

# Qalaa Holdings Sustainability Framework

Qalaa Holdings is dedicated to building businesses that add value to the economies and societies in which it operates, sustainably and responsibly, prioritizing the well-being of our employees and the communities we serve. Our sustainability strategy underscores our belief that sustainability is a business imperative and opportunity, a risk mitigant, and an essential aspect of our core values of being a responsible investor. Additionally, we are dedicated to integrating economic, environmental, social, and governance (EESG) considerations into every facet of our policies, operations, and investment decisions.

Furthermore, our strategy aligns closely with the United Nations Sustainable Development Goals (SDGs) and the UN Global Compact's Ten Principles, reflecting our commitment to advancing global sustainability objectives and promoting ethical business practices on a global scale.

Integral to our approach are eight areas of focus:

- 1. Responsible Investment:** Qalaa Holdings is committed to making responsible investment decisions that create long-term value for its stakeholders. We prioritize investments that promote sustainable economic growth, environmental stewardship, and social development.
  - **Firmwide Sustainability Works:** We integrate ESG considerations across our business practices, operations, and culture. This includes driving our firmwide climate strategy, managing our ESG disclosure, engaging with stakeholders, and reducing the environmental impact of our operations.
  - **Sustainable Energy Products and Solutions:** Provide innovative environmental, social, and governance (ESG) that seeks to achieve economic and societal well-being and sustainability.
- 2. Environmental Stewardship:** We recognize the importance of preserving the environment for current and future generations. Qalaa Holdings strives to minimize its environmental footprint by promoting energy efficiency, reducing greenhouse gas emissions, conserving natural resources, and supporting initiatives that mitigate climate change.
- 3. Social Responsibility:** Qalaa Holdings is dedicated to being a positive force in the communities and society where we operate. We prioritize the well-being of our employees, promote diversity and inclusion, and support initiatives that enhance education, healthcare, and social welfare.
- 4. Qalaa Holdings Scholarship Foundation and Other Human Capital Initiatives and Programs:** QHSF was established in 2007, exemplifying our commitment to fostering human capital development through sustainable governance and finance. To date, QHSF has awarded over 207 scholarships,

adhering to the highest standards of accountability and financial sustainability.

5. **Governance Excellence and Stakeholder Engagement:** Qalaa Holdings upholds the highest standards of corporate governance and ethical conduct, emphasizing transparency, accountability, and integrity in all business dealings.
  - We prioritize **stakeholder engagement** mapping, continuously developing it to ensure transparency and accountability.
  - **Sustainability Governance:** Qalaa is considered the first industrial company in Egypt to appoint a Chief Sustainability Officer and create a **sustainability office** for the management and coordination of sustainability matters across its company functions, and the first to establish a **Sustainability Committee** at the corporate board level for sustainability governance that assists Qalaa Holdings' management in drafting short and long-term policies, and guidance on strategies and goals that promote responsible and sustainable practices across the company and its subsidiaries as well as to relevant stakeholders to mediate risks and create shared value.
6. **Continuous Improvement:** Qalaa Holdings is committed to continuously improving its sustainability performance. We regularly build carefully, set goals, and monitor our progress and assess our ESG practices, set targets for improvement, and engage with stakeholders to address their concerns and feedback.
7. **Accountability Reporting and Self-Regulation to Measure Our Impact:** Qalaa Holdings implements robust accountability reporting mechanisms and practices self-regulation to build trust and ensure transparency, integrity, and compliance with regulatory requirements. By adhering and communicating with our internal & external stakeholders to rigorous reporting standards and actively regulating our operations, we uphold our commitment to responsible corporate citizenship and foster trust among stakeholders.
8. **Advocacy and Partnerships:** Partnering with like-minded local and international organizations like UNDP and FEI who are working towards common goals will enable us to further our reach and add more value to our communities. Qalaa has clearly demonstrated how partnerships in the public and private sectors can promote sustainable development.

We prioritize the following sustainability and ESG goals:

1. **Developing policies, standards, and KPIs** to achieve HSEQ best practices across our subsidiaries and supply chains.

2. **Transitioning to low-carbon and reducing emissions across operations to transition to a net-zero future by 2050.** (Qalaa has signed a pledge to set science-based emission reduction targets aligned with a net-zero future, responding to what the latest climate science indicates is needed to limit the worst impacts of climate change)
3. **Risk Assessment, Reporting, and measuring progress:** We have made and continue to make significant progress throughout our subsidiaries in terms of production, consumption, and waste management with the aim of achieving climate neutrality. We are constantly improving our reporting mechanisms and following the international reporting standards and framework to help us track sustainability performance, including SBTI, GRI, GIIN, and TCFD.
4. **Establishing Win-Win partnerships:** Qalaa has been one of the early companies to join climate pledges, joining forces with other companies to advocate for change. For example, it has participated in initiatives such as Race to Zero and Business Ambition for 1.5°C, as well as forming cross-border innovative partnerships for climate action. An instance of this collaboration includes signing a memorandum of understanding between ECARU, Qalaa Holdings, and Axens to conduct technical and economic studies for the second-generation biofuel project (advanced bioethanol) and SAF (sustainable aviation fuel production).

Qalaa Holdings has identified 11 SDG goals which it managed to focus on achieving which included goals: 4,5,7,8,9,10,11,12,13, 16,17. On top of them are the following nine goals during 2023:

### People – Inclusive Growth & Human Capital Development



#### SDG Goal 4: Improving The Quality of Education

- Qalaa and its subsidiaries have succeeded in directly benefiting about 46.9 thousand direct beneficiaries (about 800,000 direct and indirect beneficiaries) through the various educational initiatives it launched, including Qalaa Financial Services Center, the “Mostakbaly” program for students and teachers, ASEC Academy, and Qalaa Holdings Scholarship Foundation. These initiatives provide a variety of scholarships and vocational training courses at a group of the most prominent universities and leading institutes in the national and international arenas, in addition to focusing on improving the infrastructure of the educational system and developing the capabilities and competencies of teachers.

#### SDG Goal 5: Gender equality

- 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, gender equality and equity**, and creating a supportive environment for women to achieve their aspirations during the full life cycle of working women, starting with ensuring the diversity of applicants for different job opportunities and appointing qualified Egyptian women in various field. It's worth noting that the percentage of women in Qalaa Holdings is 25% on the Board of Directors, 39.1% in various senior leadership positions, 13.04% in middle management, where there is 100% representation of women in the International Legal Affairs team within the company representing 46% of the total beneficiaries across 15 Egyptian governorates. Additionally, the company succeeded in benefiting over 8,975 women in the Mostorod region through the economic "Tamkeen" programs it initiated.
- **Launching various social development programs and initiatives to train**, prepare, and empower women. It is worth noting Qalaa Holdings Scholarship Foundation focuses on achieving gender equality, with women.
- **Awarding and honoring female talents in the public sphere**, highlighting their vital role across various sectors, and contributing to changing stereotypical beliefs about the role of Egyptian women in both the local and international business communities. Qalaa has honored six women among the 50 most influential women in the Egyptian economy and three female leaders within the company listed in Forbes for their impactful roles in the Middle East
- **Actively participating in national and international initiatives and supporting governmental and UN efforts** to enhance the status of women, achieve equality, and provide equal opportunities between genders. As part of its ongoing efforts to promote gender equality in the workplace and achieve women's economic empowerment, Qalaa joined the United Nations Women Empowerment Principles (WEPs) and developed an action plan encompassing various key performance indicators (KPIs) that are currently being implemented and monitored for performance. Joining the WEPs initiative and implementing its seven principles reflects Qalaa's commitment to "**Lead by Example**" in promoting women's roles and unleashing their potential as key partners in the workforce, societal advancement, and driving Egypt's economy forward. Additionally, Qalaa's participation as a partner in the "Gender Gap Bridging Catalyst" initiative, aimed at supporting women's

empowerment and bridging the gender economic gap, was launched by the Ministry of International Cooperation and the National Council for Women, in partnership with the World Economic Forum.

### **SDG Goal 10: Reduced Inequality**

- The primary objective of all company initiatives is to mitigate economic and social inequalities by fostering capacity building through providing educational opportunities and human development. For example, the company's community development projects, including "Tamkeen", "Reyada", "Mashrouy", and "Takaful", contribute to empowering women, youth, and individuals with disabilities. The number of direct and indirect beneficiaries from these programs has reached 8,975, 16,850, and 14,340 respectively.

### **Planet**



### **SDG Goal 7: Affordable Clean Energy**

- Through its investments in the energy sector, which include the Egyptian Refining Company, TAQA Arabia, and TAWAZON, Qalaa Holdings aims to lead in providing affordable clean energy solutions and local alternatives to imports. The company continues its commitment to expanding alternative energy and renewable projects, such as wind energy and environmentally friendly natural gas, which are readily available domestically. For instance, TAQA Arabia offers innovative solutions to support the state's plan to convert cars to run on natural gas by updating and developing technologies for assisting vehicles. Additionally, TAQA Arabia launched a solar power plant with a capacity of 65 megawatts in the Benban Solar Energy complex in Aswan, the largest complex for generating solar energy in Egypt, serving over 1.34 million customers across 42 cities. The company is also working on delivering natural gas to El Wadi El Gedid Governorate. Over the years, the company inaugurated several solar power stations, including a 6-megawatt solar power plant at Dina farms, funded by the European Bank for Reconstruction and Development, largest solar PV plant in Sharm El Sheikh that feeds power to over 6,000 hotel rooms in Sharm El Sheikh, and a 7-megawatt solar power plant in Ascom.
- It's worth noting that as part of our strategy to provide practical solutions for clean energy, ECARU, Qalaa, and Axens signed a memorandum of understanding to conduct technical and economic studies for the second-generation biofuel project (advanced bioethanol) and sustainable aviation fuel production. The project will be implemented in two phases, with the first focusing on advanced

bioethanol production and the second on sustainable aviation fuel. The project studies are expected to take about seven months, with the company aiming to export its second-generation biofuel production, aligning with Egypt's strategy to maximize the use of various waste types, contribute to sustainability, promote waste recycling, and thereby enhance economic growth.

### **SDG Goal 11: Sustainable Cities and Communities**

- Qalaa Holdings is committed to playing an active role in fostering and nurturing sustainable cities and communities in the areas where the Group operates. Qalaa's subsidiaries support a number of aspects related sustainable transportation, such as reducing emissions through TAQA Arabia's Dual Fuel technology, which enables fuel vehicles to run on a Dual Fuel technology, which uses both diesel and natural gas simultaneously during the engine's compression process, thus delivering greater power and efficiency while also reducing diesel consumption by 30%.

We are also committed to making sure that solid waste is adequately recycled by promoting the utilization of waste management to preserve and add value to natural resources. Through subsidiaries such as Tawazon, Qalaa plays an active role in these efforts. Tawazon recycles waste into environmentally friendly alternatives to coal and natural gas, such as biomass-derived fuel (BDF), solid recovery fuel (SRF) and refuse-derived fuel (RDF), and delivers them to heavy consumers as a source of thermal energy.

- At Dina Farms, Tawazon/ECARU creates 100% organic compost from feedstocks manure (average 100k tons annually) which serves as good input in organic farming, decreases reliance on chemical fertilizers, and reduces the water consumption rate by three times when compared to other fertilizers.

### **SDG Goal 12: Responsible Consumption & Production**

- Qalaa Holdings' subsidiaries are committed to implementing strict waste management policies, with some relying on waste in the production of various materials such as energy alternatives (Tawazon Company) and duplex panels (Al Shorouk, a subsidiary of the National Printing Company). Additionally, thermal insulation solutions (Glass Rock Insulation Company) contribute to reducing the installation costs of cooling and heating systems by 30-40%, accompanied by a reduction in operating costs by 25-30%. In terms of sustainability, Qalaa and its subsidiaries adhere to a circular economy model, emphasizing resource optimization rather than waste, and manufacturing environmentally friendly products. For instance, ICDP has transitioned to natural gas, saving approximately between 1.5 to 2 million pounds annually, aiming to reduce consumption and the company's carbon footprint. Similarly, the Egyptian Refining Company utilizes closed water circuits to minimize water consumption and avoids dumping hazardous waste into the environment, prioritizing environmental and occupational safety according to the highest standards.

### **SDG Goal 13: Climate Action**

- Qalaa Holdings integrates environmental sustainability standards and practices into all its core operations by adopting a strategy that focuses on enhancing profitability while contributing to environmental preservation and uplifting surrounding communities. This encompasses companies operating in energy, infrastructure, logistics, and electricity sectors, including the Egyptian Refining Company, Nile Logistics, and TAQA Arabia. Qalaa makes significant efforts to reduce its carbon footprint by investing in renewable energy solutions and integrating them into its business model through clean energy and green projects, transitioning towards a green economy. In December 2019, the company announced becoming one of the signatories in the Business Ambition 1.5°C, aiming to reduce our greenhouse gas emissions at the pace and scale necessary to limit global warming. For example, the Egyptian Refining Company prepared a greenhouse gas emissions inventory report and developed a plan to manage and reduce greenhouse gas emissions starting from 2020 and periodically thereafter, aligning with Sustainable Development Goal 13 on climate change.

## Prosperity



### **SDG Goal 7: Affordable Clean Energy**

- Qalaa Holdings remains dedicated to investing in renewable energy ventures, reducing its carbon footprint and lowering harmful emissions, as evidenced by the inauguration of ERC and TAQA Arabia's Benban solar power plant. TAQA is also driving Qalaa Holdings' green economy efforts through its use of more environmentally friendly options such as CNG and dual fuel.

### **Goal 8: Decent Work & Economic Growth**

- Currently, Qalaa and its subsidiaries employ over 17,500 employees, providing them with comprehensive benefits such as health insurance, allowances, and perks to ensure a good standard of living. The company is actively seeking various new investment opportunities to create new job openings and contribute to achieving the desired economic development.

### **SDG Goal 9: Industry, Innovation, and Infrastructure**

- Qalaa aims to develop energy and infrastructure solutions that contribute to environmental preservation by investing in innovative projects distinguished by the utilization of advanced construction technologies and extensive expertise in infrastructure, along with the latest manufacturing technology advancements.

### **SDG Goal 17: Partnerships For the Goals.**

- Strategic partnerships represent a key pillar of Qalaa's plan aimed at maximizing positive impact on economies and surrounding communities and benefiting the greatest number of individuals from these communities. Qalaa and its subsidiaries engage in fruitful partnerships with business sector institutions, export credit agencies, international development finance institutions, educational institutions, and governmental bodies such as ministries of education, higher education, social solidarity, planning and administrative reform, youth and sports, and international cooperation. Additionally, they collaborate with international sustainability organizations and rating agencies such as UN Women, UN Global Compact, Global Impact Investing Network (GIIN), Global Reporting Initiative (GRI), and a wide range of civil society organizations to identify goals, necessary mechanisms for their achievement, and evaluate them optimally to maximize their positive economic, environmental, and societal impact on the Egyptian economy. Moreover, Qalaa also forms innovative climate solution partnerships, such as signing a memorandum of understanding between the Egyptian Waste Recycling Company (ECARU), Qalaa Holdings, and the French company, Axens, to conduct the necessary technical and financial studies for the second-generation



sustainable biofuel production project (bioethanol) and sustainable aviation fuel (SAF) production.

## Sustainable Governance



### **SDG Goal 16: Peace, Justice and Strong Institutions.**

As part of its commitment to promoting good governance in line with international best practices, Qalaa Holdings has created a solid governance structure that is centered around accountability, transparency, and ethical business practices to ensure sound governance across its portfolio.

In line with its commitment to institutionalizing the corporate governance processes across all its companies, Qalaa Holdings is working diligently to instill diversity, trust, fairness, openness, and transparency as fundamental pillars of its corporate culture. Qalaa Holdings is currently a part of the Egyptian Junior Business Association's Integrity Network Initiative (INI), which connects Egypt's leading companies with its most promising SMEs in a collective effort to fight corruption and create a culture of accountability and transparency.

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By adhering to our responsible sustainability framework, Qalaa Holdings is creating value for its stakeholders and contributing to the sustainable development of the economies and societies in which it operates.