

Thank you.. The Annual Report on the Environmental, Social and Governance Disclosures has been successfully Registered and your Registration Code Number is 41940. 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 2024/2025



الهيئة العامة للرقابة المالية
FINANCIAL REGULATORY AUTHORITY



Annual report for FY 2024/2025

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 NBFIs 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 2024/2025 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

Select the company's name: Egyptian Financial and Industrial Company .1

Select the company's sector: Basic Resources .2

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

Name : ashraf adam shaltout .1

Job Title: Head of Utilities Sector .2

Email: ashaltoutefic@gmail.com .3



Fourth: TCFD KPIs

Governance KPI (Climate Related Governance).1

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

The Financial Company's Board of Directors provides local and international training, as well as attendance at local and international workshops, for the company's various departments. This is done to enable them to understand, assess, and develop plans, and then implement the best ways to identify the risks arising from climate change and exploit .those risks as investment opportunities

The latest of these courses and seminars was held at the Financial

Supervisory Authority in February 2025, focusing on greenhouse gas accounting and the carbon market

:Example

Sulfur and fluorocarbon emissions were a key focus of the Board of Directors. The board successfully reduced sulfur emissions of sulfur dioxide and sulfur trioxide resulting from sulfuric acid production in the German unit (Davy Power) by using an advanced technology catalyst. This reduced emissions into the environment to below the required standards by a significant percentage. These reductions were used to increase sulfuric acid production by converting those gases into a productive acid, thereby enhancing added value

Similarly, the efficiency of fluorocarbon gas absorption resulting from the chemical reaction to produce single superphosphate fertilizer was increased to limit its emissions into the environment. These gases were then used to return to the chemical reaction, thereby reducing the amounts of sulfuric acid consumed and benefiting from it as another added value

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

The Financial and Industrial Company's management has identified the most significant risks in manufacturing and converted them into opportunities

The sulfuric acid production unit No. 2 at the Kafr El-Zayat factories was 1 rehabilitated, reducing emissions of sulfurous gases (sulfur dioxide and sulfur trioxide) to less than half of the legal standards. This has turned risks into investment and environmental opportunities

The fertilizer washing towers at the company's factories in Kafr El-Zayat 2 and Assiut are currently being rehabilitated to meet legal limits

The sulfuric acid production unit No. 2 at the Assiut factories was 3 rehabilitated to reduce emissions to less than half of the legal limits. This has increased the factories' productivity. The pilot operation of the magnesium sulfate and zinc sulfate production unit at the Assiut factories is currently underway, utilizing the increased amounts of acid produced. This turns risks into production and investment opportunities

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

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

:Short-Term

The risks of burning using diesel fuel and its negative impact on the environment were identified. Therefore, the fuel type was changed from diesel to natural gas in the furnaces of the sulfuric acid production units, which is used at start-up. This eliminated sulfur and lead emissions resulting from the use of diesel. Sulfur dioxide emissions were also minimized.

:Medium-Term

The water management system within the Financial Company was developed. The Financial and Industrial Company in Assiut is one of the first companies to operate a completely closed-loop system (Zero-discharge), where no industrial water is discharged, but rather used in production processes. As for the Kafr El-Zayat factories, they are on track, currently in the study phase with the GREEN SUSTAINABLE INDUSTRY (GSI) program of the Egyptian Ministry of Environment this year, God willing, to achieve Zero-discharge.

:Long-Term

The company's sports and social club was rehabilitated, operated, and developed as a recreational outlet for the city of Kafr El-Zayat and the neighboring villages, and even neighboring cities. This created new opportunities to create a generation that is intellectually, physically, and educationally sound.

The company installed GPS tracking devices for vehicles at the Kafr El-Zayat and Assiut factories to reduce the risks resulting from fuel use and to achieve full discipline in the management of transportation, which is one of the main tools in calculating the carbon footprint of any facility.

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

The company integrates opportunities and risks into its financial strategies and planning. A financial study is currently underway to implement the company's plan to recycle industrial water within the Kafr El-Zayat factories and achieve the ultimate goal of Zero-discharge. Calculations and measurements of greenhouse gases (GHGs) are also currently being conducted to identify the best methods and solutions for reducing GHG emissions and working towards carbon neutrality in the future.

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

The Financial and Industrial Company invests in infrastructure by redirecting and utilizing the quantities of sulfuric acid produced as a result of increased plant capacity after rehabilitation and development. This is done by developing its products with the addition of new products such as magnesium sulfate and zinc sulfate

The Egyptian Financial and Industrial Company is about to announce the operation of its factories in Ain Sokhna for the production of potassium sulfate, hydrochloric acid, and calcium chloride. The Arab region is considered the highest producer of fertilizers worldwide, with a rate of 33.3%, and the Financial and Industrial Company has a large share of phosphate fertilizers and hopes to enter the global market for potash fertilizers

Risk Management KPI (Climate-Related Risks).3

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

Comprehensive calculations and measurements of greenhouse gases (GHGs), also known as the carbon footprint, are currently being conducted to assess risks and identify the best opportunities through these measurements and calculations

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

The Financial Company adopts a clear approach to managing climate-related risks by assigning carbon measurements and the development of sustainability reports to a specialized company dedicated to this purpose, aiming to create investment opportunities, including entering the voluntary carbon market

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

The Financial Company integrates climate-related risks into its overall strategy to enter the voluntary carbon credit market, which is currently



being implemented in Egypt through the Financial Supervisory Authority (FRA), and the mandatory carbon market, which has not yet been implemented in Egypt, but the Financial Company will be ready to enter it in the future.

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

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

The Egyptian Financial and Industrial Company adopts a variety of measures to assess climate-related risks and opportunities, in line with its sustainability strategy

:Assessment of Physical Risks .1

o Analysis of Exposure to Natural Hazards: The exposure of the company's sites and operations to increasing natural hazards such as heavy rainfall, rising temperatures, and dust storms is assessed

o Analysis of the Impact of Risks on Operations: An analysis is conducted on how these risks could affect supply chains, production, distribution, and operating costs

:Assessment of Transition Risks .2

o Analysis of Policies and Regulations: The impact of changes in government and international environmental policies, such as carbon taxes and emission restrictions, on the company's activities is assessed, including preparing to obtain the EU Carbon Border Adjustment Mechanism (CBAM) certification

o Analysis of Technological Changes: An assessment is made of how the transition to cleaner technologies could affect the company's competitiveness, production costs, and innovation opportunities. For example, the control units of the sulfuric acid production plants in all the company's factories have been rehabilitated to operate using distributed control system (DCS) technology, which is a computerized system for production processes

o Analysis of Product Demand: An assessment is conducted on how the demand for the company's products could change due to trends towards sustainability and environmentally friendly products. Therefore, 2024-2025 was the beginning of the production of more than one new product for the Financial Company, such as magnesium sulfate, zinc sulfate, and

.potassium sulfate

:Assessment of Sustainability Opportunities .3

o **Analysis of Investment Opportunities:** The available opportunities for investment in projects to improve energy efficiency and the extent of using electricity generated from solar energy to meet the needs of some sectors

.in the company, such as lighting, are currently being identified

o **Analysis of Innovation Opportunities:** Opportunities for innovation in the field of fertilizers and clean chemicals are being explored, as well as the

.development of more sustainable production processes

o **Analysis of Reputation Improvement Opportunities:** An assessment is conducted on how improving the company's performance in the field of sustainability can enhance its reputation and attract environmentally

.conscious investors and customers

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

The Egyptian Financial and Industrial Company is currently measuring and calculating greenhouse gases (GHG) (carbon emissions) (Scope 1 and

Scope 2)

.and will announce the results as soon as they are completed

