

ELSEWEDY ELECTRIC CLIMATE POLICY

1. Purpose

Climate change is a critical threat to life on Earth, requiring timely and adequate action. It poses significant risks to Elsewedy Electric' (the "Group") resilience, competitiveness and provides opportunities for extending its contribution to sustainability. Through its activities, the Group has the responsibility and capacity to support net-zero carbon and climate-resilient infrastructure, industries, energy systems and society. This Climate policy (the "Policy") provides the foundations for Group contribution to building a net-zero carbon and climate-resilient world. All mentions of frameworks, standards, methodologies or initiatives outline recommended minimum adherence without limiting the use of other options.

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. *Climate action* shall be used as a unifying term to include mitigation, adaptation and loss & damage.

Mitigation means reducing greenhouse gas emissions or supporting additional carbon sequestration to support net-zero carbon pathways (including decarbonization, energy transition, increasing efficiency and demand management, electrification, integrated energy solutions, among others). GHG Protocol' Corporate Accounting and Reporting Standard' Revised edition shall serve as a reference for defining the boundaries of Group Scope 1, 2 and 3 emissions. Mitigation shall also cover the lifecycle emissions of products, buildings and infrastructure developed by the Group based on GHG Protocol - Product Life Cycle Accounting and Reporting Standard. Assessing Low Carbon Transitions will be used for planning the net-zero transition.

Adaptation is an adjustment to current or future climate change, allowing to build a climate-resilient business and society. In particular, it aims to build adaptive capacity, improve response, reduce climate (physical and transition) risks and harness opportunities, to be aligned with TCFD and ISO 14091:2021.

Loss and damage regard tangible and intangible, reversible and non-reversible impacts of climate change occurring despite all the mitigation and adaptation efforts across different temporal scales. This includes damage to ecosystems and loss of biodiversity, changes in wellbeing and quality of life, climate-induced migration, loss of physical assets and cultural heritage, and related responsibilities and responses.

3. Principles

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

Holism

Climate action shall not be treated in a fragmented manner but be approached via a 360 view across short (1-5 years), medium (6-10 years) and long-term (>10 years), recognizing and harnessing impacts, co-benefits, synergies, and trade-offs, anticipating and avoiding maladaptation and carbon lock-ins.

Robustness

Climate change is dynamic, requiring continuous adjustments and enhancement of action, implementing solutions that perform well across diverse climate futures, as well as iterative triple-loop learning.

Alignment

Climate action shall be aligned with the Group's broader action on sustainability, its business strategy and goals, as well as international commitments and frameworks (United Nations Framework on Climate Change, the Paris Agreement, Sustainable Development Goals).

Stakeholder engagement

Stakeholder needs and perspectives shall be considered throughout Group climate action via a two-way process based on internationally recognized standards for stakeholder engagement (AA 1000 SES).

Context

Climate 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.

Climate justice

The Group shall consider differentiated impacts, responsibilities, and vulnerabilities under climate change, prioritizing support and action to groups, communities and places most vulnerable to climate change and supporting just and inclusive transition to sustainable energy.

Transformational leadership

The Group recognizes that effective climate action requires going beyond business-as-usual, including evolving the economic system, societal values and norms. Whenever possible, the Group will reach beyond net-zero towards climate-positive impact, applying unconventional solutions, supporting the development of sustainability and climate science, technology, methodologies, regulation, and practices to remove barriers and drive the frontier of global climate action and system-wide transformation.

4. Priority areas of action

To achieve the vision of a climate-resilient and net-zero carbon business and society, the Group shall:

1. Become a net-zero carbon and climate-resilient business in line with the Paris Agreement, SDG 13, Nationally Determined Contributions, National Adaptation Plans, and Local Climate Action Plans across applicable jurisdictions.
2. Ensure oversight of material climate-related issues and their consideration during the review of the Group strategy, financial planning, budgeting, goals, targets and KPIs, alignment with international commitments and resilience under different degrees of climate change.
3. Approve and implement the procedure to identify, assess, and manage climate-related risks and opportunities and integrate it with the Group risk management framework, and related process on water risks.
4. Develop Group Climate Action Plan to include science-based climate goals, metrics and targets in line with [Net-Zero guidelines](#) by SBTi and [Corporate Climate Stewardship Guidelines](#) by the Gold Standard, a roadmap for implementation until 2050, interim milestones covering at least every five years, specific measures and initiatives to achieve them structured into work packages, methodologies and tools to be applied. The plan shall be revised at least every five years.
5. Implement comprehensive GHG accounting, organize data management, monitoring, reporting, and disclosure on Group climate action annually across recognized disclosure frameworks ([Climate Disclosure Standards Board](#), [CDP](#), [Task Force on Climate-Related Financial Disclosures](#)), national requirements and the [EU taxonomy](#), specifically communicate progress via dedicated channels to the Board, shareholders, investors, policymakers, partners, clients, other stakeholders as deemed relevant and the broader public.
6. Conduct external validation of climate targets and third-party verification/assurance for annual climate-related assessments and disclosures.
7. Integrate climate change considerations into strategic planning and decision-making (sensitivity analyses, stress-testing, qualitative and quantitative scenarios, robust decision-making, etc.) and support mechanisms (climate finance, remuneration and non-monetary incentives for executives and managers, internal rating system for partners) to facilitate net zero carbon and climate resilience pathways.
8. Integrate climate change considerations into research and development of all products and services and capital expenditures, acquisitions, and divestitures (via internal carbon pricing, sustainable return on investment, abatement cost calculations). Renovate and upgrade current facilities and infrastructure to make them net-zero carbon and climate-resilient.
9. Facilitate dedicated research and development of carbon-neutral and climate-resilient products and services, gain leading certifications and labels, use the Group areas of expertise, capacities and skills to generate new disruptive climate solutions.

10. Support internal (employees) and external stakeholders (suppliers, partners, customers, communities etc.) via consulting, awareness-raising, and capacity building on decision-making, skills and tools to achieve net-zero carbon and climate resilience, adherence to selection criteria and minimum standards. Continuously assess suppliers and partners with the ambitions to achieve net-zero and climate-resilient supply chain and value chain.
11. Specifically, avoid financing or investing in new developments and collaborations that lead to high-carbon pathways or are incompatible with a climate-resilient future. Ongoing relationships may be sustained, and new exceptions are possible if the company demonstrates the highest-level commitment and strategic action in line with the policy's provisions.
12. Collaborate with local and global initiatives, civil society organizations and trade associations, networks and coalitions to scale ambitious climate action. In particular, partner with the [We Mean Business Coalition](#), [Climate Group](#) and the [Exponential Roadmap Initiative](#).
13. Align operations with zero deforestation, support nature-based solutions and climate innovation across adjacent industries.
14. Publically support national and local action on climate change, including Nationally Determined Contributions, National Adaptation Planning, regulatory and legal developments, Local Climate Action Plans and Community-based adaptation initiatives.
15. Take a stance on key issues within the climate change discourse: climate denialism (negative), eliminating subsidies to carbon-intensive industries (positive), integrating climate considerations in national-scale and mega-projects (positive), implementing the polluter-pays principle (positive), emissions trading and offsetting (positive, recognizing limitations, see point 18), and carbon taxation (positive).
16. Ensure alignment of Group climate action with the highest achievement requirements of the internationally recognized ESG indices, ratings and rankings that focus on climate change.
17. Integrate climate considerations and specific provisions of this Policy with other internal policies, procedures and guidelines.
18. Use compensation and neutralization measures only when all other feasible options have been used and alternatives considered. Ensure that carbon offsetting contributes to no more than 10% of the defined emission reductions over the medium and long term.

Responsibilities

The lines of responsibilities for the implementation of this Policy shall be distributed as follows (some responsibilities apply to more than one position or group):

The Board	2, 15
Group Internal Audit & Risk Board Committee	3
Top management	1, 7, 8, 11, 14, 15
Group CSR and Sustainability Director	4, 5, 6, 12, 14, 15, 16, 17, 18
Management across functions and levels as applicable	3, 8, 9, 10, 13
All Employees	10

This Policy is subject to annual revision by the Board, considering the rapid development of the science, knowledge, frameworks, technologies and methodologies on climate change.