

EZDK Sustainability Highlights

• Stakeholders:

	Investors	Board of Directors	Employees
Communication Channel	<ul style="list-style-type: none"> • Investor and analyst meetings • Periodic meetings including one-on-one • Group meetings • Integrated Report • Media updates • Earnings call on Company's performance 	<ul style="list-style-type: none"> • Board meetings • Various reports 	<ul style="list-style-type: none"> • Direct meetings • HR surveys • Employees' conferences special purpose meetings or interviews • Direct phone calls • Intranet • Emails
Issues and Expectations	Financial profitability sustainable business growth.	Financial efficiency, corporate governance, compliance with laws and regulations, risk management, safe and efficient operations, and sustainable business growth.	<ul style="list-style-type: none"> • Safe working environment • Attractive benefits package • Career path development • Training and development • Recognition and reward • Employee and family well-being • Transparency • Effective strategy • Policy communication
Response to expectations	Ezz Group Management follows effective planning and budgeting, an efficient management system, continuous performance monitoring, and maximizing resource utilization.	Effective planning and budgeting, efficient management system, performance monitoring and reporting system, solutions to reduce costs, and maximizing resources utilization.	New health plans, updating HR policy, training and career development programs, key-positions retention plan, internal and abroad training programs, and HR data analysis system.

	Clients	Suppliers and Vendors	Financial Institutions
Communication Channel	<ul style="list-style-type: none"> • Daily operational contacts • Scheduled meetings • Regular operating reports • Direct phone calls • Emails • Customer e-meetings • Multi-stakeholder platforms • Webinars • Site visits 	<ul style="list-style-type: none"> • Tenders • Regular contacts • Vendors registration and inspection process • Emails • Phone calls • Direct meetings 	<ul style="list-style-type: none"> • Regular meetings • Financial reports • Annual audit reports • Feasibility studies
Issues and Expectations	Company profile, operating costs, quality of products, and availability.	Transparency in bidding evaluation process, input prices, operation efficiency, times required to provide service, long-term relationship, on-time deliveries, on-time payment, compliance with rules and regulations, compliance with safety procedures and commitment to the environment and human rights.	Transparency of management system, professional financial management system, long-term planning, liquidity, risk management, exchange rate, interest rate, and overdraft facility availability of foreign exchange.
Response to Expectations	Apply international standards in management and operations. Preventive maintenance plans to ensure continuous production, improving operation and sustain the quality of products, 24/7 follow-up, and monitoring system.	Developing suppliers, manual and code of ethics, tendering process that assures transparency and fairness, clear payment policy, professional and dedicated employees, and strict policy toward human and labor rights.	Effective financial management policy, diversification of sources of funds, compliance with bank rules, medium and long-term plans, and monitoring financial performance and liquidity.

	Peers	Regulator and Relevant Governmental Entities	Local Community, Academia, and NGOs
Communication Channel	<ul style="list-style-type: none"> • Market research surveys • Participation in biddings • Emails • Phone calls 	<ul style="list-style-type: none"> • Reports to/from gov. agencies • Direct meetings • Inspections • Auditors' reports • Focal points 	<ul style="list-style-type: none"> • Press releases • Public events • Direct meetings • Arrangements
Issues and Expectations	Responsible competition, fairness and equal opportunities, transparency and headhunting.	Compliance with laws and regulations, certifications, licenses, contribution to national priorities, and support community development.	Job opportunities, training for relevant university students, socially responsible, and environmentally friendly.
Response to Expectations	<p>Transparent disclosure to boost the brand name, and responsible competition principles.</p> <p>Cooperation and support when needed.</p>	Direct environmental monitoring from the Ministry of Environment. HSE laws and regulations compliance, third-party quality inspections and certification (ISO 9001-14001, 45001, 50001, 17025 accountability state authority and CE mark).	Corporate Social Responsibility (CSR) activities, university students training programs. Various local community projects and contributions.

• **Materiality Assessment:**

ECONOMIC AND TECHNICAL MATERIAL ISSUES

Material Issue	Measures	Linked Key Performance Indicators
Business Growth	<ul style="list-style-type: none"> Focus on organic and inorganic growth Scaling of adjacent businesses Entering new market segments 	<ul style="list-style-type: none"> Crude steel production capacity Revenue from the New Material Business, Service and Solutions, Commercial Mining Business Revenue from High End and Downstream products and solutions
Long Term Profitability	<ul style="list-style-type: none"> Attain and retain leadership in chosen segments Raw material security Enhance operational efficiency 	<ul style="list-style-type: none"> Market share in chosen segments Earnings Before Interest, Taxes, Depreciation, and Amortization (EBITDA)
Product Quality	<ul style="list-style-type: none"> Product and process innovation Effective and updated quality management system Value engineering and customer service teams Quality Standards and certifications Innovative routes to market Modern and well-calibrated laboratories 	<ul style="list-style-type: none"> Quality Yield and Quality Index Number of new products and services Customer satisfaction index Quality complaints
Technology, Product and Process Innovation	<ul style="list-style-type: none"> Focus on technology, digital and disruptive innovation overlaid on a culture of continuous improvement Addressing environmental concerns by developing and implementing breakthrough technologies progressively at larger scale Building a sustainable business portfolio, which is resilient against steel business cyclicity 	<ul style="list-style-type: none"> Number of patents received Number of new products developed Number of start-ups engaged Number of alliances created Number of breakthrough projects

ENVIRONMENTAL MATERIAL ISSUES

Material Issue	Measures	Linked Key Performance Indicators
CO₂ Emissions and Climate Change	<ul style="list-style-type: none"> Process optimization initiatives to reduce the energy and emission Monitoring the emission scope 1, 2 and 3 Optimization of NG consumption Marketing the Captured CO₂ Neutralize by utilization of wastewater to plant trees 	<ul style="list-style-type: none"> GHG emission intensity Total GHG emissions from steel making sites
Air Pollution	<ul style="list-style-type: none"> Upgradation of existing air pollution control equipment Installation of state-of-the-art dust control technology Online monitoring system 	<ul style="list-style-type: none"> Dust emission intensity
Water Consumption and Effluent Discharge	<ul style="list-style-type: none"> Minimizing freshwater consumption by upgradation of existing water treatment and cooling tower systems to increase efficiency Reusing treated wastewater in slag cooling activities and irrigation purposes 	<ul style="list-style-type: none"> Specific freshwater consumption Discharge intensity
Energy Efficiency	<ul style="list-style-type: none"> Process optimization initiatives 	<ul style="list-style-type: none"> Energy intensity
Renewable and Clean Energy	<ul style="list-style-type: none"> Feasibility analysis for projects completed and projects initiated 	<ul style="list-style-type: none"> Power generated through renewable sources
Waste Management	<ul style="list-style-type: none"> 100% solid waste utilization Enhance value from by-products 	<ul style="list-style-type: none"> Slag utilization Solid waste utilization Revenue from by-products Material Efficiency vs world's benchmark
Supply Chain Sustainability	<ul style="list-style-type: none"> Identification of critical supply chain partners and engagement with them on Ezz Steel Responsible Supply Chain Policy 	<ul style="list-style-type: none"> Number of partners made aware of Ezz Steel Responsible Supply Chain Policy Number of partners assessed according to Ezz Steel Responsible Supply Chain Policy
Circular Economy	<ul style="list-style-type: none"> Steel scrap processing unit Advocacy with various government and industry bodies to build scrap utilization networks 	<ul style="list-style-type: none"> Capacity of steel recycling business

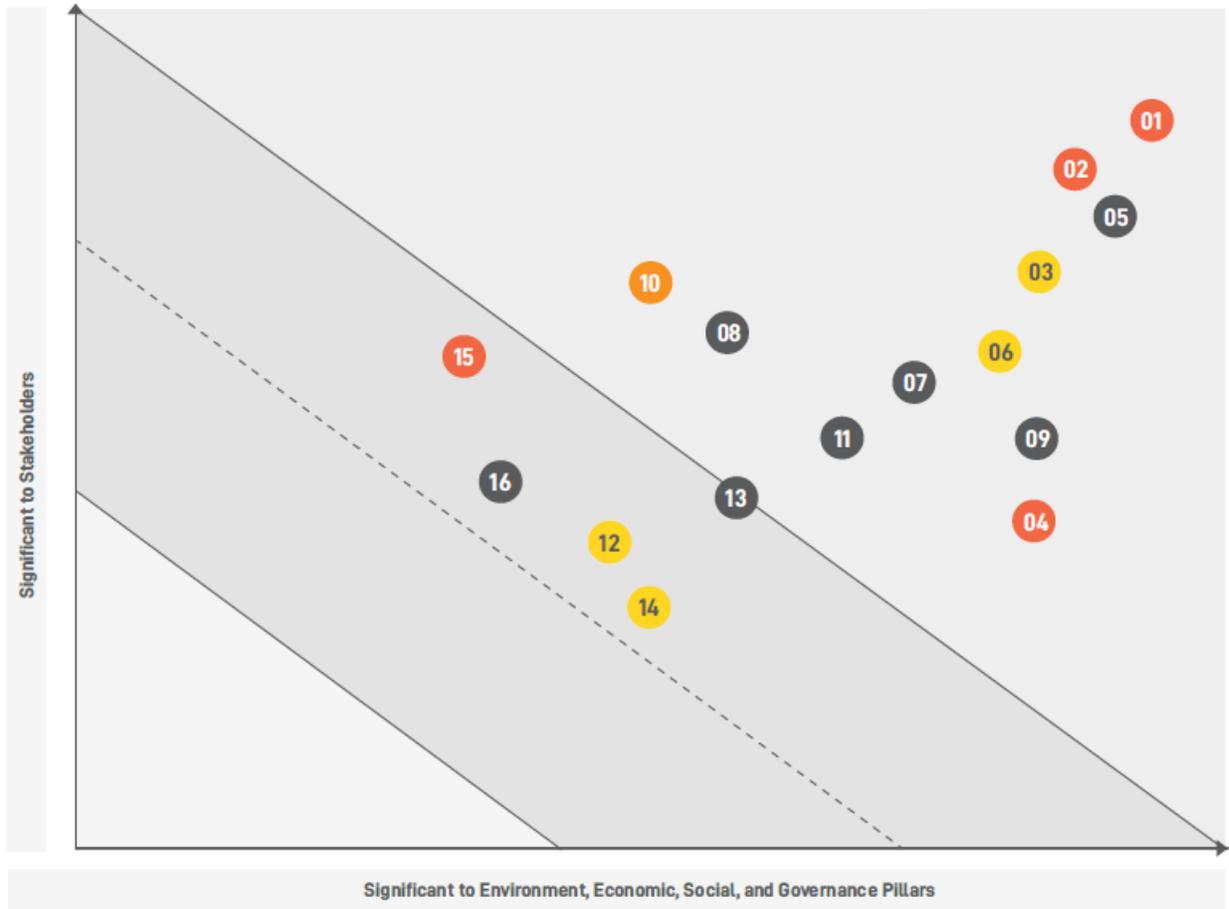
SOCIAL MATERIAL ISSUES

Material Issue	Measures	Linked Key Performance Indicators
Occupational Health and Safety	<ul style="list-style-type: none"> • Build Safety Leadership capability at all levels to achieve zero harm. • Improve competency and capability for hazard identification and risk management. • Achieve zero harm to contract employees by strengthening deployment of Contractor Safety Management Standard. • Excellence in Process Safety Management (PSM) • Establishment of industrial hygiene and improvement in occupational health 	<ul style="list-style-type: none"> • Fatalities • Health Index
Labor Relations and Local Sourcing of Labor	<ul style="list-style-type: none"> • Recruiting indigenous people in the workforce • Vendors' share of business from local communities • Training them to match our requirements for various products and services 	<ul style="list-style-type: none"> • Number of local suppliers • Business volume of local suppliers
Talent Retention	<ul style="list-style-type: none"> • Provide flexibility to employees through agile working policy • Creating an inclusive workspace to attract and retain diverse talent including Persons with Disabilities (PWDs) • Development of workforce capability through various programs. 	<ul style="list-style-type: none"> • Attrition rate (overall) • Investment in employee training and development

GOVERNANCE MATERIAL ISSUES

Material Issue	Measures	Linked Key Performance Indicators
Going Beyond Compliance and Setting Trends for Future Regulations	<ul style="list-style-type: none"> • Adoption of best available technologies and implementing projects for resource efficiency and reducing carbon footprint • Strengthened collaborations with technical institutes, technology start-ups, and academia for technology leadership, climate change, and other environmental issues • Diversity and Inclusion. 	<ul style="list-style-type: none"> • Performance on various environmental parameters – air, water, waste. • Number of collaborations with external partners. • Workforce diversity indicators.
Greater Sustainability Disclosures	<ul style="list-style-type: none"> • Consistent improvement in our disclosures. • Engagement with ESG rating agencies for improving disclosure practices and enhance access to sustainable finance 	
Greater Stakeholder Engagement	<ul style="list-style-type: none"> • Enhancement of specialized channels such as public meetings, vendor-focused committees, and similar events 	<ul style="list-style-type: none"> • Performance in various surveys conducted periodically for Stakeholders categories, including: Customer Satisfaction Survey

● Economic ● Environmental ● Social ● Governance



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|---------------------------------------|---|---|
| 01 Business Growth and Sustainability | 07 CO ₂ Emissions and Climate Change | 13 Waste Management |
| 02 Product Quality | 08 Air Pollution | 14 Local Community |
| 03 Occupational Health and Safety | 09 Supply Chain Sustainability | 15 Technology, Product and Process Innovation |
| 04 Long Term Profitability | 10 Beyond Compliance | 16 Circular Economy |
| 05 Water Management | 11 Energy Efficiency | |
| 06 Learning and Development | 12 Talent Retention | |

- **Sustainability Objectives:**

- Lowering EZDK's Greenhouse Gas (GHG) emission intensity.
- Lowering EZDK's carbon footprint.
 - EZDK now meets the World steel Association's criteria for the steel industry's Greenhouse Gas (GHG) emission intensity, we are dedicated to lowering our carbon footprint even further and improving our environmental performance as a result.
- Increase EZDK's material efficiency.
 - EZDK contributes to a resource recycling society by recycling by-products generated by steelworks as much as possible. We manage our "by-product recycling rate" or "material efficiency rate" as KPIs material efficiency rate indicates the percentage of utilized product, by-products, and waste to total output material.
- Using treated wastewater in landscape irrigation and slag cooling.
 - EZDK aims to reduce its water footprint and improving our environmental performance as a result.
- Increase EZDK's energy efficiency.
 - EZDK aims to reduce its energy efficiency as this directly impacts our carbon footprint & Greenhouse Gas (GHG) emission intensity.
- Sustaining the fatality incidence rate at Zero.
- Sustaining the occupational illness incidence rate at Zero.
 - To ensure the safety of personnel, equipment, and the work environment.
- Ensuring EZDK reliability through the improvement of iron and steel making plants maintenance systems.
 - Improving maintenance systems directly impacts resource use and costs.

- **Ethics & Integrity:**

The Company has internal ethics and a professional code of conduct, which includes the set of values that control and regulate the rules of business conduct and ethics within the Company.

The values were developed and approved by Ezz Steel Senior Executives and Top Management. Ezz Steel Employee Handbook distributed to new employees as a part of their orientation program.

A representative of the Human Resources (HR) Department will be appointed to answer all frequent questions and inquiries thereof.

Our Values are the core that governs our performance. The responsibility of the ES Values is adherent to its Top Management and followed by all its employees.

- **Environment:**

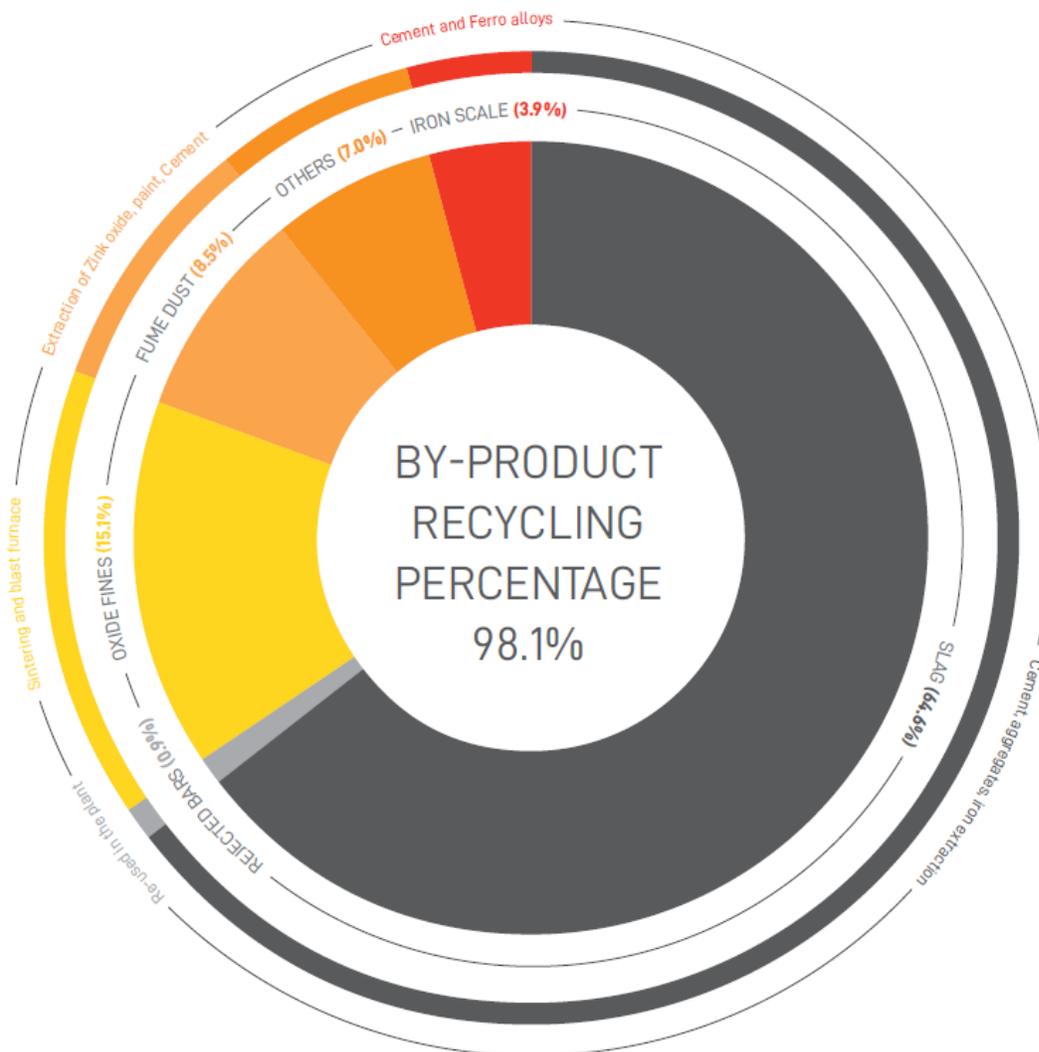
Ezz Steel follows strict control strategies emphasizing our environmental protection management process via various engineering, management, and technical means to ensure the compliance of the discharged pollutants and the continuous improvement of all the primary environmental protection indicators. We continually invest in technologies to achieve the highest environmental performance standards and have made significant strides in recent years to reduce our environmental impact. The following table illustrates our intensive management approach's most critical environmental aspects.

Focus areas	KPIs	Objectives
Become a benchmark in CO ₂ emissions	CO ₂ emission intensity	< 1 t CO ₂ /t CS by 2035
Energy efficiency	Specific energy consumption	Reduction in Direct Energy below 12 GJ/t CS
Approaching zero landfill	Material Efficiency	Nearly 100% utilization of all by-product and waste
Investment in Air pollution Control & monitoring equipment	Stack emission load	Reduce dust emissions intensity < 0.05 kg/t CS
Legal Compliance	Percentage of compliance with environmental laws and its executive decrees and other requirements	Not less than 100%
Customer Satisfaction	No. of environmental complaints	Not more than zero
Environmental Management System Planning and Performance Evaluation	No. of environmental complaints	< 90% of law limits

Waste Management:

Ezz Steel contributes to a resource recycling society by recycling by-products generated by steelworks as much as possible. We manage our “by-product recycling rate” or “material efficiency rate” as KPIs material efficiency rate indicates the percentage of utilized product, by-products, and waste to total output material.

The following figures demonstrate the percentage of each by-product generated due to Ezz Steel Group and EZDK’s normal operations and utilized application. By recycling all these by-products as raw materials for plants, Ezz Steel is significantly contributing to its high-value-added activities and improving the efficiency of resources.





- **Social Responsibility:**

Long-Term Societal Commitment:

EZDK is committed to helping and serving the communities where we operate and in areas where opportunities can be amplified to make an impact.

We deploy our capital and HR to foster economic growth and create a shared value for our people and society.

Our approach is to develop the surrounding areas and the community by ameliorating the living conditions. We also contribute to the development of remote areas in underserved regions such as Upper Egypt by donating to civil society organizations and charities, developing hospitals, and providing basic needs of food, blankets, and humanitarian aid.

Our Principles:

Our corporate shared values are guided by five overarching tenets. In line with Egypt's vision 2030, we aim to have a profound impact on the community. Invariably assess and analyze our performance to constantly learn and improve.

We constantly engage with reputed partners to have a significant influence on society by improving the health, safety, and quality of life of the citizens. Utilizing our firm's most valuable asset: our employees. our core business aims to foster economic growth for the society.

Serving the Community:

People are the most valuable resource. Therefore, we feel obliged to promote health and wellness among the people living in the community, as an active responsible business, and as part of the social and economic transformation within the society. In addition, the wellness and good health of our employees is a cornerstone, over 2021 and 2022, we spent more than EGP 4.0 M towards our initiative of promoting health and wellness.

Moreover, we pay meticulous attention to the construction material we supply. As of 2022, there were no health and safety violations regarding our construction contribution projects.

Over the reporting period, we have allocated a fund towards our programs and donations towards health, education, and housing to develop a sustainable community as part of commitment to the society. Our advocacy to health and safety extends beyond our employees.

The Company and employee's association have also contributed and provided medical equipment to underfunded medical institutions and have facilitated accessibility to free medication and medical treatments for under-resourced patients in Alexandria. Moreover, we cooperated with Legitimacy Association Agamy Branch to acquire

children’s incubators and the Egyptian Red Crescent and Riyad El-Salhen foundation to buy filters for dialysis machines. EZDK donated computer devices to several public hospitals and charity associations, including Agami Central Hospital, Burg El Arab University Hospital Oncology Center, Ministry of Endowments, and El Margani and El Sorey Association.

Our humanitarian services expanded toward the provision of blankets and food supplies to cover the basic needs of families, providing more than 10k blankets. We do so via our charitable partners: Misr Spain for Blankets and Textiles and Fathala market for food supplies.

These services are overseen by our employee association, whose main KPI with regard to this matter is to continuously expand the outreach of these services to as many families as possible. To foster the sustainability of the Alexandrian community, to elevate the quality of learning for disadvantaged students, we cooperated with the Ministry of Education, providing more than 20 public schools with classroom materials such as desks and whiteboards. We have also financially contributed towards the heightening cost of transportation and uniforms, as well as school fees for 2000 underfunded students. Honoring our contributions to society, we have received several accolades for our community services from the following associations.

 الهلال الأحمر المصري EGYPTIAN RED CRESCENT	CHARITY ASSOCIATION OF THE MOSQUE OF EL SOYOF:	 BIBLIOTHECA ALEXANDRINA مكتبة الإسكندرية
RED CRESCENT ASSOCIATION Certificate of Honor for Donation to Dialysis Equipment (2021)	Certificate of Honor for Donation to Food Provisions and Blankets (2016)	ALEXANDRIA LIBRARY: Certificate of Honor for the Support of a Series of Lectures Supporting Children Against Sexual Harassment (2016)
	AL DEKHEILA HEALTH CENTER FOR FAMILY HEALTH	
AIN SHAMS UNIVERSITY FACULTY OF MEDICINE Certificate of Honor for Supporting the University Hospital (2017)	Certificate of Honor for the Establishment of a Patient Waiting Area (2017)	ALEXANDRIA UNIVERSITY FACULTY OF ENGINEERING Certificate of Honor for the Support of Innovative Projects (2017)
	FAWZY MOAZ HOSPITAL Certificate of Honor for the Provision of Intensive Care Equipment (2017)	
AL HADRA UNIVERSITY HOSPITAL Certificate of Honor for Establishing a Waiting Area for Patients (2017)	CHARITY ASSOCIATION OF TESER HAYAH Certificate of Honor for Donating Financial Aid (2018)	

- **Product Traceability:**

Traceability is an important concern for customers to track all the components of product origin. For raw materials traceability, EZDK procures iron oxide pellets from globally reputed pellet producers and can be traced back to the history of the shipments received from suppliers. Similarly, steel scrap procured locally or globally can be traced up to the supplier/trader level. The raw material suppliers are globally known and they are committed to improve human rights, labor conditions and health & safety performance.

For Long Products, Semi-products (billets) that have passed the final inspection are identified by heat No., steel grade, and marked by grade mark, then, they are transferred to either Rolling Mills billet's racks for rolling, or to billet's dispatching yard for sales. The products (Rebars & Wire Rod Coils) that have passed the final inspection (Dimension, Unit Weight & Surface) are placed in the finished products specified racks and identified by graphyplast label with the product details (Heat No., Production date, Size, Length, Steel Grade ...etc.), and they have different colors according to steel grade, also all rebars bundles cross sections to be painted with colors according to size. Also, a material test certificate is supplied when the product is dispatched to the customer. This enables customers to track the history of the production.

For Flat Products, Hot Rolled Coils that have passed the final inspection are identified by a Coil No. The coils are placed in the Coil Yard specified racks and identified by a label that contains the coil data such as: coil No., heat No., steel grade, sales order, customer name, thickness, width, weight, and commodity. Also, a material test certificate is supplied when the product is dispatched to the customer. This enables customers to track the history of the production.

- **Renewable Energy Use:**

KPI	Unit	Year 2021	Year 2022
Total energy used	GJ (gigajoule)	28,302,153.28	31,034,509.91
Contribution of renewable energy purchased from national grid.	GJ (gigajoule)	518,717.61	554,353.09
Renewable energy as a proportion of total energy used	%	1.83	1.79

- **LTFIR:**

KPI	Unit	Year 2021	Year 2022
Total number of lost time injuries of employees - LTI	-	8.00	10.00
Total number of work hours of employees - WH	-	7,619,047.00	7,575,757.00
LTIFR	-	1.05	1.32
Change	%	25.71%	