

ELSEWEDY ELECTRIC WATER POLICY

1. Purpose

Water is a crucial resource for human flourishing, while the water cycle is essential for sustaining life on Earth. Elevating water scarcity, stress, and pollution increasingly threaten ecosystems and quality of life, particularly in Egypt, requiring timely and adequate action. A responsible approach to water is crucial to Elsewedy Electric (the "*Group*") resilience, competitiveness, also recognizing that the cost of inaction is much higher than the cost of response. It provides opportunities for addressing regional water challenges and extending Group contributions to sustainability. The Group has the responsibility and capacity to support necessary water action in Egypt and beyond. This Water 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.

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. *Water action* shall be used as a unifying term to include interlinked dimensions of water sustainability, circularity, resilience and dealing with water-related loss and damage through management, stewardship and advocacy.

Water sustainability is regarded via linkages to achieving the [UN Sustainable Development Goals \(SDGs\)](#), specifically, Clean water and sanitation (SDG 6), including supporting safe and affordable drinking water in its communities (6.1), improving water quality, wastewater treatment and safe reuse (including eliminating pollution) (6.3), increasing water-use efficiency and ensuring freshwater supplies (6.4), implementing integrated water-resource management (6.5), protect and support water-related ecosystems (6.6), expanding water sanitation support in developing countries (6.A) and supporting local engagement in water sanitation and management (6.B), as well as Life below water (SDG 14), including support to reducing marine pollution (14.1), protection and restoration of ecosystems (14.2), reducing ocean acidification (14.3), conserving coastal and marine areas (14.4) and increasing scientific knowledge research and technology for ocean health (14.A).

Water circularity regards achieving circular water management throughout group operations and supply chain as well as throughout the lifecycle of products, buildings and infrastructure developed by the Group, via managing water withdrawal by volume, quality and sourcing, reducing water intensity, optimizing demand, reducing consumption and leakage, ensuring high-quality water reclamation and iterative reuse, rainwater harvesting, reverse osmosis and achieving zero water discharges. [Water Circularity Metric](#) shall be used in this regard, along with supplementary decision-support methods and circular economy tools.

Water resilience regards identifying, assessing and managing water risks and opportunities, preventing water scarcity and achieving water security in terms of supply, quantity and quality (distribution, technological innovation, desalination measures), as well as a framework for mitigating and managing water-related extreme events, disasters (heat waves, drought, significant discharges, spills), as well as sea-level rise and changes in the water cycle induced by climate change (changing rainfall patterns) via stormwater management, flood control, and nature-based solutions. Tools such as [Ceres Aqua Gauge](#), [WRI Aqueduct](#) and [WWF Water Risk Filter](#) shall be used to guide decision-making on water resilience, to be carried out at a catchment level.

Water-related loss and damage regard tangible and intangible, reversible and non-reversible impacts of changes in the water cycle or outcomes of water pollution or water-related disasters, occurring (ex-post) despite efforts across other dimensions. This includes damage to ecosystems and loss of biodiversity, changes in wellbeing and quality of life, water-induced migration, unemployment, food reserve shortages, price shocks, loss of physical assets and cultural heritage, and related responsibilities and responses.

[Water Stewardship Standard V 2.0](#) shall serve as a general guideline to action under outlined dimensions.

3. Principles

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

Holism

Water 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

Alterations of the water cycle and changes in water quality and availability require a flexible and adaptive approach, continuous adjustments and enhancement of action, implementing solutions that perform well across diverse water futures, as well as iterative triple-loop learning.

Alignment

Water 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 water-related issues considering high levels of water stress and the need to discuss water allocation and mitigate water conflicts.

Context

Water action shall consider specific contexts, such as physical environment, national policies, sectoral peculiarities and other locally relevant factors. In this regard, Valuing Water Initiative Conceptual Framework shall be used to factor in different values assigned to water by different users.

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.

Water justice

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

Transformational leadership

The Group recognizes that effective water 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 water science, technology, methodologies, regulation, and practices to remove barriers and drive the frontier of global water action and system-wide transformation.

4. Priority areas of action

To achieve the vision of a water-resilient, sustainable and circular society, the Group shall:

1. Become a water-resilient, circular and sustainable business in line with SDGs 6 and 14, Egypt's National Water Plan 2017-2037 and Local Integrated Water Management Plans, and other legal and regulatory developments across applicable jurisdictions.
2. Ensure oversight of material water-related issues and their consideration during the review of the Group strategy, financial planning, budgeting, goals, metrics and targets, alignment with international commitments and resilience under different degrees of climate change.
3. Approve and implement the procedure to identify, assess, and manage water-related risks and opportunities and integrate it with the Group risk management framework and related process on climate risks.
4. Develop Group Water Action Plan to include corporate, contextual and science-based water commitments, targets and KPIs using [CEO Guide to Water](#), [Setting Enterprise Water Targets: A Guide for Companies](#), [Putting Water Strategy into Context](#) and [Contextual Water Targets](#) guidelines. It should also include a roadmap for implementation, interim milestones covering, 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 water-use assessment, continuous water monitoring and accounting, organize data management, reporting, and disclosure on Group water action annually across recognized disclosure frameworks ([CDP](#)), national requirements and EU taxonomy, communicate progress via dedicated channels to the Board, shareholders, investors, policymakers, partners, clients, other stakeholders and the broader public.
6. Conduct external validation of water targets and third-party verification/assurance for annual water-related assessments and disclosures.
7. Integrate water considerations into strategic planning and decision-making (based on sensitivity analyses, stress-testing, qualitative and quantitative scenarios, robust decision-making, etc.) and support mechanisms (water finance, remuneration and non-monetary incentives, internal rating system for partners) to facilitate water sustainability, resilience and circularity.
8. Integrate water considerations into research and development of all products and services and capital expenditures, acquisitions, divestitures, facility-siting and business expansion (via internal water pricing, sustainable return on investment, abatement cost calculations). Renovate and upgrade current facilities and infrastructure to facilitate water sustainability, circularity and resilience.
9. Facilitate dedicated research, development and innovation of products and services that contribute to water sustainability, circularity and resilience, gain leading certifications and labels, use the Group areas of expertise, capacities and skills to generate new disruptive water-smart solutions, including via sustainable hydropower development, offshore solar and wind.
10. Ensure provision of complete and safe WASH services to all Group workers within communities where we operate, embedded requirements for compliance to WASH pledge into the supplier criteria recognizing the human right to water and sanitation. Ensure that an aware and responsible approach to water is an integral part of the Group's corporate culture, procurement and external communication.
11. Support internal (employees) and external stakeholders (suppliers, partners, customers, communities) via consulting, awareness-raising, and capacity building on decision-making, skills and tools, water targets and commitments, adherence to selection criteria and minimum standards to achieve a water-resilient, circular and sustainable supply chain and value chain.
12. Specifically, avoid financing or investing in new developments and collaborations that undermine water sustainability and resilience. 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.
13. Collaborate with local and global initiatives, civil society organizations and trade associations, networks and coalitions, River basin management authorities and Water utilities to scale ambitious collective water action. In particular, join the [CEO Water Mandate](#), [the WASH Pledge](#), [2030 Water Resources Group](#), [50L Home coalition](#), [Alliance for Water Stewardship](#), collaborate with the [World Economic Forum Global Water Initiative](#), [UNDP Water & Ocean Governance Programme](#), the [World Water Week](#) and [Valuing Water Initiative](#), support the [World Water Day](#).
14. Publicly support national and local action on water issues, Egypt's Second National Water Plan 2017-2037, other regulatory and legal developments, local water initiatives.
15. Take a public stance on issues of water security and water justice.
16. Ensure alignment of Group water action with the highest achievement requirements of the internationally recognized ESG indices, ratings and rankings that focus on water issues.
17. Integrate water 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 water offsetting contributes to no more than 10% of the defined water targets 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, 13, 14, 15
Group CSR and Sustainability Director	4, 5, 6, 11, 13, 14, 15, 16, 17, 18
Management across functions and levels as applicable	3, 8, 9, 10, 11
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 water issues, as well as pertinent water regional and global water risks.