



# New Frontiers

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≡ EFGHERMES  
المجموعة المالية هيرميس

Signatory of:

PRII Principles for  
Responsible  
Investment



“At EFG Hermes, we thrive on challenge. Our trailblazing commitment to the Principles for Responsible Investment provides us with the tools to conquer new sustainability frontiers and drive market change towards a more equitable future.”

Hanaa Helmy

Head of Corporate Social Responsibility

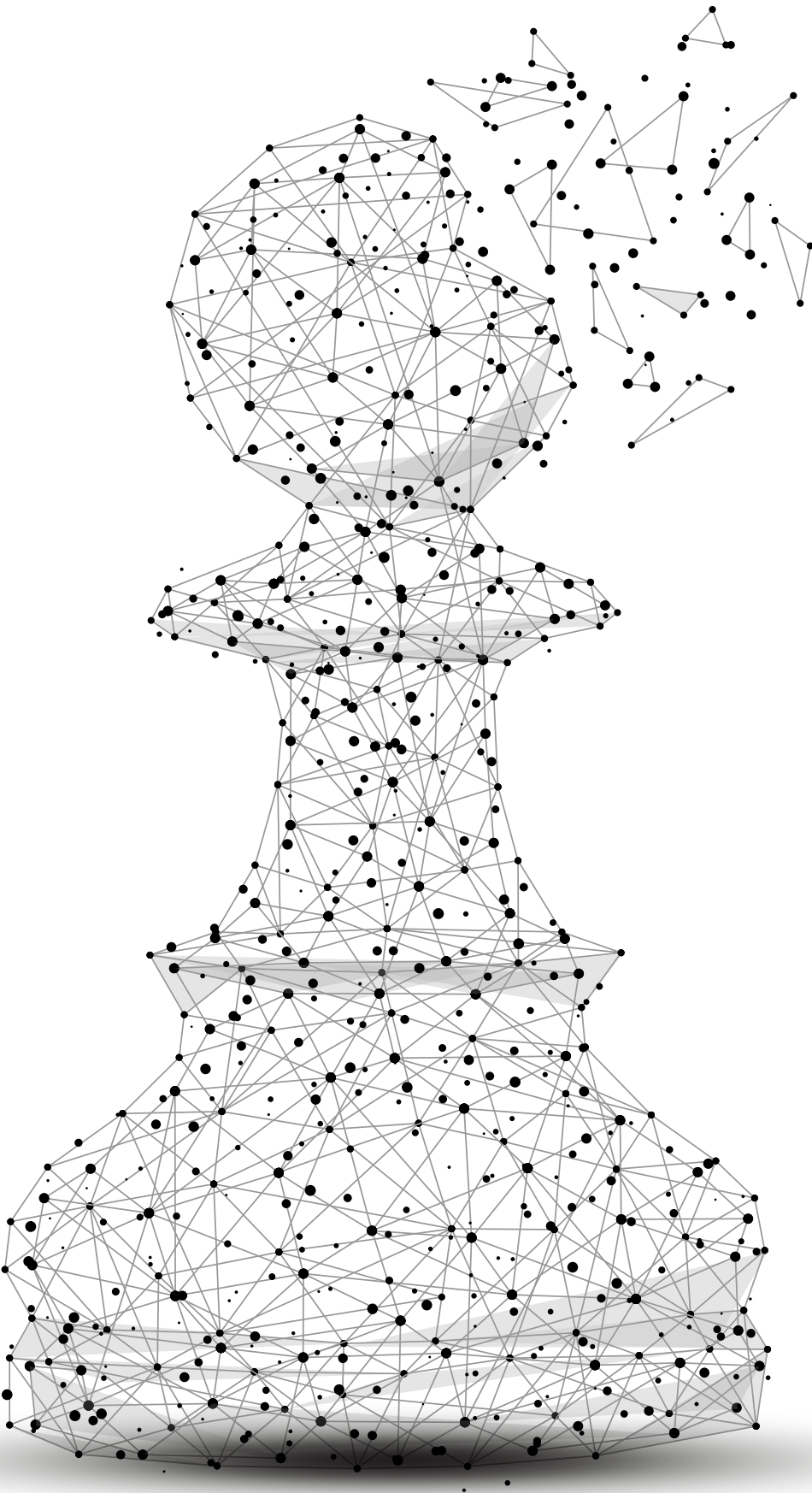
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# Abbreviations

Abbreviations

BCP	Business Continuity Plan
BSI	British Standards Institution
CP	Cerebral Palsy
CSR	Corporate Social Responsibility
EGX	Egyptian Stock Exchange
ESG	Environmental, Social and Governance
GCC	Gulf Cooperation Council
GCNE	Global Compact Network Egypt
HCV	Hepatitis C Virus
PRI	Principles for Responsible Investment
SAC	Sustainability Advisory Committee
SDGs	Sustainable Development Goals
UNGC	United Nations Global Compact
WEF	World Economic Forum





# Chairperson's Foreword





It is with immense pride that I present you with this year's sustainability milestones. Once again, we have demonstrated our commitment to a more equitable and inclusive future by becoming the first financial services corporation in Egypt to sign the United Nations Principles for Responsible Investment (PRI). This is a goal that we have been working for relentlessly since we defined our social purpose in 2014. On the one hand, it is a momentous achievement for us, made possible only by the drive and determination of our staff, the conviction of our management and the persistent support of our board of directors; on the other hand, it is a commitment that brings with it profound challenges and responsibilities in today's volatile and uncertain world.

Every year, the World Economic Forum (WEF) issues a Global Risks Perception Survey. Over the past ten years, environmental risks have come to dominate the top ten issues, both in terms of likelihood and impact. When we look back at 2017, many of the events that stand out in our memories are natural disasters: from flooding in Texas and Bangladesh to droughts and forest fires in California and Australia. 2018 looks set to be dominated by water scarcity issues as Cape Town becomes the first major city to face a complete shutdown of its water supply system, putting its agricultural, industrial and domestic sectors under extreme stress.

We cannot be complacent. As the leading Middle East and North Africa financial services corporation, we have responsibilities towards our shareholders, towards the communities where we do business, and, most of all, towards future generations. EFG Hermes has always been at the forefront of the local and regional investment markets. We do not follow trends, we create them. It is time for us to do so again.

Our commitment to the PRI comes at a point where we are not only ideally placed to face these complex challenges but also to take advantage of the innovative business opportunities inherent in a more sustainable business landscape. Our efforts to streamline our operations, enhance our governance

structure, and integrate sustainable practices have provided us with the agility necessary to evolve our business models and deliver products and services that are both sustainable and profitable.

In 2017, we officially adopted a policy to govern our approach to environmental, social and governance (ESG) issues and defined ESG guidelines for our business lines. We also continued to engage extensively with our stakeholders to champion sustainability issues and extend our sustainable investment portfolio.

I am also exceedingly proud to announce a third major integrated community development initiative spearheaded by the EFG Hermes Foundation for Social Development. The EGP 70 million Naga' El Fawal and El Deir Village Project perfectly illustrates the leading role EFG Hermes can play by bringing together diverse stakeholders to effect sustainable transformation for those most in need.

I thank you for your support and present you with EFG Hermes' fourth annual Sustainability Report.

Sincerely yours,

Mona Zulficar  
Chairperson



## A Note from our CEO





2017 was an exciting year for us on the sustainability front. We started the year by adopting our Environmental, Social and Governance (ESG) Policy and ended on a high note as we became signatories of the United Nations Principles for Responsible Investment (PRI), the global benchmark for investors and financial service providers to publicly demonstrate their commitment to responsible investment. As the first Egyptian financial services corporation to take this step, we understand that it brings with it many responsibilities but also provides us with the ability to create and seize new opportunities ahead of our competitors.

EFG Hermes understands very well how ESG issues can affect investment performance and expose us to potential investment risks. We believe that embracing ESG issues will not only make us better global citizens, but it will also make us more sensitive to strategic future scenarios, and better-equipped to meet competitive challenges, provide our clients with accurate and comprehensive advice, and keep pace with global growth. Integrating ESG factors within investment processes is no longer a luxury; it is a necessity.

The implementation of ESG considerations varies across our business lines. Specific guidelines have been developed for the Private Equity, Asset Management, Investment Banking and Research business lines due to the significant impact of ESG factors on their activities. We also believe that engaging with investee companies and initiating dialogue on ESG issues is in line with our objective of proactively managing ESG factors and acting as sustainability ambassadors within our field.

In tandem with our sustainability efforts, we have also restructured our management to streamline our operation and increase efficiencies. This will provide us with the needed agility to push forward with our strategy of expansion into frontier markets, both geographically, by expanding into new countries, and figuratively, by developing the market for sustainable investment.

In the meantime, we continue with ambitious efforts to expand our sustainable investments and activities. On the business side, our microfinance provider Tanmeyah continues to offer comprehensive microfinance solutions to owners of very small businesses across Egypt who would otherwise have no access to the banking sector. In addressing the needs of this large segment of society that is crucial to the country's economic growth, Tanmeyah has successfully captured a business opportunity that not only achieves strong financial returns, but also provides a means of achieving social mobility and thus, a path out of poverty for millions of Egyptians.

In terms of investment, we remain at the forefront of regional and global efforts to develop clean energy through the Vortex platform. Established in 2014, Vortex is currently one of the largest renewable energy-focused investment managers in Europe and clearly demonstrates our strong commitment to sustainable investing and business model innovation. In 2017, EFG Hermes also launched the Rx Healthcare Fund (under establishment), a private equity fund with a target size of USD 200mn that will capitalize on the rapidly growing demand for affordable, high-quality healthcare services across the African continent.

We are also excited to announce the launch of the Academy, our flagship talent development programme. Our employees are the key drivers of the Firm's success. Their diligent work ethic and tireless dedication have built EFG Hermes into the MENA region's top financial services firm. The Academy is designed to cultivate the key competencies and leadership capabilities of our employees and provides our current and future leaders with the on-the-job expertise they need to grow professionally and contribute to EFG Hermes' success.

In terms of corporate citizenship, the EFG Hermes Foundation for Social Development remains at the forefront of integrated development in Egypt. In 2017, the Foundation joined forces with central and local government entities, civil society, and the private sector to inaugurate the Naga' El Fawal and El Deir Village Project. The initiative builds upon the Foundation's previous successes in the rehabilitation and integrated development of distressed rural communities in Upper Egypt.

As always, we are committed to protecting our employees, clients and their assets at all times and uphold the highest levels of transparency and accountability. In 2017, EFG Hermes enhanced its Business Continuity Plan (BCP) and became the first investment bank in the Middle East and North Africa certified by BSI for compliance with ISO 22301:2012 requirements.

The journey towards a more sustainable future continues in 2018. We are proud of our achievements but understand that this is just a beginning. Over the years, we have cultivated many attributes that have made us leaders in our field. We believe that it is these same qualities that will help us solve our communities' most pressing problems and, as always, we look forward to the challenge.

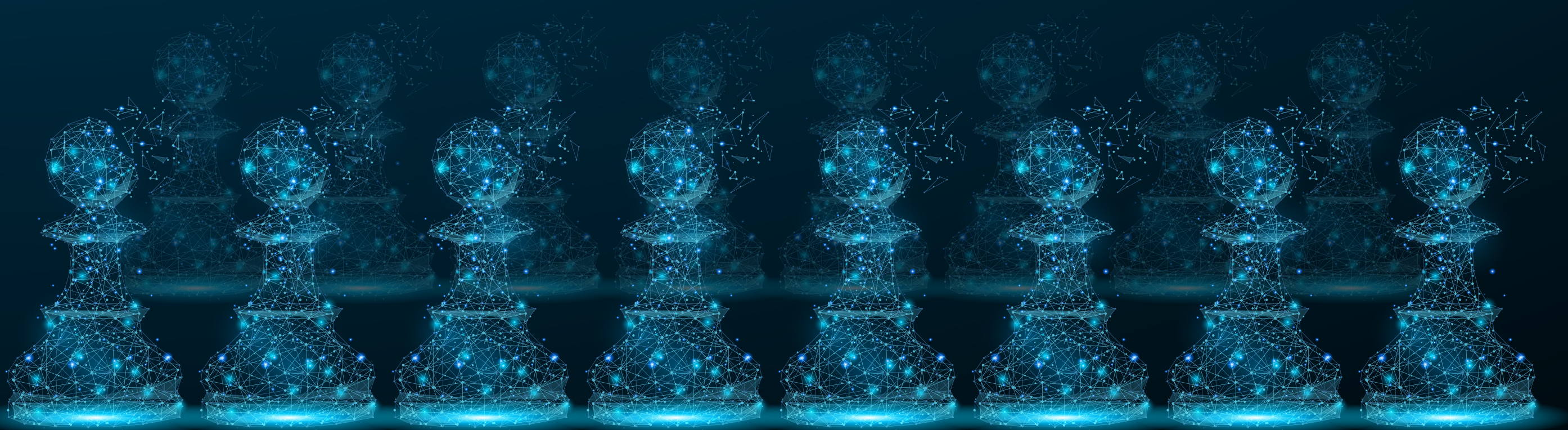
I thank you for your continued support and invite you to consider our progress in this, our fourth annual Sustainability Report.

Sincerely yours,

Karim Awad  
Group Chief Executive Officer



Who we are





EFG Hermes first started in Egypt 30 years ago. Today, after three decades of continued success, it has become the region's leading financial services corporation, boasting a footprint spanning ten countries in the Middle East, North Africa, Europe, the USA and Asia.

Drawing on our proven track-record and a team of more than 3300 talented employees, we provide a wide spectrum of financial services that include investment banking, asset management, securities brokerage, research and private equity to the entire region. Our Egypt-focused Non-Bank Financial Services Platform provides leasing services and highly sought-after, value-added advisory to large corporations and SMEs through EFG Hermes Leasing and Tanmeyah Microenterprise Services, the nation's largest private-sector provider of microfinance services.

Four intrinsic values have governed our firm since its founding in 1984: Leadership, Value Creation, Commitment and Integrity. It is our commitment to these values that has set us apart from our competitors by informing all aspects of our strategy and nurturing a culture of mindfulness, diversity and inclusion. The Six Ps of our strategy: People, Products, Positioning, Presence, Profitability, and Public Responsibility function as the key pillars supporting our operations and the benchmark of our performance.

We constantly strive to push ourselves beyond the borders of our existing markets, creating new opportunities and developing ground-breaking services. Our strategy is to focus on two main pillars: product diversification and geographic expansion into frontier markets.

It is this opportunity mindset that has prompted us to tackle another new frontier: After extensive preparation throughout 2017, EFG Hermes is proud to be the first Egyptian financial services corporation to become a signatory of the United Nations Principles for Responsible Investment (PRI).

## EFG HERMES... EXPANDING INTO NEW FRONTIERS

The first and only Arab  
investment bank to advise  
regional governments  
on long-term growth  
strategies.

The leading financial  
services corporation  
serving emerging and  
frontier clients across 10  
countries in the Middle  
East, North Africa, Europe,  
the USA and Asia.

The first financial services  
corporation in Egypt to  
become a signatory of the  
United Nations Principles  
for Responsible Investment  
(PRI).



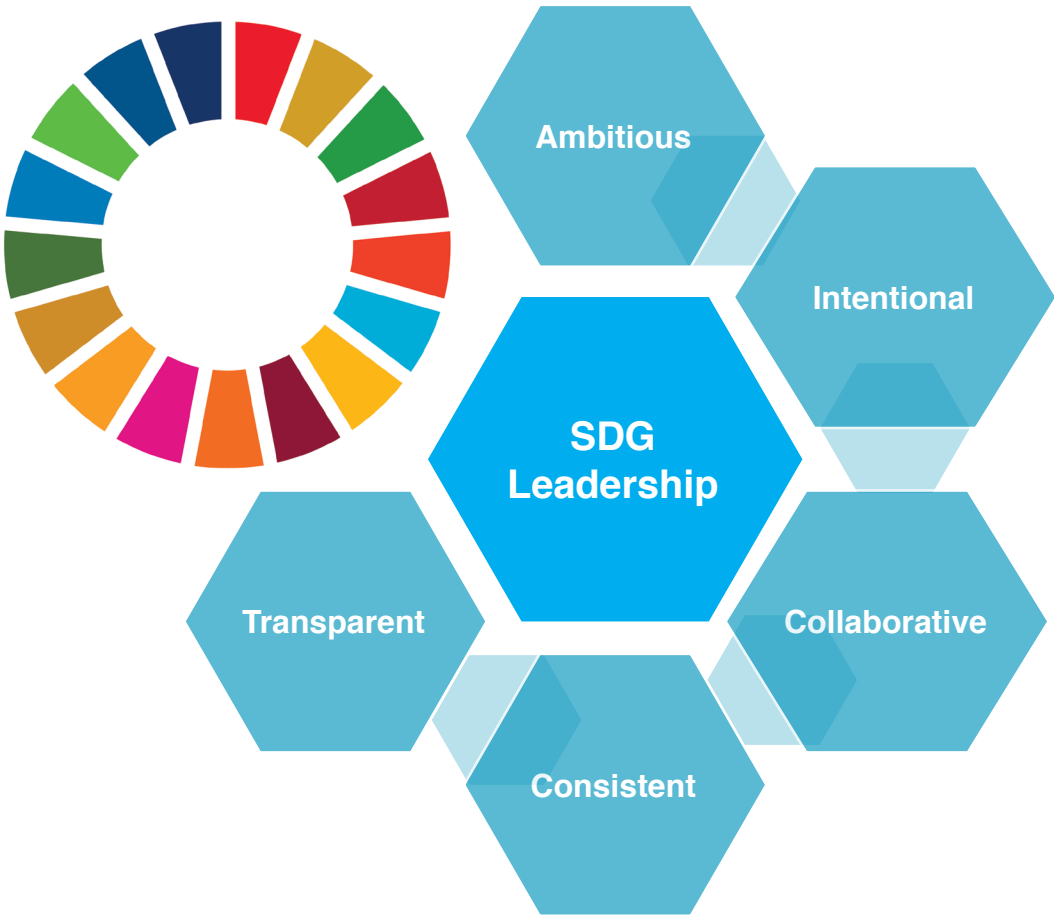


# Journey to Sustainability



As with all our endeavours, we aim to be leaders in the field of responsible investment and in incorporating the Sustainable Development Goals (SDGs) throughout our operation. The United Nations Global Compact (UNGC) has issued a *Blueprint for Business Leadership on the SDGs* identifying five qualities for business leadership on sustainability: Business actions must be **ambitious, collaborative, intentional, consistent and transparent**.<sup>1</sup>

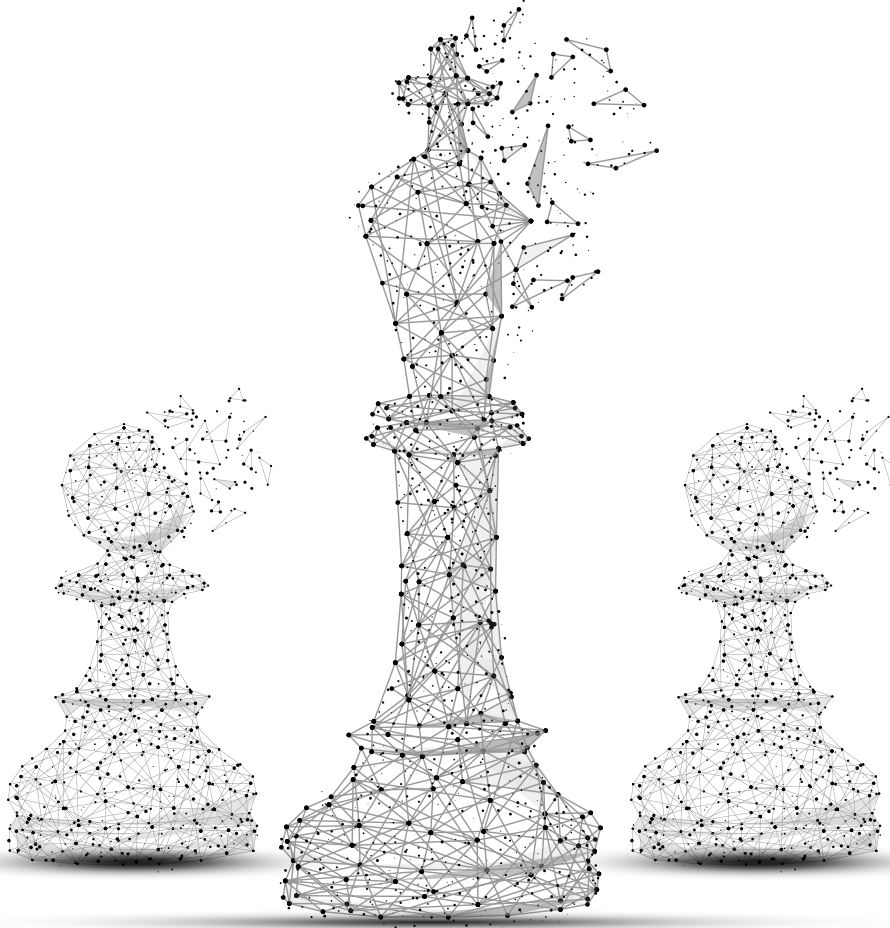
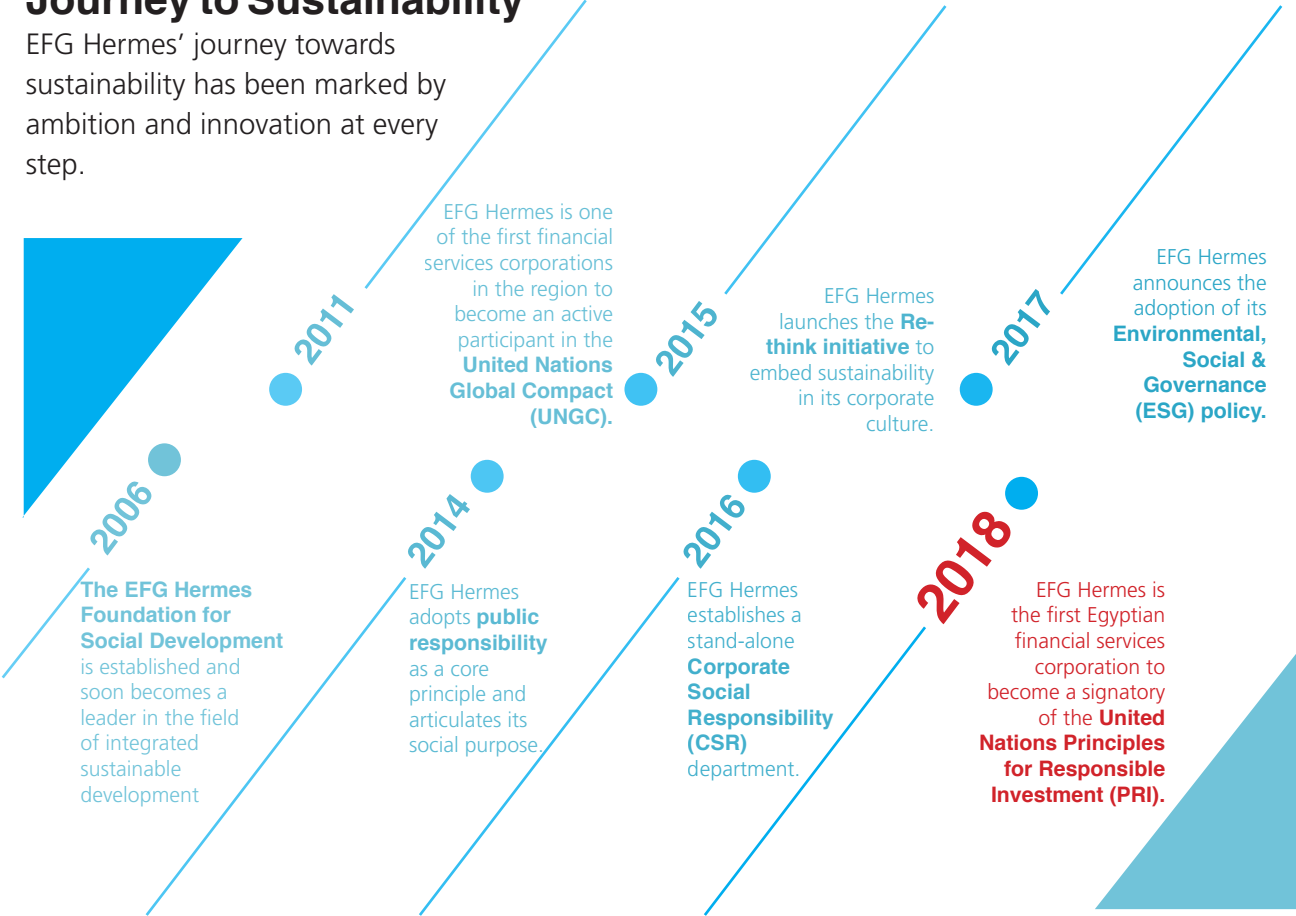
In 2017, we examined how to apply these leadership qualities to support achievement of the SDGs and adopted several ambitious, systemic measures designed to underscore our commitment to sustainability and embody the five qualities of SDG leadership.



<sup>1</sup> United Nations Global Compact, *Blueprint for Business Leadership on the SDGs: A Principles-Based Approach*, 2017.

Journey to Sustainability

EFG Hermes' journey towards sustainability has been marked by ambition and innovation at every step.





# Ambitious

*Our level of ambition has always been greater than that of our peers.  
We take pride in always being ahead of the market, breaking barriers  
and creating value where others see only risk.*



The six Principles for Responsible Investment are a voluntary set of investment principles developed by investors, under the leadership of the United Nations. They offer a range of actions to help investors incorporate environmental, social and governance (ESG) issues into investment practice and to encourage adoption of sustainable investment practices. In 2016, over 1,000 signatories across the globe reported publicly on their progress in implementing the six Principles.

“Taking ESG factors into account is practically unheard of in many of the markets where we operate. Eventually, the markets will catch up, and we will be ready.”

Khalil El Bawab  
Managing Director  
EFG Hermes Asset Management

“The challenge is to get more investors to value responsible investment, but I believe this is where we can differentiate ourselves.”

Mostafa Gad  
Co-Head  
EFG Hermes Investment Banking

As long-term investors acting in the best interests of our beneficiaries and clients, we believe it is our duty to examine the impact that our investments have on the environment and the communities where we do business. Our social purpose articulates our commitment to leveraging our financial expertise and capitalizing on our human talent to create sustainable value for our stakeholders and the communities we serve. As such, it aligns perfectly with the spirit and goals of the six Principles.

The Six Principles for Responsible Investment

1. We will **incorporate ESG issues** into investment analysis and decision-making processes.
2. We will **be active owners** and incorporate ESG issues into our ownership policies and practices.
3. We will **seek appropriate disclosure** on ESG issues by the entities in which we invest.
4. We will **promote acceptance and implementation** of the Principles within the investment industry.
5. We will **work together** to enhance our effectiveness in implementing the Principles.
6. We will each **report** on our activities and progress towards implementing the Principles.

Assimilating the ESG mindset

In 2017, we laid the groundwork for becoming PRI signatories by developing and adopting an ESG strategy to support our goals. This process involved several activities which helped us develop a deeper understanding of the value of ESG, both to our business and to society.

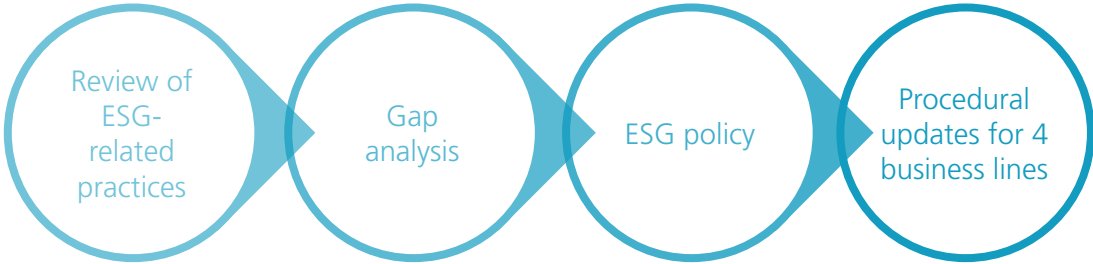
Working with an independent consultant we assessed our existing ESG-related activities and practices and identified barriers to ESG integration across business lines and support functions. The next step was to provide procedural updates and an implementation road map for four of our business lines: private equity, investment banking, asset management and research, as well as recommendations for various support functions.

Why ESG?

“Incorporating ESG in our investment process allows us to manage risk and create more value for our investors.”

Ahmed Eid  
Managing Director  
EFG Hermes Private Equity

The ESG Adoption Process - 2017



A competitive edge

“We’re seeing more and more investors request information on ESG issues. Providing this kind of data consolidates our position as the region’s leading research organisation.”

Hatem Alaa  
Director  
EFG Hermes Research

Adopting ESG gives EFG Hermes a competitive edge in the markets where it operates. Across the world, more and more investors are realizing the critical need to examine the sustainability dimensions of their investments. Integration of ESG considerations in investment decisions decreases uncertainty and provides a greater understanding of trade-offs thereby helping to manage risk and to minimize potential adverse impact on investment returns.

# Intentional

*Our support for the SDGs is an integral part of our commitment to creating sustainable value for our shareholders and communities.*





Over the past few years, EFG Hermes has undertaken several investments and initiatives that underline its commitment to sustainability and explicitly support one or more SDGs while at the same time offering attractive returns for shareholders and investors.

Vortex

EFG Hermes’ Private Equity division is at the forefront of regional and global efforts to invest in clean and sustainable energy through its renewable energy investment platform, Vortex. The platform clearly demonstrates our strong commitment to sustainable and responsible investing, and in particular, to SDG 7 as a part of our strategy to offer continuous technology and business model innovation.

“We have the flexibility to tailor and develop our strategy to suit overall sector and macroeconomic trends – this allows us to be more independent and agile.”

Bakr Abdel-Wahab  
Head of Energy  
EFG Hermes Private Equity

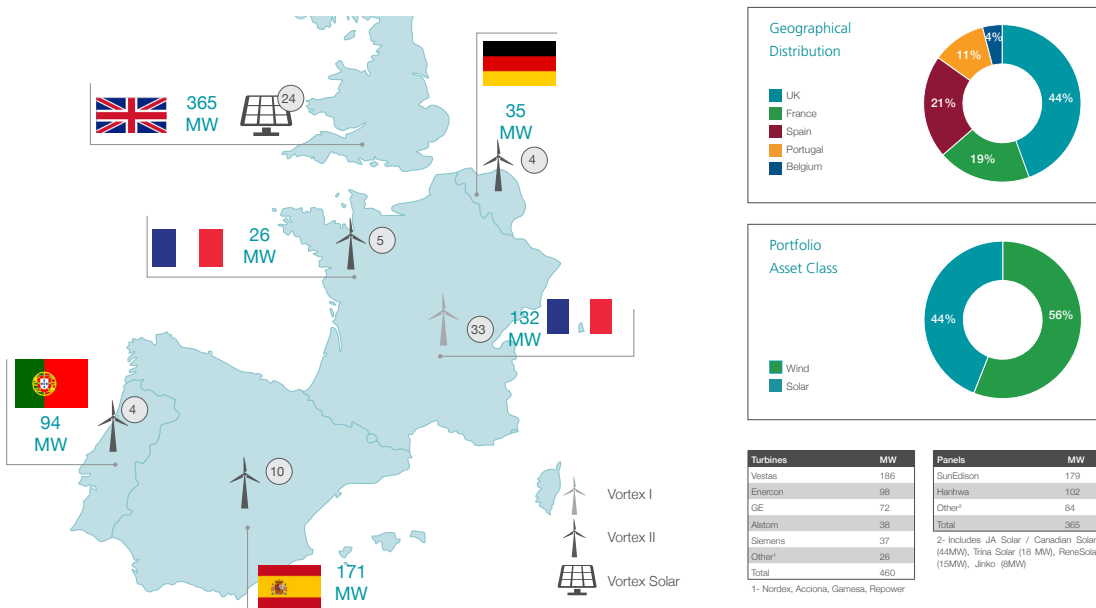
Established in 2014, Vortex is currently one of the largest renewable energy-focused investment managers in Europe. Vortex currently manages 822 MW in net capacity of solar PV and onshore wind assets across the United Kingdom, France, Spain, Belgium and Portugal, on track to achieve its target of 1.5 to 2 GW of net installed capacity within the coming years.

As of January 2018, EFG Hermes has closed three renewable energy transactions via its Vortex platform, bringing total renewable energy AUMs to c.EUR 1.3bn. The platform supplies c.400,000 households<sup>2</sup> with clean electricity annually, while continuing to generate higher than budgeted financial results and attractive returns to investors. The latter demonstrates Vortex’s ability to deliver strong financial performance, while contributing positively to a sustainable and cleaner future.



Vortex Energy Portfolio  
Building a Geographically Diversified Asset Base

Vortex Platform Currently Owns Net Operational Capacity of 822MW Spread over UK, Spain, Portugal, France and Belgium



<sup>2</sup> Calculated based on Vortex's net annual generation of c.1,500,000 MWh divided by the average household electricity consumption in the EU of c.4 MWh per year (2.5 MWh + 5.0 MWh /2), based on the European Commission [http://ec.europa.eu/eurostat/statistics-explained/index.php/Electricity\\_price\\_statistics#Electricity\\_household\\_consumers](http://ec.europa.eu/eurostat/statistics-explained/index.php/Electricity_price_statistics#Electricity_household_consumers)

Rx Healthcare Fund

In 2017, EFG Hermes launched the Rx Healthcare Fund (under establishment), a private equity fund with a target size of USD 200mn that will capitalize on the rapidly growing demand for affordable, high-quality healthcare services across the African continent. The Fund aims to build an integrated portfolio of strategic healthcare assets across the North African countries of Egypt, Tunisia and Morocco with a potential for expansion and replication in the vastly underserved Sub-Saharan healthcare markets particularly Kenya, Nigeria and Ethiopia.

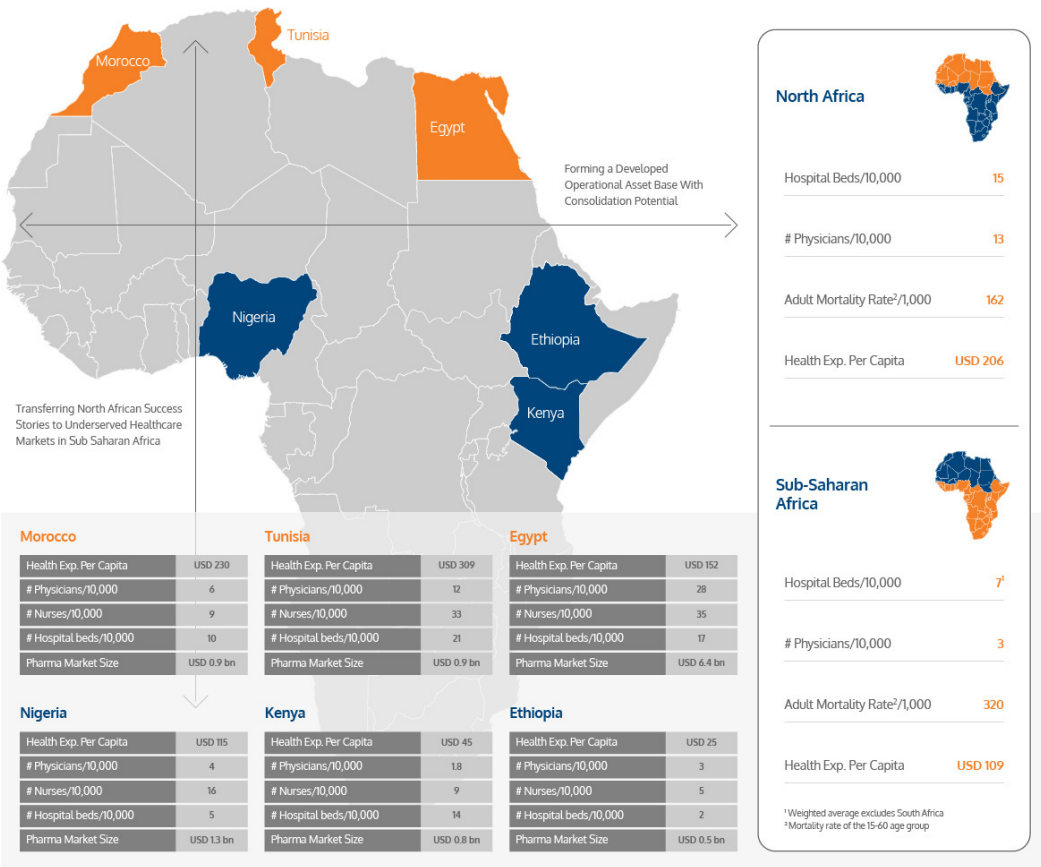


“Africa’s healthcare sector is unique in that it offers both the potential for superior risk-adjusted returns as well as the opportunity to invest responsibly in a critical sector that will have measurable impact on the wider economy.”

Prof. Dr. Hatem El Gabaly  
Chairman & CEO  
Rx Healthcare Fund

The Fund deploys a rigorous value creation strategy centred around the development of pan-African healthcare platforms along three distinct verticals covering diagnostics & therapeutic services, hospitals (general and specialized), and pharmaceuticals or other complimentary subsectors of healthcare across the continent.

Historically, Africa has had to bear more than 25% of the global infectious disease burden. Non-communicable diseases, primarily cardio-vascular disease and diabetes, are also on the rise. Furthermore, the continent’s underdeveloped healthcare infrastructure suffers from a shortage of healthcare facilities and providers. The Fund will pursue a focused investment strategy by investing in established North Africa-based health-care companies with solid growth prospects, and a strong commitment to ESG best practices in support of the long-term advancement of global health and well-being (SDG 3).





# Tanmeyah

Tanmeyah Microenterprise Services is Egypt’s leading private-sector provider of microfinance solutions and a key element of the Firm’s non-bank financing platform that also includes EFG Hermes Leasing.

Tanmeyah offers comprehensive microfinance solutions to owners of very small businesses across Egypt who would otherwise have no access to the banking sector. In addressing the needs of this large segment of society that is crucial to the country’s economic growth, Tanmeyah has successfully captured a business opportunity that not only achieves strong financial returns, but also provides a means of achieving social mobility and thus, a path out of poverty for millions of Egyptians.

In 2017, Tanmeyah increased the number of its branches to 150 nationwide as part of its commitment to reducing economic inequalities across the country and supporting sustainable economic growth (SDGs 8 and 10). Tanmeyah is also an active participant in local community engagement projects, particularly those that further the development of human capital and help create jobs. The company has contributed to the establishment of vocational training workshops that teach carpentry and pottery to community members with special needs, so they can obtain the skills necessary to establish income-generating projects.





# Collaborative

*Partnership has always been a cornerstone of our corporate social responsibility activities.*





The EFG Hermes Foundation for Social Development was founded in 2006 as a non-profit, non-governmental organisation with a mandate to assist people and institutions overcome the financial, educational and health-related challenges facing our society today. The Foundation supports innovative and sustainable programmes that aim to empower disadvantaged communities and provide them with the tools to build and sustain a brighter future.

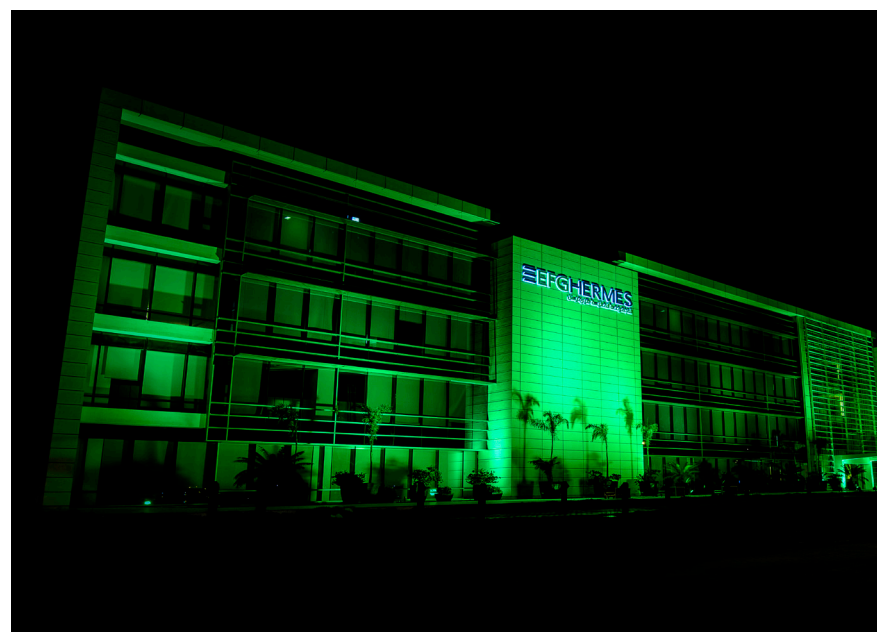
Development projects in Egypt usually focus on a particular sector such as education or sanitation. The EFG Hermes Foundation's integrated development approach is both ambitious and unique. It involves the rehabilitation of entire communities starting with infrastructure development and encompassing comprehensive economic and human development initiatives, as well as access to a variety of services. We rely on collaboration to maximize resources and ensure broad and lasting impact with a focus on today's most pressing issues including education, environment, gender equity, children rights, disease prevention, youth and economic empowerment.

To date, the Foundation has successfully reached 370,000 beneficiaries (2017) with projects throughout Egypt, each one leveraging successful collaborations with partners ranging from non-governmental organizations and national and international development agencies to government bodies and grass roots community service organizations.

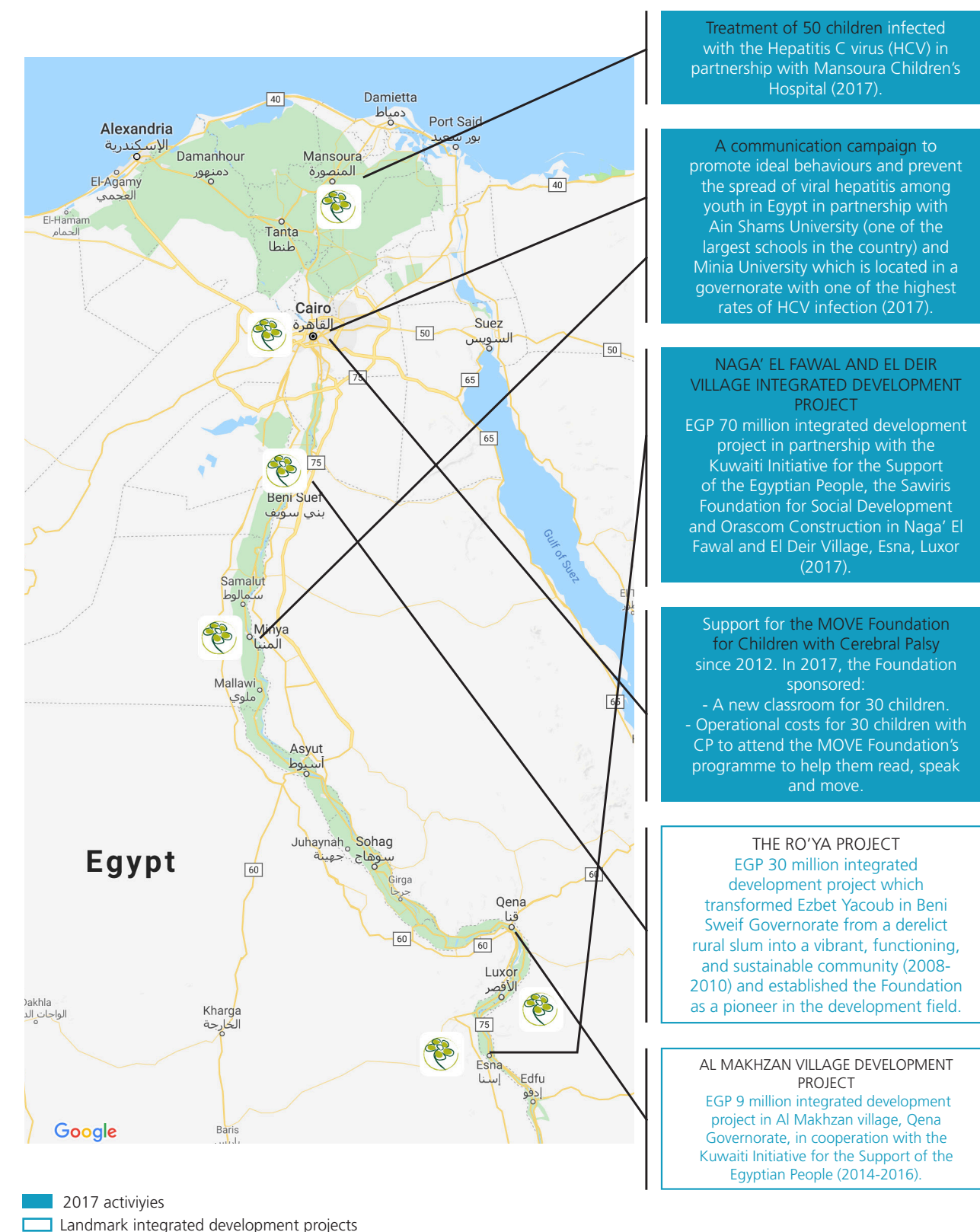
## Spotlight on... Employee Engagement

Actively engaging our employees in sustainability initiatives is a key part of our sustainability strategy. In 2017, we launched an internal campaign to raise awareness on World Cerebral Palsy (CP) Day.

Thanks to the compassion and civic responsibility of our employees, we subsequently succeeded in raising EGP 200,000 via a Ramadan wish tree initiative. The donated funds were used to provide children with CP with wheelchairs, books, clothes and vital medical care.



## The EFG Hermes Foundation across Egypt . . . 370,000 beneficiaries and counting



Naga’ El Fawal and El Deir Village Integrated Development Project

The Naga’ El Fawal and El Deir Village Project typifies the Foundation’s collaborative approach to integrated development. Throughout the year, the EFG Hermes Foundation, the Sawiris Foundation for Social Development and Orascom Construction joined forces in a dynamic partnership in collaboration with the Kuwaiti Initiative for the Support of the Egyptian People to realize an integrated sustainable development initiative in Naga’ El Fawal and El Deir Village, Esna, Luxor (Upper Egypt).

“This is more than just a partnership, but rather a prime example of partnerships exceeding the expected outcomes of individual endeavours to better serve the community.”

Karim Awad  
CEO  
EFG Hermes

“This agreement demonstrates the ongoing role that the private sector can play in initiating sustainable solutions to challenges facing under-privileged rural communities as well as addressing prominent thematic issues that impact the nation as a whole.”

H.E. Dr. Ghada Waly  
Minister of Social Solidarity

The village lies in an area with high rates of poverty and unemployment, limited access to healthcare, poor housing conditions, inadequate infrastructure, and few opportunities for economic independence. The EGP 70 million project aims to improve the lives of approximately 60,000 under-privileged citizens through investments in infrastructure development, educational opportunities and economic empowerment. The project design reflects the Foundation’s holistic approach to sustainable development and is based on a thorough gap analysis undertaken by the Foundation in conjunction with the Governorate of Luxor, local authorities and NGOs.

The results of the gap analysis highlighted the scale of the problems in the village, prompting the Foundation to seek partners, pool financial resources and skills sets, and commit to a long-term project to foster true economic and social transformation aligned with several SDGs.

The project includes plans to increase the skill level of the workforce and achieve ‘zero unemployment’ by creating new jobs and innovative opportunities. It is designed with the flexibility to respond to changing conditions and realise long-term potential by extending beyond the village and facilitating meaningful economic development in surrounding communities. The project also includes upgrades to housing and sanitation, renovation of a local health centre and the establishment of a bakery, a nursery and a community service centre.



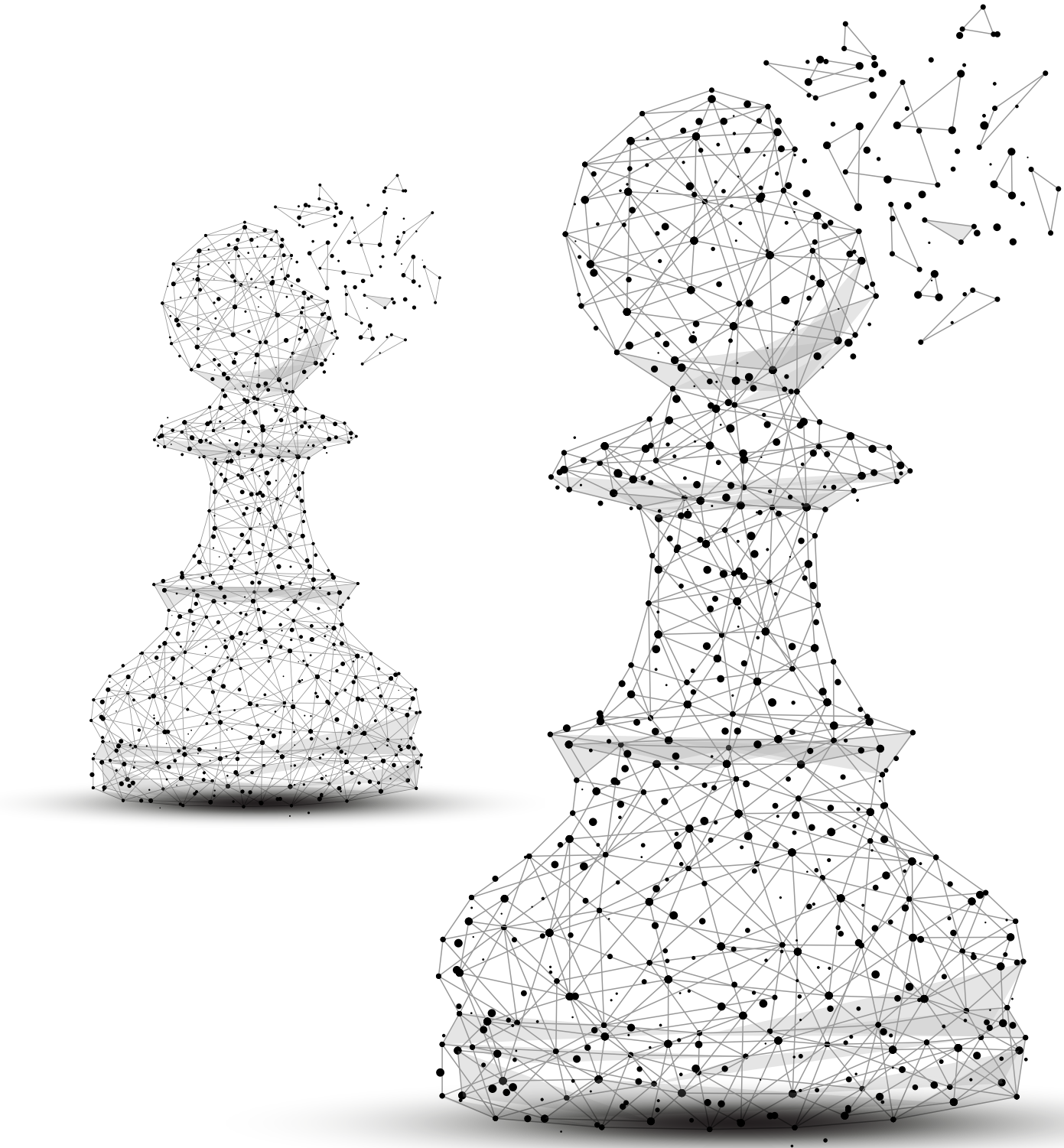
The Naga’ El Fawal and El Deir Village Project is the Foundation’s third integrated development project in Upper Egypt. Thanks to the experience gained in Ezbet Yacoub (Beni Sweif) and Al Makhzan (Qena) villages, the implementation team has been able to hit the ground running. By the end of 2017, they had...

- identified the project location;
- conducted a gap analysis;
- implemented a Montessori-based Training of Trainers (TOT) and literacy programme in a synergistic collaboration with the trainers from another Foundation beneficiary, the MOVE Foundation for Children with Cerebral Palsy;
- established partnerships with the Governorate of Luxor, the Ministry of Social Solidarity, village leaders and the General Organization for Physical Planning;
- finalized the paperwork required to break ground; and
- started the development of El Deir health unit.





In 2018, we look forward to establishing a community centre, a sewing workshop and a nursery in Naga' El Fawal. We will also deliver the full Montessori curriculum to future nursery teachers. On the economic side, we will initiate community economic empowerment training programmes, conduct training sessions for income generating micro, small and medium projects and establish an economic complex to serve both locations. In terms of infrastructure we will refurbish the water delivery network, construct the sanitation network and establish a water treatment plant in addition to demolishing and rebuilding houses in the first rehabilitation phase.





# Consistent

*Support for the SDGs is consistent across our operational functions and procedures thanks to the commitment of our staff and their efforts to embed sustainability in the Firm's culture.*



Since the start of our journey towards a more sustainable operation, we have made it a priority to instil sustainability as an immutable part of our corporate culture. Recognizing that our employees are the backbone of these efforts, we actively seek to cultivate their talent at every stage of their career to ensure that they have the tools and competencies to become effective leaders and innovators and manage the challenges we face in an increasingly volatile world.



### Cultivating Leadership

EFG Hermes’ employees are the key drivers of the Firm’s success, and we pride ourselves on being able to promote from within our own talent pool. Their diligent work ethic and tireless dedication have built EFG Hermes into the MENA region’s top financial services firm.

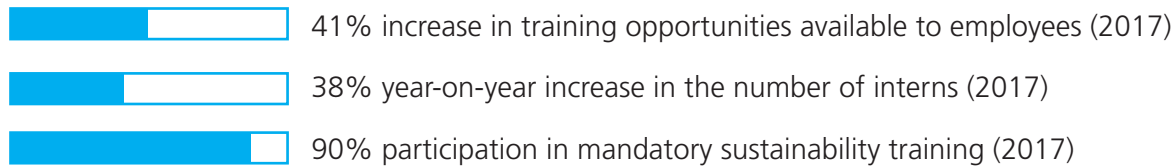


This has enabled us to capture new growth opportunities in emerging and frontier markets across the globe. Competition among financial institutions in the region is high. At EFG Hermes, we continuously search for innovative ideas to attract, develop and retain talent at all levels of our operation.

In 2017, we significantly increased our training budget to establish the Academy, a cutting edge online platform for professional development available to employees at all levels. The Academy is designed to help our employees take charge of their professional development and equip them with the skills they need to navigate a fast-paced work environment, progress in their career paths, and realize their full potential in a compelling and competitive financial market. It will provide high-quality online learning experiences tailored to help our employees harness their ambition and drive the growth of our firm whether they are analysts starting their careers or top executives shaping the Firm’s future.

The Academy uses a blended learning approach that includes classes, workshops, discussions, reading circles, and on-the-job activities to deliver effective learning tailored to various stages of employees’ careers within the Firm. Each level of The Academy equips employees with the knowledge and competencies needed to lead positive transformations within their divisions, thrive in their careers, and shape the Firm’s future success.

### Fast Facts



### Engaging with the Issues

EFG Hermes continues to champion sustainability issues within the investment and finance industry through membership in the Sustainability Advisory Committee (SAC) of the Egyptian Stock Exchange (EGX) and a founding member of the Global Compact Network Egypt (GCNE). The Firm also continues to be an active participant in the UNGC for the 8th year running.



On an internal level, the Firm actively engages with employees to keep sustainability issues at the forefront of all activities through ongoing internal awareness campaigns that highlight sustainable development issues and provide a deeper understanding of the SDGs. Total reach of social media posts in 2017 is estimated at approximately 400,000 hits. Employees are also encouraged to participate in voluntary activities promoting sustainability such as competitions, blood drives, fundraising activities, community development initiatives and social media engagement.

In recognition of our consistent efforts at the forefront of the drive towards sustainability, we have been recognised by several international organizations. In 2017, EFG Hermes was named the Best Sustainable Financial Provider by *The European* magazine. Our efforts were also recognized by the Business and Sustainable Development Commission and highlighted as an example of best practices in sustainability in the flagship report *Better Business, Better World – MENA*. EFG Hermes also remains one of only six MENA companies included in the FTSE4Good Emerging Index for the second year in a row.



Best Sustainable  
Financial Provider  
*The European's*  
Global Banking &  
Finance Awards



Best Practices in  
Sustainability  
*Better Business,  
Better World – MENA*  
Business & Sustainable  
Development  
Commission



FTSE4Good  
FTSE4Good Emerging  
Index  
One of only six MENA  
constituents



# Staying Green

At EFG Hermes premises, we have been continually looking for ways to reduce our environmental footprint and minimize the risks that come from our operations and supply chain. Different initiatives have been implemented across our regional offices and branches to conserve energy, minimize waste and increase the efficiency of our supply chain.<sup>3</sup>



## Energy Conservation

Installation of solar panels at the Egypt HQ with a capacity of 24KW which is equal to 2% of current electric consumption.

Promotion of Felsekka, EFG Hermes' carpooling initiative via the sustainability competition to encourage employees to reduce their carbon footprint. Ride numbers increased exponentially since the program launch in 2016 (7 rides in 2016 vs 137 rides in 2017).



## Green IT

40% energy savings thanks to the replacement of the legacy core switches in KSA.

100% utilization of virtual servers in Kenya and the UAE Boulevard.

2% increase in the virtual environment.

70% migration of EFG Hermes staff to cloud-based solutions.

Increase in the VM footprint KSA data center to reduce power consumption.

Discontinuation of legacy storage in an Egypt data center reducing overall power consumptions.



## Resource Management

80% reduction in paper printing volume thanks to tools such as EFG HR Connect which provides employees virtual access to internal documents such as CEO notes, leave requests, and approvals, latest corporate news, etc. This system will totally replace paperwork in all EFG offices in all regions to reduce waste and increase savings.

Installation of new recycling bins and continued recycling practices across all EFG conferences and events.

Safe disposal of all e-waste via certified companies in Egypt and the UAE.



<sup>3</sup> Images created by Macrovector - Freepik.com



# Transparent

*We pride ourselves on upholding the strictest measures in accountability and transparency and ensuring that our stakeholders feel they are in safe hands.*







In our push to initiate a new merchant banking model and pursue more expansion opportunities in emerging and frontier markets, we are acutely aware of the need for the highest levels of transparency, accountability and integrity. EFG Hermes upholds a strict culture of compliance, auditing and risk management that allows it to manage the rules and regulations of multiple authorities and regulators in Egypt, Jordan, the US, Gulf Cooperation Council (GCC) countries and beyond to our new frontier markets in Africa and Asia.

Signing up to the PRI also brings new reporting requirements that will be seamlessly incorporated into our existing stringent accountability matrix. In line with PRI reporting requirements and the EGX model guidance for reporting on ESG performance, EFG Hermes has made the EFG Hermes ESG summary policy available on its website and internal portal. Disclosures on EFG Hermes ESG integration efforts are made on an annual basis in the sustainability report.

Our Auditing, Compliance, Risk and Human Resource Departments continuously monitor and evaluate performance, benchmarks and policies. As the Firm moves to incorporate ESG best practices into every facet of the operation, the scope of our audit has expanded to include close monitoring of progress and outcomes related to sustainability and ESG KPIs. These stricter measures are designed to ensure that sustainability commitments and all applicable laws regarding labour, human rights, the environment and anti-corruption practices are met across all business lines, subsidiaries and markets.

## Business Continuity



EFG Hermes is committed to protecting its employees, clients and their assets always, whether during emergencies or significant business disruptions. In 2017, EFG Hermes launched its Business Continuity Plan (BCP) to facilitate the management of any incident that might potentially harm our employees or damage our premises while providing a reasonable, but not absolute, assurance of business continuity in the event of a disruption to the firm's normal operations.

The firm undergoes annual disaster recovery drills designed to ensure computing systems and networks are built with sufficient redundancies. The firm also requires all business units to conduct an annual exercise to ensure that personnel can be contacted at any time. In addition, BCPs are tested throughout the year to ensure that EFG Hermes and its clients are provided with the most beneficial recovery plan to their needs. EFG Hermes also uses satellite technology as an alternate communication channel with other offices in the region when regular internet and leased line services are interrupted.

The Business Continuity Team is responsible for the coordination and response procedures in the event of a disruption or possible disruption to normal operations. Liaison with regulatory authorities is a key aspect of their responsibilities.

On 4 January 2017, EFG Hermes became the first financial services corporation in Middle East and North Africa certified by the British Standards Institution (BSI) for compliance with ISO 22301:2012 requirements.





## A Continuing Journey



The past year was a landmark year in our journey towards sustainability. We are proud to have achieved our targets and are looking forward to a new phase in our commitment towards a more sustainable future. As PRI signatories, our priority now is to carry out the implementation road map across our business lines and support functions and to prepare to report on our progress according to PRI guidelines.

We will also continue to take steps to align our business with the SDGs, tailoring our approach to fit our overall investment strategy and goals. To maintain our leadership position, we must continue to prioritize sustainability actions, implement needed actions based on these priorities, and examine how our actions impact the SDGs in order to improve our performance.

We are also committed to acting as ambassadors of sustainability within the regional financial community. By sharing our experiences, we believe we can encourage wider uptake of responsible investment practices and amplify the impact of our commitment.

“Sustainability is not just an issue that we address through our corporate social responsibility programmes, but rather something that has become an intrinsic component of our business strategy.”

Mona Zulficar  
Chairperson  
EFG Hermes

Signatory of:

