



JANUARY – DECEMBER 2018

# Qalaa Holdings Communication on Progress for 2018



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This COP is available to all our stakeholders  
on our website: [qalaaholdings.com](http://qalaaholdings.com)

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# Statement of Continued Support by the Chairman and Founder of **Qalaa Holdings**



## To our stakeholders:

I am pleased to reaffirm that **Qalaa Holdings** supports the Ten Principles of the United Nations Global Compact in the areas of Human Rights, Labor, Environment, and Anti-Corruption.

In the 2018 Communication on Progress (COP), we describe our actions to continually improve the integration of the Global Compact and its principles into our business strategy, culture, and daily operations. We also commit to sharing this information with our stakeholders using our primary channels of communication.

Sincerely yours,

**Ahmed Heikal,**  
*Chairman and Founder, Qalaa Holdings*



## Qalaa Holdings Communication on Progress for 2018

**Qalaa Holdings** is proud to mark another year of steady yet significant progress on all fronts in our effort to become more sustainable and promote sustainability in Egypt. Responsible investing and operational practices have been at the core of the company's approach since we began operating in 2004. We have always selected investments that generate positive returns both in terms of shareholder profits and community benefits, such as job creation, knowledge transfer, and initiatives targeted to meet community needs.

As a holding company with subsidiaries in numerous critical sectors of the economy, Qalaa Holding has also played a key role in the region's development story. Whether it's the completion of our USD 4.3 billion refinery (**Egyptian Refining Company**), which will curb Egypt's present-day diesel imports by c. 30%-40%, the growth of our energy distribution subsidiary TAQA Arabia and solid waste management company **Tawazon**, or our focus on increasing export capacity at ASCOM Carbonate and Chemicals Manufacturing and GlassRock Insulation, we remained committed to our sustainability and socially-driven practices.

Moving beyond our prioritization of both profit and impact in our investments, **Qalaa Holdings** is a vocal advocate for sustainable and ethical business practices in Egypt's private sector companies. In our effort to lead by example, we have adopted the United Nations Sustainable Development Goals (SDGs) in the areas of Human Rights, Labor, Environment, and Anti-Corruption. Through an intensive multi-year process, we have been working to align our core business portfolio and ESG practices with the

SDGs, their indicators, and key goals and priorities. To maximize our impact, we have chosen to focus on achieving the following 6 goals that align with **Qalaa Holdings** role as a regional leader in energy and infrastructure:

- **Quality Education (SDG 4)** by way of the **Qalaa Holdings** Financial Services Center, scholarships offered through subsidiaries and corporate foundations, skill development programs, financial aid to underprivileged students, and other programs.
- **Affordable and Clean Energy (SDG 7)** by way of investments in cleaner fuel and actively working to lower harmful emissions.
- **Decent Work and Economic Growth (SDG 8)** by way of devotion to the health, safety, and welfare of employees and job creation through our investments.
- **Industry, Innovation and Infrastructure (SDG 9)** by way of considerable investments in renewable energy.
- **Responsible Consumption and Protection (SDG 12)** by way of compliance, productive energy, and waste management policies.
- **Partnerships for the Goals (SDG 17)** by way of aligning investments with Egypt's economic goals and engaging in partnerships to promote the goals.

This year's COP, in addition to providing information and KPIs based on UNGC requirements, highlights how our investments and ESG programs directly link to the SDGs. We hope the clear, concrete progress that has been made by **Qalaa Holdings** and its subsidiaries is the starting point of a journey where public and private interests can converge to create a stable, prosperous society and inclusive economies.

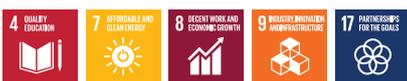


Our subsidiary Tawazon transforms solid waste into biomass and RDF, alternative fuels that can be used in heavy industries.

## Aligning our portfolio with the SDGs



**The Egyptian Refining Company (ERC)**, our USD 4.3 billion second-stage oil refinery in Greater Cairo, will be filling the supply gap for high-value Euro V diesel (the cleanest fuel of its type in the world). **ERC's** feedstock is fuel oil, which is currently consumed as fuel. The refining process to produce lighter products such as diesel removes sulfur. **ERC** will thus prevent the release of 96,000 tons of sulfur currently emitted, which represents a reduction of 186,000 tons in annual SO<sub>2</sub> emissions. This equates to a 29.1% reduction in the total amount of SO<sub>2</sub> currently emitted in Egypt from the burning of sulfur-containing fuels such as fuel oil and diesel.



**TAQA Arabia**, our energy subsidiary, has also recently taken solid steps to invest in alternative energy, including wind and solar power projects, to help meet Egypt's growing energy needs after the government announced the introduction of new feed-in tariffs for renewable energy. In 2017, the company completed financing of an EGP 1.35 billion investment in a 50 MW solar power plant in Aswan, Egypt.



**Tawazon**, our subsidiary for investment in the solid waste management industry, has been providing biomass and RDF as alternative fuels to heavy energy consumers such as cement factories for the past five years. As of the end of November 2018, the company provided 393,298 tons of RDF, 1.1 million tons of biomass, and 1.2 million tons of organic compost.



We invested in **Nile Logistics** in 2006 to capitalize on the potential of fuel-efficient, environmentally friendly river transportation. One river barge has the same capacity as 20-40 truckloads but requires a fraction of the fuel and money to operate. **Nile Logistics** operates three subsidiaries that offer stevedoring and river transportation services in Egypt and South Sudan. In Egypt, **Nile Logistics'** subsidiaries operate a stevedoring on anchor service in various Egyptian ports as well as a container feeder service across the Suez Canal. **Nile Logistics** has a strong fleet that allows it to transport cargo along the Nile River.

# Education & Human Capital Development

184

scholarships awarded by QHSF

2,738

graduates of the Qalaa Financial Service Center

USD60mn

spent to date on community initiatives

USD5.6mn

spent per year on education and environmental initiatives

## Energy

ERC



- Mostakbaly Scholarship Program: teachers 30, undergraduates 28
- School upgrade/refurbishment: 40+, benefiting 185 K students
- 3,633 students in vision program
- Vocational training 146+
- 120+ SME projects for entrepreneurs
- Capacity building training 254+ trainees
- Economic empowerment for women through 72 projects funded

## Cement

ASEC Engineering



- 60+ participants in ASEC Engineering Cement Professional Diploma
- 15,300 thousand workers have been trained ASEC Academy's training program

## Agrifood

Dina Farms



TAQA



- Master's Degree Scholarship annually

ASEC Cement



ICDP



Tawazon



ASEC Holding



## Mining

ASCOM



## Transportation & Logistics

Nile Logistics



## Printing & Packaging

National Printing Company



# Environmental Initiatives

## Energy

### ERC



- Reduction of sulfur emissions by 96,000 tons
- 30% reduction in total amount of SO2 emissions

### TAQA



- Delivers gas to almost 1 million customers
- Investing in solar and wind power
- EGP 1.35 bn invested in Benban Solar Park

### Tawazon



- 2.5 mn tons of biomass, RDF and organic compost collected
- 385 K tons of RDF
- 1 mn tons of biomass
- 1.1 mn tons of organic compost collected

## Mining

### ASCOM



- GlassRock subsidiary produces environmentally friendly and energy efficient building materials.
- Invested USD 70 mn to increase production capacity
- 30,000 metric tons/year of rockwool
- 20,000 metric tons /year of glasswool

## Cement

### ASEC Engineering



### ASEC Cement



### ASEC Holding



## Transportation & Logistics

### Nile Logistics



- Offers a variety of environmentally-friendly transportation and logistical services using the Nile River as a backbone for transport and linking producers, exporters and importers to global and local markets

## Agrifood

### Dina Farms



- Dina Farms is using the world's most technologically advanced and efficient irrigation systems on its 9,500 feddans of land in Egypt

### ICDP



## Printing & Packaging

### National Printing Company



- Since 2016, Uniboard has produced around 10k tons/month of duplex paper out of paper and cartoon waste, reducing Egypt's imports by 50%
- 80,000 tons of recycled paper are used

## Human Rights

At **Qalaa Holdings**, we have pioneered a commitment to providing a minimum living wage for all our employees, and one that goes beyond local regulatory frameworks. We continue to be committed to ensuring our workers receive dignified wages and our zero-tolerance policies for child and forced labor. We provide our employees with life and health insurance, maternity leave, and disability/inability coverage. One hundred percent of women who were on maternity leave to date returned to work in the company. To ensure our workforce's health and safety, we share circulars and awareness emails about any emerging serious diseases when they occur.

## Labor

**Qalaa Holdings** is an equal opportunity employer, which means individuals are hired, trained, promoted, and transferred in all job classifications regardless of their race, religion, sex, nationality, age, and family/social status. **Qalaa Holdings** continued to provide life and health insurance, maternity leave and disability/inability coverage.

Our Employment Guide provides guidelines for the board and general employment policies. In cases where company policies or guidelines contradict those of national labor laws in any country/region where **Qalaa Holdings** operates, precedence is given to the application of local law. **Qalaa Holdings'** policies and procedures might subject the violator to various forms of reprimands.

With regards to data on our workforce, **Qalaa Holdings** has 86 full-time employees, with the following gender breakdown: approximately 77 percent of full-time employees are male, with the remaining 23 percent being female. It is notable that 40 percent of full-time female employees are in middle management, 15 percent are in senior management, and 5 percent are at entry level. In terms of age group breakdown, the largest proportion of staff are between the ages of 31 and 40 (39 percent), with approximately 14 percent between the ages of 25 and 30, 28 percent between the ages of 41 and 50, and 15 percent between the ages of 51 and 60. In terms of staff turnover, 5 employees left the company in 2018 in contrast to 8 new hires.

**Qalaa Holdings'** newly launched SAP SuccessFactors Talent Management System has opened the door to information-centric, target-driven performance at **Qalaa Holdings** and our platform companies. It helps us achieve enhanced target-setting and progress review techniques, support and encourage efficient reward strategies, and eventually reach

higher motivation and retention levels among our talented employees. The Talent Management Platform covers four main areas: 1) maintaining an active database for key talents across the group, 2) setting and monitoring periodical management targets and objectives, 3) processing the performance appraisal cycle, and 4) managing the exit process for talented employees should they seek to leave the organization.

To ensure continuous growth and development, we have developed comprehensive and world-class training schemes that are specific to our industry's needs and priorities. In 2018, we provided approximately 130 hours of training to our employees. Moreover, close to 100% of our workforce participate in regular performance and career development reviews.

## Environment

Established as a model for doing business in a strictly compliant manner, while focusing on sectors that in principle can represent an environmental hazard, **Qalaa Holdings** identified environmental compliance as one of its core imperatives since inception. **Qalaa Holdings'** Environmental Compliance Strategy is based on the strict compliance of all our subsidiaries to all the national environmental laws and regulations featured in each of the countries we operate. In addition, **Qalaa Holdings'** Environmental Compliance Strategy ensures the adoption of various global guidelines, management systems and standards at both the holding and subsidiaries levels when relevant. As a member of the UNGC, we are committed to incorporating the principles and systems into the company's environmental strategy. This includes our focus on:

1. Adopting a preventive approach in our investment strategy by ensuring a very thorough study for our environmental impact prior to initiating any investment on the ground;
2. Focusing on the efficient use of resources across all sectors to minimize waste and the depletion of natural resources;
3. Moving our industries, as well as our communities, toward the use of cleaner energy in an economically viable manner;
4. Introducing sustainable transport services to minimize carbon footprints for both our industries as well as for the communities we operate in;
5. Adhering to and investing in the latest technology for waste management as a key solution for both global resources and the energy dilemma;
6. Improving the environmental performance of our business through

the research and development of new technologies, preventing and reducing our emissions, and minimizing our waste;

7. Investing in compliance with health, safety, and environmental measures; and
8. Reporting on performance on at least an annual basis and ensuring that any violation is immediately discussed at the board level for each of the subsidiary companies and among **Qalaa Holdings'** board if the violation is not resolved immediately.

In this regard, being a member of the UNGC entails selecting and applying performance metrics, including metrics commonly used to assess performance in our core industries. Our adherence to this membership opens a channel to ensure international standards are applied throughout our subsidiaries. In addition, **Qalaa Holdings** works closely with our developmental funding institution (DFI) partners to enhance the company's compliance and reporting frameworks. This includes, among others, the adherence to IFC's standards for environmental and social performance. A significant number of our subsidiaries report their environmental performance quarterly to our DFI partners to ensure transparency and ongoing dialog as we work toward improved environmental performance.

The **Egyptian Refining Company (ERC)**, our USD 4.3 billion second-stage oil refinery in the Greater Cairo Area, will be filling the supply gap for high-value Euro V diesel (the cleanest fuel of its type in the world), producing 2.3 million tons of Euro 5 diesel per year and reducing Egypt's diesel imports by around 30%-40%. **ERC's** feedstock is fuel oil, which is currently consumed as fuel. The refining process to produce lighter products such as diesel removes sulfur from the fuel oil. **ERC** will thus reduce Egypt's SO<sub>2</sub> emissions by 96,000 tons every year. This equates to a 29.1% reduction in the total amount of SO<sub>2</sub> currently emitted in Egypt from the burning of sulfur-containing fuels such as fuel oil and diesel. The project is currently 98.9% complete and in the final stages of technical testing, with production set to start in the first half of 2019.

**Tawazon**, our subsidiary for investment in the solid waste management industry, has been providing biomass and RDF as alternative fuels to heavy energy consumers such as cement factories as well as exporting agri-pellets for residential and industrial heating.

Our energy subsidiary **TAQA Arabia** has also invested in several alternative energy projects, including wind and solar power projects to help meet

Egypt's growing energy needs after the government announced the introduction of new feed-in tariffs for renewable energy. In 2017, the company finalized an EGP 1.35 billion investment in a 50 MW solar power plant in Aswan, Egypt, which will become operational in 1Q2019.

Our subsidiary **GlassRock Insulation** produces mineral wools used for insulation in a variety of products, with a total production capacity of 30,000 metric tons of rockwool and 20,000 metric tons of glasswool per annum as of 2018. Rockwool is a key component of greener buildings with lower environmental footprints. Buildings account for some 40% of the world's greenhouse gas emissions due to the energy they consume. Insulation materials produced by **GlassRock Insulation** are also the best way to reduce the impact of CO<sub>2</sub> emissions.

**Nile Logistics** capitalizes on the potential of fuel-efficient, environmentally friendly river transportation. Nubareya, our river port in Alexandria, is a fully owned, 70,000 m<sup>2</sup> plot located 3 km south of Alexandria Port and is connected with the berthing areas of the port via Nubareya Canal. As it stands today, the services we use Nubareya and our barges for in Alexandria are mainly logistics-related, such as stevedoring and storing.



*In addition to providing biomass and RDF as alternative fuels for heavy industries, Tawazon exports agri-pellets for residential and industrial heating.*

**7 AFFORDABLE AND CLEAN ENERGY**



**Investing in Clean & Affordable Energy**



**40%**

reduction in Egypt's imports of diesel

**4.7mn**

tons of refined products/year

**2.3mn**

tons of Euro V diesel/year

**4.3bn**

USD investment



**1mn\***

clients connected to natural gas grid through TAQA

**1.35bn**

EGP investments in solar Park in Benban, Aswan

**50mw**

of photovoltaic power

**12**

months to complete Benban solar plant

*\*As of Nov 2018*



**2.5mn**

tons of biomass, RDF and organic compost

**1.1mn**

tons of organic compost

**385k**

tons of RDF

**1mn**

tons of biomass

*As of 30/9/2018*



**50k**

metric tons/year, total production capacity

**30k**

metric tons/year of rockwool production capacity

**20k**

metric tons/year of glasswool production capacity

**70mn**

USD investment

## Anti-Corruption

**Qalaa Holdings'** governance structure has evolved significantly over the past 13 years as the company transitioned from a two-founder startup to Africa's leading private equity firm with 19 platform companies and finally to its current structure as an investment holding company with a narrower focus and a smaller portfolio of strategic subsidiaries.

Throughout **Qalaa Holdings'** 13-year journey, maintaining good governance has been critical in seeing us through the volatility of our markets and helping us build sustainable businesses in multiple countries throughout the region. We pride ourselves on a long-standing tradition of having a board of directors dominated by a majority of non-executives.

In 2018, **Qalaa Holdings** remained committed to strengthening the governance function to support sustainable growth, enhance risk management, and maximize efficiency at **Qalaa Holdings** and across all subsidiary companies. Having joined the Integrity Network Initiative (INI) the previous year, the company's determined approach to governance has progressively regulated a wide range of practices at **Qalaa Holdings** and its subsidiary companies, ranging from a risk assessment framework, anti-fraud, and financial reporting policies to the manner in which management interacts with shareholders, and the creation of shareholder value across our subsidiaries. Institutionalizing the corporate governance processes is an ongoing, long-term objective across all our platform companies. Equally important are the principles of fairness, openness, and transparency, which we have worked diligently to instill as part of our corporate culture. An interdisciplinary approach to governance incorporates **Qalaa Holdings'** management, industry platform teams, and the senior management of subsidiary companies by way of formal quarterly meetings through the management boards.

These management boards also convene on an as-needed basis. This quarterly cycle of meetings and reviews, culminating in the meeting of **Qalaa Holdings'** Audit Committee and Board of Directors, ensures a rigorous process of participation by a wide cross section of executives from **Qalaa Holdings** and its subsidiary companies. **Qalaa Holdings** engages the services of only the most reputable audit firms for both ongoing statutory audits and due diligence for all subsidiaries. Strict internal controls and reporting standards are a cornerstone of the governance principles at **Qalaa Holdings** and its subsidiaries. Financial and operational reports are transparent to all parties with a vested interest — from management and board members to shareholders.

**Qalaa Holdings** believes high-quality governance is a fundamental enabler of superior corporate performance. The components of effective governance reduce risk, identify internal and external threats, and assist in capturing profitable business opportunities. **Qalaa Holdings'** governance principles align the interests of management, shareholders, the Board of Directors, and subsidiaries, facilitating well-informed decisions. **Qalaa Holdings** has completed a process of institutionalization that began in 2013 at both the **Qalaa Holdings** and subsidiary levels. The comprehensive program included the refinement and improvement of all systems, policies, and procedures that management needs to support and grow the business. New policy documents were developed in parallel with the refinement of existing charters such as the Audit Committee and Compensation Committee. Developed policies that are now being implemented include the risk assessment framework, in addition to the anti-fraud and insider trading policies. In addition, audit committees modeled on the **Qalaa Holdings** Audit Committee Charter have been established for all major subsidiary companies. **Qalaa Holdings'** Internal Audit team represents a key element in its corporate governance framework, with a mission to add value and improve **Qalaa Holdings'** overall operations by providing relevant, timely, independent, and objective assurance and advisory activities. The Internal Audit team assists the organization in accomplishing its objectives by using a systematic and disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance process, which provides **Qalaa Holdings'** stakeholders with reasonable assurance over the group's operations and strengthens the firm's ability to maximize stakeholder value. **Qalaa Holdings'** Internal Audit function is an independent function with functional reporting lines to the Audit Committee and administrative reporting lines to the Chairman and Chief Executive Officer.

With a zero-tolerance approach to fraud, the Internal Audit function has implemented an Anti-Fraud Policy to promote consistent corporate integrity, honesty, and ethical behavior within **Qalaa Holdings** and its subsidiaries. This approach helps protect the organization's assets, reputation, and employees. The Anti-Fraud Policy was reinforced by setting up an anonymous whistle-blowing channel to receive information from inside and outside the company on the **Qalaa Holdings** website. **Qalaa Holdings** believes in continuously promoting and empowering the company's control environment. Accordingly, the Internal Audit function has developed a Risk Assessment Framework to be followed throughout the organization. Risk Assessment contributes to the effective and efficient demonstrable achievement of objectives and the improvement of

performance on multiple fronts. **Qalaa Holdings'** Internal Audit strives to ensure the presence of the Internal Audit function across all platforms, in its capacity to oversee, monitor, guide, advise, and administer its platform. In addition, our Management Committee is a monthly forum that engages a wider management team of **Qalaa Holdings** to review market developments and progress on corporate initiatives at **Qalaa Holdings** and its subsidiaries.

## Social Investment

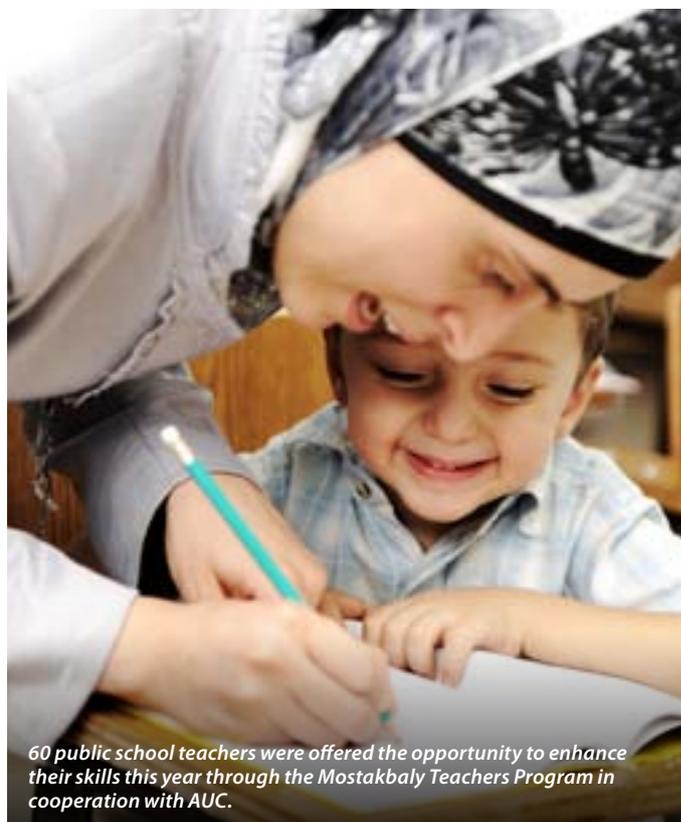
To improve the impact of our social contributions, we have chosen to focus on projects and initiatives that aim to achieve the fourth SDG of Quality Education, an area that has always been a priority for our founders. As of December 2018, over 32,000 people have benefitted from the human capital development initiatives of Qalaa Holdings and its subsidiaries.

Recognizing the importance of education and human capital development in fostering economic growth and social transformation, in 2006 we donated USD 250,000 to establish the **Qalaa Holdings** Financial Services Center (QHFSC) at the American University in Cairo (AUC) – the first institution in the MENA region dedicated to helping students develop the skills and qualifications required to pursue careers in securities trading, risk management, and asset allocation. It fosters sustainability in funding through endowment, sound management through its fully independent board, social impact through its expansive geographic reach across Egypt, and diversity through its focus on gender equality.

Since that time, we have donated USD 30,000 annually to ensure the center continues to provide students with the training they require to enter the workforce. To date, QHFSC has benefited 2,738 graduates, researchers, and faculty members.

A year later in 2007, we launched the **Qalaa Holdings** Scholarship Foundation (QHSF) with an endowment to ensure the program's sustainability. QHSF is guided by an independent board of trustees and is managed by a full time Executive Director.

Today, QHSF has grown to become the largest private sector funded scholarship program in Egypt and has provided 184 scholarships to date. Despite economic and political challenges, every year since its inception QHSF has been giving 15-20 of Egypt's brightest students



*60 public school teachers were offered the opportunity to enhance their skills this year through the Mostakbaly Teachers Program in cooperation with AUC.*

the chance to pursue graduate studies abroad at leading global universities in the U.S. and Europe – on the condition that they return to work in Egypt after the completion of their studies. By providing youth from cities in 14 governorates throughout Egypt with opportunities, we are enabling them to make a positive impact on the economic and social well-being of the country. We are also proud that 45% of QHSF scholars to date have been women. During their time abroad, scholarship recipients gain critical thinking skills, professional qualifications, and international connections that enable them to make a pivotal impact when they return to Egypt.

In 2018, we celebrated 13 years of successful, uninterrupted operations at QHSF. During this time, we have provided students with the opportunity to pursue masters and doctoral degrees at top universities across the world including Harvard, Stanford, Oxford, Cambridge, Columbia, and Wharton, to name a few. Recognizing the crucial link between diversity and innovation, we have sought out talented young men and women from across the country. Past scholarship recipients have come from Cairo, Giza, Alexandria, Menoufia, Ismailia, Assiut, Minya, Qalyubiya, Dakahlia, and Aswan. Our students also have a diverse array

of passions and have pursued degrees in fields ranging from filmmaking, anthropology, and art to law, business, engineering, architecture, development, and medicine. A large number of our scholars have returned to Egypt and started their own businesses in various fields from sustainable development to education. Our subsidiaries are also championing education with their own programs that mirror **Qalaa Holdings'** goal to provide educational opportunities to those who otherwise have no access.

TAQA Arabia, **Qalaa Holdings'** energy distribution subsidiary, offers the TAQA International Scholarship, which goes toward funding the studies of one master's student per year in the field of renewable energy, covering both tuition fees and living expenses. TAQA Arabia also endows an additional annual scholarship for students working in the alternative energy sector to pursue graduate studies abroad in alternative energy or related disciplines.

Seeking to add value to our employees' experience, we strive to create environments where knowledge exchange is built into the workday and facilitate vocational training opportunities. At subsidiaries like TAQA Power and ASEC Holding, local employees learn from specialists and engineers working on site. Construction workers hired to build ERC have also gained experience that will qualify them to work on similar projects going forward. At ASEC Holding, our team partnered with AUC to develop the ASEC Engineering Professional Diploma for the cement industry from which 60+ ASEC employees have benefitted.

ASEC Holding also created the ASEC Academy Program, which provides training in engineering management, from which more than 15,300 people have benefitted.

## A Focus on ERC

Since the construction of ERC commenced, the refinery has been executing a variety of initiatives designed to benefit its surrounding communities, with a focus on the neighborhood of Mostorod. Based on comprehensive environmental and social impact assessment studies, ERC has focused its community development program on 4 pillars:

### 1. SUPPORTING EDUCATION

Through its Mostakbaly Scholarship Program, ERC has refurbished 40 schools for the benefit of 100,000 students from the local community. ERC has also launched two centers to train 3,000 teachers. Mostakbaly has provided 5,092 students with in-kind aid and donated 5,662 prescription eyeglasses to disadvantaged students under the Nadarty Program. 887 teachers have also received training under the program. Mostakbaly has



*Qalaa offers training programs and on-the-job learning opportunities for local employees of subsidiaries such as TAQA Power and ASEC Holding.*

sponsored 60 scholarships for teachers attending the Graduate School of Education at the American University in Cairo. Two students pursuing master's degrees at the universities of Sheffield and Ingrid in the United Kingdom have also been sponsored by the program. ERC has also sponsored undergraduate education at top Egyptian universities for 53 honors students graduating from local secondary schools.

### 2. GENERATING INCOME AND JOBS

Through its Mashrouy and Tamkin initiatives, ERC has sponsored the launch of 254 small projects to encourage youth and women's participation in the jobs market. Besides launching four employment centers to link 30,000 local youths to the jobs market, ERC has sought to provide locals with tangible opportunities: 3,200 local residents were involved in the construction of ERC's facilities. 2,489 young men and women have received training to increase their chances of success in the job market, and two special production units have been opened to employ local women.

### 3. YOUTH VOLUNTEERING AND CAPACITY BUILDING

Youth from the local community represent the best chance for spurring a sustainable development process in ERC's neighborhood. ERC's Reyada program aims to develop local youths' human capital and propel them to full participation in the community. To date, over 100 local youths have volunteered to receive training in the areas of social work and management. 30 young community members already hold leadership positions at ERC's youth initiatives, managing existing volunteer teams and recruiting new volunteers.

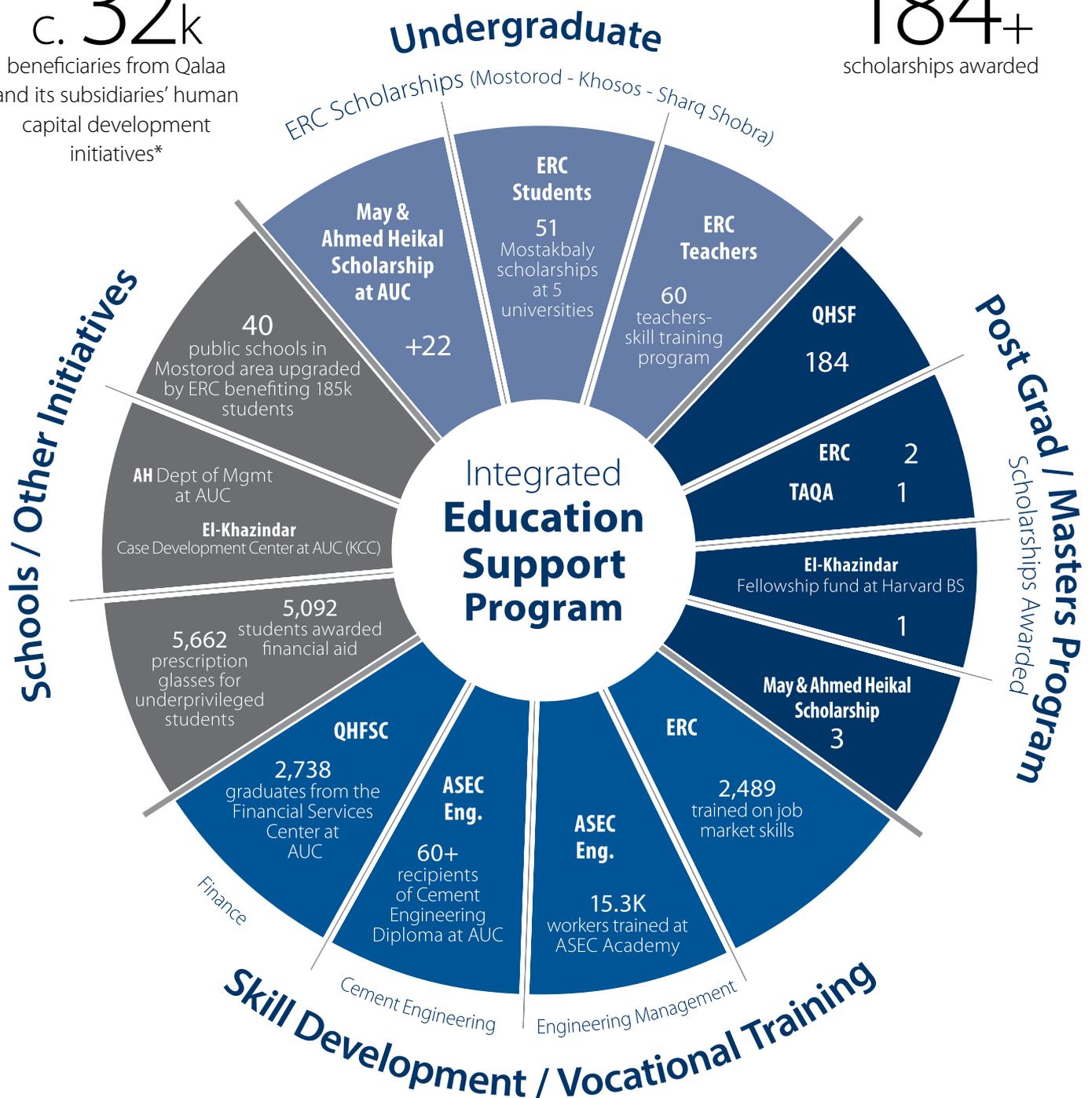
### 4. SPECIAL NEEDS SUPPORT

ERC has launched the Takaful program to more fully integrate stakeholders with special needs into the wider community. To achieve this goal, ERC is working in partnership with government institutions and local community development associations.

# Integrated Education Support Program

c. 32k  
beneficiaries from Qalaa  
and its subsidiaries' human  
capital development  
initiatives\*

184+  
scholarships awarded



# Qalaa Holdings' Partnerships for the Goals

## 17 PARTNERSHIPS FOR THE GOALS



Partnering with like-minded organizations in pursuit of our sustainability targets allows Qalaa Holdings to learn from our peers and amplify our impact through collaborations. International partnerships challenge us to link our own sustainability efforts with global movements and adopt international standards for sustainable business practices.

At the local level, connecting with our private sector peers and civil society organizations has provided us with support in developing projects from ASEC Academy to the Mostakbaly program. By establishing relationships with various government organizations, Qalaa Holdings has aligned its independent efforts to promote sustainability with Egypt's Vision 2030 goals. At the local level, Qalaa Holdings acts as a leader in sustainable business practices, encouraging other companies and organizations to reevaluate their business practices and prioritize people and the environment as well as profits.

### Civil Society



### Academia



### International Sustainability Organizations and Ratings Agencies



### Government



## Measurement of Outcome

Stakeholder consultations take the form of an open dialog, allowing stakeholders to interact and give their feedback about an organization's sustainability framework. Engaging and involving stakeholders is increasingly seen as a social responsibility of businesses and one that is also clearly aligned with long-term commercial interests. Stakeholder engagement is a continuous dialog between an organization and the constituents that impact and are impacted by its operations. It also enables the organization and its related stakeholders to better manage risks, impacts, and opportunities, in addition to implementing mitigation measures in a specific environment. Moreover, stakeholder engagement is a central component of international best practices with regards to sustainable business as determined by the internationally recognized Global Reporting Initiative (GRI).

During the previous year, the company conducted a stakeholder consultation to assess and explore **Qalaa Holdings'** sustainability practices' impacts and management. The consultation's results identified several recommendations on how to improve **Qalaa Holdings'** social, governance, economic, and environmental performance. The recommendations included further aligning **Qalaa Holdings'** core businesses with the UN SDGs on an operational and communications level, raising stakeholders' and investors' awareness regarding its sustainable development impact and reputation. With an overall positive sentiment from employees, recommendations for **Qalaa Holdings'** included more efficient employee management and addressing staff concerns.

The consultation was conducted in the form of a roundtable attended by a variety of **Qalaa Holdings'** stakeholders including its Board of Directors, employees, subsidiaries, suppliers, investors, as well as representatives from academia, government, civil society, and blue-collar workers. The consultation covered a number of topics, but mainly the social, governance, economic, and environmental performance of **Qalaa Holdings'**, and was attended by **Qalaa Holdings'** management who fully supported the exercise, listened to stakeholders' recommendations, and actively participated in the discussion. In doing so, **Qalaa Holdings'** became the first company in Egypt to use a comprehensive stakeholder consultation to generate a sustainable action plan and goals.



*In partnership with the IFC, TAQA Arabia will finance a 50 MW power plant that will be part of Egypt's largest and first-of-its-kind grid-connected solar power park.*

## Looking Ahead

As a responsible investor committed to looking to our long-term impact, we plan to strengthen our approach to support the communities in which we engage.

**Environment:** We are exploring ways to raise awareness and communicate our environmental efforts both internally and externally, and looking to our subsidiary **Tawazon** to transfer knowledge through its engineering and consultancy arms. Our Marketing Communications team will further improve our environmental communication tactics and involve employees and media to raise awareness.

**Society:** We will work with our subsidiaries to identify initiatives related to their core business activity. We are also exploring possible partnerships with academic institutions to transfer our knowledge and experience. Partnerships with other private sector players to address societal change are key to **Qalaa Holdings'** 2019 plan.

**Economy:** **Qalaa Holdings'** is currently working with the Egyptian government and a number of other private and public institutions to improve Egypt's energy efficiency through its subsidiaries ERC and TAQA Arabia. ERC is expected to go online in 2019. TAQA Arabia signed an EGP 1.35 billion contract with IFC to finance a 50 MW power plant that will be part of Egypt's largest and first-of-its-kind grid-connected solar power park. The plant will be part of a large national complex of 13 solar power plants in Egypt; operations are planned to start in 1Q2019.