

## **ELSEWEDY ELECTRIC ENVIRONMENTAL POLICY**

### **1. Purpose**

Protection of the environment and natural resources together with attempting to achieve sustainable economic development is of strategic importance to Elsewedy Electric (the "*Group*"), as a responsible approach towards the environment is crucial to the Group's resilience and competitiveness. It provides opportunities for addressing environmental challenges and extending Group contributions to sustainability. The Group has the responsibility of preventing negative impacts on the environment, improving environmental sustainability of products and services, creating value for the Group and its different stakeholders, as well as complying with legal obligations and voluntary commitments. This Environmental policy (the "*Policy*") provides the foundations for the Group contribution on the issue. All mentioned frameworks, standards, methodologies or initiatives outline recommended adherence without limiting the use of other options.

**Effective Date:** January 2022

### **2. Scope and approach**

The Policy applies to the Group and its lines of business, subsidiaries and branches across all markets where they operate; collaborations and joint ventures when applicable. **Environmental action** shall be used as a unifying term to include interlinked dimensions of environmental protection, compliance and dealing with environment-related loss and damage through management, stewardship and advocacy.

### **3. Principles**

Group environmental action shall be governed by the principles outlined below.

#### **Holism**

Environmental action shall not be treated in a fragmented manner but via a 360 approach across short (1-5 years), medium (6-10 years) and long-term (>10 years), recognizing and harnessing impacts, co-benefits, synergies, and trade-offs.

#### **Robustness**

Environmental management requires a flexible and adaptive approach, continuous adjustments and enhancement of action, implementing solutions that perform well across diverse environmental futures, as well as iterative triple-loop learning.

#### **Alignment**

Environmental action shall be aligned with the Group's broader action on sustainability, its business strategy and goals, national and international commitments and frameworks.

#### **Stakeholder engagement**

Stakeholder needs and perspectives shall be considered via a two-way communication process based on internationally recognized standards for stakeholder engagement (AA 1000 SES). Stakeholder collaboration is significant for environment-related issues considering high impacts that can take place throughout the value chain.

### **Context**

Environmental action shall consider specific contexts, such as physical environment, national policies, sectoral peculiarities and other locally relevant factors.

### **Completeness, consistency & credibility**

All relevant and material data and information shall be included in the calculations and assessments, ensuring no omissions that could substantially influence the users' decisions. The Group shall use consistent methodologies, applied in the same manner, based on the same evaluation criteria and assumptions and allowing meaningful comparisons over time.

### **Accountability & transparency**

The Group shall ensure clear and sufficient information, align descriptions of specific exclusions or inclusions identified and explain assumptions, provide appropriate references for data, and define the boundaries, baselines, and estimates sufficient to replicate results and draw meaningful conclusions.

### **Environmental justice**

The Group shall consider differentiated impacts, responsibilities, and vulnerabilities under stress, prioritizing support and action to vulnerable groups, communities and places to promote just and inclusive environmental action.

### **Transformational leadership**

The Group recognizes that effective environmental action requires going beyond business-as-usual and regulatory compliance, including evolving the economic system, societal values and norms. Whenever possible, the Group will reach beyond the scope of its commitments, applying unconventional solutions, supporting the development of sustainability and environmental science, technology, methodologies, regulation, and practices to remove barriers and drive the frontier of environmental action and system-wide transformation.

## **4. Priority areas of action**

To achieve the vision of a zero negative environmental impact, the Group shall:

1. Follow Internationally recognized **Environmental Management Systems** by maintaining ISO 14001 certificates and expanding to cover Group perimeter and all its activities.
2. Reduce environmental impacts by conducting an **Environmental Impact Assessment (EIA)** prior to the implementation of a new project and selecting the Best Available Technologies, while working on developing and applying international best practices, in addition to carrying out periodical audits to assess and reduce environmental risks.
3. **Safeguard biodiversity** through developing solutions and technologies that contribute to its preservation, by:
  - a. Committing to protecting and restoring nature's diversity and beauty by preventing negative impacts on the environment and extending our contribution to restoring and rewilding global ecosystems, through identifying and managing risks and impacts (direct and indirect) on biodiversity and ecosystem during the planning, construction and operational phases of our projects, as part of the EIA.
  - b. Following an eco-design approach, optimizing the use of resources (especially energy, water and materials) over their entire lifecycle, thus indirectly reducing pressures on biodiversity, through designing products that can be reused, repaired, retrofitted, refurbished and recycled.

- c.** Working on developing targets to decrease the biodiversity footprint of the Group and the whole supply chain by adopting ecosystem-based management and nature-based solutions within applicable facilities, developments and sites, in addition to assessing impacts on ecosystems and biodiversity and implementing projects that promote biodiversity protection and ecosystem restoration.
  - d.** Partnering with local actors and NGOs to engage employees and raise awareness on nature protection, as well as develop studies and projects for its protection and promotion.
- 4. Efficient management of water resources as elevated water scarcity, stress, and pollution increasingly threaten ecosystems and quality of life, hence the **Group Water policy** shall be followed in order to provide opportunities for addressing regional water challenges and extending Group contributions to sustainability.
- 5. Reduce **Environmental Footprint** by mitigating environmental impacts related to the pollution of soil, air and water or waste generated, reducing the consumption of natural resources and energy, and eliminating and substituting hazardous substances.
- 6. Develop innovative technologies to increase efficiency and reduce emissions to combat climate change, hence the **Group Climate policy** shall be followed to support net-zero carbon and climate-resilient infrastructure, industries, energy systems.
- 7. Promote **Circular Economy** and circular business model initiatives, aiming to minimize depletion of resources and waste generation, through tracing the waste produced and increasing its recovery, collaborating with our partners to innovate and have closed loop supply chains.
- 8. Report transparently on the **Group's Environmental Performance** to different stakeholders, through publishing sustainability reports, participating in sustainability indices, consulting and engaging with local stakeholders and announcing environmental initiatives on multiple media platforms.
- 9. Encourage an environmentally conscious culture across the Group by raising the **awareness of employees** on environmental issues and recognizing teams who deliver environmental performance and innovation.
- 10. Promote sustainable environmental practices across the **value chain** through engaging suppliers, contractors, partners, and customers in the Group's environmental excellence journey and using qualification criteria to select suppliers based on their environmental performance, for example aiming to purchase green materials and products when possible.
- 11. Guarantee compliance with legal obligations and voluntary commitments, and resolving any cases of non-compliance.

## **Responsibilities**

All employees at Elsewedy are expected to play their part in supporting this policy and its effective implementation.

This Policy is subject to annual revision by the Board, considering the rapid development of the science, knowledge, frameworks, technologies and methodologies on water issues, as well as pertinent water regional and global water risks.