

# Qalaa Holdings Communication on Progress 2020

## Towards a Sustainable Future



### Our "Triple Bottom Line":



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## To our stakeholders,

It gives me great pride to note that Qalaa Holdings is among the first regional adopters of a multifaceted business and investment strategy positioning sustainability and environmental protection at its core. For over a decade, we have worked to ensure we conduct responsible investments with a positive impact on the economic, environmental, and social spheres. This triple bottom line strategy has enabled us to invest in and build a diverse array of companies in multiple sectors, working to fuel sustainable economic growth and job creation in Egypt and across Africa.

Our vision falls in line with international best practices as outlined by the UN Sustainable Development Goals (SDGs) and the UN Global Compact (UNGC). We have continued to firmly support the ten principles of the compact, which we believe benefit both employees and employers. The holding company and its subsidiaries adhere to and administer codes of conduct, regulations, and procedures that promote compliance with the principles which were drafted by the UNGC under the four fundamental areas of Human Rights, Labor, Environment, and Anti- Corruption. Our efforts and achievements thus far continue to demonstrate our reliability and dedication to making a positive, sustainable impact on our operations, our people, and the surrounding communities.

Despite the difficulties and unprecedented challenges faced in 2020, we continued to work towards our vision that promotes collective action towards maximizing efficiency and achieving quantifiable sustainability targets. Our 2020 Communication on Progress (COP) highlights some of these important efforts and actions. We also commit to sharing this report and relevant information with all our stakeholders and public audiences through our primary communication channels and reaffirm our commitment to the UNGC and its message during the upcoming year.

## Notable Highlights

No economy can be said to be green unless it is equitable. We have a great deal of work left to do in this front, but it is a journey in which the private sector must be the lead partner. This is where the power of ideas and daring financing comes into play and this is why private sector-led growth is essential. The difference between entrepreneurs and bankers is that one extrapolates their vision, while the other extrapolates historical financials. It is the private sector's job to create meaningful employment that pays a living wage, brings consumers into a formal financial system in which only one in three Egyptians (at best) participates today, and to give them the access to credit that they need to build better futures for themselves and their families. All of this is happening in Egypt right now thanks to

smart policy, the ambitions of individual businesses, and the power of capital — both domestic and global.

Our company is generating power as part of the world's largest solar PV park, located in Benban, Upper Egypt. We have built and are running a petroleum refinery that is producing EuroV quality products, the first of its kind in Africa, which is improving the quality of air in our country by cutting SO2 emissions and reducing our country's carbon footprint in the process.

Three years ago, we began connecting 80,000 homes per year to the natural gas grid. Each of them previously relied on irregular deliveries of compressed gas from small, local distributors. Last year, 150,000 homes were connected to the natural gas grid, and we are aiming for the same number this year despite the lockdown prompted by COVID-19.

New filling stations will be opened to handle natural gas-fired vehicles as the government launches a program to require all new vehicles to be dual-fueled through natural gas and gasoline — and we are bringing locally manufactured building insulation to a market that has never before had an interest in energy efficiency.

In addition, new filling stations that can handle trucks with a mix of natural gas and diesel will also be operating. This will revolutionize both environmental protection and logistics in Africa. We are also building natural gas fired power stations for upstream oil and gas companies. Eliminating flared gas — perhaps the single most polluting source — and improving the country's balance of payments is a priority, as well as our commitment to replicate this model elsewhere in Africa.

A Green New Deal also demands that both production and resource-use be fundamentally responsible. Governments, businesses, and consumers can all be made to behave more responsibly in their use of resources through smart economic policy — we have seen this in Egypt, where whole swathes of the economy have left behind imported diesel and heavy fuel oil for locally available natural gas. Energy consumption is declining as ruinous energy subsidies are steadily phased out.

In the middle of all the global uncertainty, I find myself extremely optimistic about the future of Egypt and Africa.

**Ahmed Heikal**  
Chairman and Founder

# Qalaa Holdings at a Glance



At Qalaa Holdings, our primary purpose is to improve lives and livelihoods by building sustainable, responsible businesses for our employees and community while creating long-term value and prosperity for all our stakeholders.

Investing in and supporting a diverse array of companies in sectors that will fuel sustainable economic growth and job creation in Egypt and across Africa is a key component of our mission. We work each day to deliver energy to consumers and businesses alike; to provide reliable clean energy alternatives, fuel-efficient transportation solutions, and adequate recycled solid waste; to grow and manufacture safe, healthy food; to utilize renewable energy and manage waste to preserve and add value to natural resources; and to help build critical national infrastructure.

We invest heavily in our people, addressing the needs of our employees and communities alike. Our direct and indirect beneficiaries from our human capital development initiatives have reached c.300,000. Qalaa

Holdings founded in 2006 Egypt's largest private sector scholarship foundation, Qalaa Holdings Scholarship Foundation (QHSF).

Drawing on our roots as Africa's largest private equity firm, we have worked since 2004 to build world-class businesses that add value and responsibly and sustainably cater to the needs of more than 1.3 billion consumers across our footprint in Egypt, East Africa, and North Africa. With landmark investments in 15 countries, we are a leading regional energy and infrastructure investor beyond our home market of Egypt.

Qalaa Holdings prides itself on the strength of its diverse management team. Our highly inclusive work environment promotes female leaders across our subsidiaries. Our female CEOs, division heads and investment professionals are regionally and locally recognized for their valuable contributions. Some 25% of Qalaa Holdings' board members, 35% of Qalaa's upper and middle management, and c.50% of beneficiaries of our community development initiatives are women.

# Qalaa Holdings at a Glance



## Improving Lives and Livelihoods

At Qalaa Holdings, our primary purpose is to improve lives and livelihoods by building sustainable, responsible businesses for our employees and community while creating long-term value and prosperity for all our stakeholders



## 40,000 Jobs

Qalaa Holdings prides itself on the strength of its diverse management team. Our highly inclusive work environment promotes female leaders across our subsidiaries. Our female CEOs, division heads and investment professionals are regionally and locally recognized for their valuable contributions



## Transformative Investments

Investing in and supporting a diverse array of companies in sectors that will fuel sustainable economic growth and job creation in Egypt and across Africa is a key component of our mission



## c. 17,500 Employees

We work each day to deliver energy to consumers and businesses alike; to provide reliable clean energy alternatives, fuel-efficient transportation solutions, and adequate recycled adequate solid waste; to grow or and manufacture safe, healthy food; to utilize renewable energy and manage waste to preserve and add value to natural resources; and to help build critical national infrastructure

We invest heavily in our people, addressing the needs of our employees and communities alike. Our direct and indirect beneficiaries from our human capital development initiatives have reached c.300,000 beneficiaries. Qalaa Holdings founded in 2006 Egypt's largest private sector scholarship foundation, Qalaa Holdings Scholarship Foundation (QHSF)



## 80+ Businesses Founded & Developed

Drawing on our roots as Africa's largest private equity firm, we have worked since 2004 to build world-class businesses that add value and responsibly and sustainably cater to the needs of more than 1.3 billion consumers across our footprint in Egypt, East Africa, and North Africa



## A Regional Footprint

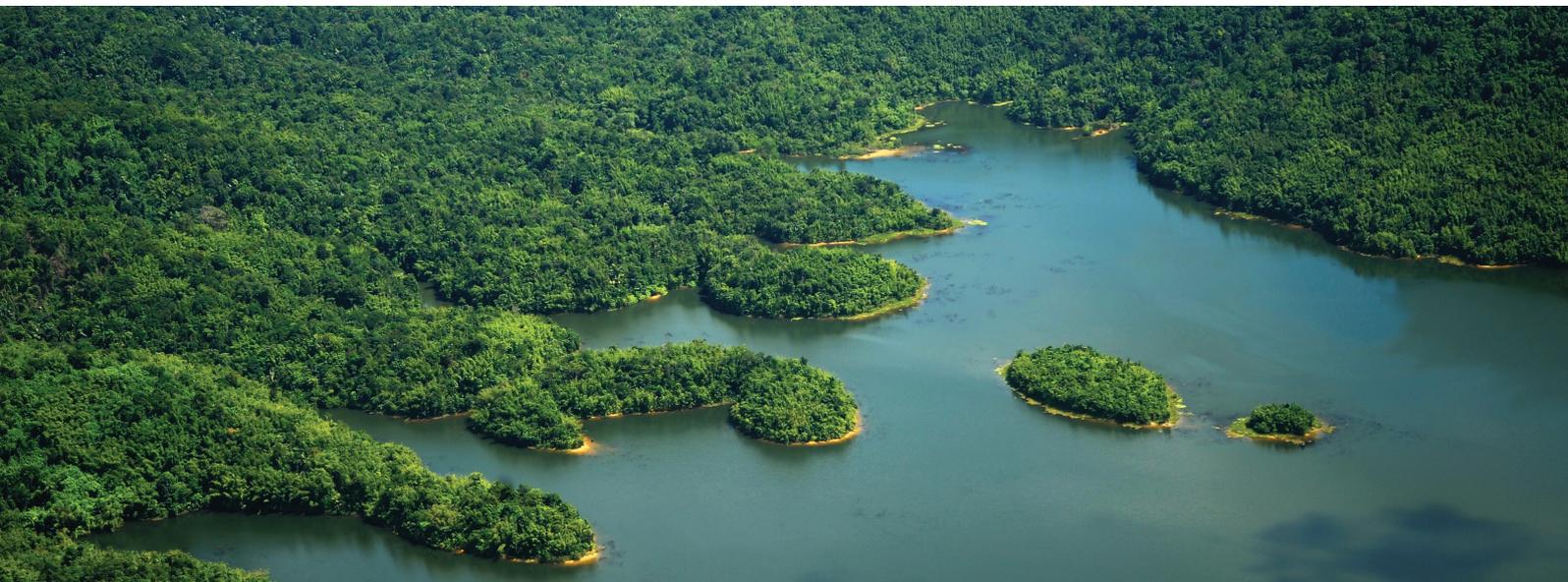
We invest in high-growth markets across Africa and the Middle East. With landmark investments in 15 countries, we are a leading regional energy and infrastructure investor beyond our home market of Egypt



## Strength Through Diversity

We are dedicated to promoting diversity and inclusiveness, with 25% of Qalaa Holdings' board members, 35% of Qalaa Holding's upper and middle management, and c.50% of beneficiaries of our community development initiatives beneficiaries being women

# Introduction



In 2004, Ahmed Heikal founded Qalaa Holdings as a beacon for sustainable investments that pave the way for economic growth in the region and create value for all stakeholders. For the past 16 years, the company and its subsidiaries have contributed to the foundational corners of the Egyptian economy, while optimizing resource consumption, managing our footprint, and ensuring that operational efficiency is regularly examined and adjusted. At the same time, Qalaa Holdings has established itself as a regional pioneer in the field of sustainability through its adoption of a multi-pronged investment strategy centered on the environmental, social, governance (ESG) framework. Qalaa Holdings furthers its commitment to maintaining responsible practices through agility and flexibility. It has also worked to contribute to the development of a circular economy through a multi-faceted inclusive growth and development strategy.

We have summed up all our sustainability activities into three pillars: People, Planet and Prosperity, delivered through “win-win” partnerships. Our three pillars aim to enable our people, develop our communities, and neutralize our environmental impact. This triple bottom line approach to our investments has resulted in a diverse portfolio of companies spanning multiple strategic sectors, which have positively impacted sustainable economic growth and job creation in Egypt and Africa.

As a leading energy and infrastructure investor in Africa and in light of the pressing climate change crisis, we hold ourselves and each member of our team accountable to lead by example in adopting sound, sustainable, efficient, and inclusive practices and set goals and targets that integrate sustainability and responsible practices into strategic and tactical business activities across Qalaa Holdings, its subsidiaries, and various stakeholders (contractors, suppliers, and supply chains).

We incorporate international best practices, as outlined by the United Nations Sustainable Development Goals (UNSDGs) into the core fabric of our operations. The SDGs address some of our most pervasive global challenges related to poverty, inequality, climate change, and environmental degradation. Therefore, Qalaa Holdings and its subsidiaries aim to align their practices with the SDGs, as well as Egypt’s Vision 2030, especially in the areas of education, human rights, labor, gender equality, governance, health, education, and environmental sustainability. Additionally, we are a proud founding member of the UN Global Compact (UNGC) global network and firmly believe in the ten principles of the compact, which aim to benefit employees and employers alike. Qalaa Holdings and our subsidiaries adhere to robust codes of conduct, regulations, and procedures that have been drafted in compliance with UNGC’s principles in the areas of human rights, labor, and environment.

Our persevering efforts in the space of sustainability and ethical corporate governance underline our commitment to ensuring that our operations continue to have a positive impact. It is through this commitment and our responsible practices that we have been able to resiliently weather the storm as the world grapples with the impacts of the COVID-19 pandemic.

We continue to build on these efforts by promoting “win-win” partnerships and collective action to achieve quantifiable sustainability targets to maximize our efficiency and impact, and better identify how to meet the responsibilities we have undertaken to our people and the communities in which we operate.

# Description of Actions



## Human Rights

Qalaa Holdings views respect for human rights as the fundamental base on which ethical businesses thrive. We believe in full and ultimate reverence for individuals and their rights and work diligently to remain mindful of our company and its subsidiaries' practices in relation to this. Employees are asked to adhere to a code of conduct that endorses honesty, integrity and hard work, and in return, the company commits, to making sure that everyone is treated with fairness and respect, and that employee rights are fully protected.

Understanding the potential effects of poor situational awareness, Qalaa Holdings makes sure that countries, governorates, and communities are researched rigorously prior to the implementation of any of its projects. After breaking ground, it then proceeds to heavily monitor its operations and tracks performance across its projects to ensure that none of them are committing human rights violations.

In addition, our human resources policies ensure the provision of health and social insurances for every employee and reiterate the company's zero-tolerance policy for discrimination against employees of different backgrounds, religions, sex, or otherwise. Qalaa also ensures that its people are well-trained, well-cared for, and given equal opportunities to excel and advance within the company.

## Labor

Qalaa Holdings remains at the forefront of industry leaders that champion worker rights. We deliver wages and benefits that enable decent living conditions, and continuously update our compensation framework in coherence with the country's changing economic conditions. Available benefits range from dignified minimum wages to insurance (life, health and social) to disability coverage, and various types of holidays and leaves, as per the law.

Our zero-tolerance policy for child labor and all types of forced labor remains intact; every Qalaa Holdings project is supported by workers who have exceeded the legal working age, and who receive health and safety trainings and circulars that inform them on how to protect themselves against any outbreaks.

The company's employment guide also forbids discrimination against a potential/current employee for their race, religion, sex, nationality, age, or social status. Company policies are regularly adjusted to co-exist with

national labor laws, and fully respect international human rights laws in providing employees with decent compensation and benefits.

As a solid advocate of women in business and leadership positions, we are proud to report that 36.3% of our female employees are in senior management positions and 22.7% are in middle management, with 12.5% of our female leaders being recognized as some of the most influential women in Egypt and the MENA region, and awarded as such.

In terms of age groups, Qalaa Holdings remains an advocate of youth in business, with the larger portion of 32.9% of its employees falling between 30 and 40 years of age, 30.6% are between the ages of 41 and 50, and 17% between the ages of 51 and 60.

The SAP SuccessFactors Talent Management System launched by Qalaa Holdings in 2018 continues to play a vital role in assessing employee talents across the holding company in 2020. The platform is used for steady performance and career development reviews, which assist in monitoring employee efficacy and give the company enough insight to provide necessary trainings. Around 35 hours of employee trainings were recorded in 2020.

## Environment

The volatile nature of the Qalaa's affiliated sectors has made the company highly aware of the impact it has on its surroundings. We are, therefore, constantly on the lookout for ways to eliminate the harmful effects our activities may cause. 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 and zero carbon footprint.

Our subsidiaries have taken many initiatives in terms of environmental sustainability. Our Egyptian Refining Company (ERC) refinery is expected to eliminate a notable 93,000 tons and 186,000 tons of the country's sulfur and sulfur dioxide emissions annually, respectively, while TAQA's expected emissions reduction is projected to be 78,000 tons annually.

TAQA Power has maintained environmental sustainability and green credentials through the implementation of the "GoGreen" environmental plan that includes the following management steps:

# Description of Actions



Furthermore, TAQA Power has implemented the Extended Product Responsibility (EPR) strategy through:

- Developing a waste management plan for solid waste generated, including minimizing plastic usage, the segregation and classification of waste, and transport to safe disposals.
- Implementing effective operation and maintenance plans to optimize and reduce emissions and preventive maintenance activities in accordance with original equipment manufacturer (OEM) guidelines, carried out by TAQA's professional team of engineers, supervisors, and technicians.
- Avoiding inappropriate waste management and disposal methods, such as open-burn of waste, dumpsites, and uncontrolled landfilling in the surrounding of the area.
- Signing an agreement with a waste collection service provider to safely dispose of hazardous waste, while recycling/reusing other solid waste, as well a contract agreement with a certified service provider for the safe disposal of used oil.

Our environmental sustainability strategy runs deep within our DNA and goes beyond compliance. As a partner of choice since

our inception with like-minded DFI's, bilateral and multilateral and global credit export agencies, our environmental sustainability commitment encompasses everything from product design to resource consumption, to waste management, recycling, and upcycling. Accordingly, we bring to market a mix of clean products, and continuously aim to improve efficiency, optimize operations, and increase the mix of cleaner products in our portfolio. We also regularly monitor, report, and refine our performance and diligently bring together global guidelines, such as Shorouk's FSC certification and Tawazon's GIC certification, in every country we operate in. We are rigorous in developing policies, standards, KPIs, reporting across our subsidiaries and supply chains in the areas of Health, Safety, Environment, and Governance.

Qalaa's commitment was made public at the 25th Annual United Nations Climate Change Conference (COP 25) and represents a major business contribution to the Climate Ambition Alliance: a growing multi-stakeholder group convened by the COP 25 that brings together countries, businesses, investors, cities, and regions working towards achieving net-zero emissions by 2050.



Qalaa and its subsidiaries continue to refine their practices to fully comply with HSE guidelines that correspond with the UNGC's principles, the SDGs and Egypt's Vision 2030. At the core of our social contributions are

initiatives that operate under the SDG 4 Quality Education which aims to promote human capital development. In 2020, we continued to execute these initiatives.

## SDG Milestones



### SDG 4: Quality Education

Qalaa Holdings follows a holistic approach to supporting education in Egypt. We have multiple programs that support all levels of education, from vocational education to higher education to teacher education. We also seek to further our employees' education and personal development.

Through this holistic approach, we are heavily invested in training future generations throughout our own companies and fortifying the Egyptian workforce with the skills needed to not only climb corporate ranks but give back to the communities in which they live, and to the country as a whole.

# 32,000+

beneficiaries from Qalaa's education and human capital development initiatives

# 198

scholarships awarded by QHSF to Egyptian students

# 126

total scholarships with 97 recipients of Mostakbaly scholarships, 3 scholarships abroad, and 26 through Don Bosco



### SDG 5: Gender Equality

At Qalaa Holdings, we place equality at the core of our beliefs. Gender balance and female economic empowerment fuel Qalaa's human capital development programs. Qalaa believes in fostering a highly inclusive work environment that promotes women's influence and impact. Our strategy is to empower and support women to unleash their potential by ensuring they are provided fair and equal opportunities in leadership and management positions. We actively pursue the recruitment of females to join our company and its subsidiaries. We provide tailored employment policies to create a supportive environment for women, such as flexible working hours during pregnancy and after maternity leave.

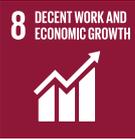


Qalaa's female empowerment strategy is built on four main pillars:

- Supporting and empowering women in the workplace as per the principle of **"Gender Fairness and Equal Opportunities"**, where 25% of Qalaa's board members and 35% of Qalaa's upper and middle management are women.
- Appointing and rewarding successful female executive leaders

and positioning them as role models that lead by example in the local and international business arena.

- Launching diverse community development programs that target training and empowering women to fill the gender gap. Currently, c. 50% of our direct beneficiaries from our community development programs are women, reaching c. 104,000 female beneficiaries.
- Participating and collaborating with international organizations on initiatives that aim to empower women and achieve gender balance and equality, and pushing male workers to support and empower such initiatives.



## SDG 8: Decent Work and Economic Growth

Investing in and supporting a diverse array of companies that will fuel sustainable economic growth and job creation in Egypt and across Africa is a key component of our mission. Since our founding in 2004, we have built more than 80 businesses and created more than 40,000 jobs. To further

fuel our economic growth, we provide vocational training and other educational opportunities to our employees to close the skill gaps. At our subsidiaries, our employees learn from onsite specialists. We believe that empowering local skilled labor is a sustainable business practice that will result in a positive impact for Egypt.

**80+**

businesses founded and developed

**40,000**

jobs created

**c.17,500**

employees currently employed by Qalaa and its subsidiaries

**15,578**

people trained in job market skills by the Egyptian Refining Company (ERC)

**10,000+**

workers trained at ASEC Engineering Academy's training program



## SDG 10: Reduced Inequalities

The ultimate goal of all our initiatives and projects is to help reduce economic and social inequalities by building capacities through education and human

capital development. Through our community development initiatives – Tamkeen, Mashrouy, Reyada, and Takaful – we empower women, youth, and individuals with special needs.

**690.1** EGP MN

contributed to community development programs from 2004 to December 2020

**15,738**

people trained in job market skills by ERC, QHFSC, and ASEC Academy as part of the vocational education initiative

**c.8,700**

**direct and direct beneficiaries** of the "Tamkeen" program and c.56,000 direct and indirect beneficiaries of the "Mashrouy" program for economic empowerment and income raising

**c.5,700**

**direct and indirect beneficiaries** of the "Takaful" program for children with special needs

**c. 1,400**

**direct and indirect beneficiaries** of the "Reyada" program for youth capacity building and voluntary work

**c.26**

specialized NGOs and success partners

## Qalaa Holdings' Flagship Human Capital Development Investment: Qalaa Holdings Scholarship Foundation (QHSF)

QHSF is the largest private sector funded scholarship program in Egypt, created to facilitate Egyptian students' access to post-graduate education. The foundation continued to grow sustainably over the past 15 years under the guidance of its independent board of trustees and the management of its full-time Executive Director. The foundation is sustainably funded by an endowment from Qalaa Holdings. For the past 15 years, QHSF has granted 15-20 scholarships per year to exceptional Egyptian students pursuing graduate degrees in a variety of fields, including filmmaking, anthropology, global mental health, mechanical engineering, biotechnology, and architecture, at top universities abroad on the condition that they return to Egypt to work after completing their studies.



QHSF continues to uphold its primary stipulation of returning to Egypt upon completion of studies, with 46% the beneficiaries being female across 15 governorates in Egypt. In doing so, it aims to foster diversity and inclusion by encouraging learners to invest their newly acquired global knowledge in Egypt across diverse fields, through finding employment or launching their own businesses. Alumni scholars have started businesses that are already contributing to Egypt's economic growth and development, including Amina Abou Douma, founder of Teatro Eskendria, Randa Fahma, co-founder of KarmSolar, and Hisham Wahby, founder of over 18 startups.



broaden their horizons not only through their studies but through their overall experience, which may not be possible with travel restrictions and online learning. Nevertheless, we continued with the program on a smaller scale during this exceptionally challenging year. The foundation awarded three scholarships, bringing the total number of recipients up to 198.

## Qalaa Holdings Financial Services Center (QHFSC)

In keeping with the company's commitment to supporting education in Egypt, Qalaa Holdings and the American University in Cairo founded the QHFSC to help student develop the skills and qualifications needed to pursue careers in securities trading, risk management, and asset allocation. The Center provides students with unique learning opportunities by integrating hands-on practical education with financial concepts. QHFSC, one of Qalaa's central projects, is recognized as the first center of its kind in the MENA region.



Qalaa Holdings donated USD 250,000 in seed funding to establish the center and donates USD 30,000 annually to ensure sustainability of operations. The center provides students with unique learning opportunities by integrating hands-on, practical education with

financial concepts. Throughout the years, the company has invested USD 180 million in databases and software to ensure the center continues to operate seamlessly. QHFSC has trained over 2,738 graduates, researchers, and faculty members so far across its expanding geographic network in Egypt.

## TAQA Arabia Scholarship Programs

TAQA Arabia, one of Qalaa's subsidiaries, esteems itself as a socially responsible corporation that prioritizes human and community development. Therefore, to fulfill its commitment in social development, TAQA Arabia developed the TAQA International Master's program. The program entitles the company to fully fund the studies of a Master's student in the field of renewable energy. It also continued endows additional scholarships to students working in the alternative energy sector, who looked to pursue graduate studies in alternative energy and related disciplines. TAQA Arabia has awarded a total of two scholarships as of December 2020.



## Corporate Mentorship Program with HEI/ AMIDEAST

Qalaa Holdings partnered with Amideast and volunteered with the HEI Public University scholarship program to motivate and mentor Egyptian youth and help bridge the gap between university and employment.



## ASEC Academy

subsidiary, ASEC, has also committed to prioritizing human development. ASEC instituted the ASEC Academy to shed light on the importance of vocational training. The Academy offers multiple programs designed to train engineers, chemists, geologists, and technicians employed in the cement industry. Graduates from the Academy will receive accreditation by the Arab Union for Cement and Building Materials. In 2020, the number of trainees reached 10,728.



## Cross-Cutting Trainings and Initiatives

At subsidiaries, local employees learn from specialists and engineers working on site. Engineers and workers hired to build ERC's refinery have also gained experience and benefitted from working with over 15 nationalities on site that will qualify them to work on similar projects going forward.



## The impact of COVID-19

At Qalaa Holdings, we firmly believe that people are the backbone of the company and the engine that will drive growth in our societies. Accordingly, Qalaa ensures its people are well-trained, well-cared for, and given equal opportunities to excel and advance within the company.

With the onset of the COVID-19 pandemic, Qalaa Holdings placed the safety of its 17,500+ employees at the forefront of its priorities as it navigates the pandemic and the challenging external environment. Qalaa developed strict protocols to ensure the health and safety of all stakeholders for the duration of the crisis, including:

### Business Agility:

- To ensure business continuity and agility across its subsidiaries, Qalaa:
- Established a specialized committee to monitor, manage, and oversee response strategies across Qalaa's footprint.
- Developed contingency plans and business continuity protocols, including supply chain and inventory management.
- Reviewed liquidity positions and short-term financial obligations to ensure efficient cash management and reduce costs.
- Invested in strengthening IT infrastructure to support work-from-home.

### Balancing Lives and Livelihoods:

- Qalaa prioritized the well-being of its employees across its subsidiaries and maintained its full work force without layoffs. A portion of the salaries for top management was temporarily deferred to ensure that the company could meet its financial obligations.
- Throughout this challenging period, Qalaa and its subsidiaries remained fully functional and open for business. All subsidiaries continued to meet the needs of stakeholders safely and efficiently, monitoring the evolving situation in a manner that allowed companies to make informed and rational decisions that ensured health and safety and maintained business continuity.



### Supporting the Fight to Preserve Jobs:

- Joined the Ministry of Planning and Economic Development's 'Egypt Will Pass' initiative, a campaign aimed at fighting the COVID-induced employment crisis and encouraging the business community to maintain workforces and provide new job opportunities.
- The campaign included announcing plans for four new projects that could potentially provide an additional 2,000 jobs.
- Qalaa and its subsidiaries have donated EGP 30 million to the Tahya Masr Fund to support its COVID-19 vaccination efforts.

### Supporting Front Liners:

Through energy subsidiary TAQA Arabia, Egypt's largest private sector energy distribution company, Qalaa supported hospitals and medical teams by:

- Partnering with the American Chamber of Commerce (AMCHAM) on the "AmCham Private Sector Alliance Against COVID-19" which gathered donations to purchase critical medical supplies and personal protective equipment (PPE), through UNICEF's Global Supply Division.
- Contributing to the Ahl Masr Foundation to support COVID-19 patients and medical staff.
- Participating in the Tahya Misr Fund initiative "Partners in Prosperity".



Each of Qalaa Holdings’ subsidiaries has played a different role in neutralizing the environmental impact in its respective sectors.

## SDG Milestones



### SDG 7: Affordable and Clean Energy

At Qalaa and its subsidiaries, we build sustainable businesses that are fully aligned with and enable the transition to a green economy. Through Qalaa’s energy subsidiaries, including ERC, TAQA Arabia, and Tawazon, we aim to provide clean energy solutions at affordable prices and substitute imports with local alternatives. Moreover, through these subsidiaries, Qalaa Holdings furthers its commitment to expand its alternative energy mix to help achieve the Egyptian government’s strategy to generate 20% of total energy from renewable sources by 2022.

With the presidential inauguration of ERC and TAQA Arabia’s Benban solar power plant, in addition to TAQA’s introduction of the latest technologies to support the state’s plan to expand the usage of natural

gas by converting vehicle engines to run on dual fuel, using both natural gas and diesel, Qalaa Holdings is prevailing in its renewable energy ventures, reducing its carbon footprint and cutting harmful emissions, in addition to investing in driving the transition towards a greener economy. Other subsidiaries that have made an impact in the energy sector include Tawazon, ECARU, GlassRock, Uniboard, and Nile Logistics. Tawazon offers waste-to-energy solutions by providing alternative fuels to heavy energy consumers, while its subsidiary, ECARU, produces biomass from agricultural waste. Nile Logistics uses the Nile River, a more environment-friendly mode of transportation. GlassRock produces energy-efficient insulation materials such as glasswool and rockwool. Uniboard uses recycled wastepaper as one of the main raw materials in the production of duplex boards.

**78,000 g/kWh**

eliminated emissions due to the Benban Solar Park

**29%**

reduction in total amount of SO2 emissions as a result of the cleaner Euro V diesel supplied by ERC

**Reducing 186,000**

tons of SO2 emissions and 93,000 tons of Sulfur emissions annually at ERC

**370+**

tons of solid waste were removed in 2020 from ERC and dispatched to a specialized solid waste management facility

**1000+**

tons of hazardous waste were removed in 2020 from ERC and dispatched to specialized hazardous waste management facilities

**5,075,070 m<sup>3</sup>**

wastewater treated/ reused at ERC

**1.3<sub>MN</sub>**

clients connected to the natural gas grid by TAQA's gas division

**5,000**

tons of business-treated agriculture waste per day

**c.500,000**

tons in RDF sales from 2010 to 2020

**1.19<sub>MN</sub>**

tons of organic compost produced and distributed

**100,977 m<sup>3</sup>**

of compost (green manure) produced, 82,114 m<sup>3</sup> of which were used as fertilizers at Dina Farms in 2020



### SDG 12: Responsible Consumption and Production

Qalaa Holdings has developed a proactive environmental policy to ensure that we have a positive impact throughout our operations. Our environmental policy incorporates a number of goals and practices, including conducting an environmental impact study before making an investment, actively pushing industries towards the use of cleaner energy, and investing in the R&D of technologies to reduce emissions and minimize waste. Qalaa Holdings incorporates these practices across all its subsidiaries. We employ strict waste management policies, with some subsidiaries using waste as input to produce a variety of materials that range from clean alternative energy (Tawazon) to duplex boards (Shorouk, a subsidiary of National Printing Company). At ERC, we utilize an environmentally friendly closed-circuit cooling system that efficiently utilizes a limited water supply and reuses it in the cooling process with the aid of cooling towers. ERC performs regular upgrades, including the installation of environmental monitoring equipment at Cairo Oil Refining Company (CORC), our neighboring refinery. At Dina Farms, we use the world's most technologically efficient irrigation system to reduce water consumption, while at El Baddar, we recycle paper and other materials in the production of packaging and printing products. TAQA Oil Marketing complies with Egyptian environmental law No.4 issued in 1994 in disposing of all kinds of waste resulting from operations. This includes the disposal of solid



contaminated waste through governmental approved contractors, while contaminated wastewater is pumped back into the refinery to be treated accordingly. TAQA Power has also efficiently optimized paper consumption through the implementation of a document retention policy (DRP).

**135,000**

tons annual production capacity of duplex boards from recycled **wastepaper by Uniboard**

**c.10,000**

feddans developed by Dina Farms using technologically advanced and efficient irrigation systems

**50,000**

metric tons of environment-friendly insulation materials

**c.12%**

reduction in TAQA Oil Marketing's electricity consumption by converting all lighting system to LED at the Suez Terminal



### SDG 13: Climate Action

Qalaa Holdings is the first Egyptian company to sign an international pledge aiming to curb the effects of global warming and build a net-zero carbon economy for the future. As a signatory of the Business Ambition 1.5°C, Qalaa will measure, quantify, and accordingly reduce its greenhouse

gas emissions at a pace and scale that is necessary to limit global warming. By signing the pledge, Qalaa is further underscoring its accountability, responsibility, and leadership towards carbon neutrality and achieving a more sustainable future for generations to come.

**70<sup>USD</sup><sub>MN</sub>**

investment in sustainable insulation materials company by GlassRock

**40%**

reduction in carbon dioxide emissions in buildings that use GlassRock insulation materials

**1.2<sup>MN</sup>**

residential customers converted to cleaner burning natural gas by TAQA

All refinery heaters are equipped with a low NOx burner, which maintains the concentration of NOx at low levels, in addition to using natural gas as a clean fuel at ERC

Installing double sealing systems at ERC for floating surface tanks at CORC to reduce greenhouse gas emissions by c.75-93%

ERC has in place an environmental monitoring program for ambient air in the surrounding area of the refinery and stacks emissions to keep track of the air quality in surrounding communities

## Egyptian Refining Company (ERC)



After 13 years, Qalaa Holding's flagship USD 4.3 billion refinery, ERC, became fully operational in November 2019 and officially inaugurated in September 2020 by President

Abdel Fattah El Sisi. Endorsed by the Egyptian government, ERC is a solid example of a public-private partnership. The project integrates economic, social, and environmental returns that are in line with Egypt's Vision 2030 and President El Sisi's mandate to encourage the private sector to invest in the localization of industries and value-added national projects.

ERC takes atmospheric fuel oil from an adjacent government-owned refinery (CORC) and transforms it into Euro V diesel, considered to be the cleanest fuel of its type in the world. ERC achieves energy efficiency by

preventing 186,000 tons of sulfur dioxide and 93,000 tons of sulfur from being emitted into Cairo's air annually. Moreover, ERC has established a three-stage industrial wastewater treatment plant, in accordance with the highest local and international standards, which contributes to preserving water quality given that it is not diverted to the Ismailia Canal.

This highly anticipated project is expected to have resounding, multifaceted effects on Egypt, economically, environmentally, and socially. Moreover, ERC is a crucial import substitution project that will save Egypt around USD 600 million to USD 1 billion annually.

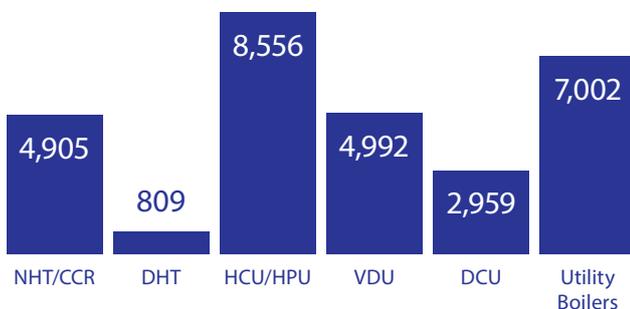
Besides its commitment to the environment, ERC also conducts a number of community development programs to better the lives in the Mostorod area where the refinery operates.

### ERC Environmental Indicators

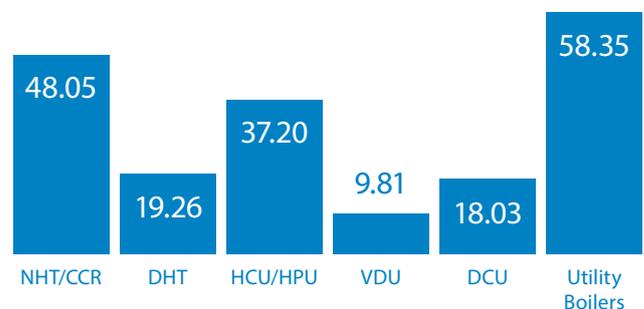
#### Waste Disposal (tons/year - 2020)



#### Energy Consumption in Manufacturing Fuel Gas (Nm<sup>3</sup>/h) - 2020

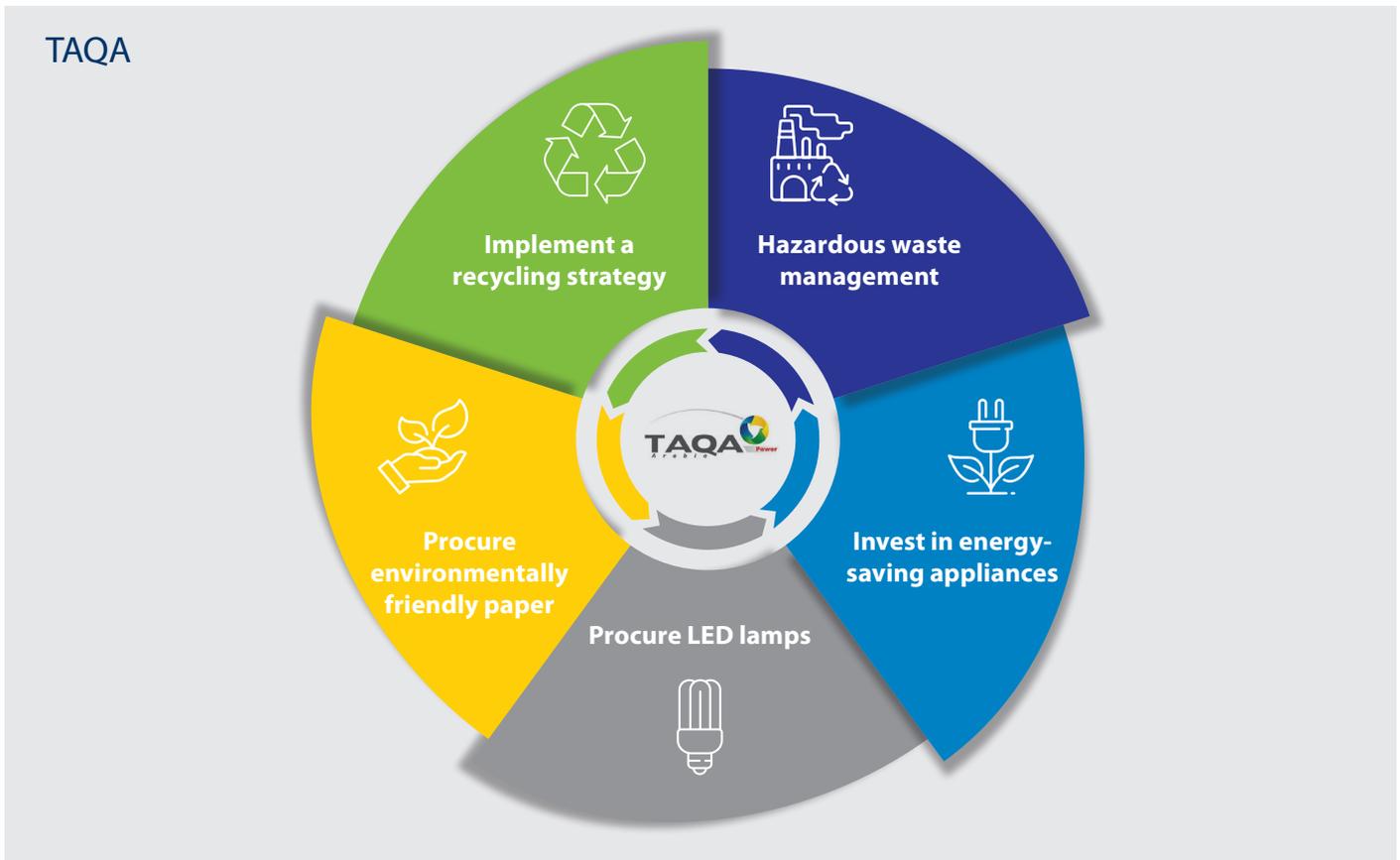


#### Energy Intensity in Manufacturing/Ton of Feed Natural Gas (Nm<sup>3</sup>/h) - 2020



#### ERC Refinery (2020)





The energy subsidiary remains committed to diversifying its portfolio and reaffirms its goals to expand in renewable energy with the launch of its 65 MW solar power plant in Benban Solar Park in Aswan, Egypt. This EGP 1.35 billion investment is now part of the largest solar park in the world, and factors in Egypt's 2022 plan of producing 20% of its electricity needs through renewable resources. TAQA has also continued examining opportunities for expansion into alternative energy and wind power. TAQA transmits and distributes natural gas connections to more than 1.2 million customers in 42 cities across Egypt and is expected to reduce emissions by c.78,000 tons annually from its solar plant.

Farms, Qalaa Holding's agrifoods subsidiary. The project is both in line with Egypt's energy sector transition and target to achieve 42% generation from renewable sources by 2035, as well as Qalaa's overall environment sustainability strategy to enable and drive growth in Egypt's green economy.

Besides its solar activities, TAQA's gas division is expanding its operations and growing its market share for compressed natural gas (CNG). TAQA Gas is leveraging the recent cuts to energy subsidies to highlight CNG as a more cost-effective alternative to gasoline. TAQA is committed to expanding the use of natural gas by introducing the latest available technology in line with Egypt's national strategy to promote the use of natural gas as an economically and environmentally viable source of fuel for vehicles. TAQA Arabia has successfully increased the number of CNG filling stations to 16 in 2020 up from 7 stations in 2019. In line with achieving this strategy, the governor of the New Valley region signed a protocol agreement with TAQA Arabia to distribute natural gas to the governorate. This forms part of a wider expansion plan by the company to establish a total of 50 stations during the next three years at an investment cost of around EGP 650 million. In recognition of its efforts, TAQA Gas has

In December 2020, TAQA PV became Egypt's first recipient of a USD 10 million financing package from the European Bank of Reconstruction and Development (EBRD) under the Southern and Eastern Mediterranean Private Renewable Energy Framework (SPREF) to mobilize private finance for renewable energy projects in the SEMED region. The first tranche of the loan, amounting to USD 4.2 million, will be used to finance the construction of a 6 MW solar photovoltaic power plant that will supply energy to Dina

received a number of certifications, including ISO 14001 : 2015, EGAS License of Hazardous Waste Handling, and EGAS Environmental Audit Reports. Regular environmental impact assessments (EISs) are conducted and professional third parties are contracted to conduct environmental measurements.

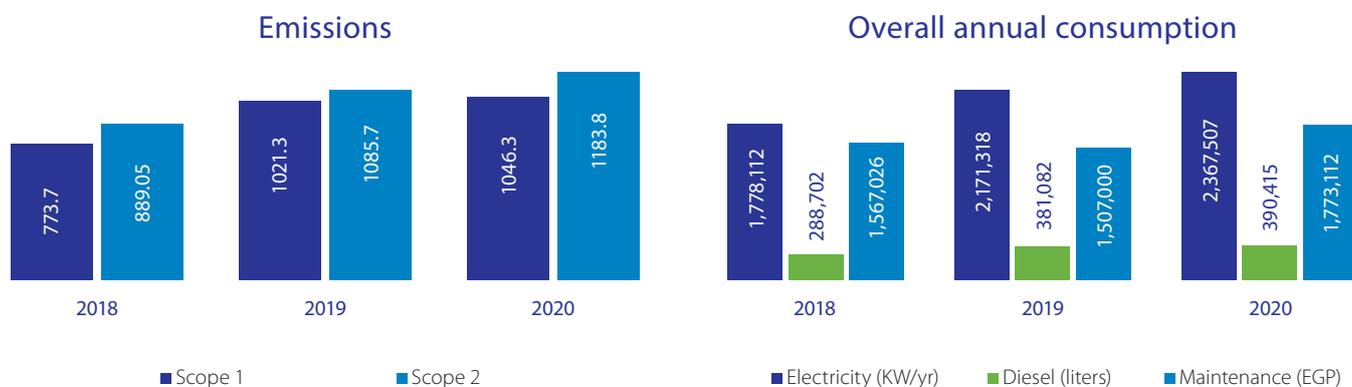
In the first week of 2021, the Central Bank of Egypt launched a multi-billion EGP program to encourage car owners to outfit their vehicles with dual-fuel engines under the government’s natural gas transition plan during the Go Green Exhibition. H.E President Abdel Fattah El-Sisi had visited TAQA Arabia’s booth at the Go Green Expo, where TAQA Arabia showcased its latest technologies to support the state’s plan to expand the usage of natural gas by converting vehicle engines to run on dual fuel, using both natural gas and diesel. In accordance with the transition plan, TAQA Arabia, looks to expand Egypt’s network of natural gas stations along with two other publicly

owned stations, aiming to build 300 stations around the country over the next three years.

TAQA Oil Marketing employs a SSHE system and has developed risk assessment tools to assess, mitigate, and monitor environmental risks. Accordingly, it uses high quality materials and equipment throughout its supply chain. Workers are regularly trained on various risk scenarios to ensure their capability to handle petroleum products without posing environmental risks.

Moving forward, TAQA aims to expand its footprint in Egypt’s renewables arena, in line with the government’s strong push towards adding alternative sources of energy to its energy mix. TAQA is currently studying several small-to-medium scale industrial power generation projects ranging from 40 MW to 150 MW.

## TAQA Gas Environmental Indicators



## Waste disposal (tonne/yr)

	2018	2019	2020
Hazardous Waste	1.46	1.57	2.1
Empty Chemical Containers	1.2	0.33	1.3
Batteries	0.63	0.69	0.95
Plastic	99.62	14.75	36.38
Wood	0	0	2.25
Steel	160.09	162.96	77.61

## TAQA Oil and Marketing Environmental Indicators

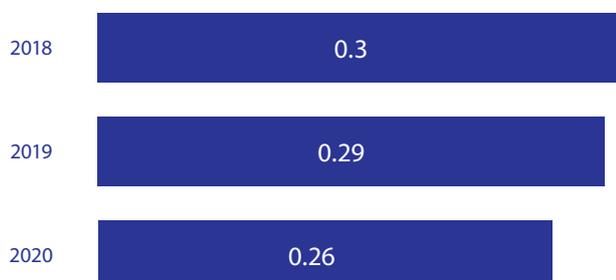
### Overall annual consumption

Utility	2018	2019	2020
Electricity (KWH/year)	231,165	210,045	203,625
Natural Gas (m3)	None	None	None
Diesel (liters)	2,400	2,400	3,100
Maintenance (EGP)	808,570	746,179	1,281,951

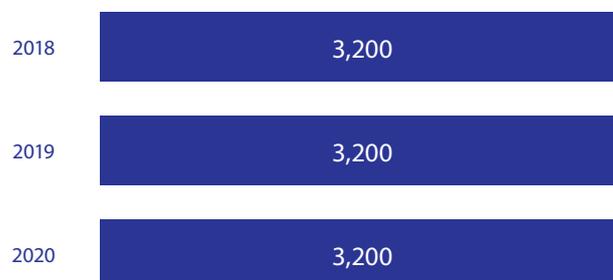
### Emissions (part per million)

	2019						2020					
	CO2	CH4	NO2	HFCs	PFCs	SF6	CO2	CH4	NO2	HFCs	PFCs	SF6
Suez Terminal	450 ppm	0	0.2 ppm	0	0	0	415 ppm	0	0.1 ppm	0	0	0

### Energy Intensity in Manufacturing/Ton of production Electricity (KWH)/ton



### City water use (m3)



■ Suez Terminal

### Waste disposal by item (kilogram/year)

	2018	2019	2020
Hazardous Waste	22	160	40
Empty Chemical Containers	24	20	60
Bulbs and transformers	9	20	0
Batteries	9	30	0
Sludge	36	3,700	1,670
Scraped products	0	0	0
Carton and Paper	0	0	0
Plastic	2	0.66	0.855
Paper	0	0.66	0.855



## Tawazon

Qalaa's solid waste management subsidiary, Tawazon, maintained strong efforts in providing cleaner and recycled alternative fuels from waste such as biomass-derived fuel (BDF), solid recovery fuel (SRF) and refuse-derived fuel (RDF) to heavy consumers as a source of thermal energy throughout 2020.



## Nile Logistics

The river transportation subsidiary remains one of the most fuel-efficient and environmentally friendly methods of transportation available in Egypt and neighboring Sudan and South Sudan. Nile Logistics has a large fleet of fuel-efficient, environmentally friendly river barges that transport cargo along the Nile. The company continues to transport the equivalent of 20-40 truckloads on each barge using a fraction of the fuel and money usually invested in other modes of transport.



## Glass Rock

GlassRock's thermal insulation solutions can save up to 40% of the cooling and heating load and minimize the global carbon dioxide footprint from heating and cooling while using calculated percentage of recycled materials. The USD 70 million sustainable insulation materials company maintains a total annual production capacity of 30,000 metric tons of rock wool and 20,000 metric tons of glass wool. Both materials are considered key in environment-friendly construction as they are some of the most optimum materials used to reduce carbon dioxide emitted by buildings.



## El Baddar

The National Printing Company includes four vertically integrated subsidiaries producing quality materials through an efficient and environmentally friendly production process. One is El Baddar, a printing and packaging subsidiary that develops corrugated sheets and boxes that are widely used for shipping, particularly in the food industry. El Baddar products are renowned in the market for their strength, durability, lightness, recyclability, and cost-efficiency. The company recycles paper and materials used in the production of packaging, and printing products. The company established its new state-of-the-art facility, finalized its relocation there, and commenced initial production. The new state-of-the-art facility is expected to expand El Baddar's product range and enable the company to penetrate new markets.



*Dina Farms pivot irrigation*



## Dina Farms

With an agricultural footprint of over c.10,000 acres, Dina Farms is the leading private sector dairy farm in Africa. Throughout its operations, Dina Farms applies an efficient and advanced irrigation systems technology (drip and pivot irrigation) and promotes sustainable and responsible farming.

In 2020, the European Bank for Reconstruction and Development (EBRD) collaborated with TAQA Arabia's subsidiary, TAQA PV for Solar Energy, and Dina Farms for the construction and operation of a 6 MWp solar photovoltaic power plant at Dina Farms. This project will be one of the first green private-to-private projects in Egypt. The power plant will enable Dina Farms to cover 23% of its total energy consumption with clean energy. TAQA PV for Solar Energy will sell all its generated energy to Dina Farms under a 25-year power purchase agreement (PPA).



## SDG Milestones



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

Qalaa Holdings invests in a diverse array of sectors ranging from industry to infrastructure. Our goal is to provide innovative solutions to our different investments, in addition to facilitating knowledge transfer, introducing international best practices, and empowering employees to spur innovation in all sectors in which we invest. Qalaa's flagship energy project, ERC, utilizes advanced

technology to convert the lowest value fuel oil into middle and light distillates. ERC was constructed alongside leading international experts who provided crucial transfer of knowledge and innovation to local workers. On another note, we also support innovative forms of transportation and infrastructure by investing in water and rail transport to reduce pressure on clogged highways in Egypt and other regional countries.

**4.3<sup>USD</sup><sub>BN</sub>**

refinery to provide environmentally friendly Euro V diesel and refined products for the local market

**50**

river barges, serving as a one stop shop for transporting goods efficiently and economically

**3.08<sup>MN</sup>**

tons of biomass, RDF, and organic compost waste to energy solution using agricultural and municipal waste



### SDG 17: Partnerships for the Goals

Qalaa believes that partnering with like-minded local and international organizations such as the UNGC and WEF, who are working towards common goals, will enable us to further our reach and add more value to our communities. In every country we work in, we partner with governments, civil society, international organizations, and think tanks to increase the size and scope

of our impact. Moreover, we actively encourage other companies to adopt and work toward the SDGs. Qalaa is currently an active member of the UNGC and has founded its Egyptian chapter. We are also members of the Integrity Network Initiative, which seeks to engage the Egyptian business community in a collective effort to fight corruption and create an efficient and enabling business environment.

**44**

civil society organizations as partners

**5+**

governmental organizations in Egypt

**13+**

academic and international organizations



*Mostakbaly for Students beneficiary*

## ERC Community Development Initiatives

The Egyptian Refining Company (ERC), Qalaa Holdings' flagship investment in second-stage mega project refinery, conducted the most comprehensive Environmental and Social Impact Assessment (ESIA) ever commissioned in Egypt for an industrial project based on international/IFC standards to minimize negative project impacts. As a result, ERC has been focusing on the following four main arenas: educational support through Mostakbaly

for students and teachers, economic empowerment and income raising through Tamkeen and Mashrouy, youth volunteering and capacity building through Reyada, and special needs support through Takaful. Despite the disruptions caused by COVID-19, the community development programs continue to operate. The respective teams remain engaged and are available to support beneficiaries whether online or in person, as needed.



### 1. Supporting Education

Mostakbaly, one of several community development initiatives launched by ERC falls within a cooperation agreement

between ERC and the Ministry of Education as well as educational directorates in the Cairo and Qalyubia governorates. The program is in accordance with ERC's sustainable development strategy, which aims to improve teaching capacities within Egypt's public education system. It is part of the company's ongoing initiative to advance public education in Egypt and achieve quality education for all in line with the United Nations' Sustainable Development Goal (SDG) #4.

The Mostakbaly for Teachers program has benefited 96 teachers since 2017. The program focuses on kindergarten and primary school teachers based on ERC's belief that the early years of are the pillars upon which future education is built. Teachers nominated for scholarships are selected based on their track record in community service activities and ability to transfer their acquired experiences and knowledge to colleagues in the schools in which they work, as well as the rest of the district.

In 2020, graduates of the program were able to transfer their acquired skills and apply the latest advanced technologies to facilitate the distance learning process during the pandemic, in line with the company's strategy to use digital tools for sustainable social return. The Mostakbaly for Teachers scholarship recipients received training at AUC that allowed them to conduct online education and play a pivotal role in successfully transitioning their communities to online learning during the crisis. The e-learning skills that were acquired by the program's participants played an integral role in ensuring educational continuity, as schools were forced to shift to distance learning during the pandemic. It is of note that Qalaa Holdings held a virtual session to underscore the success of its Mostakbaly for Teachers program for achieving educational development and skill building as well as its positive impact on distance learning during COVID-19.

The Mostakbaly for Students scholarship program, now in its fifth year, provides students with opportunities to pursue undergraduate degrees in various specialties at some of Egypt's most prestigious public and private universities. The Mostakbaly scholarship program provides members of ERC's local community with access to better education. To date, the program has provided 97 undergraduate and three graduate abroad scholarships in partnership with five universities as well as 26 scholarships to Don Bosco. As of 2020, the total number of direct and indirect beneficiaries reached 299,355.

## 2. Women and Youth Economic Empowerment



Tamkeen and Mashrouy are two initiatives that help promote women and youth economic empowerment. Through Tamkeen, its financial and non-financial support platform, ERC continued to support female entrepreneurs. Tamkeen provides training in economic empowerment projects. It aims to support female entrepreneurs' ability to develop their living conditions. In 2020, Tamkeen and Mashrouy had a total of c.64,000 direct and indirect beneficiaries.



## 3. Youth Volunteering and Capacity Building



Among ERC's primary goals is to encourage youth to volunteer and participate in community initiatives, especially because they are the area's best chance at sustainable and ongoing efforts that could be inherited from generation to generation. Therefore, ERC initiated the Reyada program which trains volunteers on managing social initiatives. In 2020, Reyada had 1,440 direct and indirect beneficiaries.



## 4. Special Needs Support



ERC launched Takaful with the vision of providing community members with special needs an equal chance to integrate into and contribute to their communities. The program has so far worked in partnership with governmental institutions and local development associations, empowering over 994 individuals with different abilities. As of 2020, the total number of direct and indirect Takaful beneficiaries reached c.5,700.



# Our Way Forward



Take inventory of existing policies and practices, and work with subsidiaries to set and maintain group-wide HSEG standards



Continue to refine the ESG monitoring and reporting structure to allow for the collection of measurable data and set indicators/KPIs at the holding and platform levels for responsible resource consumption, production, and waste management



Ensure continued awareness of labor, social, and environmental 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 in current and potential investments



Keep examining 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 group and subsidiary levels



Assist individual managers in setting goals to gradually integrate sustainability into all business operations and performance assessments



Prioritize benchmarking carbon footprint comprehensively and continue voluntary sustainability reporting on progress



Continue to explore and identify ways to reduce carbon footprint across our investment portfolio to reach neutrality by 2030



Develop a plan for climate change benchmarking and set group-wide science-based targets in line with Science-Based Targets Initiatives (SBTI)



Seek for international certifications, affiliations, and reporting agencies to ensure compliance with international best practices in all sectors