Sustainability Analysis Report

# Executive Summary

e& Egypt's 2023 Sustainability Report demonstrates a strong and evolving commitment to integrating ESG principles into its core business strategy. The company has made commendable progress, particularly in social initiatives, employee engagement, and laying the groundwork for environmental management. The overall sustainability performance is assessed as developing, with solid foundations in governance and social responsibility but with clear opportunities for maturation in environmental strategy and data transparency. Key achievements include a significant increase in employee training hours, high employee engagement scores (86%), a 29% reduction in Scope 1+2 carbon intensity, and impactful community programs like Erada Microfinance, which has funded over 20,500 clients, 48% of whom are women. These actions show a strong alignment with Egypt's Vision 2030 and demonstrate a tangible contribution to SDGs 8 (Decent Work), 9 (Innovation), and 10 (Reduced Inequalities).  
  
Despite these strengths, critical gaps remain that require strategic attention. The most significant environmental gap is the lack of a reduction target for Scope 3 emissions, which constitute the largest portion (34%) of the company's total carbon footprint. In governance, the complete absence of female representation on the Board of Directors (0%) is a major shortcoming that contrasts with the company's otherwise positive gender diversity initiatives. Furthermore, data transparency, a cornerstone of credible ESG reporting, is weak in key areas, particularly in the SASB index where numerous critical metrics are marked "Confidential" or "TBD," and in the TCFD disclosures which lack detailed scenario analysis. The supply chain management approach is also underdeveloped, with social and environmental screening identified as a future goal rather than a current practice.  
  
To elevate its sustainability performance, e& Egypt should prioritize several strategic actions. Firstly, establishing a formal policy and time-bound targets for achieving gender diversity on its Board of Directors is critical. Secondly, the company must develop a comprehensive decarbonization strategy for Scope 3 emissions, engaging its value chain partners. Thirdly, implementing a robust ESG screening process for all new and critical suppliers will mitigate significant risks and align with best practices. Enhancing data transparency by fully reporting against the SASB framework and conducting detailed climate scenario analysis as per TCFD recommendations will be crucial for building investor confidence.  
  
By addressing these gaps, e& Egypt can transition from a company with strong sustainability initiatives to a true leader in sustainable business practices within the telecommunications sector. This will not only strengthen its brand reputation and stakeholder relationships but also enhance its long-term resilience and value creation in a rapidly evolving global landscape. The company's alignment with global frameworks like GRI and the UN Global Compact is a solid foundation, but fulfilling the more detailed requirements of TCFD and SASB is the necessary next step in its sustainability journey.

# ESG Performance Analysis

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| Category | Score | Strengths | Weaknesses |
| Economic\_Financial\_Performance | 7.0 | \*\*Robust Ethical Framework:\*\* 100% of employees and board members have formally acknowledged compliance with the Code of Conduct. The company has a clear whistleblowing policy with 18 cases reported in 2023, indicating the system is active., \*\*Commitment to Local Economy:\*\* The company demonstrates a strong commitment to local sourcing, with 46% of total expenditure spent on local suppliers, a significant increase from 35% in 2022., \*\*Strong Digital Innovation and Financial Inclusion:\*\* The launch of SuperPay and the growth of Erada Microfinance (serving 20,500 clients) show a clear strategy to leverage technology for new revenue streams and social impact, aligning with Egypt's Vision 2030., \*\*Effective Risk Management:\*\* A formal Enterprise Risk Management Committee and Business Continuity Management system are in place, with seven key risks identified and reported to the Audit and Risk Management Committee in 2023. | \*\*Board Diversity:\*\* The Board of Directors has zero female members. The report notes this will be "evaluated at the upcoming board meeting," which acknowledges the gap but does not represent a concrete action or target., \*\*Transparency on SASB Metrics:\*\* The SASB Content Index is largely incomplete, with key metrics on data privacy requests, data security breaches, and competitive behavior marked as "Confidential" or "TBD". This lack of disclosure is a major transparency gap., \*\*Financial Quantification of Climate Risks:\*\* While TCFD is mentioned, the report lacks financial quantification of climate-related risks and opportunities, which is a key recommendation of the framework. |
| Environmental\_Performance | 6.0 | \*\*Clear GHG Reduction Targets:\*\* The company has a target to reduce Scope 1 & 2 GHG emissions by 35% by 2030 from a 2022 baseline, aligning with the broader e& Group's science-based target ambitions., \*\*Significant Growth in Renewable Energy:\*\* The share of renewable energy in total consumption increased from 11% in 2022 to 18% in 2023. This includes on-site generation (23,113 MWh) and the procurement of Renewable Energy Certificates (RECs) via a Power Purchase Agreement (PPA)., \*\*Improved Carbon Efficiency:\*\* Carbon intensity (Scope 1+2) saw a substantial 29% decrease, from 0.34 to 0.24 mtCO2e/Terabyte, demonstrating successful efficiency measures in the network., \*\*Reduced Absolute Emissions (Scope 1+2):\*\* Total Scope 1+2 emissions decreased from 298,003 mtCO2e in 2022 to 274,523 mtCO2e in 2023, showing tangible progress towards its reduction target. | \*\*No Scope 3 Reduction Target:\*\* Scope 3 emissions (140,566 mtCO2e) are the largest contributor to the total footprint (34%), yet there is no stated reduction target for this category. Key Scope 3 sources like 'Fuel and Energy related activities' and 'Use of sold products' are substantial., \*\*Incomplete Waste and Water Data:\*\* Water consumption data is provided only for the headquarters (23,886 m³), not for the entire operation, which includes numerous water-intensive data centers and operational sites. Waste data also appears limited., \*\*Lack of Quantitative Waste & Water Reduction Targets:\*\* The company discusses waste and water management practices but does not present quantitative, time-bound targets for reduction across its operations., \*\*Product End-of-Life Management:\*\* The SASB metric for materials recovered through take-back programs is marked "TBD," indicating a gap in circular economy practices for electronic waste. |
| Social\_Performance | 8.0 | \*\*Exceptional Employee Development and Engagement:\*\* The company delivered 52,684 hours of training, a 142% increase YoY. The employee engagement index is exceptionally high at 86%., \*\*Impactful Community and Financial Inclusion Programs:\*\* Through Erada Microfinance, the company has funded over 20,500 clients (48% female) and disbursed EGP 550 Mn in loans. The e& Cash wallet is the second most used in Egypt, with a 147% increase in monthly transactions, driving a cashless society., \*\*Strong Diversity and Inclusion Initiatives:\*\* Female representation in the workforce increased to 27% (from 26% in 2022). The company employs 517 People of Determination (6% of the workforce) and actively partners with organizations like Helm to promote inclusive employment., \*\*Commitment to Health and Safety:\*\* A robust OHS management system compliant with ISO 45001 is in place. The company recorded zero fatalities and a reduction in employee lost-time injuries from 7 to 3 in 2023. | \*\*Formalizing Social Criteria in Supply Chain:\*\* The GRI index reveals that screening new suppliers using social criteria (GRI 414-1) is not yet implemented, being noted as a plan for future reports. This is a gap in ensuring social responsibility throughout the value chain., \*\*Gender Pay Gap Transparency:\*\* Disclosure on the ratio of basic salary and remuneration of women to men (GRI 405-2) is marked as "unavailable/incomplete," preventing a full assessment of pay equity., \*\*Advancing Women to Senior Roles:\*\* While overall female representation is growing, the report lacks specific data and targets for women in senior and executive-level positions, which is the next crucial step in gender equality. |

# UN SDG Mapping

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| SDG | Score | Impact Level |
| SDG 1: No Poverty | 0 | None |
| SDG 2: Zero Hunger | 0 | None |
| SDG 3: Good Health and Well-being | 0 | None |
| SDG 4: Quality Education | 0 | None |
| SDG 5: Gender Equality | 0 | None |
| SDG 6: Clean Water and Sanitation | 0 | None |
| SDG 7: Affordable and Clean Energy | 0 | None |
| SDG 8: Decent Work and Economic Growth | 0 | None |
| SDG 9: Industry, Innovation and Infrastructure | 0 | None |
| SDG 10: Reduced Inequalities | 0 | None |
| SDG 11: Sustainable Cities and Communities | 0 | None |
| SDG 12: Responsible Consumption and Production | 0 | None |
| SDG 13: Climate Action | 0 | None |
| SDG 14: Life Below Water | 0 | None |
| SDG 15: Life on Land | 0 | None |

# Recommendations

1. Enhance Governance with Board-Level Diversity Formally approve and publish a Board Diversity Policy with a concrete, time-bound target of achieving at least 30% female representation on the Board of Directors by 2027. This addresses the most significant governance gap identified. Improved corporate governance, enhanced decision-making, better alignment with global ESG standards (e.g., SDG 5.5), and strengthened investor confidence. Policy approval and publication (6 months); Phased appointments (1-3 years). Board and Nomination Committee time; potentially executive search firm fees. At least one female director appointed within 18 months; Target of 30% female representation achieved by 2027.

2. Develop a Comprehensive Scope 3 Decarbonization Strategy Conduct a detailed Scope 3 hotspot analysis to identify the largest emission sources in the value chain (e.g., purchased goods, capital goods, use of sold products). Based on this, set a science-informed reduction target for Scope 3 emissions by 2025 and develop a supplier engagement program to drive collaborative decarbonization. Addresses the largest portion of the company's carbon footprint, mitigates climate-related supply chain risks, and demonstrates environmental leadership. Aligns with SBTi best practices. Hotspot analysis (1 year); Target setting and strategy development (1.5 years). Dedicated sustainability team resources; potential consultancy support for Life Cycle Assessment (LCA) and target setting. Publicly disclosed Scope 3 reduction target by 2025; % of key suppliers (by spend) engaged in the decarbonization program.

3. Implement a Robust Supply Chain ESG Screening Process Operationalize the stated plan to screen new suppliers on environmental and social criteria. Develop a formal Supplier Code of Conduct and integrate mandatory ESG clauses into procurement contracts. Implement a risk-based due diligence process for all critical Tier 1 suppliers. Reduces supply chain risks related to labor rights, corruption, and environmental non-compliance. Enhances supply chain resilience and ensures alignment of partners with e& Egypt's values. Policy and Code development (9 months); Phased rollout to new and critical suppliers (1-2 years). Procurement and legal team resources; potential investment in a supplier management/screening platform. 100% of new suppliers screened against ESG criteria within 1 year; 80% of critical Tier 1 suppliers audited or assessed for ESG compliance within 3 years.

4. Drive ESG Data Transparency and Disclosure Commit to full transparency in the next reporting cycle by providing data for all relevant SASB metrics, especially those currently marked "Confidential" or "TBD". Furthermore, advance TCFD reporting by conducting and disclosing quantitative climate scenario analysis (e.g., 1.5°C and 3°C scenarios). Builds credibility and trust with investors and rating agencies. Allows for more accurate benchmarking and risk assessment. Fulfills the intent of the adopted reporting frameworks. Data collection and analysis for SASB/TCFD (1 year). Cross-functional team (Finance, Risk, Sustainability); potential external expertise for climate scenario modeling. >90% of applicable SASB metrics reported in the 2024 report; Publication of a quantitative climate scenario analysis.