Thank you.. The Annual Report on the Environmental, Social and Governance Disclosures has been successfully Registered and your Registration Code Number is 35239. You are kindly Requested to print the report and attach it to the annual report of the Board of Directors attached to the annual financial statements for the year 2023/2024.

الهيئة العامة للرقابة المالية
FINANCIAL REGULATORY AUTHORITY

Annual report for FY 2023/2024

On Financial Disclosures Related To Climate Change (TCFD)

In implementation of The FRA's Decrees no. (107) and (108) for the year 2021

First: Introduction

The report on financial disclosures related to climate change - recommendations of the Task Force on Climate Financial Disclosure TCFD reflects the company's ability to manage the risks and opportunities associated with climate change, which creates confidence among investors that enables them to make investment decisions that take into consideration the range of financial risks and opportunities associated with climate change and the company's management mechanisms for transitional risks and Physical risks of the effects of climate change on the company's financial performance, thus providing more transparency regarding climate-related risks and opportunities for investors.

Based on the FRA responsibility towards NBFI including listed Companies on the Egyptian Stock Exchange, and within the framework of assisting these companies to submit annual reports to disclose ESG sustainability standards in accordance with the FRA decisions No. 107 and 108 of 2021, and to facilitate them, the FRA has prepared this electronic form to companies to fulfill the KPIs for financial disclosures related to climate change - TCFD recommendations.

Therefore, please be careful, accurate and transparent when filling out this form, and please attach the report form within the annual report prepared by the Board of Directors attached to the annual financial statements for the year 2023/2024 In case of any inquiries related to this matter, you can contact sustainable development department via email sustainable.development@fra.gov.eg

Secand: Basic Data on The Status of Company

1. **Select the company's name:QALA For Financial Investments**
2. **Select the company's sector:Non-bank financial services**

Third: Basic Data of The Person Responsible for Completing The Report

1. **Name :Ahmed Salman**
2. **Job Title:Sustainability Specialist**
3. **Email:Asalman@qalaaholdings.com**

Fourth: TCFD KPIs

1.Governance KPI (Climate Related Governance)

1. Does the board have oversight of climate-related risks and opportunities? Yes

Qalaa Holdings and its subsidiaries have adopted a multifaceted investment strategy guided by a balanced economic, environmental, and social impact, and governance framework (EESG). Amid environmental challenges, the company is committed to contributing to establishing a sustainable economic model based on maximizing resource reuse instead of wasting it. In line with our triple-bottom-line strategy, Qalaa has been able to invest in and build a diverse array of companies across sectors, working to fuel

sustainable economic growth and job creation in Egypt and throughout Africa.
Achieving the UN Sustainable Development Goals (SDGs) and mitigating the impact of climate change (Goals 11, 12 & 13), including climate risk, is a cornerstone of our approach. Therefore, the company works on reducing the negative environmental and climate impacts across its operational activities alongside improving resource and waste management processes, considering them among the fundamental pillars. In this context, the company has developed a comprehensive climate policy covering all its operational sectors to monitor climate-related risks and opportunities. The board of Directors also includes a sustainability committee that is responsible for supporting Qalaa in formulating short-and long-term sustainable policies and providing the necessary guidance on strategies and objectives that promote responsible and sustainable practices across Qalaa, its subsidiaries, and all related parties, in effort to reduce risks and create shared value for all parties.
The board is examining and monitoring the company's investments within its subsidiaries, as well as the planned investments. One of the elements that is being monitored and studied is the risks and opportunities related to climate and their potential impact on the company's new and existing investments. For our existing subsidiaries, the below is being applied:
- The Egyptian Refining Company: The board of directors closely monitors climate-related risks and opportunities through the Environmental Management Team and the Operations Technology Team within the company. In 2009, during the initial project stages of preparation, the Egyptian Refining Company issued the first Environmental and Social Impact Assessment (ESIA) to identify potential impacts on surrounding communities and propose appropriate measures to mitigate these impacts.
- TAQA Arabia: The board of directors monitors climate-related risks and opportunities as part of the overall business management. Risk management and leveraging available opportunities are two crucial factors for the success of the company. Therefore, the board of directors must consider the company's strategies to address climate challenges and ensure that the company adheres to sustainable practices.

2. Does the management have a role in assessing and managing climate related risks and opportunity? Yes

The management integrates climate-related risks and opportunities into its analysis of various investment prospects, conducting thorough evaluations that directly impact the company's investment decisions. Qalaa directs its

investments towards opportunities that mitigate environmental risks, such as investing in renewable energy, solar energy, green hydrogen and delivering natural gas to remote areas and strengthening energy security in Egypt through its subsidiaries, TAQA Arabia, and waste management and Net-Zero innovative solutions such as Sustainable Aviation Fuel (SAF) through Tawazon Company. For instance:

- Egyptian Refining Company: The management deliberates, reviews, and approves proposals aimed at mitigating the impacts of climate change. All company activities and their environmental aspects undergo internal monitoring by a collaborative team composed of members from the Egyptian Refining Company (ERC) and the Egyptian Projects Operation and Maintenance Company (EPROM). This monitoring is facilitated through monitoring systems and the utilization of accredited external laboratories that comply with both local and international standards. Additionally, GHG emissions are monitored & calculated annually and the company is studying the transition to zero-flaring and other decarbonization practices.

- TAQA Arabia: The company's management assumes a crucial role in evaluating and managing climate-related risks and opportunities through the following actions:

o Risk Assessment: Analyzing the potential impact of climate change on its activities and operations.

o Leveraging Opportunities: The company seeks to capitalize on opportunities arising from climate change, such as the growing demand for sustainable services and advancements in renewable energy and environmental technology.

o Implementing Sustainable Practices: The company adopts practices and policies to decrease carbon emissions and enhance the efficiency of natural resource usage. This includes utilizing renewable energy, improving energy efficiency, and enhancing the supply chain to reduce waste and emissions.

o Reporting and Transparency: The company provides reports on its efforts to adapt to climate challenges and maintains transparent communication with stakeholders and shareholders regarding these efforts.

- Tawazon (ECARU): The company is interested in investing in innovative solutions, partnerships, initiatives, and win-win solutions for agricultural waste recycling. The most recent of these partnerships was the signing of a memorandum of understanding between the Egyptian solid waste recycling company (ECARU), Qalaa Holdings, and the French company Axens, to conduct the technical and financial Studies necessary to produce the

second generation of sustainable biofuels (bioethanol) and the production of sustainable aviation fuel (SAF).

2.Strategy KPI (Environmental Operations, Oversight and Mitigation)

1. Does the organization identify any climate related risks and opportunities over the short, medium and long run? Yes

Qalaa Holdings and its subsidiaries conduct thorough assessments of diverse investment opportunities, incorporating considerations of climate-related risks and opportunities across short, medium, and long-term investment horizons.
This approach aligns with the company's overarching investment strategy geared towards long-term sustainability. Risk management, including the assessment and mitigation of climate-related risks, is a focal point within the company's governance framework. Qalaa recognizes the importance of proactively identifying and addressing climate-related risks to safeguard its operations, stakeholders, and the environment, ensuring adaptability and resilience in navigating evolving challenges in its investments and projects and taking preventive and transitional precautionary measures to adapt and reduce climate-related risks in various sectors such as agriculture and energy in the short, medium and long term. Moreover, Qalaa invests in the transition towards renewable energy and waste recycling in cooperation with governments, as well as investing in the transfer of expertise and innovative solutions across borders to African countries.
On the subsidiary level, the below practices have been taken:
- TAQA Arabia: The company has developed a framework to enhance its financial stability as part of its efforts to support local and international practices and take precautionary measures to avoid risks related to climate change in the short, medium, and long term. Furthermore, the company is dedicated to identifying opportunities associated with initiatives aimed at reducing GHG emissions and mitigating their impacts.
- Egyptian Solid Waste Recycling Company (ECARU): Companies identify climate-related risks and opportunities in the short, medium, and long term. This process includes ongoing analysis of climate change and its potential impacts on the company's operations, market, and business.
- The Egyptian Refining Company (ERC): As part of the GHG emissions inventory report, opportunities for reducing GHG emissions are identified in

the short, medium, and long term. The company is committed to effectively managing the risks associated with GHG emissions and conducting studies to identify effective ways to mitigate them. Recognizing the importance of early voluntary action on environmental issues, the company is keen on submitting relevant reports, participating voluntarily in initiatives to reduce GHG emissions, as well as joining mandatory disclosure and reporting programs, and participating in carbon markets. As part of this strategy, the company has established its first GHG inventory report to monitor the volume of GHG emissions, including Scope 1 and Scope 2, making it the first refining facility in the Egyptian Oil & Gas sector to publish such a report in the sector.
- GlassRock: the increased demand for green and environmentally friendly building solutions has led to the expansion of the company's investment in local production plants for glass thermal insulation materials and glass wool, which leads to lower energy consumption and reduced carbon emissions.
- Dina farms: the company is currently expanding the use of solar energy to generate electricity, which contributes to reducing the carbon footprint, as well as employing highly efficient irrigation systems, and applying sustainable agricultural practices.
- Shorouk: Shorouk for Modern Printing and Packaging Shorouk is certified by the Forest Stewardship Certification (FSC) and relies on waste in the production of a variety of materials such as Duplex boards manufactured from waste recycling.

2. Does the company reflect the climate-related risks opportunities on the organization’s business, strategy, and financial planning? Yes

Qalaa Holdings acknowledges the pivotal role its operations play in environmental stewardship. Embracing a holistic approach, the group integrates climate-related risks and opportunities into the foundational assumptions of its subsidiaries' studies, feeding into their investment plans and financial strategies. On a subsidiary level, the below actions are being taken:
- Egyptian Solid Waste Recycling Company (ECARU): Proactively addressing climate-related opportunities and risks within its strategic and financial planning underscores the company's responsiveness to evolving environmental challenges and opportunities. This approach encompasses:
o Identifying Opportunities and Risks: The company assesses and recognizes potential opportunities and risks stemming from climate change, such as the growing demand for eco-friendly products and green

technologies. Additionally, it identifies potential risks, including supply chain disruptions resulting from natural disasters.

o Financial Impact Assessment: The company conducts thorough financial impact assessments to gauge the implications of these opportunities and risks on financial performance, including forecasted costs associated with climate adaptation measures and strategies to mitigate risks.

o Strategy & Financial Planning Integration: The company integrates climate considerations seamlessly into overarching corporate strategy and financial planning, thereby prioritizing actions to capitalize on opportunities and minimize risks.

o Ensuring Transparency and Disclosure: The company effectively presents and highlights climate-related opportunities and risks in its financial and annual reports, facilitating a deeper comprehension among investors, partners, and stakeholders regarding the impact of climate change on financial performance, as well as plans and strategies.

o Financial Policies Adaptation: The company adapts its financial policies to proactively address climate-related opportunities and risks, such as allocating resources towards energy efficiency improvements and supply chain diversification initiatives aimed at reducing exposure to specific risks.

- TAQA Arabia: Demonstrating a commitment to supporting the transition to a green economy in Egypt, in alignment with Egypt's 2030 Vision, the Paris Agreement, and the UN's SDGs, TAQA Arabia has developed a sustainability strategy and vision to enhance financial resilience and address climate change risks directly. Integrating climate considerations into TAQA Arabia’s strategic and financial planning framework assists the company in making informed investment decisions and prioritizing initiatives, thereby ensuring sustainable growth and long-term financial viability.

3. Does your company invest, annually, in climate-related infrastructure, resilience, and product development? Yes

Qalaa Holdings and its subsidiaries are committed to reducing carbon footprint and addressing climate change. This commitment is reflected in the company's investments in climate-resilient infrastructure and product development capabilities.

As for the initiatives aimed at combatting climate change, it is worth noting that Qalaa Holdings was one of the first Egyptian companies to sign an international pledge and join the Business Ambition for 1.5°C campaign that aimed to eliminate the effects of global warming and build a net-zero carbon economy for the future. By signing the pledge, we are further underscoring our accountability, responsibility, and leadership toward carbon neutrality and achieving a more sustainable future for the coming generations. As well as prioritizing green and environmentally friendly investments in addition to working on improving processes to reduce the carbon footprint at the level of Qalaa and its subsidiaries.

At the subsidiary level, the following is being implemented:

- Dina farms: the company uses advanced irrigation technology, and the company is currently expanding the use of solar power to generate electricity, which contributes to reducing the carbon footprint. For example, Dina Farms uses electricity generated from a solar power plant established by TAQA with a capacity of 6 MW.
- The Egyptian Refining Company: It’s Qalaa Holdings’ USD 4.3 billion greenfield petroleum refinery and Egypt’s largest Energy Security (PPP) infrastructure megaproject and the largest private sector-led infrastructure megaproject in Africa. Under emission reduction plans, the company has prevented around 100,000 tons of sulfur emissions annually in the atmosphere of Cairo.
- TAQA Arabia: The company's investments are diverse and multifaceted, including:

o Conversion of vehicles to operate on natural gas instead of diesel/petrol (approximately 8,000 vehicles).

o Establishment of electricity generation stations using renewable sources, particularly solar energy. (Such as the 7 MW solar power plant built at ASCOM and the 6 MW solar power plant built at Dina Farms)

o Production of green hydrogen in line with the Egyptian state's plan to diversify energy sources for sustainable development.

o Establishment of water desalination plants operating by solar power.

o Gas delivery to villages as part of the presidential initiative "Hayah Karima"

3.Risk Management KPI (Climate-Related Risks)

1. Does the company set a defined process for identifying and assessing the climate related risks? Yes

Qalaa Holdings and its subsidiaries incorporate climate-related risks into their pre-investment studies across various projects and in subsequent

investment-related performance evaluations, as well as in the development and approval of future financial plans. Efforts are underway to develop a specific approach to be uniformly adopted and implemented across all subsidiaries, based on the following principles:

- Identifying the type of risk
- Describing the risk
- Identifying the potential hazards
- Probability of risk
- Risk impact.
- Risk severity (probability * impact)
- Action plan

At the subsidiary level, the companies undertake the following actions:

- The Egyptian Refining Company (ERC): As a leader in the Egyptian oil and gas sector, ERC became the first refining company to publish its inaugural GHG Inventory Report in the sector, alongside commissioning its first sustainability report in 2021. The company is actively monitoring GHG emissions and setting standards for performance monitoring.

- TAQA Arabia: The planned reduction over 25 years is more than three million tons of carbon dioxide. The actual reduction is 362,404.70 tons of carbon dioxide. Our goal is to reduce GHG emissions by 10% by 2030, by providing more low-carbon energy (such as renewable energy, electric vehicle charging stations, hybrid and dual solutions, co-generation, tri-generation, and green hydrogen). Moreover, solar energy projects are registered within carbon registration mechanisms such as Gold Standard and the Global Carbon Council (GCC).

- Egyptian Solid Waste Recycling Company (ECARU): The following approach is used to identify and evaluate climate-related risks, enabling the company to make appropriate strategic decisions to effectively manage these risks as follows: comprehensively and systematically.

o Damage and Exposure Analysis: This analysis involves estimating the potential impacts of climate change on company operations, as well as assessing exposure to important natural resources such as water and energy.

o Sensitivity Assessment: The company determines its sensitivity to climate change and its impact on its operations and business.

o Weakness Identification: Weak points in resilience and impact on the company due to potential climate changes are identified.

o Opportunity Identification: Potential opportunities arising from climate change are analyzed, such as increased demand for renewable energy technologies and the use of fuel alternatives instead of fossil fuels.

o Economic and Financial Risk Assessment: The potential effects of climate-related risks on the company's financial performance, such as expected costs of operational adaptation and risk insurance, are assessed.
o Gap Analysis: Gaps between the company's current ability to deal with climate-related risks and future needs are identified.
o Strategic Plan Development: Based on the comprehensive assessment, the company develops strategic plans to manage climate-related risks, aiming to achieve adaptation, mitigation, and benefit from available opportunities.

2. Does the company have a solid process for managing the climate related risks?Yes

The Group includes climate-related risks in its pre-investment studies in various projects and in post-investment studies related to evaluating the performance of these investments and preparing and approving future financial plans for them. Work is underway to prepare a specific approach to be adopted and applied in all its subsidiaries in a unified manner, on the following basis:
- Identification of climate-related risks.
- Assess the ability to coexist/cope with these risks.
- Determine the degree of risk.
- Define and choose risk management methods.
- Periodic follow-up and track modification if necessary.
For example:
- The Egyptian Refining Company: The company has a clear approach to managing global warming risks within the framework of the GHG emissions monitoring plan and the road map for opportunities to reduce GHG emissions.
- TAQA company: This is done through a sustainable development policy and a decarbonization plan which includes:
o Risk Assessment: TAQA Arabia analyzes the potential impact of climate change on its activities and operations. This assessment includes identifying potential risks, categorizing them, and estimating their impact on the company's business.
o Adaptation Strategy Development: Based on the risk assessment, the company develops strategies to include climate challenges adaptation. This involves identifying actions, policies, and technologies that can be implemented to mitigate risks and enhance adaptive capacity.
o Emergency Planning: The company ensures the presence of specific emergency plans to deal with climate-related emergencies, such as

expected natural disasters. This aspect aims to reduce negative impacts on the company's operations, employees, and local communities.
o Continuous Monitoring and Evaluation: The company regularly tracks developments in climate-related risks and evaluates its performance in adapting to these risks. This continuous monitoring allows the company to adjust its strategies and take necessary actions in response to changes.
- The Egyptian Solid Waste Recycling Company (ECARU): Adopts a clear approach to climate-related risk management through risk assessment and analysis, developing tailored strategies, implementing specific policies, employee awareness, performance monitoring, and collaboration with external stakeholders.

3. Does the company incorporate climate-related risks in the company's overall risk management? Yes

Climate-related risks are one of the elements of the company's comprehensive risk management strategy. Reducing the carbon footprint and rationalizing resource consumption are two main axes within the company's plans to manage climate-related risks. For example:
- Egyptian Refining Company: The company considers reducing GHG emissions as part of the company's comprehensive risk management strategy.
- TAQA Company: TAQA included risk management within its sustainability strategy to protect the affairs of all stakeholders of the company, our suppliers, contractors, and even our partners in a way that enhances the achievement of the company's goals for power generation. Therefore, we are committed to applying best practices in the field of risk management by adopting sound principles of risk management in the company. In addition to addressing a wide range of risks that the company may encounter, including financial, operational, environmental, and climate-related risks.

4.Metrics & Targets KPI (Carbon/ GHG Emission)

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1. Does the company use any metrics to assess climate-related risks and opportunities in line with its strategy and risk management process? Yes

As a major investor in the energy and infrastructure sectors, Qalaa Holdings uses metrics to periodically assess climate-related risks and investment opportunities in line with its strategy and risk management

process, such as (ESG-SWOT Analysis-UNSDGs), the company is also considering contributing to the Egyptian, and African and global voluntary carbon market. At the level of subsidiaries, companies do the following:
- Egyptian Refining Company ERC included the periodic measurement of GHG emissions as part of its strategy, as this strategy involves comparing the total GHG emissions with the relevant international standards and benchmarks for the refining industry and then identifying opportunities for decarbonization and risk management.
- In TAQA Arabia, an integrated system is in place to manage environmental and social risks for the company in accordance with the latest global standards, including the International Finance Corporation (IFC) Performance Standards and the European Bank for Reconstruction and Development (EBRD) Performance Standards. TAQA Arabia also utilizes metrics to assess climate-related risks and opportunities aligned with its risk management strategy, such as
o SWOT Analysis
o ESG criteria
o UN Sustainable Development Goals (UNSDGs).
- The Egyptian Solid Waste Recycling Company (ECARU) conducts environmental measurements by collecting data from production sites, as well as managing the company, workshops, and engineering facilities. These measurements are carried out in compliance with environmental regulations and laws.

2. Total amount, in CO2 equivalents, for Scope 1 (if applicable) ? Yes

Qalaa Holdings discloses its total carbon emissions through the below subsidiaries:
- The Egyptian Refining Company, which is the largest company in Qalaa, discloses carbon emissions (Scope 1 & 2), in the GHG inventory report.
- TAQA Arabia discloses information related to financial risks and opportunities associated with climate change and carbon emissions to financial markets, investors, and stakeholders in a manner that enhances transparency and trust.
- The Egyptian Solid Waste Recycling Company (ECARU) has contributed to reducing carbon emissions by 92% in the production process of organic fertilizers from organic material generated from household waste instead of its random disposal. Additionally, the company has reduced carbon emissions by 13% in the production process of Refuse-Derived Fuel (RDF) from the dry portion of waste (combustible fraction) instead of using coal in cement factories. Moreover, agricultural waste is utilized as an alternative

solid fuel, contributing to a 23% reduction in carbon emissions compared to using coal in cement factories.
Work is underway to provide the necessary financing for measuring carbon emissions and greenhouse gases to the rest of the subsidiaries, although, in the conditions of currency exchange rate changes and growing inflation, there are difficulties in arranging such financing and prioritizing its use over business continuity.