

ADSERO
Environmental, Social and Corporate Governance (ESG)

FRA Resolutions no.107/2021 and 108/2021 Listed Companies and Companies Operating in Non-Banking Financial Activities to Submit Annual ESG and TCFD Reporting

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Highlights

The Resolutions no. 107/2021 and 108/2021 issued by the Chairman of the board of directors of the Financial Regulatory Authority (the "**FRA**") on the 5th of July 2021 set out new obligations for listed companies on the Egyptian Stock Exchange ("**EGX**") and companies operating in non-banking financial activities to undertake annual environmental and social governance ("**ESG**") as well as task force on climate-related financial disclosures ("**TCFD**") reporting.

Entry into force

The Resolutions were issued on the 5th of July 2021 and entered into force the following day with a grace period for submission of ESG and TCFD reporting extended to the submission date of the financial statements for the financial year ending 2022.

Resolution details

The Resolutions address EGX listed companies and companies operating in non-banking financial activities highlighting the following:
-The addressed companies must prepare and submit an annual ESG report (please see Annex 1).
-The addressed companies with a minimum issued capital or a net equity of at least EGP 500 million must satisfy and undertake TCFD reporting in its annual board report annexed to the financial statements (please see Annex 2);
-As of January 2022, the addressed companies must submit a quarterly report to the FRA with a description of the procedures undertaken and those that will be undertaken regarding said disclosures.

Annex (1)
Key Performance Indicators (KPIs) related to the Environmental Social and Governance related to sustainability (ESG)

	The procedure undertaken by the company	Answer		Comment or explanation
		Yes	No	
	Environmental disclosures			
	Did the company implement any official environmental, social or sustainability policy?			
	Has this policy originated internally in the company or is it an international policy?			
	Does the company define and evaluate the environmental and social risks originating from its economic activity?			
	Does the company adopt a special policy related to recycling waste, water consumption and energy use?			
	Does the company specify any objectives related to decreasing greenhouse emissions/ global warming? (If yes, please explain)			
	Does management have any policy/certificate related to the environmental activities (ISO certificate 14001)? (If yes, please explain)			
Carbon Emissions	Does the company calculate its total annual carbon emission? (If yes, please explain)			
Energy Use and Source	Does the company calculate its total annual energy consumption?			
	Does the company calculate its total annual energy consumption according to the source of energy?			
	Does the company calculate the total annual energy saving (if applicable)?			
	Does the company calculate its total annual water consumption?			
	Does the company calculate the total annual amount of water recycled or treated, if applicable?			
Waste Management	Does the company calculate the total annual volume of waste produced, recycled, and treated based on type and weight?			



Social disclosures

Gender diversity and wage ratios	Does the company disclose the number of male/female employees hired according to employment type (temporary or permanent employment)			
	Does the company disclose the percentage of female/male employees?			
	Does the company disclose the percentage of positions occupied by male/female employees (starting level – and intermediate level positions)			
	Does the company disclose the percentage of positions occupied by female/male employees (upper management and executive positions)?			
	Does the company disclose the average percentage of wages paid to male and female employees?			
Employee Turnover Ratio	Does the company disclose the annual turnover of permanent employees?			
	Does the company disclose the annual turnover of temporary employees?			
	Does the company disclose the annual employment turnover rate for employees and/or consultants?			
Non-Discrimination	Does the company implement an anti-harassment policy, or an anti-discrimination policy related to race, religious beliefs, or gender?			
	Does the company follow a health policy and/ or follow international health and safety standards (such as the international labor standards regarding the health and safety)?			
	What is the number of victims of accidents (if any)?			
	How many hours are dedicated to training employees in relation to environmental, social, health and safety?			
	Does the company implement a policy banning child and forced labor? (If yes, is this policy applicable to suppliers, buyers and parties dealing with the company?)			
	In addition to the Egyptian Labor Law requirements, does the company follow the standards of the International Labor Organization or any other Labor framework or international laws related to labor? (If yes, please explain)			
	Do the policies include suppliers, buyers and parties dealing with the company?			



Corporate governance related to sustainability

Board Diversity	Does the company disclose the number and percentage of the total seat number occupied by men and women in the board of directors?			
	Does the company disclose the number and percentage of heads of committees occupied by men and women?			
Bribery and Anti-Corruption	Does the company issue and apply any anti-bribery and anti-fraud policies?			
Ethics and Code of Conduct	Does the company issue and apply a code of ethics /conduct?			
Data Privacy	In addition to the requirements under the Data Protection Law and the Consumer Protection Law, does the company apply any framework, requirements, or international recommendations regarding data privacy? (If yes, please explain)			
	Does the company issue GRI – CDP – SASB – IIRC – UNGC reports or any other type of sustainability reports?			
	Does the company pursue specific goals stated in the United Nations Sustainable Development Goals (SDGs)?			
	Does the company set these goals and report progress under the UN Sustainable Development Goals?			
	Did the company clearly announce its commitment to corporate social responsibility standards?			
	Does the company adopt an explicit and clear policy/principle regarding community investment?			
	Does the company participate in public and private sector initiatives related to community development?			
External Guarantees	Are ESG disclosures issued by the company reviewed by an independent third party?			

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