).
- Reviewing any issues related to conflicts of interest, ethical behavior, or compliance with the law.
- Provide a unified communication channel between the external auditors, the internal auditors, senior management and the board regarding accounts, auditing, financial reports and control.
- Performing any appropriate duties or responsibilities that may be assigned by the board of directors
- Carry out any other tasks specified by the stock exchange listing rules.

### **The work of the committee during the year:**

The number of meetings of the review committee:	Six times a year
Have the committee's reports been presented to the company's board of directors?	Yes
Did the committee's reports include essential observations that should be addressed?	No
Did the Board of Directors address the material observations?	None Found to Address

### **Company employee information:**

The average number of employees in the company during 2022	13,179 full time employees
Average worker income during 2022	13,278 EGP for full time employees

### **Reward and motivation system (ESOP) for employees and managers of the company (if any):**

<b>Total shares available according to the reward and incentive system for employees and managers</b>	No shares were issued or allocated in favor of the reward and incentive system for employees and managers to date.
<b>Total reward and incentive shares granted to employees and managers during the year</b>	None.
<b>The number of beneficiaries of the reward and incentive system for employees and managers</b>	None.
<b>The total amount of reward and motivation shares granted to employees and managers since the system was implemented</b>	None.
<b>Names and titles of each person who obtained 5% or more of the total available shares (or 1% of the company's capital) according to the system</b>	None

### **Violations and procedures related to capital market law and listing rules:**

(Presenting the measures taken against the company, its board members, or managers by the FRA or EGX that relate to violations of the Capital Market Law, its Executive Bylaws and listing rules during the year, with a statement of their reasons and how to address them and avoid their recurrence in the future "if any").

Due to the diversity of the company's investment activities in various sectors spread regionally and in Africa, the subsidiaries and affiliated companies have multiplied. Such subsidiaries and affiliates must provide Qalaa with their audited financial statements for Qalaa to prepare its consolidated financial statements. Due to the large number of these companies, Qalaa was delayed in disclosing its financial statements for the periods 31 March 2023, 30 June 2023, 30 September 2023 and 31 December 2023. The company's delay in disclosing the financial statements for those periods exposes it to the application of Article 65 bis of the Capital Market Law, which stipulates that it is



punishable by a fine of two thousand pounds on each day of delay in delivering the financial statements in accordance with the rules of disclosure with the possibility of reconciliation with the FRA, The company always reconciles for delays.

It is worth mentioning that Qalaa is currently implementing an ERP system in order to enhance the efficiency of resource utilization at all levels, noting that the data obtained from the Management Information Systems (MIS) will result in compliance with the deadlines for the publication of the financial statements.

### **Violations and verdicts issued against the company during the year, explained through the following table:**

Serial	Verdicts, violations and penalties imposed on the company during the year	Notes
	None	None

### **List and Details of Transactions carried out with Related Parties**

Based on the Ordinary General Assembly of the company held on 6/7/2023, the Board of Directors of the company was authorized to enter into the following related parties contracts:

1- Transfer to Emirates International Investment Company (or one of its subsidiaries) of 100% of the shares in Nile Energy Ltd, currently owned by Qalaa, and which will receive 101,426,535 shares representing 7.5% of the shares Taqa Arabia S.A.E, at a fair value of EGP 902.6 million based the independent financial advisor report issued in April 2023 (which valued 100% of the shares of Taqa Arabia S.A.E at EGP 12.03 billion. With this commitment (EGP 902.6 million) being transferred to become due from Citadel Capital Partners Ltd, the main shareholder in Qalaa, and recorded as a debit shareholders current account for the benefit of Qalaa. Any profit distributions either from the share of management amounting to 10% of the consolidated net profit of the company every year or any other distributions in accordance to the articles of associations of the company that are due to Citadel Capital Partners Ltd. will be directed towards the settlement of this account until it is settled in full.

2- - Transfer to Emirates International Investment Company (or one of its subsidiaries) of 100% of the shares in Nile Energy Ltd, currently owned by Qalaa, and which will receive 53,417,975 shares representing 3.95% of the shares Taqa Arabia S.A.E, at a fair value of EGP 475.4 million based the independent financial advisor report issued in April 2023 (which valued 100% of the shares of Taqa Arabia S.A.E at EGP 12.03 billion. With this commitment (EGP 475.4 million) being transferred to become due from Citadel Capital Partners Ltd, the main shareholder in Qalaa, and recorded as a debit shareholders current account for the benefit of Qalaa. Any profit distributions either from the share of management amounting to 10% of the consolidated net profit of the company every year or

any other distributions in accordance to the articles of associations of the company that are due to Citadel Capital Partners Ltd. will be directed towards the settlement of this account until it is settled in full.

3- Transfer of the financing granted by Arab International Bank to Citadel Capital Partners Ltd, with a balance of USD 30.97 million as of December 31, 2023, to Trimstone Assets Holdings Ltd, owned by Qalaa, as part of the restructuring and rescheduling of loans granted by Arab International Bank to Qalaa and a number of its subsidiaries, including Trimstone Assets Holdings Ltd, with an amount equivalent to the amount transferred to Trimstone Assets Holdings Ltd, added to the debit shareholders current account owed by Citadel Capital Partners Ltd. for the benefit of Qalaa Any profit distributions either from the share of management amounting to 10% of the consolidated net profit of the company every year or any other distributions in accordance to the articles of associations of the company that are due to Citadel Capital Partners Ltd. will be directed towards the settlement of this account until it is settled in full.

## **Statement of Shares and Bonds issued during the year**

None.

## **Statement of Donations**

Since its establishment in 2004 and until the end of 2023, Qalaa has provided grants and financial donations exceeding 696 million Egyptian pounds funding community development initiatives aimed at developing educational systems, vocational training programs, human resources development projects, and environmental projects.

## **The company's contribution during the year in the field of community development and environmental preservation**

### **First: Overview of Qalaa Holdings Environmental, Economic, Social, and Governance (EESG) Framework and Journey**

Qalaa Holdings is considered one of the first companies to adopt a multi-pronged investment strategy since it was founded in 2004. It also works to integrate and apply sustainable development practices and the adoption of economic, environmental, social and governance (EESG) at the top of its priorities. Since its inception, it has been committed to establishing and developing responsible projects that take into account all the economic, environmental, and societal dimensions, which is achieved by finding the optimal balance between improving profitability ratios and maximizing the positive returns for communities and the environment across all of its portfolio companies encompassing various sectors, positively impacting sustainable economic growth and job creation across Egypt and Africa.

Amidst the various challenges, the company is committed to contributing to the implementation of the “sustainable economy” model, which is based on responsible consumption, reusing resources to the greatest



extent possible, and responsible waste management. This is in line with the company's efforts and its sustainable environmental and social practices in its various projects, which serves its environmentally friendly policies and contributes to climate change adaptation and mitigation.

Qalaa Holdings believes that its success is not only dependent on its ability to grow profits and maximize the return on investments for shareholders, but also to achieve a tangible positive return that benefits all its employees and the communities surrounding its investments in Egypt and Africa, and the importance of having a systematic approach to managing and monitoring its environmental, economic, and social impact.

### **1. Qalaa's Sustainability Strategy Framework:**

The company continuously seeks to innovate and provide a variety of high-quality products and services including for example, innovative energy solutions that give access to affordable energy to millions of citizens and private-to-private renewable energy solutions; transportation solutions characterized by the efficient fuel consumption; and solid waste management and recycling solutions.

In addition, Qalaa Holdings plays a leading role in investing in renewable energy and waste management solutions for the optimal utilization and protection of natural resources. Qalaa also directly contributes to meeting the basic needs of national food security through its recognized role in growing and manufacturing high-quality and high-value food products that are characterized by the highest health standards and levels.

On the other hand, the sustainable development strategy framework adopted by Qalaa Holdings focuses on investing in the human capital development, placing it at the top of its priorities, being aware of and meeting the various needs of the team and the people of the surrounding communities, and evaluating their impact in advancing the development pace and contributing to achieving sustainable development in a tangible way, in accordance with the highest levels of integrity and transparency and in accordance with the rules of professional conduct, regulations, and responsible practices.

### **2. Sustainability, Environmental, Economic, Social and Governance Approaches and Standards**

Qalaa Holdings' sustainability framework demonstrates its commitment to developing and implementing projects that reflect the values and principles that aim to achieve economic, environmental, social, and governance (EESG) goals in all aspects of the company's business, by investing in a group of strategic sectors that contribute to supporting economic growth in Egypt and various parts of Africa.

Our strategy is aligned with the United Nations Sustainable Development Goals (UNSDGs) and the Ten Principles of the UN Global Compact (UNGC 10 Principles), reflecting our commitment to promoting ethical business practices on a global scale and achieving global sustainability goals.

- Responsible investment
  - o Sustainable energy products and solutions
- Environmental stewardship
- Social responsibility
- Qalaa Holdings Scholarship Foundation (QHSF) and other human capital development programs and initiatives
- Governance excellence and stakeholder engagement

- Continuous improvement
- Reporting and self-regulation to measure impact

### 3. Supporting Collective Actions and Partnerships and Aligning Qalaa's Strategy with The Sustainable Development Goals

Qalaa Holdings is working to balance its portfolio of affiliated investments and take the necessary steps to accelerate the transition to clean energy sources. Accordingly, Qalaa's investment portfolio offers a range of solutions to mitigate the effects of climate change and achieve environmental sustainability and reliance on more clean energy sources. Qalaa is keen to deepen its commitment to achieving the goals of sustainable development (SDGs) and confronting climate change, so the company is working to mitigate the climate impacts of its operations activities, in addition to improving the process of resource management and waste management, as they are among the foremost pillars of this framework. Accordingly, the company has developed a comprehensive climate policy framework covering all its operating sectors.

Qalaa Holdings became a member of the United Nations Global Compact (UNGC) in April 2014, which is the largest voluntary framework aimed at promoting corporate social responsibility and includes more than 12,000 corporate and non-profit members from 145 countries around the world. As one of the most prominent members, Qalaa Holdings has aligned its strategy, sustainable development program, and governance framework with the ten globally agreed-upon principles in the areas of human rights, labor, environment, and anti-corruption.

In line with the company's strategy that aims to achieve the UNSDGs and the UNGC 10 principles, the company has identified several development goals that it strives to achieve. Qalaa Holdings and its subsidiaries have focused on 11 of the UNSDGs (4, 5, 7, 8, 9, 10, 11, 12, 13, 16, 17) during 2023:

1. Goal 4: Quality Education
2. Goal 5: Gender Equality
3. Goal 7: Affordable and Clean Energy
4. Goal 8: Decent Work and Economic Growth
5. Goal 9: Industry, Innovation, and Infrastructure
6. Goal 10: Reduced Inequality
7. Goal 11: Sustainable Cities and Communities
8. Goal 12: Responsible Consumption and Production
9. Goal 13: Climate Action
10. Goal 16: Peace, Justice, and Strong Institutions
11. Goal 17: Partnerships for the Goals

### 4. Sustainability Governance

Qalaa Holdings has prepared an integrated governance system that focuses on several axes, most notably corporate responsibility, transparency, and consolidating ethical practices, with the aim of enhancing governance practices across all its affiliated investments. Considering the company's position as a pioneering entity in implementing sustainable ethical business practices, Qalaa believes that private sector companies play a vital role in bringing about positive change socially and economically in Egypt.

## 5. Qalaa's Memberships and Coalitions

- United Nations Global Compact (UNGC)

### On the environmental front:

- Business Ambition for 1.5°C
- Race to Zero Emissions
- Climate Ambition Coalition
- Global Climate Action Portal
- African Business Leaders Coalition

### On the social front:

- Women Empowerment Principles (WEPs)
- Closing the Gender Gap Accelerator

### On the governance front:

- Integrity Network Initiative (INI)

## Second: Achieving Shared Prosperity, The Responsible Investment Model

### 1. Our Business Model:

Since its launch, Qalaa has succeeded in driving economic growth and building sustainable and responsible businesses as a leading company in investing in energy and infrastructure in Egypt and Africa, where more than 80 leading companies have been built and acquired and more than 40,000 job opportunities have been created in all the markets in which it operates. Qalaa occupies a pioneering position in the markets in which it operates, as it has the full confidence of the investment community, international finance institutions, and sovereign funds. This is due to the positive role that the company plays in advancing the Egyptian and African economy, as well as its firm commitment to achieving Egypt's 2030 Vision for Sustainable Development and the localization of industries while enhancing the efficiency of using local resources.

## 2. An Investment Portfolio with A Sustainable Return

Qalaa Holdings invests in a variety of vital sectors such as industry and infrastructure. Qalaa Holdings is proud of the pivotal role it plays in supporting Egypt's national economic growth strategy and the company is moving forward towards leading efforts to develop the private sector in Egypt. In this context, Qalaa Holdings' main investments include the Egyptian Refining Company, Qalaa Holdings' flagship energy project in the energy sector and the largest private sector-led infrastructure megaprojects in Africa; and Qalaa's subsidiary ASCOM in the mining sector, which has succeeded in entering new international markets and growing its revenues; and the National Printing Company, which was able, through its subsidiaries, to continue to strengthen its geographical presence and expand its export activities in various markets.

The company's primary mission revolves around investing in companies that work to promote sustainable development and advance economic growth while creating more job opportunities in the Egyptian markets and across African countries. The company continues to develop and provide a variety of the latest products and services, the most prominent of which are: providing energy products and services to consumers and companies, as well as providing them with reliable and clean energy alternatives; providing fuel-efficient transportation solutions; and providing solutions in the field of solid waste management with the aim of appropriately recycling them. Qalaa is keen on encouraging the use of renewable energy and waste management in a way that ensures optimal use and protection of natural resources. In the same context, Qalaa's efforts directly contribute to achieving national goals, such as meeting food security needs by growing and manufacturing safe and healthy food products, as well as contributing to vital national infrastructure projects.

## OUR STRATEGY & INVESTMENT THESIS

### What differentiates us?





### 3. Leadership In Forging Sustainable Partnerships:

Qalaa and its subsidiaries cooperate with a wide range of like-minded local and international organizations that seek to achieve the same goals, and this comes within the framework of the company's efforts to maximize value to economies and societies we do business in (vs local communities). Accordingly, Qalaa works to establish public-private partnerships (PPP) with governments, international organizations, corporate organizations, and their contributors. Qalaa actively participates in the UNGC as a founding member of the UNGC Egyptian Network.

Moreover, Qalaa has joined several strategic partnerships in the public and private sectors to implement its major projects. Qalaa Holdings has also joined a strategic partnership with the Egyptian government to implement many community development programs with select ministries, including the Ministry of Education and the Ministry of Planning and Economic Development.





### **Third: Environmental Sustainability – Our Decarbonization Journey**

Qalaa Holdings pays great attention to the protection of the environment and strives to achieve a balance between sustainability practices and the business requirements, reducing the potential negative environmental impact of all its investment activities which constantly interact with a diverse and highly volatile business climate. In this context, Qalaa continues its commitment to promoting responsible and sustainable practices regarding consumption, production, and waste management patterns, to achieve climate neutrality and net zero emissions. Qalaa is also keen to disseminate these practices throughout all its investment activities and subsidiaries through the application of environmental responsibility frameworks and policies as well as considering the coordination between the company's policy and the other policies within the group.

The company has adopted an investment strategy that focuses on achieving environmental sustainability aimed at providing innovative solutions and contributing to enhancing energy and food security. Therefore, the company has developed a comprehensive climate policy framework that covers all its operational sectors and supply chain. The policy framework includes the following:



#### **1. Environmental Responsibility:**

Qalaa has adopted a multi-pronged investment strategy that places environmental sustainability, innovation, and share value creation at the core of its operations. Qalaa is keen to deepen its commitment to achieving sustainable development goals, especially those relating to combating climate change. Therefore, the company works to mitigate the negative environmental impacts of its operational activities, as well as improving the process of resource and waste management, which is one of its core pillars.

Therefore, the company seeks to reduce the harmful environmental impacts of its various businesses by enhancing energy efficiency, reducing greenhouse gas emissions, saving natural resources, and supporting initiatives that limit the effects of climate change.

## 2. Establishing Environmental Policies and Frameworks to Achieve Carbon Neutrality and Decarbonization:

Within the framework of the company's strategy to achieve carbon neutrality and transition to a green economy, the company has established many environmental policies and frameworks, especially the comprehensive climate policies that cover all its operational sectors and their relationship with the supply chain. The company works to reduce its carbon footprint, not only through its business and the work of its subsidiaries, but also by integrating its environmental policies into the production and supply chain, and building relationships with companies that have a positive, sustainable environmental impact. Qalaa Holdings' climate policy aims to reduce its business's carbon footprint to the minimum to achieve decarbonization and carbon neutrality. The climate strategy adopted by the company is based on ensuring that all its business and its subsidiaries' businesses adhere to all climate rules and regulations in the various countries in which it operates, and priority is given to investing in green projects that achieve energy security. In this context, many of Qalaa's subsidiaries calculate their total carbon emissions annually and a study is being conducted for the remaining subsidiaries within the group.

Qalaa has succeeded in maintaining its position as a strategic partner with major export credit institutions and global development finance institutions. Accordingly, the company offers a variety of clean products to the market.

Qalaa is a member of the Global Impact Investing Network (GIIN) and is committed to the integration of its principles into the company's environmental strategy. In addition, Qalaa's environmental compliance framework ensures the adoption of various global guidelines, management systems and standards at Qalaa's level and across its subsidiaries. The company integrates and monitors many factors related to environmental protection in all its sectors, which serves as a point of scrutiny for experts and investment partners. This includes our focus on:

- Adopting a precautionary approach in our investment strategy by ensuring careful consideration of our environmental impact before investments are put into practice
- Focusing on the effective use of resources in all sectors to reduce the depletion of natural resources
- Gradually shifting toward the use of clean energy
- Introducing sustainable transport services to reduce our industries' and our communities' carbon footprints
- Committing to investing in the latest technologies for waste management as a major solution to the resource and energy problem
- Improving the environmental performance of our business through adopting innovative technologies, therefore reducing our emissions and our waste
- Investing, adhering, and complying with the highest health, safety, and environmental standards

## 3. Managing The Carbon Footprint and Investing in Environmentally Friendly Projects:

Qalaa Holdings studies and explores various investment opportunities, taking into account climate-related risks/opportunities on its investments in the short, medium, and long term, in accordance with the company's investment approach, which is geared towards long-term investments. Climate risk management is one of the

key pillars that the company works on within its governance systems. Qalaa understands the importance of identifying and mitigating climate risks to protect its business, stakeholders, and the environment. The proactive approach ensures flexibility and sustainability in the face of evolving challenges to its investments and takes preventative and transitional precautionary measures to adapt and reduce risks related to climate change in various sectors from agriculture to energy in the short, medium, and long term, and invests in projects related to the transition to new and renewable energy and waste recycling in cooperation with governments. Additionally, Qalaa invests in transferring expertise and innovative solutions across borders to African countries, replicating its success story projects. Qalaa's subsidiaries are committed to implementing various environmentally friendly solutions and initiatives as part of the company's expanding strategy.

#### **4. Commitment To Environmental Standards and Transparency of Disclosure**

Qalaa works closely and collaborates with development finance institutions (DFIs) to strengthen the company's compliance and disclosure framework. This includes adherence to the International Finance Corporation's (IFC) environmental and social performance standards.

The company's sustainability department is responsible for environmental protection, social participation, and governance policies, as well as defining and disseminating those policies to all employees within the group and beyond. The Board of Directors, through the Sustainability Committee, is responsible for approving these policies within the group, and the Executive Committee is responsible for implementing and developing the policies.

Many of Qalaa's subsidiaries report their environmental performance to our DFIs partners on a quarterly basis to ensure transparency and ongoing commitment towards improving environmental performance. Qalaa also transparently discloses its environmental practices annually through the company's annual report, which is published on the company's website, and the annual disclosures of Environmental, Social, and Governance (ESG) practices related to sustainability that are submitted to the Financial Regulatory Authority, in addition to the report that is submitted to the Egyptian Exchange annually and the annual Communication on Progress report (CoP) submitted to the United Nations Global Compact (UNGC) and is published on Qalaa Holdings and the UNGC websites.

#### **5. Guidelines For Responsible Production, Consumption, and Efficient Waste Management**

Qalaa believes in the necessity of changing patterns for efficient responsible production and consumption.

##### **5.1. Responsible Consumption:**

Regarding the responsible consumption at Qalaa Holdings and its subsidiaries, the company is committed to implementing the circular economy model, which is based on efficient consumption of resources as much as possible rather than wasting them and manufacturing new environmentally friendly products, by adopting a multi-pronged strategy to achieve comprehensive growth and the desired development.

Qalaa and most of its subsidiaries adopt specific policies concerned with responsible waste management and efficient use of resources, especially water, energy, and waste recycling. The company is in the process of preparing a standardized approach that will be adopted in all the subsidiaries and a way to prepare reports in a unified manner and circulate them to all the group's companies. Qalaa Holdings' subsidiaries, including the

Egyptian Refining Company, TAQA Arabia, Dina Farms, Nile Logistics, National Printing Company, and Uniboard, are seeking to implement several environmentally friendly solutions and initiatives.

### **5.2. Responsible Production and Solutions for Energy, Food, and Water Security**

Through its investments in the energy sector, which include the Egyptian Refining Company, TAQA Arabia, and Tawazon, Qalaa aims to pioneer in investing in clean energy solutions at affordable prices, while providing local alternatives to imports. Additionally, it remains committed to expanding alternative energy, wind energy, and natural gas projects, thereby contributing to enhancing energy security in Egypt.

Qalaa is dedicated to upholding sustainable practices throughout its urban development and new construction projects, with a specific focus on fostering the advancement of sustainable cities. This commitment is facilitated primarily through ASCOM-GlassRock, Egypt's foremost rockwool and sole glasswool manufacturer. The company delivers top-tier, efficient, and sustainable insulation solutions tailored for thermal, acoustic, and fire applications, meticulously engineered by expert local teams. GlassRock supplies rockwool and glasswool products to various sectors including construction, industrial, agricultural, transportation, and other OEM industries, aligning with Qalaa's corporate vision of responsible and sustainable development.

### **5.3. Infrastructure For Waste Management and Recycling:**

Qalaa's subsidiaries implement strict waste management policies and some of them rely on waste to produce a variety of raw materials such as energy alternatives (Tawazon), duplex panels (Shorouk, a subsidiary of the National Printing Company), and thermal insulation solutions (GlassRock Insulation Co.) which contributes to reducing the cost of installing heating and cooling systems by 30-40%.

Regarding Qalaa's investments in waste management and recycling solutions, Tawazon, through its two subsidiaries, ECARU and ENTAG, specializes in providing leading circular economy solutions in the field of waste management and recycling and converting them into energy. During 2023, Tawazon made remarkable progress in providing alternative fuels derived from agricultural waste, solid recovery fuel (SRFs) and refuse-derived fuel (RDFs) to fuel consumption-intensive industrial projects.

## **Fourth: Social Sustainability**

### **1. Overview: Aligning The Company's Community Policies with The UNGC's Ten Principles**

At Qalaa Holdings, prioritizing the "people pillar" within its multi-dimensional investment strategy demonstrates a steadfast commitment to enhancing the well-being of employees, communities, and societies. Qalaa Holdings believes that its success depends not only on its ability to grow profits and maximize investment returns for shareholders, but also to achieve a tangible positive return and benefit for its employees and the communities surrounding its investments in Egypt and Africa. Qalaa Holdings believes in the necessity of investing in the human element as a primary driver towards achieving success and growth in the markets and communities in which it operates.

The obligations of the UNGC Principles include commitments related to human rights, labor, environmental protection, and anti-corruption. The company and its subsidiaries operate within a comprehensive framework of ethical behavior, regulations, and procedures, in line with the UNGC Initiative and the UNSDGs.



Qalaa and its subsidiaries are also continuing to adopt the rules of the code of conduct, regulations, and other procedures and practices set by the UNGC Initiative in an effort to achieve the desired goals in accordance with the highest levels of integrity and transparency, which are closely aligned with the company's vision and strategic objectives.

Qalaa Holdings' core values in line with the United Nations Global Compact principles:

### **1.1. Respecting Human Rights:**

Respect for human rights is a prerequisite for ethical operations. As such, at Qalaa we uphold complete and ultimate respect for individuals and their rights, working diligently to ensure that this is incorporated into our practices. Qalaa Holdings also urges all employees to adhere to the values of honesty, integrity, and hard work that are established through the Code of Conduct. The company also continues its commitment to providing a work environment that is based on justice, mutual respect, and full preservation of employee rights. The company also ensures that human rights values are not violated during the implementation stages by following up and monitoring all processes and practices of various projects.

#### **1.1.1. Prioritizing The Rights and Development of Human Resources and Labor**

Qalaa Holdings places its workers' rights at the forefront of its priorities and considers all their interests in accordance with what is stipulated in the rules and regulations. Qalaa follows the Egyptian Labor Law completely and without any exceptions, which is a law inspired by the standards of the International Labor Organization (ILO). Qalaa Holdings also works to keep pace with developments in international labor laws, standards, and human rights in a way that does not conflict with the Egyptian labor law. This falls within the framework of Qalaa's support for the United Nations guidelines on respect for labor and human rights and the standards of the ILO, and the company is committed to a set of values and principles of integrity, responsibility and transparency throughout the company and its subsidiaries, which include:

- Diversity, equity and inclusion
- Stakeholder and community engagement
- Respecting human rights
- Providing a healthy work environment

The company is eager to provide a suitable work environment for its employees by taking care of them and providing them with training opportunities and helping them gain various experiences, as well as ensuring equal opportunities for their advancement and access to leadership positions within the company. In this context, the company is keen to provide decent wages, contributing to the improvement of its employees' living conditions. It also grants a range of benefits including life insurance, health and social insurance, and disability allowances, as well as the official holidays and vacation days as stipulated by law.

The company also works to review and update bonus granting policies on a frequent basis to keep pace with the country's economic conditions. They also work to adopt human resource policies that contribute to empowering workers and enhancing their skills by providing high-level professional training programs, in accordance with the principle of equal opportunities, which allows for fair job promotions. The company's employment policy prohibits any form of discrimination against individuals appointed or planned to be appointed, whether based on race, religion, gender, nationality, age, or social status. The company continuously reviews and updates its



policies to keep pace with any developments that arise within the framework of labor laws, and to ensure full compliance with international human rights laws regarding granting employees appropriate wages and benefits.

It is important to note that Qalaa's Board of Directors agreed to amend the Code of Business Conduct in early 2022, to define the company's values as well as its obligations towards all parties, including employees, shareholders, vendors, and the communities surrounding the company's business. In 2023, Qalaa Holdings and its subsidiaries continued to follow the updated Code of Business Conduct.

### 1.2. **Adherence To the Highest Standards of Occupational Health and Safety:**

Occupational health and safety for workers is the top priority for Qalaa and its subsidiaries, and the company is committed to implementing the highest necessary safety standards to reduce potential risks. These measures include, but are not limited to:

- Conducting comprehensive assessments and procedures to identify risks
- Providing periodic training and awareness programs on health and safety for all employees
- Implementing strict safety protocols and procedures in all operational activities
- Continuously monitoring and auditing safety performances to identify areas of improvement

The company is proud to maintain an honorable record of zero fatality occupational accidents at Qalaa and its subsidiaries during 2023. This is proof of our firm commitment to and the effectiveness of our rigorous health and safety measures and protocols in promoting a safe work environment. This is achieved by monitoring recent developments and modern practices, periodically improving protocols, and enhancing and enriching Health, Safety and Environment (HSE) measures as well as continuously assessing, adapting, innovating, and promoting a safer work environment.

### 1.3. **Diversity, Inclusion, and Women Empowerment:**

Qalaa believes in the importance of establishing an inclusive work environment based on diversity, which contributes to the empowerment of all its employees, particularly women. The company is unique in having a diverse team of administrative leaders, including many experts in various fields. Qalaa Holdings and its subsidiaries provide policies aimed at creating an environment supportive of diversity and inclusion in the field. The company is distinguished by the diversity and equality of its administrative team.

- 1.3.1. Women Empowerment:** Qalaa Holdings and its subsidiaries implement workplace policies aimed at fostering a supportive environment for women. These policies include flexible working hours for female employees during and after maternity leave, facilitating a smooth return to work, and opportunities for skill development.

**Qalaa's strategy revolves around supporting and empowering women in the workplace, guided by the principle of "Leading by Example." This approach is built on four key pillars.**

- **Implementing the principle of equal opportunities and equality**, appointing Egyptian women, creating a supportive environment, bridging the gap, and representing them in both leadership and administrative positions. Qalaa Holdings and its subsidiaries have a large number of women who hold leadership positions. Women represent **25%** of the company's Board of Directors. More than **39.1%** of women hold management positions and **13.04%** of women hold middle management positions at

Qalaa Holdings and its subsidiaries. Many of them were honored to be included among the list of the most influential leadership figures in Qalaa in Egypt, the Middle East, and North Africa. There is also 100% female representation in the firm's legal team. At the subsidiary level, women hold influential leadership positions as well. There are two women who hold the position of CEO, two women who hold the position of CFO and two women who are department heads

- **Awarding and honoring female talents in the public sphere**, highlighting their vital role in various sectors, and contributing to changing stereotypical ideas and beliefs about the role of Egyptian women in the Egyptian and international business communities
- **Actively participating in national and international initiatives and supporting governmental and UN efforts** that would enhance the status of women and achieve equality and equal opportunities between the genders
- **Launching various social development programs and initiatives** to train, prepare and empower women

1.3.2. **Empowering and Integrating People with Disabilities:** Qalaa focuses on integrating people with disabilities through the Egyptian Refining Company's Takaful program, which directly and indirectly benefits 14,340 people, as of the end of 2023.

## 2. **Investing In Community and Human Capital Development:**

### 2.1. **Integrated Community Plan:**

Qalaa Holdings believes in the importance of adopting **responsible and sustainable community development programs** as part of its continuous endeavor to achieve public benefit and support the surrounding communities. Qalaa places at the top of its priorities meeting the various needs of human resources and investing in the development of human capital. The initiatives and programs launched by the company also contribute to achieving sustainable development goals related to the development of human capabilities. Qalaa Holdings and its subsidiaries are committed to implementing a declared integrated plan for responsibly and sustainably developing the community through:

- Allocating periodic **sustainable funding** for its initiatives in this regard, whether through allocating a permanent endowment and contributing to pioneering initiatives such as the scholarship program in cooperation with the government, or the Decent Life (Hayah Kareema) initiative
- Committing to programs that advance surrounding communities, invest in infrastructure, enhance the standard of living and support youth and the local community
- Measuring environmental impact, improving performance and community participation
- Expanding the positive societal impact on communities
- Spreading environmental awareness in surrounding communities

### 2.2. **Investing In Sustainable Community Development:**

Qalaa Holdings has allocated financial investments exceedingly approximately **EGP 718.6 million** to finance its initiatives in community and environmental development and preparing a new generation of leaders from its

inception until December 2023. It is worth noting that Qalaa Holdings and its subsidiaries spent the following in 2023:

- **EGP 6 million** through the Qalaa Holdings Scholarship Foundation
- **EGP 6 million** through Qalaa's contributions to Tahya Masr Fund
- **EGP 16.6 million** from the Egyptian Refining Company for the company's community development initiatives

### 2.3. Community development pillars and programs:

Community development initiatives and programs launched by Qalaa Holdings and its subsidiaries focus on interconnected pillars and programs:

- I. Improving the educational system
- II. Developing human capital and empowering youth
- III. Technical and vocational training
- IV. Women empowerment
- V. Creating impactful partnerships for community development

Below is an explanation of each of these pillars:



### **First: Improving The Educational System to Support the Fourth Goal of The Sustainable Development Goals: Quality Education. This Includes:**

#### **Qalaa Holdings Scholarship Foundation (QHSF)**

The Qalaa Holdings Scholarship Foundation (QHSF) aims to provide Egypt's promising youth with opportunities to complete their educational careers at the most prominent universities and scientific institutes in the United States and Europe. It is committed to providing approximately 15 scholarships annually since its inception in 2007, in an effort to enable beneficiaries to contribute to advancing economic and social development in Egypt.

The Qalaa Holdings Scholarship Foundation stands as Egypt's largest private sector-funded scholarship program, representing the highlight of Qalaa's investments in human potential development. The foundation aims to help young Egyptian talents complete their academic careers. The Qalaa Scholarship Foundation operates under the leadership of an independent Board of Trustees and is managed by a full-time Executive Director. The foundation offers 15-20 scholarships annually to obtain Masters and Doctoral degrees from the most prominent international universities and scientific institutes, on the condition that the beneficiaries pledge to return to work in Egypt and contribute to achieving the nation's progress after completing their scholarship.

Qalaa Holdings has been funding the foundation's activities since its founding through the proceeds of the permanent endowment that it allocated to ensure the continuity of the foundation's work and enhance its ability to support talented Egyptian youth to complete their Masters and Doctoral studies at the most prominent

international universities in the number of sciences and fields, including filmmaking, anthropology, mental health science, mechanical engineering, biotechnology, and architecture. Since its inception, the foundation has succeeded in providing about **207 scholarships** to students from more than 15 Egyptian governorates, in order to complete their academic careers in more than 60 prestigious international universities around the world, noting that the percentage of women's representation in the scholarships has reached **46% in 2023**.

#### **Qalaa Holdings Financial Services Center (QHFSC) at the American University in Cairo**

The Qalaa Holdings Financial Services Center (QHFSC) at the American University in Cairo (AUC) was established in 2006, with funding from Qalaa, based on its commitment to contribute to improving the quality of education in Egypt, in cooperation with AUC to provide training activities and academic qualifications for students wishing to work in the fields of risk management, securities trading, and asset allocation. The center is one of the most important development projects adopted by Qalaa Holdings, and it is the first center of its kind in the Middle East and North Africa. The center contributes to developing human capabilities in an effort to advance the local communities and advance economic growth in Egypt. Qalaa has donated USD 250,000 as initial funding to establish the center and the company also supports the center with USD 30,000 annually to cover operating expenses. It is worth noting that the Qalaa Financial Services Center at the American University in Cairo provides a unique educational experience, as it gives students the opportunity to combine scientific financial concepts with applied and practical practice. Since its inception until 2023, the Center has succeeded in graduating **10,000 male and female researchers and faculty members** from various parts of Egypt, and the total support provided by Qalaa to the Center since its inception has reached USD 180 million.

#### **The Egyptian Refining Company Scholarships:**

- **"Mostakbaly" for students' scholarship program – East Cairo region (Mostorod – Al Khosos – East Shubra Al-Khaymah – Matareya)**

During 2016, the Egyptian Refining Company, Qalaa Holdings' subsidiary in the energy sector, launched an educational initiative for university and technical education students in the region, from which **159 students** benefited as of 2023 under the name "Mostakbaly", where students were provided with the opportunity to complete their higher education at a selection of five universities: The American University in Cairo, The Arab Academy for Science and Technology, Ain Shams University, Zewail University or Nile University. The initiative also provided scholarships to study abroad, offered under the management of the Qalaa Holdings Scholarship Foundation (at the University of Sheffield, Imperial University, the University of Manchester, and the University of Oxford). In addition to the scholarships, **106 students** took training courses at the Don Bosco Salesian Institute to train in maintenance, welding, refrigeration, air conditioning, car mechanics, precision instruments and computers.

- **"Mostakbaly" for teachers' scholarship program – East Cairo region (Mostorod – Al Khosos – East Shubra Al-Khaymah – Matareya)**

The company launched the "Mostakbaly" initiative for teachers in 2017, under which **215 teachers** received the opportunity to participate in the "Teaching Early Learners" (CELE) program presented by the American University in Cairo.

#### **Scholarships from TAQA Arabia:**

1089 Corniche El-Nil, Four Seasons Nile Plaza, Garden City, Cairo, 11519, Egypt Tel: +202 2791 4440 Fax: +202 2791 4448  
 ١٠٨٩ كورنيش النيل - فور سيزونز نابل بلازا - المبنى الإداري - الدور الثالث - جاردن سيتي - القاهرة ١١٥١٩ مصر تليفون: +٢٠٢ ٢٧٩١ ٤٤٤ فاكس: +٢٠٢ ٢٧٩١ ٤٤٨  
[www.qalaaholdings.com](http://www.qalaaholdings.com)



**TAQA Arabia** has provided several scholarships for students to finance master's studies in the field of renewable energy. The scholarship covers both tuition fees and, in cooperation with the OmHabibeh Foundation, trains skilled students in the field of solar energy (technical, social, health, security).

#### Other Activities to Support Education:

- The Egyptian Refining Company also provided **12,503** medical glasses to students to improve their academic level, as studies have proven that poor vision is one of the main reasons for students' absence from school
- It has also provided **16,397** in-kind assistances to sponsored students to complete their studies
- **School renovation:** The Egyptian Refining Company began addressing the problem of public schools that lack maintenance in 2012 by launching projects to renovate dilapidated school buildings and unsafe school courtyards in the East Cairo area. Currently, 45 schools have been developed
- **Environmental awareness initiatives:** The Egyptian Refining Company implemented **25 environmental awareness campaigns** in various schools in the Mostorod area to raise awareness among students about the importance of environmental care and ways to reduce individual environmental impact. About **1,250** students have benefits as of 2023

#### Second: Human Capital Development and Youth Capacity Building:



#### “Mashrouy” and “Takaful” programs:

The Egyptian Refining Company established the Community Development Center in 2008 to work with the residents of the area surrounding the project and assess the available skills and monitor the interests and needs of the community. Since its inception, the company has trained **2,768 young men and women** from the communities surrounding the project and qualified them for the labor market. They were trained in welding, lathe, electricity, and mechanics as well as mobile phone maintenance, computer technology, sewing, accessories, hairdressing, and small project management. This is in addition to providing **15,000 job opportunities** during the construction of projects and **1,500 job opportunities** within the company and companies assisting with the project.

In this context, the company launched the “Mashrouy program in 2016, which supports and empowers youth in the Mostorod region by supporting new and existing small projects they have developed, as well as providing training courses on personal skills for those wishing to join the labor market. The program resulted in the **direct and indirect support of 95,555 beneficiaries** as of 2023. Also, the “Takaful” support program for people with special needs has provided direct and indirect support for approximately **14,340 beneficiaries**.

#### Mashrouy Program

- 1779 young people trained to enter the labor market
- 107 small projects to empower the youth

1089 Corniche El-Nil, Four Seasons Nile Plaza, Garden City, Cairo, 11519, Egypt Tel: +202 2791 4440 Fax: +202 2791 4448  
١٠٨٩ كورنيش النيل - فور سيزونز نايل بلازا - المبنى الإداري - الدور الثالث - جاردن سيتي - القاهرة ١١٥١٩ مصر تليفون: +٢٠٢ ٢٧٩١ ٤٤٤٠ فاكس: +٢٠٢ ٢٧٩١ ٤٤٤٨

[www.qalaaholdings.com](http://www.qalaaholdings.com)



- 25 scholarships for vocational training in the field of mobile maintenance
- 4 computer centers were developed to serve youth in the Mostorod region

#### **Takaful Program**

- 2,437 individuals with special needs were supported
- 4 childcare centers were supported
- 4 schools for people with special needs have been developed

#### **“Reyada” Program**

Motivating youth to volunteer and participate in community activities and initiatives is one of the main goals of the Egyptian Refining Company. This is based on its belief that young people have the greatest opportunity to maximize the positive impact on the surrounding communities, as well as their ability to continue implementing various initiatives with continuity and sustainability, generation after generation. In this context, the company launched the “Reyada” initiative, which has so far succeeded in training **150 volunteers** on managing social initiatives, including 30 beneficiaries who are currently directing and managing volunteer groups independently. As of the end of 2023, the initiative has reached **16,850 direct and indirect beneficiaries**.

- 150 volunteers
- 9 community development initiatives
- 15 capacity building training courses
- 3 motivational courses

#### **Third: Technical Training and Vocational Training Program:**

The Egyptian Refining Company also develops human capabilities and professional and technical qualifications by giving **106 students** training courses at the Don Bosco Salesian Institute to train them in the skills of lathe, welding, refrigeration and air conditioning, car mechanics, precision instruments, and computers.

#### **“Tamkeen” Program**

The Egyptian Refining Company sponsors the “Tamkeen” program to provide financial and non-financial support to female entrepreneurs. So far, the initiative has resulted in **1,589** women being qualified for the labor market and **239** small projects being funded to increase economic support for women. The total number of direct and indirect beneficiaries of the “Tamkeen” program reached **8,975** women as of the end of 2023.

- 1,589 women were trained to enter the labor market
- 239 small projects were supported to empower women
- 85 grants were provided for craft training

#### **Fourth: Forging impactful partnerships for community development – the 17<sup>th</sup> UNSDG: establishing partnerships to achieve goals**

Qalaa Holdings believes that establishing partnerships with like-minded local and international institutions that adopt the same vision and work to achieve common goals will have a positive impact on enhancing the company’s ability to benefit more people from the local communities and maximize value for them. These partnerships also contribute to ensuring that its local initiatives are aligned with global initiatives in order to

ensure more comprehensive benefits and gains. Qalaa Holdings and its subsidiaries cooperate with a wide range of local and international organizations such as the UNGC and the World Economic Forum to define common goals and work to achieve them and maximize value to the local communities.

Qalaa and its affiliates work with more than:

- 6+ Qalaa partners from financial institutions
- 6+ Qalaa partners from government bodies
- 44 Qalaa partners from civil society organizations
- 13+ Qalaa partners from academic and international institutions
- 5 ministries concerned with sustainable development initiatives and programs

#### **Fifth: Sustainable Governance**

As part of the company's commitment to establishing the culture and practices of environmental responsibility in the organization in line with international best practices, the company has prepared an integrated sustainability governance system based on a set of pillars, the most prominent of which are:

- Compliance with local and international sustainability standards
- Establishing responsible environmental and societal practices and policies
- Corporate responsibility and environmental and societal risk assessment
- Integrating climate change opportunities and risks into the strategy
- Transparency, integrity, and disclosure

Qalaa believes that governance and accountability are two basic pillars to ensure the company's business is in line with its priorities. The company also takes upon itself the responsibility of stimulating the optimal use of resources across its various businesses, as well as its subsidiaries' businesses, and improving the efficiency of the energy used and adhering to standards in the hope of building a better future free of carbon emissions by 2050. To this end, Qalaa has established the ground rules necessary to measure and manage its progress, such as climate, water, and waste policies that play an important role in regulating resource management.

#### **1. Compliance With Local and International Sustainability Standards**

As a responsible investor, the company is internally committed to pursuing a triple bottom line strategy that yields three-dimensional returns encompassing economic, environmental, and social aspects. Responsible investment is an integral part of the company's DNA and principles, as is the principle of "Leading by Example". Qalaa voluntarily joined the UNGC in 2015 and was the first Egyptian company to join the "Business Ambition for 1.5°C Goal" campaign and be among the first 177 global companies to face the problem of climate change. By joining this campaign, the company affirms our responsibility and leadership in efforts to reduce the carbon footprint and build a more sustainable future for future generations.

#### **2. Integrating Responsible Environmental and Societal Practices and Policies**

Qalaa and most of its subsidiaries have established several policies and frameworks for environmental sustainability, safety, quality, and community development, and have set indicators to monitor and improve performance. Work is currently underway to implement these policies and indicators in the rest of Qalaa's

subsidiaries. Qalaa and all its subsidiaries adopt an integrated system of codes of conduct, regulations, and procedures that have been developed in line with the principles of the UNGC and the UNSDGs.

The company complies with environmental and governance regulations and policies, as it evaluates the environmental risks and the social impact of its activities, labor standards, labor recruitment, and occupational health and safety policies, to support and encourage the adoption of the highest standards followed in the various sectors in which it operates, and to avoid potential risks.

The company's initiatives aim to advance the ESG sustainability agenda, as well as integrate it into its operational business model to achieve the UNSDGs and the International Finance Corporation (IFC) performance standards for ESG risk management.

### **3. Corporate Responsibility and Environmental Risk Assessment**

As a major investor in the energy and infrastructure sectors, Qalaa strictly adheres to environmental standards and laws by using metrics to periodically evaluate risks and investment opportunities resulting from climate change in line with its investment strategy and risk management process that includes ESG, SWOT Analysis, TCFD recommendations, and UNSDGs and the company is considering contributing to the Egyptian, African and global voluntary carbon market. This policy stems from within the company as well as derived from national policies, best practices, and global standards.

At the Qalaa Group level, the company's risk management officer conducts a comprehensive periodic assessment of the risks affecting and resulting from economic activity. The company identifies and evaluates the environmental and social risks arising from its economic activities and those of its companies and investments in various sectors. The group's management includes risks and opportunities related to climate change in its study of various investment opportunities and its assessment of those risks and opportunities influences the company's investment decision. Qalaa also directs its investments towards opportunities that reduce environmental risks and enhance energy security, such as investing in renewable energy (solar energy, green hydrogen, and delivering gas to remote areas) via TAQA Arabia, waste recycling, and innovative solutions for carbon neutrality such as Sustainable Aviation Fuel (SAF) through Tawazon.

### **4. Integrating The Opportunities And Risks Of Climate Change Into The Investment Strategy**

Qalaa Holdings recognizes the importance of the positive impact of its business on the environment and investment opportunities and the group includes risks and opportunities related to climate change in the assumptions on which studies of its subsidiaries are based, which feed into its investment plans and financial plans. Qalaa Holdings and its subsidiaries include climate-related risks in their pre-investment studies for various projects and post-investment studies related to evaluating the performance of those investments and preparing and approving their future financial plans. Work is underway to prepare a specific approach to be adopted and applied in all its subsidiaries in a unified manner on the following basis:

- Determine the type of risk
- Explain the risk
- Identify the potential risk resulting from it
- The potential for risk
- Impact of the risk

- Severity of the risk (likelihood \* impact)
- Work plan

##### **5. Transparency, Integrity, and Disclosure:**

Qalaa evaluates and voluntarily discloses its environmental and societal practices. The company's first comprehensive sustainability report was issued and received an (A) rating in Africa from the Global Reporting Initiative (GRI) in 2014-2015.

Qalaa Holdings is committed to applying the **highest levels of governance and corporate responsibility** and focuses on **accurate sustainability reports** that consider the values of transparency and integrity regarding reporting mechanisms. In this context, the company complies with the requirements and controls stipulated in the Financial Regulatory Authority, as well as its firm commitment to environmental and societal sustainability standards and governance principles.

Qalaa is currently working on **developing disclosure mechanisms, preparing periodic reports, adhering to global standards, and integrating international reporting frameworks** like the Science-Based Targets Initiative (SBTI), the Global Reporting Initiative (GRI), the Global Impact Investing Network (GIIN), and the Task Force on Climate-Related Financial Disclosures (TCFD). These efforts aim to track its responsible investments and environmental sustainability indicators, such as carbon footprint management and social sustainability.

This is in addition to developing an approved code of conduct of ethics and honor for Qalaa employees and includes all concerned parties, including employees, the sustainable supply chain, and the end customers. Every employee is obligated to sign this charter after studying and understanding it. The charter was published on the company's official website, which confirms the company's commitment to transparency and integrity in all aspects of its business.

The company is committed to the highest standards of integrity, transparency, and anti-corruption frameworks and has a system for reporting corruption (whistleblowing). The company firmly confronts all unethical behavior and follows clear and correct procedures in line with local and international laws and legislation in this regard.

##### **Sixth: Our Way Forward**

Continuing its leadership in the field of responsible investment and sustainable investments in the Middle East and Africa, Qalaa continues to fuel sustainable development in Egypt and the region through a number of initiatives and practices that strengthen the pillars of growth of the Egyptian economy and its commitment to assessing and managing the environmental impact of its operations and improving the level of operational efficiency and optimal use of resources through several practices and pledges, including:

- Take account of existing policies and practices, and work alongside subsidiaries to set and maintain group-wide HSE standards



- Continue to refine our ESG monitoring and reporting structure to collect measurable data, and accordingly set indicators/KPIs at the holding, subsidiary, and platform levels for responsible resource consumption, production, and waste management
- Ensure continued awareness of all sorts of risks across all subsidiaries, and leverage opportunities to achieve shared value and develop best practices
- Continue adopting sound, sustainable, efficient, and inclusive practices across all stakeholders across our current and potential investments
- Examine internal policies to ensure the adoption of international best practices in health, safety, governance, labor, and the environment
- Conduct industry-specific training, as needed, for senior managers in sustainability and SDG awareness at the holding and subsidiary levels
- Assist individual managers in setting goals to gradually integrate sustainability into all business operations and performance assessments
- Prioritize comprehensively benchmarking carbon footprint and continue to report voluntarily on sustainability progress
- Continue to explore and identify ways to reduce carbon footprint across our investment portfolio to reach neutrality by 2030
- Focusing on the creation of green solutions and technologies aimed at enhancing the reduction of carbon emissions and achieving strategic partnerships (win-win) between the public and private sectors that have a positive and rewarding return for all parties
- Develop a plan for climate change benchmarking and set group-wide science-based targets in line with Science-Based Targets Initiatives (SBTI)
- Seek international certifications, affiliations, and reporting agencies to ensure compliance with international best practices in all sectors
- Improving company disclosures by relying on modern data collection and auditing tools, as well as following the best global reporting standards and investing in infrastructure to digitize reporting processes
- Qalaa renews its commitment to enhancing its investments in employment and human capital development, especially youth, women, and people with special needs in the surrounding communities, and considering the public interest and all parties concerned in its investments and practices
- Continuing to establish fruitful strategic partnerships to achieve sustainable development goals and joint initiatives
- Continuing to incorporate international best practices and continuous dialogue with stakeholders in accordance with the highest levels of integrity and transparency that are consistent with the company's vision and strategic objectives and to continuously improve performance

Considering the policies adopted by the Egyptian government, Qalaa will continue to strengthen its position in a group of distinguished sectors with high growth potential and a promising future. We also aim to develop our existing investments, especially in the field of national energy security and food security.

This is in addition to continuing our focus on applying the best sustainability standards and practices in our various investments, based on our firm belief in our role and responsibility towards achieving sustainability and responsible investment. As such, we renew our commitment to striving to reduce our carbon footprint, contribute to Egypt's transition to clean energy, advance efforts to transition to a green economy, and create



green projects that are in line with Egypt's Vision 2030 and the Nationally Determined Contributions (NDCs) that aim to reduce greenhouse gas emissions by 65%, in addition to supporting the government's goals to increase overall domestic energy production and reduce energy consumption intensity, as well as accelerating the pace of the transition to low-carbon energy sources, which requires the following:

- Developing additional renewable energy capabilities
- Expanding the use of renewable energy connected to the national electricity grid
- Developing new business models and innovative cross-border partnerships (private sector – Private to Private)
- Raising the efficiency of energy consumption through the company's operations and investment portfolio and replacing diesel power plants with solar power plants

**Note:**

- To view the detailed report on Qalaa's environmental, societal, and economic achievements for 2023, please visit the following link:  
<https://www.qalaaholdings.com/media/Qalaa%20Holding/Files/17042024153321-Qalaa%20Holdings%20ESG%20Report%202023.pdf>
- To view the company's sustainability section under the corporate governance report for 2023, please visit the following link:  
<http://www.qalaaholdings.com/media/Qalaa%20Holding/Files/28042024125403-QH%20Sustainability%20Framework%20-%20English%20Final%205.pdf>
- To View Qalaa Holdings and its subsidiaries' annual report for 2022, please visit the following link:  
<http://www.qalaaholdings.com/media/Qalaa%20Holding/Files/28042024125857-QH%20AR22%20V1.4.pdf>
- To View UN Global Compact Communication on Progress Report 2022 please visit the following link:  
<https://www.qalaaholdings.com/media/Qalaa%20Holding/Files/17042024154243-QH%20COP%202022%20V1.2.pdf>

**Annual report template for disclosing financial disclosure practices related to climate change (TCFD), in implementation of Authority Resolutions No. 107 and 108 for 2023.**

The annual report on financial disclosures related to climate change (TCFD) has been successfully registered, and your registration code number is 35239. Please print the report and attach it to the Board of Directors' annual report attached to the annual financial statements for 2023. (See the attached report).

## **Annual report template for disclosing environmental, societal, and governance practices related to ESG sustainability, in implementation of Authority Resolution No. 107 and 108 for 2023.**

The annual report on environmental, social, and governance disclosures related to ESG sustainability has been successfully registered and your registration code number is 35237. Please print the report and attach it to the Board of Directors' annual report attached to the annual financial statements for 2023. (See the attached report).

### **In particular, the report must include the following:**

1. **The general condition of the company, its financial results, and future outlook:** Please refer to the attached report.
2. **Proposed profit distribution to shareholders:** None.
3. **Proposals for transferring to provisions:** None.
4. **Main activities of the company and its subsidiaries, and any changes in the ownership of subsidiaries during the year:** Please refer to the attached report.
5. **Current value of the assets - if the book value is significantly different from the current market value:** Please refer to the attached report.
6. **Proportion of business volume and net profit or loss distributed among the company's main activities:** Please refer to the attached report.
7. **Export volume:** Please refer to the attached report.
8. **Statement of donations:** See above.
9. **Statement of shares and bonds issued during the year:** None.

**The Company's Legal Representative**

**Company Stamp**

**Name:** Ahmed Mohamed Hassanein Heikal

**Signature:** 

**Dated:** 6 May, 2024

