

SUSTAINABILITY REPORT

2015



RETHINK

DELIVERING FOR GENERATIONS

“ Sustainability has to become a concept that each and every one of us believes in; it has to become second nature in everything that we do. This is a challenge that we accept and plan to win. ”

Hanaa Helmy
Head of CSR Department



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CHAIRPERSON'S FOREWORD

It is with great pride that I present you with EFG Hermes' second annual sustainability report.

In many ways, 2015 was a watershed year in terms of global commitment to sustainability. In September, the United Nations' 193 member states unanimously adopted 17 Sustainable Development Goals (SDGs) that address the social, economic and environmental dimensions of sustainable development over a period of 15 years ending 2030. The adoption of this bold and ambitious agenda was followed by the Paris Conference on climate change, with 187 countries pledging collective action to cut carbon emissions.

While turning this agenda into reality will primarily require governments to enact policies that restructure how we produce and use energy, it will also require vast mobilization of financial, technological and human resources. This will have significant consequences for business and will extend to all sectors over the coming years. The time to plan for these eventualities is now. Businesses that neglect sustainability will be left behind in a rapidly changing world. This is particularly true of the financial sector.

As the region's leading investment bank, our aim is to establish a business model that can strike a balance between responsible economic growth and sustainability-oriented governance. We are more committed than ever to developing an integrated corporate culture of sustainability, and to working with our local and international stakeholders to achieve sustainable growth and development within the context of our corporate values. Our EFG Hermes Foundation for Social Development further demonstrates our determination to build partnerships and models of sustainable development projects in underprivileged villages of Upper Egypt, among other comprehensive social development activities.

We anticipate many hurdles on the way, but we are ideally placed to champion the need for and the cause of sustainability across the financial sector. In 2015, we have made great strides in rethinking our corporate culture and instilling awareness and sensitivity to social and environmental issues among our stakeholders. There is still much to do, but we look forward to meeting each challenge head-on.

I thank you for your support and invite you to consider our achievements so far.



Sincerely yours,

A handwritten signature in black ink, appearing to read 'M. Zulficar', written in a cursive style.

Mona Zulficar
Non-Executive Chairperson



NOTE FROM THE CEO

At EFG Hermes, we seek to ensure that our mandate of creating value for our shareholders and clients does not come at the cost of the environment or society. In 2014, we redefined our vision and articulated a set of values that describe the kind of institution EFG Hermes aspires to be in the coming decades. We pledged to become a sustainable business and defined our social purpose: "To leverage our financial expertise and capitalize on our human talent to create sustainable value for our stakeholders and the communities we serve".

In 2015, we issued our first stand-alone sustainability report in conjunction with our annual report and we outlined a series of actions designed to further our commitment to sustainability. We realised, however, that achieving systemic change required a transformation in corporate culture starting on an individual level, moving through the layers of our business and extending to external stakeholders. This has been our focus this past year: making sustainability central to our thinking in everything we do.

With this in mind, we launched the 'Rethink' initiative, a campaign that reimagines activities, achievements and messages so that they are conducive to sustainable habits. 'Rethink' galvanised our stakeholders and spawned a number of innovative activities that encourage sustainable thinking across all operational levels. We succeeded in implementing an ambitious programme to reduce our energy footprint and encourage resource conservation in our offices. We also adopted several policies that reinforce our commitment to sustainable practices such as our Supplier Code of Conduct. On a strategic level, we initiated a process to contract an independent consultant to develop a full sustainability strategy for EFG Hermes to help us progress further in our quest for sustainable governance and investment.

The EFG Hermes Foundation continues to be a pioneer in integrated development projects with its EGP 9 million Al-Makhzan Village Development Project in Qena Governorate. In 2015, the Foundation also sponsored a number of highly impactful health and youth empowerment programmes in Egypt and expanded its reach to our regional offices.

As the leading investment bank in the region, we make it a point to share our experiences and know-how and to encourage a spirit of volunteerism and social responsibility among our employees. In partnership with Microsoft, we launched a mentorship programme for university students and fresh graduates and developed a series of financial literacy tutorials that aim to demystify the financial services sector and boost accountability and transparency.

Renewable energy has become a key focus for the energy and infrastructure side of EFG Hermes' private equity. Our aim is to act as a catalyst for responsible investment while simultaneously generating attractive returns for our shareholders and investment partners. In 2016, we are looking to deploy a substantial amount of equity into wind and solar power in Europe and the Middle East, alongside a host of reputable, international developers.

We also entered into an agreement to acquire a majority stake in Tanmeyah, Egypt's leading private-sector microfinance provider in an effort to expand our financial services platform and promote sustainable and inclusive economic growth through micro-enterprise lending. Tanmeyah provides working capital finance to both formal and informal small businesses and serves a vast, growing and essentially untapped market within Egypt.

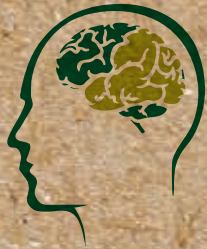
Through these activities, and thanks to the energy and dedication of our employees, we at EFG Hermes are committed to helping develop the long-term, sustainable business models that will enable communities to grow, create jobs and provide opportunities for all.



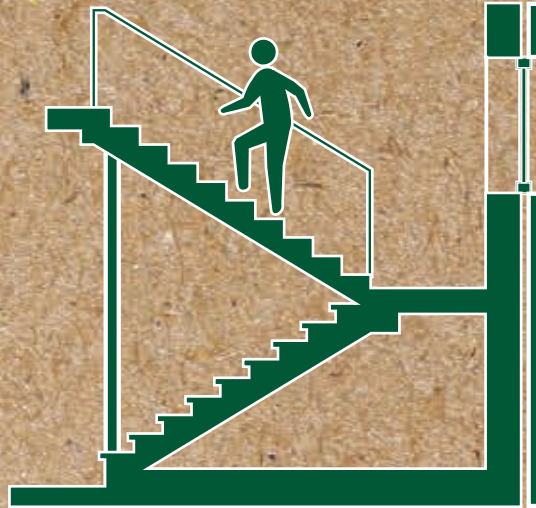
Sincerely yours,

A handwritten signature in black ink that reads "Karim Awad". The signature is written in a cursive, flowing style.

Karim Awad
CEO



RETHINK
Delivering for Generations



SAVE



WASTE

SAVE POWER

DELIVERING FOR GENERATIONS



EFG HERMES OVERVIEW

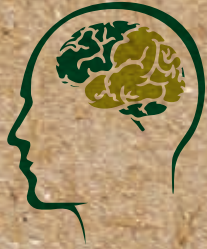
WHAT WE DO

With a footprint spanning seven countries in the Middle East and North Africa, EFG Hermes started in Egypt and has grown over 30 years to become the region's leading investment bank. We have a proven track record of providing a wide spectrum of financial services including investment banking, asset management, securities brokerage, research and private equity to clients across the region and beyond. EFG Hermes also owns a 63.7% majority stake in the Lebanese commercial bank Crédit Libanais.

In 2015, we launched EFG Hermes Leasing, a wholly owned subsidiary offering leasing services and highly sought-after, value-added advisory to large corporations and SMEs across Egypt.

Through our on-the-ground operations in Egypt, Jordan, Kuwait, Oman, Saudi Arabia and the UAE, and with more than 800 talented employees of 25 nationalities, we serve a considerable and diversified client base from the Middle East and North Africa to Europe, Africa and the United States. Our clients include corporations, financial institutions, governments, high net worth clients and individual customers.





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SAVE



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AWARDS AND RECOGNITION

ASSET MANAGEMENT

- Egypt Equity: EFG Banque du Caire I (Cumulative) – MENA FM & Lipper Awards
- Egypt Asset Manager of the Year – MENA FM Awards
- The MENA Opportunities Fund – Best Hedge Fund – MENA FM Awards
- Saudi Arabia Equity Fund – Saudi Equity Fund of the Year (3-Year Performance) – MENA FM Awards
- Bank of Alexandria III Fixed Income Fund: Highly Commendable Certificate – 3-Year Performance – MENA FM Awards
- Credit Agricole III Money Market Fund: Highly Commendable Certificate – MENA FM Awards
- Asset Manager of the Year by EMEA Finance – African Banking Awards
- Best Asset Manager in Egypt by EMEA Finance – African Banking Awards
- Best Asset Manager in the UAE – Middle East Banking Awards
- Best Asset Management Company Egypt 2015 – Global Banking and Finance
- Best Egyptian Fund: BOA Fixed Income Fund & Best for Discretionary Portfolio Management – Acquisition International Magazine
- Egypt Asset Manager & MENA Asset Manager – MENA Fund Manager

INVESTMENT BANKING

- Best Equity Deal of the Year in Africa – The Banker
- Best Investment Bank in Egypt – Euromoney Awards for Excellence
- Best Investment Banking Brand in Egypt – Global Brands Magazine
- Best Investment Banking Company in Egypt 2015 – Global Banking and Finance

RESEARCH

- Only MENA Research House ranked on Institutional Investor Ranking for Europe, the Middle East & Africa

SECURITIES BROKERAGE

- Broker of the Year in Egypt, Kuwait & Oman – Global Investor/Isf Awards
- Best Broker in Egypt – EMEA Finance African Banking Awards
- Best Broker in the Middle East, Jordan, Kuwait, Oman & UAE – EMEA Finance ME Banking Awards
- Best Brokerage House in Egypt 2015 – Global Banking and Finance
- Best Brokerage Services Company – MENA Fund Manager

OUR VALUES

OUR VISION

We strive to strengthen our position as the MENA region's leading investment Firm and expand our reach beyond current borders. Drawing on more than three decades of **commitment** to excellence, we have built a track record of **integrity, leadership** and **value creation** that has earned us wide recognition as regional pioneers.

At EFG Hermes, we believe in

Integrity

We strive to operate with **integrity** in everything we do, aspiring to transparency and adhering to global best practices in corporate governance.

Leadership

We take a broad view of **leadership**, fostering talent at all levels of the Firm who lead the market by example and capitalize on the brand equity created by a winning team to diversify our business and expand our footprint.

Value Creation

We maintain a sharp focus on recognizing and capturing opportunities to sustainably **create value** for all our stakeholders.

Commitment

We make our **commitments** to these principles of integrity, leadership and value creation universal to all our stakeholders, from our clients and our employees to the communities in which we do business.

OUR COMMITMENT TO SUSTAINABILITY

Our guiding strategy has always been firmly rooted in the adherence to five core principles: **people, products, positioning, presence** and **profitability**, which have helped us achieve our goals and maintain our status as the leading investment bank in the region.

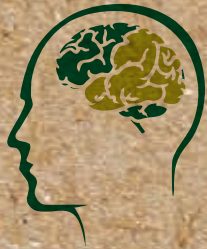
In 2014, we made a commitment towards sustainability and adopted "**public responsibility**" as a sixth core principle. We believe that firms such as ours cannot thrive if they do not fully understand their role in society and in the communities that they serve.

We are currently developing an internal culture of sustainability and working with our local and international stakeholders to achieve sustainable growth and development within the context of our corporate values.

OUR SOCIAL PURPOSE

We are committed to leveraging our financial expertise and capitalizing on our human talent to create sustainable value for our stakeholders and the communities we serve.





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SAVE



WASTE

RECYCLING

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RETHINK: CORPORATE CULTURE

In our first sustainability report, we committed to a series of actions and activities designed to further our commitment to sustainability. The Corporate Sustainability Committee (CSC) was formed to oversee the integration of sustainability across our business by developing clear guidelines and policies, monitoring implementation, and ensuring accurate, regular and transparent reporting.

As the year progressed, we realised that while we may have been meeting our commitments, our methodology needed to be refined. Sustainability issues were unclear and their value undefined compared to the clear-cut goals of creating financial value for investors and clients. The new requirements were an afterthought, an added burden. We realised that achieving systemic change required a transformation in corporate culture starting on an individual level, moving through the layers of our corporate culture and extending to external stakeholders.

THE 'RETHINK' INITIATIVE

'Rethink' is an initiative that aspires to see sustainability policies implemented across all levels and departments at the firm. The core of the 'Rethink' campaign is to reimagine activities, achievements and messages so that they are conducive to sustainable habits that will help further our business practices as well as benefit our society and environment. Our aim is to establish a business model that can strike a balance between responsible economic growth and sustainability-oriented governance.



THE GREEN TEAM

The Green Team was formed as a dynamic action group and assigned the job of putting the policies developed by the CSC into motion. It consists of a group of dedicated and inspiring staff members including the pioneers of the 'Rethink' initiative. They have worked tirelessly to jumpstart the drive towards a more sustainable formula for EFG Hermes' business practices, and are committed to leading by example.

As part of the 'Rethink' initiative, the Green Team conceived a variety of innovative programmes and methods to galvanise employees, engage stakeholders and lay the groundwork for a transformation in corporate culture.



“ I see the Green Team as the engine of the Sustainability Committee that helps implement sustainability initiatives and follows up on the company’s sustainability goals. The Green Team members bring creativity to the table, especially given their diverse backgrounds. ”

Ahmad Nabil
IT Operations Manager
EFG Hermes

“ The sustainability orientation session we received showed us how important it is for us as humans and as a firm to participate in sustainability initiatives, especially when they are executed in fun ways that encourage employee involvement. ”

Raghad Asadi
HR Generalist
EFG Hermes UAE Limited

“ I’ve been always interested in fixing the environmental problems around us and I want to set an example and encourage others to care more for the environment. ”

Layali Handal
Office Manager
EFG Hermes Jordan

“ The sustainability initiatives successfully engage employees, effectively spreading positive energy within the work space and create an environment that feels like home. ”

Mai Gad
Facilities Coordinator
EFG Hermes

STAKEHOLDER ENGAGEMENT

To maintain our position of leadership in the region, we need a clear understanding of our stakeholders' needs. We also need to raise their awareness on the importance of sustainability in shaping EFG Hermes' strategy. In 2015, we engaged with our stakeholders both formally and informally using a number of innovative activities and resources to promote our sustainability agenda.

THE SUSTAINABILITY TAB

The Green Team developed an internal webpage on EFG Hermes' portal to serve as the go-to place for employees to learn more about the importance of sustainability to EFG Hermes. The webpage includes a variety of resources designed to raise employee awareness on sustainability issues:

- A presentation explaining the concept of sustainability in simple terms in both English and Arabic
- Financial literacy video segments
- Weekly sustainability messages
- Other relevant documents such as the Supplier Code of Conduct

SAVE-WASTE CAMPAIGN

The team has also developed a number of messages that encourage sustainable thinking under the umbrella slogan "save vs. waste". The online sustainability awareness campaign, available on the company intranet, fosters a resource conservation mindset and encourages employees to reduce waste, conserve energy and recycle whenever possible.

The Green Team also presented EFG Hermes' sustainability messages at the London Conference in September 2015. Feedback from investors and other participants was very positive and encouraging.



SUSTAINABILITY COMPETITIONS

In 2015, the Green Team launched quarterly sustainability competitions with different themes ranging from resource conservation to ideas about "green business" opportunities and how sustainability fits within EFG Hermes' values. Employee response to the competitions has been enthusiastic and the winning ideas have been implemented and disseminated as part of the Green Team's sustainability messaging. To date, winning ideas include an EGP 1.00 discount from our resident coffee house extended to any employee who brings their own personal mug instead of using the vendor's disposable cups and default double-sided printing to reduce our use of office paper. These initiatives encourage employees to adopt similar practices and play an important, albeit small, role in reducing waste and conserving resources.

SUSTAINABILITY TRAINING

The Green Team has worked closely with the Human Resource Department to incorporate sustainability orientation and training into employees' obligatory requirements. The aim is to make sustainability issues as fundamental in employees' minds as financial integrity and transparency. Currently, the sustainability presentation available on our intranet is part of the orientation process for new hires and will become a mandatory course similar to the anti-fraud and anti-money laundering courses that all employees are required to pass. Sustainability values will also be incorporated into the annual performance review process.

SUSTAINABILITY REPORTING

For the last five years, we have been active members of the United Nations Global Compact (UNGC) initiative, a forum that aims to synergise efforts of member companies and organizations from all over the world in support of the UNGC's ten principles with respect to human rights, labour, environment and anti-corruption. Member corporations are required to prepare an annual communication on progress (CoP) report that identifies how their business aligns with the UNGC's ten principles. Our CoP reports are available on the UNGC website for public peruse.

In 2014, we committed to issuing annual stand-alone sustainability reports in conjunction with our annual reports. We are currently working on developing our sustainability reporting procedures in line with global guidelines.

THE EGX SUSTAINABILITY CONFERENCE

EFG Hermes actively participated in the first sustainability conference organized by the Egyptian Exchange (EGX) in October 2015, where our sustainability model was presented as an example for others to follow.

The chairperson of our CSC spoke to leading members of the business community about the importance of sustainable business practices and the value that businesses can gain by aligning their goals with organizations such as the UNGC. She explained how joining the UNGC made us realize that we had to take a more holistic approach to sustainability and integrate the ten principles into every aspect of our operation.



LONDON MENA CONFERENCE, SEPTEMBER 2015

STAKEHOLDER ENGAGEMENT: GOALS, ACTIVITIES AND PROGRESS

SUSTAINABILITY GOALS	ACTIVITIES	PROGRESS
Ensure that shareholders and clients share EFG Hermes' vision of sustainability	<ul style="list-style-type: none"> • Highlight sustainability commitment on the EFG Hermes website • Develop a presentation for shareholders and clients highlighting the Firm's commitment to sustainability 	<ul style="list-style-type: none"> • The launch of a 'Sustainability Tab' on the corporate website. • Development of a presentation highlighting our commitment to sustainability and clarifying why we need to 'rethink' our practices.
Secure employee support for sustainability initiatives and commitments	<ul style="list-style-type: none"> • Conduct additional employee sustainability orientation sessions • Administer the Quarterly Employee Sustainability Competition • Introduce mandatory sustainability training for all employees 	<ul style="list-style-type: none"> • The sustainability presentation is now part of the orientation process for new hires. • The Quarterly Employee Sustainability Competition has been administered four times in 2015 and winning ideas have been implemented to encourage employee engagement. • Sustainability will become a mandatory course for all employees. • Sustainability values are incorporated into the annual performance review process.
Develop policies and procedures that integrate sustainability across all business lines and activities	<ul style="list-style-type: none"> • Conduct internal meetings to map out sustainability needs • Work with business lines and departments to develop sustainability Key Performance Indicators (KPIs) • Continue to provide transparent, timely communication with business partners and the media 	<ul style="list-style-type: none"> • The CSC and the Green Team hold regular meetings to develop internal guidelines, policies and strategies to advance EFG Hermes' commitment to sustainability. • Initiation of a process to contract an independent consultant to develop a full sustainability strategy for EFG Hermes. • On-going communication with media partners on sustainability policies and practices. • Participation in the first EGX Sustainability Conference capitalizing on media presence through key interviews conducted with major publications such as Youm7 & Al-Mal. • Communication of sustainable practices on the recently launched EFG Hermes Facebook page.
Establish a procedure for sustainability reporting	<ul style="list-style-type: none"> • Release of first annual sustainability report in June 2015 • Develop content for the 2015 Sustainability Report 	<ul style="list-style-type: none"> • Release of the first annual stand-alone sustainability report in June 2015. • The second report is being compiled by the CSC in cooperation with the business lines and other functions that are integral to the sustainability of EFG Hermes.
Continue Membership in the UNGC	<ul style="list-style-type: none"> • Submit CoP for 2014 	<ul style="list-style-type: none"> • The UNGC CoP for 2014 was submitted in February 2015 thus maintaining EFG Hermes' active status as a member of the UNGC.

SUSTAINABLE POLICIES

RESOURCE MANAGEMENT

The Green Team has also successfully implemented several innovative initiatives to help change personal habits and promote sustainability within the office space and beyond:

REDUCE

Efficient Use of Paper

With the assistance of the IT department, the Green Team succeeded in changing the default setting on all printers in the Egypt HQ and in Jordan to be double-sided. A system was also developed to reduce the amount of paper used daily during trading sessions resulting in savings of almost EGP 30,000 and 672,000 papers annually.

Carpooling

The Green Team is working with the administration to establish a carpooling system to reduce carbon emissions, and protect the environment.

Energy Efficiency

Energy consumption at the Egypt HQ has been significantly reduced thanks to the implementation of energy efficient practices and the installation of LED lightbulbs and energy saving transparent window film.

Virtualization

The IT department at the Egypt HQ took serious steps to reduce hardware, power consumption, cooling, and carbon footprint by increasing the use of virtual servers to 68% of total servers.

REUSE

Paper Reuse in Egypt

The Green Team stepped up the company's resource conservation efforts by placing recycled paperboard boxes for scrap paper next to all printers. The scrap paper is then recycled into EFG Hermes notebooks for internal use.

Switching to Reusable Mugs

The Jordan office removed all disposable cups and are now using reusable mugs for cold and hot drinks. Employees at the Egypt HQ receive a discount on beverages if they bring in their own reusable mugs.

RECYCLE

Recycling Bins

The Green Team is currently working on installing recycling bins on each floor at the Egypt HQ.

Paper Recycling in Jordan

All waste paper at the Jordan office is placed in a recycling container. The container is sent to COZMO for recycling once every two weeks.

Recycling of Electronic Waste

Electronic waste at the Egypt offices was disposed of in cooperation with RecycloBekia, an Egyptian company that guarantees safe data destruction and environmentally sound recycling of e-waste.

HUMAN CAPITAL

Making sure that employees feel happy, secure, valued and challenged is an integral part of creating a sustainable economy. At EFG Hermes, that means having a diverse and inclusive workforce, providing competitive wages and helping our employees take control of their physical and financial wellness and their professional development. It also means promoting a culture of integrity and rejecting unethical practices at all levels of our operation. Our Code of Conduct defines a clear set of standards for business conduct of employees and our Learning and Development Policy ensures that all employees have equal access to high quality training and development opportunities.

In 2015, we increased our training budget, resulting in a higher number of average training hours per employee. The Intern Recruitment Policy was also formalized and the first intake of interns was highly successful. We also implemented grievance boxes and formalized the grievance review process to ensure that employees feel that their opinions are valued. We also launched the innovative 'Fit for Life' programme through the EFG Hermes gym at our Egypt HQ. Appropriate for all fitness levels, it is designed to raise energy levels, increase functional strength and inspire a positive life attitude through personalised coaching and inventive, challenging routines.

GOVERNANCE, AUDITING AND RISK MANAGEMENT

We are industry leaders in terms of best practices in corporate governance and we demand the highest ethical standards of our employees. We have also invested considerable time, effort, and resources in establishing internal policies and controls that ensure that all of our activities are in compliance with international best practices.

Our commitment to sustainable business practices requires that we expand our model to include policies and procedures that address these new challenges. Over the past year, we have taken a number of steps to lay the groundwork for developing the required policies.

SUPPLIER CODE OF CONDUCT: Our suppliers are now obliged to sign a supplier code of conduct prior to doing business with EFG Hermes. The code requires them to uphold sustainability beliefs shared by EFG Hermes and all applicable laws regarding labour and human rights, health and safety, environmental protection and ethics practices whenever they make products or perform services for EFG Hermes. The code goes beyond mere compliance with the law by drawing upon internationally recognised standards to advance social and environmental responsibilities.

ESG POLICY: At present, a Social and Environmental Management System is in place to evaluate EFG Hermes' potential investments. It will form the basis for a more advanced Environment, Social and Governance (ESG) Policy currently being developed by the Compliance and Risk Department.

AUDITING AND RISK MANAGEMENT: The Internal Audit Department has expanded its audit scope to integrate sustainability considerations in regular auditing procedures.

RESPONSIBLE INVESTMENT

Renewable energy has become a key focus for the energy and infrastructure side of EFG Hermes' private equity. Our aim is to act as a catalyst for sustainable development while simultaneously generating attractive returns for our shareholders and investment partners. The renewable energy field is particularly attractive because not only is it a source of energy, but it is also a tool to improve energy security; reduce the environmental impacts associated with fossil and nuclear energy; mitigate CO₂ emissions; create jobs and reduce poverty.

We are looking at two main regions with a key focus on solar and wind energy. The first is Europe, where the combination of robust regulatory frameworks, market maturity and good-quality assets, makes European renewable energy projects particularly attractive. In 2014, we underscored our commitment to renewable energy by making our first investment beyond the borders of the Middle East and Africa in EDPR, one of the top four renewable energy companies in the world. Via Vortex Energy, a managed investment vehicle funded mainly by GCC investors and European banks, we acquired a 49% equity stake in EDPR France's operational wind energy portfolio, encompassing 33 wind farms with a total capacity of 334MW. We continue to be very interested in further investments in Europe to grow and expand Vortex.

Secondly, we are looking to invest in renewables in the Middle East. Egypt, the UAE, Jordan and Morocco are all interesting markets. In Jordan, we are majority investors—through the InfraMed Infrastructure Fund, in which EFG Hermes is a shareholder—in the Tafila Wind Farm, the first and the largest privately financed wind farm in Jordan. Tafila offers significant sustainable development and socio-economic benefits to the country in addition to reducing its reliance on imported fuel.

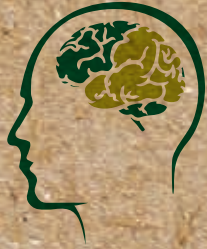
Our primary focus at present, however, is on Egypt, which is a large, energy-hungry market looking to reduce its dependence on fuel imports. In a bid to encourage investment in renewables, the government has announced a feed-in-tariff (FiT) programme, offering investors approximately 4 gigawatts of wind and solar combined. The country is ideally situated for a surge in renewable energy investment with good wind resources along the Red Sea coast, year-round high levels of solar radiation and ample space for solar panels. In 2016, we are looking to deploy a substantial amount of equity into wind and solar in the feed-in tariff programme, alongside a host of reputable, international developers.



SUSTAINABLE POLICIES: GOALS, ACTIVITIES AND PROGRESS

SUSTAINABILITY GOALS	ACTIVITIES	PROGRESS
Increase energy efficiency throughout the Firm	<ul style="list-style-type: none"> • Communicate action plan to employees through orientation sessions and informational flyers • Apply energy saving action plan in Egypt 	<ul style="list-style-type: none"> • Implementation of the energy efficiency action plan (including measures such as the installation of LED light bulbs and thermal window film and the encouragement of energy-saving behaviour) has resulted in energy savings of up to 50% of energy consumption in some areas at the Egypt HQ.
Reduce waste and resource misuse	<ul style="list-style-type: none"> • Offer e-statements as an alternative to paper statements • Initiate in-house recycling initiatives 	<ul style="list-style-type: none"> • E-statements will be provided to clients as an alternative in 2016. • A number of recycling and resource conservation initiatives were implemented. These include the save-waste campaign, paper recycling and reuse in Egypt and Jordan; mandatory double-sided printing; server virtualization; and e-waste recycling, among others.
Enhance career learning and development opportunities	<ul style="list-style-type: none"> • Increase average number of training hours per employee • Allocate an annual increase in learning and development budget • Develop internship programme and evaluate satisfaction of interns 	<ul style="list-style-type: none"> • Over 5,900 hours of training by the end of January 2016 (Note: our training year doesn't end until March 30, 2016.) • Increase of 16.67% in the learning and development budget for 2015-2016. • Double the intern intake with 90 interns in summer 2015 compared to 45 in summer 2014. • Employee fitness packages through the 'Fit for Life' fitness programme at the on-site gym.
Enhance communication between employees and management	<ul style="list-style-type: none"> • Administer surveys to elicit employee opinion on potential service improvements • Monitor and report employee suggestions and grievances to make sure employee concerns are known to management and handled promptly 	<ul style="list-style-type: none"> • Administered a survey (62% completion rate) on medical insurance needs before contract renewal with the local medical insurance provider. • The CSC has incorporated a complaints and suggestions box and made employees aware of its purpose. • The Life Grant has been enhanced significantly with new benefits added.
Develop an ESG policy to complement other governance policies	<ul style="list-style-type: none"> • Conduct groundwork to prepare the ESG policy 	<ul style="list-style-type: none"> • Development of a Social and Environmental Management System in preparation for the ESG policy.

SUSTAINABILITY GOALS	ACTIVITIES	PROGRESS
<p>Become a signatory of UNPRI by 2016</p>	<ul style="list-style-type: none"> • Ensure that the 6 Principles are incorporated into the ESG Policy • Promote acceptance and implementation within the private equity and investment banking departments • Report on progress of team in preparing to adopt the 6 Principles 	<ul style="list-style-type: none"> • Preliminary groundwork undertaken to prepare the ESG policy and to incorporate the UNPRI's 6 Principles.
<p>Increase investment in sustainable initiatives</p>	<ul style="list-style-type: none"> • Integrate sustainability reporting into requirements for investment banking clients 	<ul style="list-style-type: none"> • Renewable energy has become a key focus for the energy and infrastructure side of EFG Hermes' private equity. • In 2016, the Firm is looking to deploy a substantial amount of equity into wind and solar in Europe and MENA.
<p>Develop policies that govern relationship with business partners and suppliers</p>	<ul style="list-style-type: none"> • Conduct groundwork to prepare a supplier relationship policy 	<ul style="list-style-type: none"> • Development of a supplier code of conduct that our suppliers must sign prior to doing business with EFG Hermes.
<p>Address potential emerging risks and exposures from sustainability-related activities</p>	<ul style="list-style-type: none"> • Internal Audit will expand its scope to ensure that all new areas of risk are identified and mitigated 	<ul style="list-style-type: none"> • The audit team has been active in incorporating sustainability goals when reviewing business and support functions at EFG Hermes.
<p>Foster a sustainability-oriented culture</p>	<ul style="list-style-type: none"> • Internal Audit will closely monitor business compliance to sustainability-oriented practices 	<ul style="list-style-type: none"> • Internal Audit followed up with HR and Administration on their sustainability goals during internal audit engagements in 2015. This was to ensure they are upholding their commitment to sustainability and are implementing new sustainability policies like the Supplier Code of Conduct.
<p>Monitor business performance in achieving sustainability goals</p>	<ul style="list-style-type: none"> • Internal Audit will ensure continuous improvement on sustainability by following up on business performance 	<ul style="list-style-type: none"> • Internal Audit is renewing its commitment to monitor, assess and, where possible, strengthen business and support functions' sustainability efforts.
<p>Establish an employee complaint system</p>	<ul style="list-style-type: none"> • Establish an online employee complaint system to allow employees to express grievances 	<ul style="list-style-type: none"> • 'Voice It' was launched as an online complaint account: voiceit@efg-hermes.com



RETHINK
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SAVE



WASTE

DIGITALIZING

DELIVERING FOR GENERATIONS



REAFFIRM: COMMUNITY STEWARDSHIP

In 2015, we reaffirmed our commitment to serving the communities in which we operate through projects developed and funded by the EFG Hermes Foundation.

Throughout the project development and funding cycle, our focus is steadfast on achieving the maximum sustainable impact not only by investing our resources wisely, but also by seeking synergistic partnerships and proactively engaging the affected communities in each project.

The EFG Hermes Foundation

Founded in 2006 as an independent, non-profit, non-governmental organization, the EFG Hermes Foundation's mandate is to assist people and institutions overcome the financial, educational and health-related challenges facing society by supporting innovative and sustainable high-impact programmes that increase the opportunities of those most in need. Over nine years, the Foundation has disbursed over EGP 50 million on integrated development programmes.

AL-MAKHZAN

Al-Makhzan Village Development Project is a leading example of a high-impact integrated development project that brings together a number of stakeholders in a dynamic partnership. In 2014, the EFG Hermes Foundation signed a Memorandum of Understanding with the Kuwaiti Initiative to Support the Egyptian People under the auspices of the Egyptian Ministry of Social Solidarity as part of continued efforts towards sustainable development. Under the agreement, the Kuwaiti Initiative pledged to provide KD 276,000 (approximately EGP 7 million) in donations from the Kuwaiti people to finance the integrated developmental project of the village of Al-Makhzan located in Qoos in the Governorate of Qena.

With a population of 15,000, Al-Makhzan is typical of many economically depressed Upper Egyptian villages. Eighty per cent of its population live under the poverty line and its economy is entirely dependent on agriculture and remittances from villagers working abroad or in urban areas of Egypt. The village is densely populated with narrow alleyways separating poorly built houses and little basic infrastructure.

In cooperation with the local Community Development Association (CDA), the Foundation enlisted the

help of technical experts to conduct an in-depth needs assessment and to develop a project feasibility study. In line with the EFG Hermes Foundation's multi-dimensional approach, the project involves initiatives in housing, health, education and food supply. Project elements include:

- Demolishment and rebuilding of houses for 28 families. All demolition and construction was undertaken using local contractors and resources to help revitalize the economy.
- Village-wide sanitation and the procurement of a sanitation truck to be managed and run by the CDA to generate income by providing services to adjacent villages.
- A study in cooperation with the CDA to construct pit latrines or septic tanks for the entire village.
- Refurbishment of the existing health unit.
- A new building within the existing school complex to ease class congestion and absorb additional students. The building is being constructed in close cooperation with the Educational Buildings Authority and is due to be inaugurated in 2016.
- A new bakery with a daily capacity of 4,000 loaves built in a record-breaking 35 days on land donated by a prominent member of the community.

MENTORSHIP

The Green Team developed two mentorship programmes in partnership with Microsoft Egypt. The aim of the programmes is to connect Egyptian university students and fresh graduates struggling to find their career paths with experienced professionals at EFG Hermes in a mutually-beneficial exchange of experiences over a six-month period. Our objective is to empower youth, prepare them for employment and guide them through their next career steps.

The mentorship programme also benefits the volunteers by developing their coaching skills and providing them with experience in leadership and community service. The call for volunteers was published on the EFG Hermes intranet and we currently have six active mentors.



FINANCIAL LITERACY

TUTORIAL VIDEOS: The Green Team developed four financial literacy tutorial videos. They provide an overview of capital markets, including basic financial definitions and ideas as well as more complicated concepts such as stock market dynamics. The tutorial videos disseminate EFG Hermes' knowledge and experience to the surrounding communities and benefit those with little to no financial background.

MICROSOFT'S EDUCATIONAL ONLINE PLATFORM: The EFG Hermes Foundation has partnered with Microsoft to expand the reach of its online financial literacy tutorials through the *Masr Ta3mal* web portal. *Masr Ta3mal* aims to institutionalise employability skills and services for Egyptian youth, creating a full eco-system that can successfully tackle Egypt's unemployment challenges. The initiative provides career guidance, skills assessments and hundreds of online courses, mentorship opportunities and peer-to-peer learning experiences to build youth capacity, match jobseekers with available jobs and encourage entrepreneurship.

THE MODEL EGYPTIAN STOCK EXCHANGE: The Foundation is also sponsoring the 'Model Egyptian Stock Exchange' (MESE) in partnership with Ain Shams University to empower students in the area of capital markets.

The MESE is also holding university-wide financial literacy sessions with the support of the EFG Hermes Foundation. Volunteers from EFG Hermes conduct sessions and manage the activity together with the students to deliver financial literacy tutorials.

UNIVERSITY WORKSHOP: The Green Team turned the financial literacy videos into a training curriculum presented at a workshop attended by 40 students at the Canadian International College (CIC).

HEALTH PROGRAMMES

The EFG Hermes Foundation has always placed special emphasis on funding vital healthcare initiatives in Egypt in collaboration with the public sector and civil society. From organising employee blood drives to supporting Hepatitis B vaccinations amongst university students and helping to expand the treatment of both Hepatitis C and cerebral palsy in Egypt, we are always looking to support initiatives where we can achieve maximum impact.

BLOOD DRIVES AT EFG HERMES: EFG Hermes Foundation successfully conducted three blood drives in 2015 to benefit almost 370 patients in need of blood in collaboration with the Triple Effect Program and the National Blood Transfusion Services.

EFG HERMES FOUNDATION

DONATE BLOOD AND SAVE A LIFE

Join our blood donation campaign on Tuesday, 8th of December from 11:00 a.m. to 3:30 p.m. on the first floor

ASSIUT UNIVERSITY ARTHROSCOPIC SURGERY

UNIT: In 2015, the EFG Hermes Foundation collaborated with Assiut University Hospital to provide much-needed surgical equipment for the arthroscopy unit. The new operating unit was made possible through a grant of EGP 900,000 from the EFG Hermes Foundation to support the purchase of machinery and equipment required to expand the hospital’s renowned services in the field of orthopaedic arthroscopic surgery. The new unit was inaugurated in November 2015 and effectively doubles the capacity of the university hospital to 1,400 surgeries each year in Upper Egypt, a region that typically suffers from a lack of quality medical services.



THE MOVE FOUNDATION: The EFG Hermes Foundation’s healthcare activities also extend to support for the MOVE Foundation for Children with Cerebral Palsy, a non-profit organization for underprivileged, disabled children.



YOUTH EMPOWERMENT PROGRAMMES

In 2015, the Foundation pledged to sponsor school trips for 20,000 public school students over four years to KidZania, an ‘edutainment’ facility that helps students explore and benefit from hands-on, entertaining learning experiences. The Green Team engaged with EFG Hermes’ blue collar employees through the Foundation’s partnership project with KidZania. So far, twenty blue collar employees were awarded tickets to attend KidZania with their children for a day.



“ Mentoring a start-up and watching my expertise transform into a tangible, successful business model is very rewarding. It’s also one of the best tools we can use to give back to the community. I have been involved in mentorship programmes since 2012 and I am proud to have been able to use my knowledge to advise Microsoft on moving forward with their own mentorship programme in partnership with EFG Hermes. ”

Haytham Sabry
Director – Private Equity
EFG Hermes

“ People have a misconception that investing in the stock market is like gambling. I wanted to use my knowledge and experience to raise community awareness and explain how the stock market is actually a tool to connect capital with entrepreneurs; an opportunity to drive growth and positively affect our economy. ”

Amr Shoaeb
Regional VP-Compliance
& AML Officer
EFG Hermes

“ Thanks to the EFG Hermes Foundation’s support, we have managed to secure the latest equipment and to train our employees in the latest medical, educational and academic methods available for the treatment of cerebral palsy. The positive effect on our children’s quality of life is just amazing. ”

Noha
Administrator
MOVE Foundation for
Children with Cerebral Palsy

“ Microsoft greatly appreciates EFG Hermes’ role in empowering Egyptian youth through mentorship and consultancy for start-ups. The time invested by EFG Hermes’ experienced professionals is invaluable in helping young people realize their potential. ”

Ghada Khalifa
Citizenship Lead
Microsoft Egypt

“ My daughter Judy could barely sit up alone when she came to MOVE in 2012. I used to dream of seeing her move independently like other children. Thanks to MOVE, today she can stand on her own and she even takes a few steps. The staff embraced her and made her love the place. They are amazing. It’s truly a miracle. ”

Om Judy
Mother Beneficiary
MOVE Foundation for
Children with Cerebral Palsy

COMMUNITY STEWARDSHIP: GOALS, ACTIVITIES AND PROGRESS

SUSTAINABILITY GOALS	ACTIVITIES	PROGRESS
Extend the scope of the EFG Hermes Foundation to operate throughout the entire region	<ul style="list-style-type: none"> • Conduct Foundation orientation sessions in Dubai and Kuwait offices • Continue to network with regional sustainability initiatives 	<ul style="list-style-type: none"> • Incorporation of the Foundation's mission, vision and activities in the sustainability presentation shared with employees via the company's regional intranet. • Participation in several regional conferences on sustainability initiatives.
Communicate records of performance and activities to stakeholders	<ul style="list-style-type: none"> • Raise awareness on employee-led, country-specific community activities • Communicate achievements through the Foundation's website & newsletter 	<ul style="list-style-type: none"> • The newsletter now includes a section on sustainability highlighting the activities being undertaken in each country of operation. • All Foundation activities are updated regularly on the website.
Engage the employees in volunteering initiatives to support community capacity building and financial literacy programmes	<ul style="list-style-type: none"> • Conduct stock market simulator sessions for communities in Egypt, Kuwait and Dubai • Sign the EGX MOU to expand the Stock Market Simulator • Continue regional employees' monthly cash contribution to the Children's Cancer Hospital 57357 in Egypt • Blood Donation Campaign in Egypt, Kuwait and Dubai 	<ul style="list-style-type: none"> • The Mentorship Programmes were launched in partnership with Microsoft Egypt. To date, six mentors are active. • The Green Team developed four financial literacy tutorial videos. • Sponsorship of the Model Egyptian Stock Exchange and financial literacy tutorials at Ain Shams University. • University workshop on financial literacy at the Canadian International College. • Partnership with Microsoft's online educational platform '<i>Masr Ta3mal</i>'. • Seventy-eight employees from Egypt and regional offices continue to provide support to 57357 on a monthly basis with donations amounting to EGP 192,000 yearly. • Three blood drives at the EFG Hermes HQ to benefit almost 370 patients. • The Foundation also supported the Dubai Office in conducting a blood drive.

SUSTAINABILITY GOALS

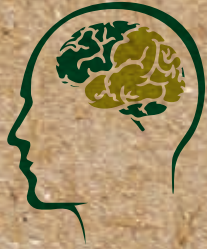
Develop and implement integrated development projects

ACTIVITIES

- Start initial activities in Al-Makhzan
- Partner with NGOs and government agencies to develop a capacity plan for Al-Makhzan
- Develop a sanitation plan with the Governorate of Qena
- Develop a plan to identify villages in Qena and Sohag targeted for integrated development initiatives

PROGRESS

- A new school building is under construction in close cooperation with the Educational Buildings Authority and is due to be inaugurated in 2016.
- Houses for 28 families have been demolished and rebuilt.
- A new bakery was constructed and the health unit was refurbished.
- An in-depth needs assessment, project feasibility study and capacity building plan.
- A study in cooperation with the CDA to construct village-wide sanitation.
- A needs assessment for other villages in Qena has been conducted through desk-top research and field visits. The project is awaiting government completion of a water and sanitation maintenance plan in order to move forward.



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EFG HERMES' SUSTAINABILITY GOALS AND ACTIVITIES – 2016

SUSTAINABILITY GOALS

ACTIVITIES

Stakeholder Engagement

Ensure that shareholders and clients share EFG Hermes' vision of sustainability

Secure employee support for sustainability initiatives and commitments

Develop policies and procedures that integrate sustainability across all business lines and activities

Continue Membership in the UNGC

The Corporate Sustainability Committee and the Green Team will continue their sustainability efforts in the following areas:

- Employee engagement;
- Stakeholder outreach;
- Development of sustainability policies;
- Support to management in the integration of sustainable business frameworks; and
- Sustainability reporting.

Administration

Increase energy efficiency throughout the Firm

Expand the paper recycling programme

Monitor electricity and water consumption

- Substitute regular light bulbs in the basement of EFG Hermes' HQ with energy efficient LEDs.
- Conduct a feasibility study to determine the energy saving potential of solar heat sheets and solar heaters instead of electric heaters for the Firm's warm water needs.

- Initiate a contract with a paper recycling facility to recycle the Firm's shredded paper waste.

- Report quarterly on electricity consumption at EFG Hermes HQ and branch offices.
- Report semi-annually on water consumption at EFG Hermes HQ and branch offices (contingent upon data availability).

Information Technology

Create a sustainable procurement channel for IT purchases

- Unify and centralize the purchasing channel for software modules and hardware devices to establish an efficient purchasing workflow across the IT department.
- Confirm that all IT Suppliers have signed the 'Supplier Code of Conduct'.
- Explore the option of integrating a system control that requires the Supplier Code of Conduct to be signed prior to any purchases.

SUSTAINABILITY GOALS

ACTIVITIES

Information Technology

Reduce paper consumption and enhance the digital archiving system

Increase green IT activities

- Study the paperwork cycles (usage, workflow, etc.) within each department.
- Digitize and automate internal business processes converting them to workflows on the portal.
- Report on the department's green IT activities.
- Enhance the technical solutions provided to save energy and resources.
- Increase the usage of recycled toner cartridges versus new toner cartridges.
- Enhance 'smart infrastructure' including server virtualization and cloud storage.
- Continue IT awareness campaigns via email briefs and cyber security training.

Human Resources

Enhance learning and development opportunities

Increase employee engagement & communications

- Continue to increase the number of training hours across the Firm.
- Reduce the percentage of employees who have never received training.
- Secure an increase in the L&D budget.
- Further embed the EFG Hermes Experiential Learning Programme by increasing the number of interns.
- Identify one or two areas of concern to the EFG Hermes population and run targeted surveys to pinpoint key issues that require attention.

Compliance

Develop the ESG Policy for EFG Hermes

- Work with all departments to develop the ESG policy in accordance with international standards.

Private Equity

Become a signatory of UNPRI by 2016

- Ensure that the 6 Principles are incorporated into the forthcoming ESG policy.
- Promote acceptance and implementation within the private equity and investment banking departments.
- Report on progress in preparing to adopt the 6 Principles.

Community Stewardship

Extend the scope of the EFG Hermes Foundation so that it can operate throughout the entire region

Communicate records of performance and activities to stakeholders

- Implement EFG Hermes' social purpose with focus on Egypt and Jordan.
- Raise awareness on employee-led, country-specific community activities.
- Communicate 2016 achievements internally and externally through the Foundation's website and newsletter.

SUSTAINABILITY GOALS

ACTIVITIES

Community Stewardship

Engage employees in volunteering initiatives to support community capacity building and financial literacy programmes

- Develop a second financial literacy tutorial focusing on one of EFG Hermes' business lines.
- Explore the possibility of adding two initiatives that address conditions such as cerebral palsy, autism or Down's syndrome.
- Continue to raise awareness among regional offices and encourage staff to participate in blood drives.
- Continue regional employees' monthly cash contribution to the Children's Cancer Hospital 57357 in Egypt.

Develop and implement integrated development projects

- Refurbish houses in Al-Makhzan village.
- Implement village-wide sanitation works and pit latrines or septic tanks based on a study developed in cooperation with Al-Makhzan CDA.
- Extend Foundation services to fulfil beneficiaries' needs in other Qena villages once the government finalizes plans to develop water and sanitation services in Upper Egypt.
- Initiate a plan to empower women in rural areas through financial inclusion.

Internal Audit & Risk Management

Expand the scope of the current risk register to include environmental and social business risks associated with each department where relevant

- Establish an understanding of the business' sustainability goals and execution plans as soon as they are set in order to (i) intelligently relate them to the company's sustainability values to ensure that every sustainability opportunity is executed, and (ii) identify early on any new risk that might be introduced in an area or procedure as a result of new sustainability goals.
- Conduct extensive, on-going online research on global sustainability trends to identify new or existing risks and opportunities.
- Continue to review, assess, validate and follow up on progress in achieving sustainability goals during audit engagements.

Communicate internal audit reports in digital format only to conserve paper

- Develop a table to be included in internal audit reports documenting the amount of paper conserved and correlating the number to trees saved using Treehouse's online Tree Usage Calculator.

Monitor the Firm's sustainability programme

- Advise the CSC on identified sustainability best practices in each field to realize EFG Hermes' desired position as an above par responsible corporate citizen.

 EFGHERMES
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