

# FROM VISION TO REALITY

ACTIONABLE PLANS FOR SUSTAINABLE IMPACT



Sustainability Report 2021

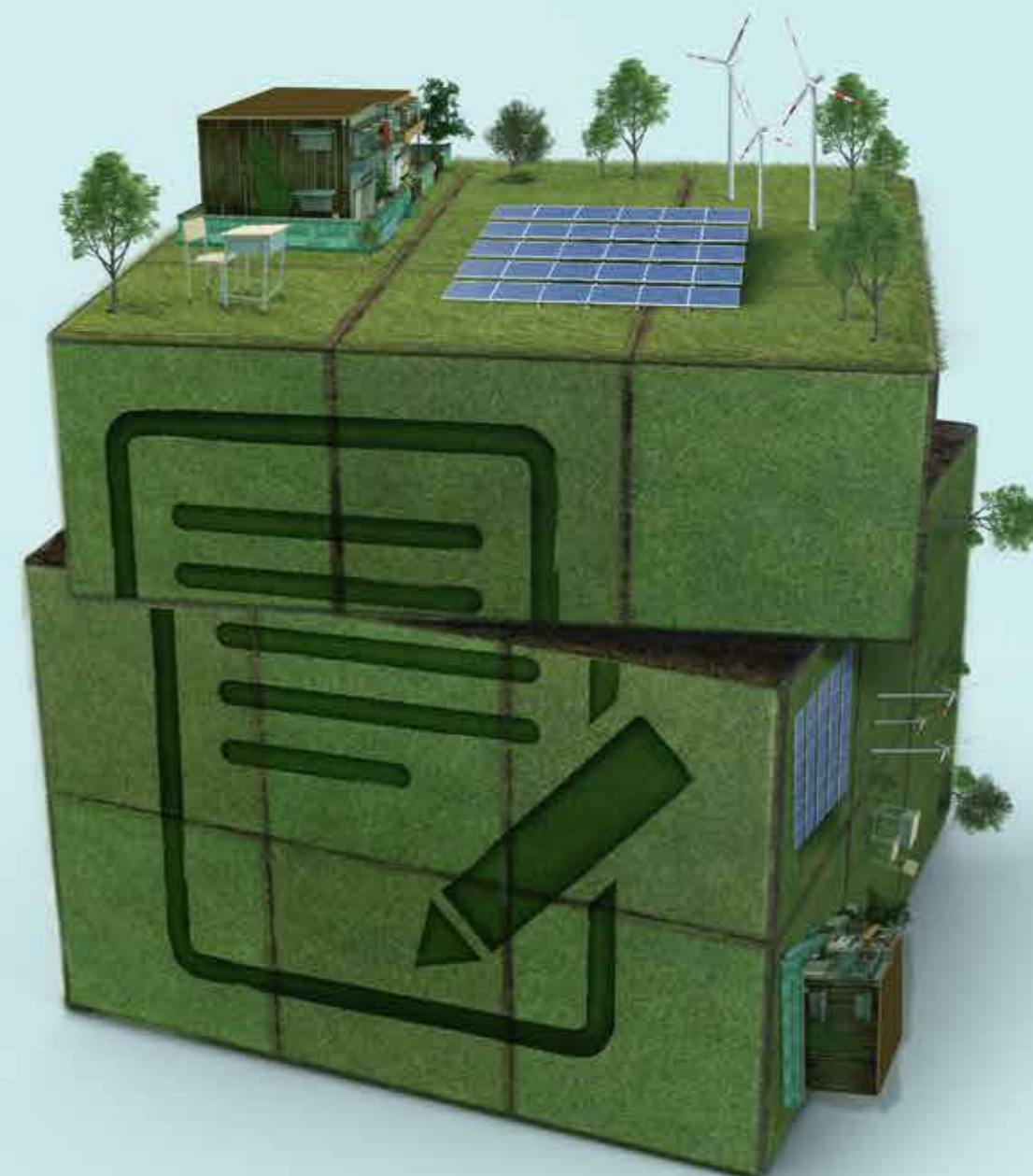
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## CONTENTS

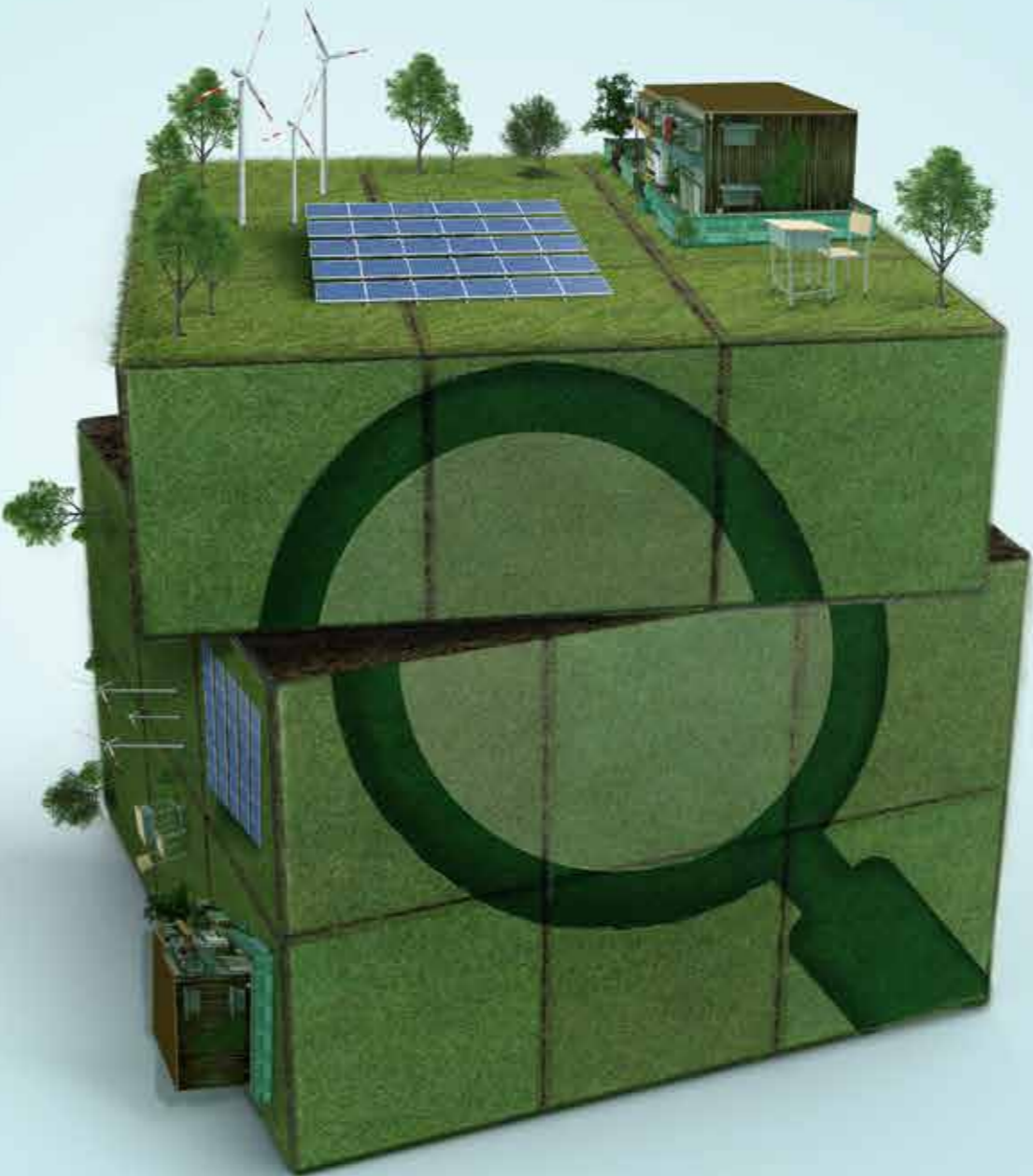
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Abbreviations	4
Chairperson's Foreword	8
A Note From Our CEO	12
Who We Are	16
Our Sustainability Framework	20
The ESG Policy Ecosystem	24
EFG Hermes in 2021 – Taking Action	28
Addressing Climate Change	32
Investing with Impact	40
Creating Economic Opportunity	52
Prioritising People	62
Advocacy & Engagement	80
Conclusion	86



# ABBREVIATIONS

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## ABBREVIATIONS

<b>AUMs</b>	Assets Under Management	<b>HR</b>	Human Resources
<b>CoP</b>	Communication on Progress	<b>IA</b>	Internal Audit
<b>CSR</b>	Corporate Social Responsibility	<b>NBFI</b>	Non-bank Financial Institution
<b>ESG</b>	Environmental, Social and Governance	<b>RxHM</b>	Rx Healthcare Management
<b>FEMs</b>	Frontier Emerging Markets	<b>SDGs</b>	Sustainable Development Goals
<b>GEI</b>	Gender Equality Index	<b>TCFD</b>	Task Force on Climate-related Financial Disclosures
<b>GEMS</b>	Global Education Management Systems	<b>UNGC</b>	United Nations Global Compact
<b>GHG</b>	Greenhouse Gas	<b>UN PRI</b>	United Nations Principles for Responsible Investment
<b>WEPs</b>	Women's Empowerment Principles		

# CHAIRPERSON'S FOREWORD

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## CHAIRPERSON'S FOREWORD

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It is with great pleasure that I present you with EFG Hermes' 2021 Sustainability Report. As the second year of the COVID-19 pandemic comes to a close and the world is faced with volatility of a different kind, it has become more clear than ever that societies, governments and institutions must work together for the survival of humanity. Nowhere is this more apparent than in addressing climate change. The world stands at a crossroads – the resources of the natural world form the basis of our economic system; their degradation poses risks not only to our investments and our ability to thrive but to our entire existence. The financial sector has a crucial role to play given its influence over investment decisions that affect the ecosystems we depend on.



EFG Hermes is the leading financial services corporation in frontier emerging markets. As such, we have a responsibility to our shareholders and the societies where we work. Every decision made in the finance industry results in real world impact somewhere. Sustainable finance has become a necessity if we want to weather the turbulence ahead. This translates not only to abstaining from financing industries that harm the planet but also to having the vision to finance new technologies. The transition to a carbon neutral world is one of the main areas where progressive investment decisions can have significant impact on mitigating the risk of climate change. As signatories of the United Nations Principles for Responsible Investment (UNPRI), we take this responsibility seriously, and I am proud to report that EFG Hermes is a pioneer in this field through Vortex Energy, our ground-breaking renewable energy investment platform and a core pillar within the Private Equity division of EFG Hermes. Formally established in 2015, Vortex Energy has a global mandate to invest in clean energy opportunities on behalf of sovereign, institutional, and strategic investors and maintains a firm commitment to clean energy and sustainable finance.

Over the past ten years, we have been making steady, determined progress towards full integration of environmental, social, and governance (ESG) issues in both our investment decisions and our operations as a whole. Today, the results of our efforts are clear: sustainability has become an immutable consideration in our investment decisions with clear actionable plans across all our business lines. We are committed to the highest standards of governance, continuously augmenting our levels of disclosure, and working to incorporate new metrics such as the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). We constantly engage

with our peers and stakeholders and consider ourselves ambassadors of sustainability and thought leaders when it comes to championing diversity and inclusion across our geographic footprint.

On the social front, our Foundation for Social Development has always been a pioneer in corporate social responsibility (CSR) endeavours, and we are happy to report that our signature integrated development projects continue to be at the forefront of model economic and social development initiatives in Egypt.

As the world stands at a generational tipping point, we are confident that we have the vision and tools to make impactful, responsible decisions and continue not only to provide value for our shareholders but also a more sustainable future for our children.

As always, I thank you for your continued support and I humbly present you with EFG Hermes' 2021 Sustainability Report.

Sincerely yours,

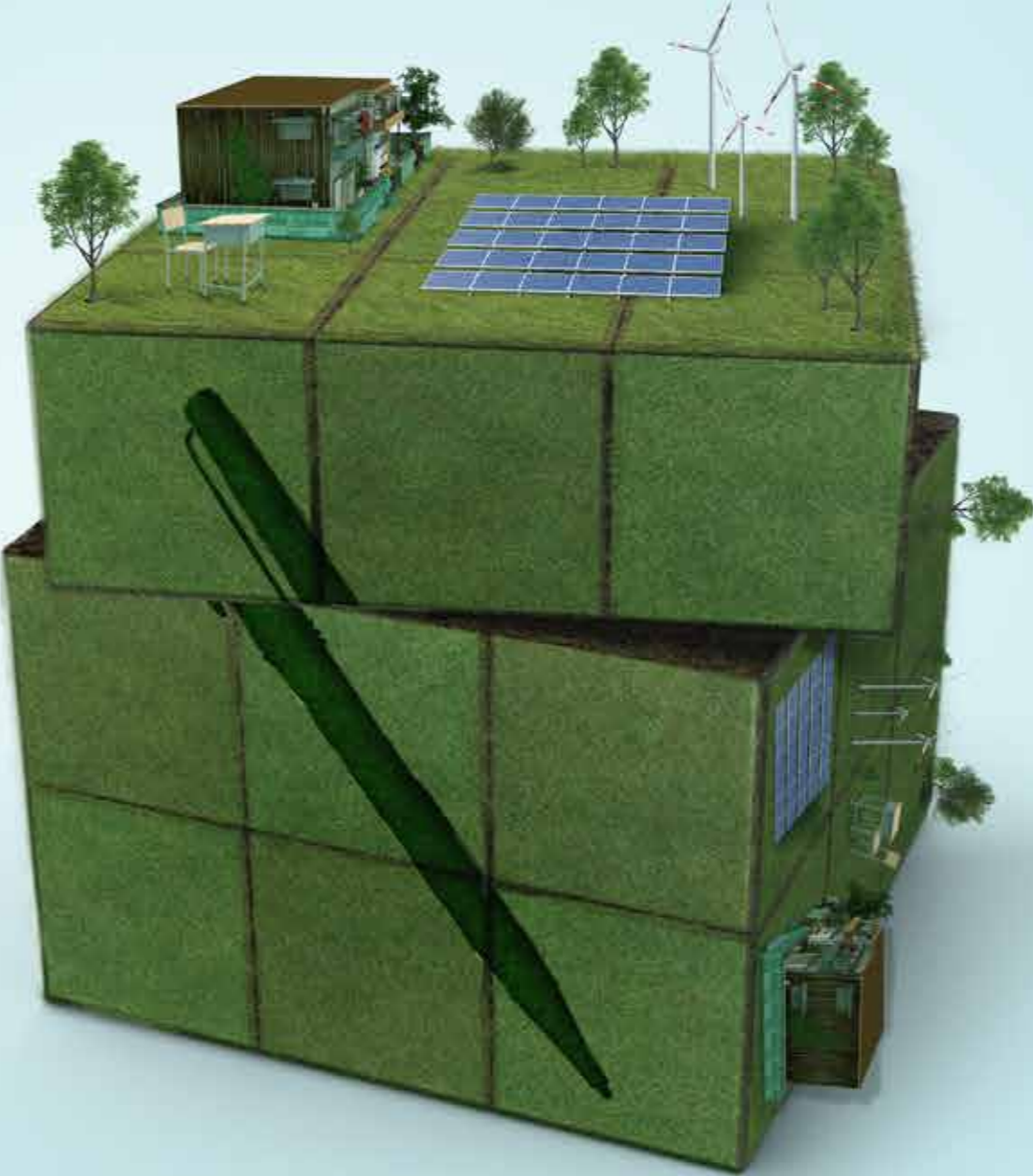
A handwritten signature in black ink, appearing to read 'M. Zulficar', written in a cursive style.

**MONA ZULFICAR**

Chairperson

# A NOTE FROM OUR CEO

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## A NOTE FROM OUR CEO

As we come to the end of the second year of the COVID-19 pandemic, many themes have crystallized that have had a profound influence on how the world does business. Both challenges and opportunities have emerged, from cybersecurity and climate change to social justice, human rights, and much more. The pandemic has highlighted the strain on the environment and on society and underscored the crucial need for responsible investing. The COP26 conference brought together global leaders, policy makers and investors, and as we prepare for COP27 to be held in Sharm El Sheikh in Egypt, we must acknowledge that there has been a fundamental shift in attitude and momentum when it comes to sustainability. It is a time for action, not for words.



As signatories of the United Nations Principles for Responsible Investment (UN PRI) since 2018, EFG Hermes is at the forefront of efforts to champion responsible investment in Frontier Emerging Markets (FEM), particularly when it comes to climate change and the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). Vortex Energy, our ground-breaking renewable energy investment platform, has been a pioneer in financing the transition to clean energy. Since inception, Vortex Energy has deployed, managed, and harvested capital across three fund vehicles, focusing on efficient portfolio management and maximizing its environmental and social impact. In 2021, Vortex Energy partnered with Ignis Group, a Spanish independent integrated renewable player, to deploy critical capital across the globe to further spur the clean energy transition.

Our commitment to responsible investment does not stop at clean energy, however. We are highly conscious that decisions made by the financial industry have real-world impact and consistently seek to ensure that our investment portfolio provides long-term sustainable value and contributes to the fulfilment of the Sustainable Development Goals (SDGs). We have successfully integrated ESG considerations across our four business lines. Strategic investment in socially critical sectors such as health, education, pharmaceuticals and food security also underline our commitment to impactful investment.

We believe that the creation of economic opportunity is core to our sustainability efforts. Through our non-bank financial instruments (NBFIs), we continue to support

and empower the micro-finance and start-up sector by providing access to financing and tools that foster financial inclusion. Our flagship NBFIs brands such as Tanmeyah, PayTabs, valU and Corp-Solutions continue to grow from strength to strength, continuously redefining the market and offering innovative, sustainable solutions to a wide range of clients.

On a social level, the EFG Hermes Foundation continues to do us proud with its pioneering integrated development work in underprivileged rural areas of Upper Egypt. This year marks the successful conclusion of all sewerage and water supply work in Naga' El Fawal in Luxor, with all houses now connected to clean water and sanitation networks and a brand-new sanitation pumping station and sanitation car delivered to local authorities for management. This year, we are also proud to report significant CSR initiatives across our geographic locations. Our subsidiaries in Kenya, Bangladesh, Pakistan, and Nigeria have committed to innovative partnerships with grass roots organizations that provide community support in areas such as child health, education, and economic empowerment.

We also continue to improve our reporting and disclosure procedure and to update our policy environment. Last year, we included disclosure on gender diversity and inclusion for the first time in our sustainability report. To further demonstrate our commitment to these values, this year we issued statements on Gender Equity and Gender Equality and Sexual Harassment. As CEO of EFG Hermes, I also personally signed the Statement of Support for the Women's Empowerment Principles (WEPs), a set of principles that offer guidance to business on how to promote gender equality and women's empowerment in the workplace, marketplace and community. In Q1 2021, we also submitted our third transparency report as part of our commitment to the UN PRI and renewed our commitment to the United Nations Global Compact (UNGC).

I would like to take this opportunity to thank the EFG Hermes team, and particularly the CSR department, for their dedication and commitment to developing actionable plans and upholding our commitment to sustainability. I would also like to thank our stakeholders, partners and clients for their faith and support and herewith present our progress in this, our eighth annual Sustainability Report.

Sincerely yours,

A handwritten signature in black ink that reads "Karim Awad".

**KARIM AWAD**

Group Chief Executive Officer



## WHO WE ARE

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## WHO WE ARE

Over the past few years, EFG Hermes Holding has transformed itself from a pure play MENA investment bank into an Egyptian universal bank with a market-leading frontier emerging markets (FEM) investment banking platform that is home to super brands. Today, we can offer our corporate, retail and institutional clients across all our jurisdictions best-in-class sell-side services (securities brokerage, advisory and research) in addition to a multitude of investment solutions that include world-class management of funds that invest in renewables (Vortex Energy), MENA and frontier public equities (EFG Hermes and FIM), Education (Egypt Education Fund) and start-ups (EFG EV Fintech).

In addition to the above, in Egypt, we offer our clients buy-now pay-later (BNPL) fintech (valU), microfinance (Tanmeyah), leasing and factoring (Corp-Solutions), insurance (Kaf Takaful), e-payments (PayTabs Egypt), mortgage finance (Bedaya) and soon a comprehensive range of saving and lending products (aiBANK).

We also recently launched EFG Hermes One in Egypt and Kenya, a state-of-the-art trading platform that provides users with one-click access to multiple markets and global exchanges, allowing users to trade asset classes across some of the world's most exciting markets.

To complement its core business, EFG Hermes established the EFG Hermes Foundation for Social Development in 2006 in order to spearhead the Group's corporate social responsibility initiatives and positively impact the communities in which it operates. The Foundation believes that partnerships are the true driving force behind realizing tangible impact and promoting sustainable development and adopts a participatory approach to empower local communities and allow for its integrated development programmes to have maximum impact on the lives of its residents.

Our core values – integrity, commitment, leadership, and value creation – and the six principles of our corporate strategy – people, positioning, presence, product offerings, profitability and public responsibility – underpin all our initiatives, as does 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.'

## AT A GLANCE

4 Continents

13 Countries

75 frontier & emerging markets

95% of the MSCI Frontier and Emerging Frontier indices

USD 4.5 billion AUMs in public and private markets

EGP 10.9 billion NBF1 lending portfolio

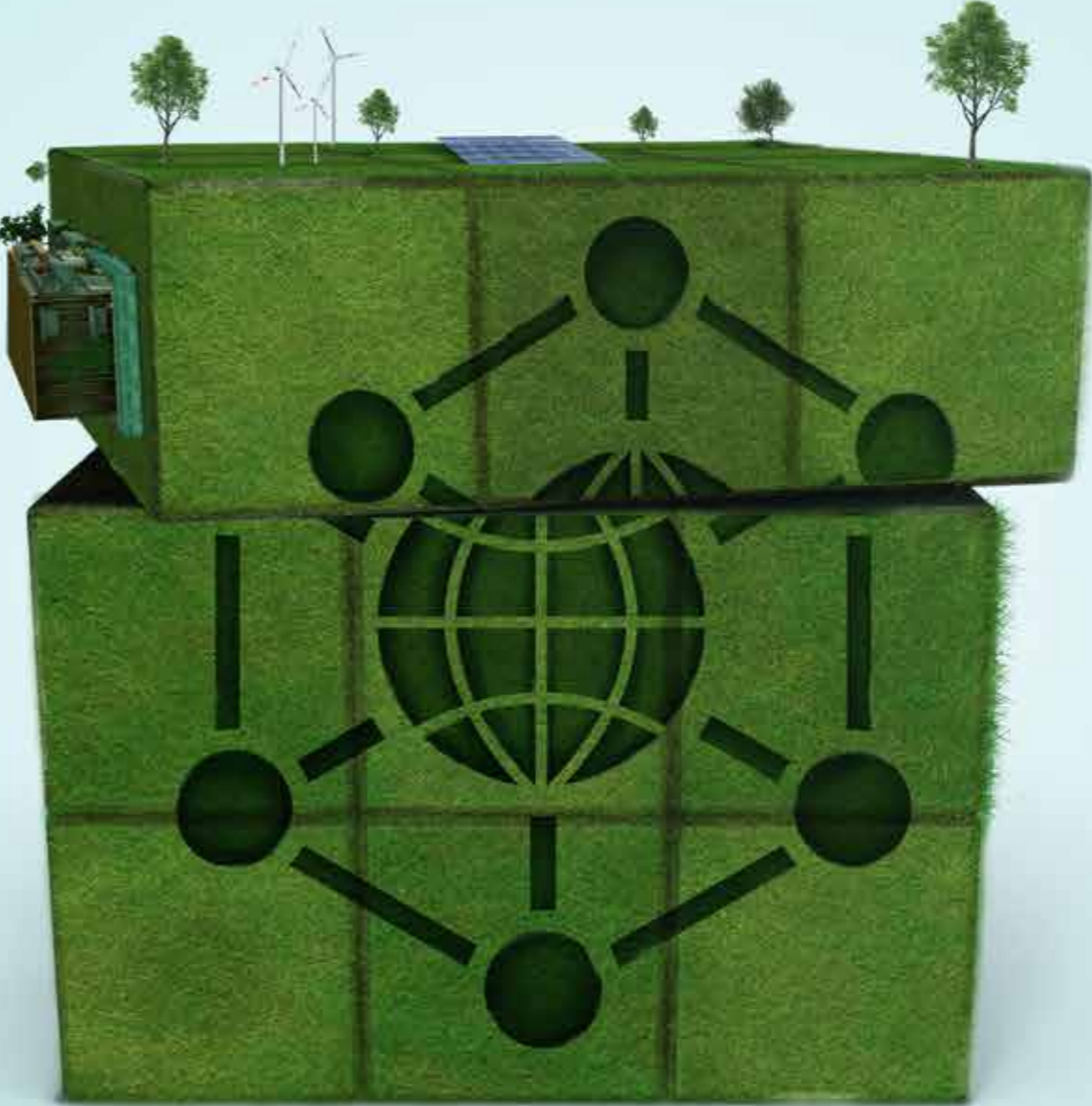
6,000 talented people in Cairo, Dubai, Abu Dhabi, Riyadh, Muscat, Kuwait City, Amman, Karachi, Dhaka, Hanoi, Nairobi, Abuja, London and New York

Top 5 of the Bloomberg and Thomson Reuters / Refinitiv equity capital market league tables since 2015

#1 research house in frontier markets for 2021, according to Institutional Investor's poll

# OUR SUSTAINABILITY FRAMEWORK

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## OUR SUSTAINABILITY FRAMEWORK

Since 2011, EFG Hermes has been taking measured and committed steps to integrate environmental, social and governance (ESG) considerations into all aspects of its operation. Sustainability has become a cornerstone of our policy as we have expanded our footprint both geographically and across new services.

The Firm further seeks to align its development frameworks with the UN Sustainable Development Goals (SDGs) and has been a member of the UN Global Compact (UNGC) since 2011, working to further integrate its internal policies with the 10 principles of human rights, labour, the environment, and anti-corruption as well as Egypt's Vision 2030.

As part of its efforts to weave sustainability across all Group operations, EFG Hermes articulated its Social Purpose in 2014, which seeks to ensure that all products and services offered by the Firm are able to generate value for all stakeholders and lead various efforts to overcome global, social, economic, and environmental challenges. This was further supported by the issuance of our 2017 ESG policy, which seeks to align EFG Hermes' operations with sound and ethical practices.

In 2018, we were the first Egyptian financial services corporation to become a signatory of the United Nations Principles for Responsible Investment (PRI). In 2020, EFG Hermes was included among 30 regional companies in Refinitiv and the Arab Federation of Exchanges' Low Carbon Select Index, which provides investors with access to low-carbon equities in the MENA region, and in 2022, we were voted runner-up for the Best Corporate Sustainability Strategy and short-listed as finalists for Best Bank for Sustainable Finance by ESG Investing. In 2022, we plan on submitting a report to the Bloomberg Gender Equality Index to underline our commitment to equality, diversity and inclusion at all levels of our organisation.

## THE EFG HERMES SUSTAINABILITY REPORTING SUITE

We consider disclosure and reporting cornerstones of our commitment to sustainability and produce a suite of annual reports to meet the needs and requirements of a wide range of stakeholders in each of the countries where we do business. These include our customers, regulators, shareholders, employees, NGOs and communities.

- UNGC Communication on Progress (CoP) – since 2011
- UNPRI Transparency Report – since 2019
- Women's Empowerment Principles Signatory – 2021
- Annual Sustainability Report – since 2014
- Annual Corporate Report



# THE ESG POLICY ECOSYSTEM

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## THE ESG POLICY ECOSYSTEM

EFG Hermes stands as a regional leader in the corporate governance realm, a position it has earned through its rigorous rules and procedures that the Group's staff follows during their everyday operations. Prudent management and corporate frameworks have been at the heart of its success over the years and continue to play a central role as the Group evolves.

Since 2017, the Group has implemented a new Corporate Governance Framework that addresses new country-specific policies and works to blend EFG Hermes' group-wide strategy with the more focused subsidiary development programmes. The new framework provides the grounds for efficient decision-making across the entire organization and guarantees a high degree of accountability to ensure that all shareholders and clients have their investments handled in a responsible and professional manner. The framework sets out the minimum standards expected Group-wide while complying with local laws or regulations for an even higher level of stringency.

The Group's Corporate Social Responsibility (CSR) department is responsible for initiating and coordinating all ESG-related initiatives. In 2021, the Board of Directors, together with the CSR department and business line representatives, issued an update for the ESG Policy. The update was made publicly available on our website and addresses several issues including, ESG guidelines for business lines; stewardship and engagement; exclusionary criteria, capacity building and reporting.

In addition to the overarching ESG Policy, EFG Hermes has issued a suite of policies and statements that make clear its proactive approach to human rights, the environment, anti-corruption and other critical ESG-related issues. Our Internal Audit (IA) Department monitors the implementation of all policies and troubleshoots issues as they happen thanks to a system of spot checks combined with systemic reviews undertaken by the IA team with the help of internationally recognized internal audit management software that allows for more effective internal audit processes through the automatization of auditing procedures.

## EFG Hermes Policies & Statements

### HUMAN RIGHTS

- Statement on Human and Labour Rights
- Statement on Modern Slavery and Human Trafficking
- Statement on Gender Equality and Gender Equity
- Statement on Child Labour
- Statement on Sexual Harassment
- Supplier Code of Conduct

### WORKPLACE DIVERSITY & FAIRNESS

- Policies to prevent discrimination
- 'Know Your Employee' Policy
- HR & Payroll policies that integrate different market regulations
- Policy on Health & Safety

### ENVIRONMENT

- ESG Policy
- Statement on Climate Change
- Resource Conservation & Recycling Policy
- Digitization Policy

### ANTI-CORRUPTION

- Information Security Policy
- Employee Code of Conduct
- Policies on:
  - Staff Dealing
  - Group Compliance
  - Information Disclosure
  - Whistle-Blowing
  - Proxy voting
  - Group Sanctions
  - Politically Exposed Persons

**EFG HERMES IN 2021  
TAKING ACTION**

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## EFG HERMES IN 2021 – TAKING ACTION

In 2021, our efforts have been focused on key ESG action areas where our real-world impact can be most effective and align with the United Nations' Sustainable Development Goals (SDGs). While each action area has a specific focus with measurable outcomes, the nature of our efforts is synergistic and designed to work towards various SDGs simultaneously. Each area builds on our considerable experience both in our core business as well as in our pioneering CSR and integrated development work.



### 1. Addressing climate change

As the world comes together in its fight to combat climate change and preserve a liveable planet for the coming generations, EFG Hermes is playing a key role both in financing renewable energy initiatives and in reducing its carbon footprint.

### 2. Investing with impact

Analysing investments through an ESG lens has become a core requirement for EFG Hermes based on robust policies and guidelines that use engagement and dialogue to address complex, real-world issues.

### 3. Creating economic opportunity

EFG Hermes makes financial inclusion a priority of its Non-banking Financial Institution (NBFI) platform with the aim of creating economic opportunities and improving lives.

### 4. Prioritizing people

Whether internally or in the communities where we work, EFG Hermes always places the wellbeing of people front and centre in all its undertakings.



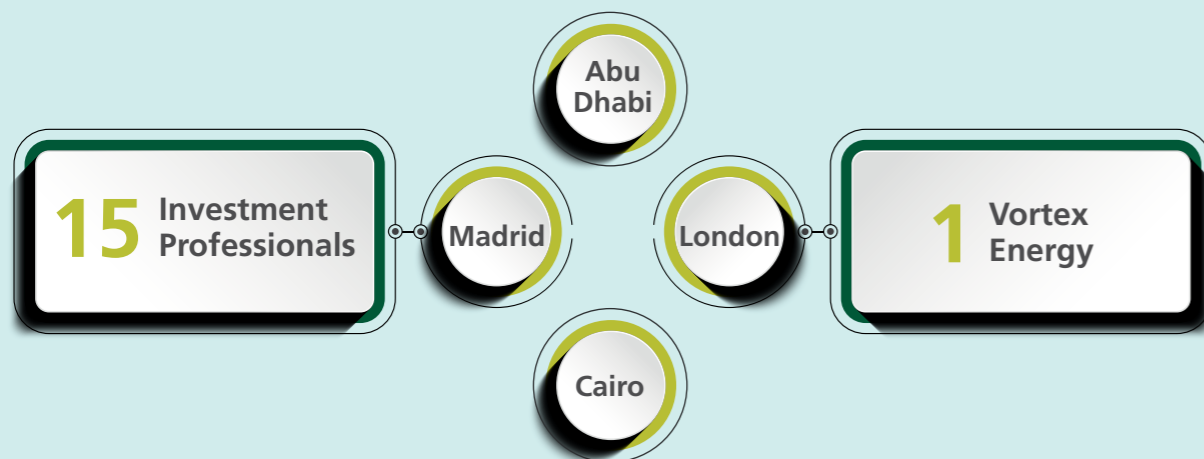
# 1 ADDRESSING CLIMATE CHANGE

The financial sector has a crucial role to play in addressing climate change. At EFG Hermes, we consider ourselves at the forefront of the fight to advance clean and sustainable energy through our investment portfolio. We believe our actions in this area can have tangible impact towards achieving the goals and targets articulated during 26th UN Climate Change Conference of the Parties (COP26) in Glasgow in November 2021. On a much smaller but still critical scale, we also seek to address sustainability through minimizing our carbon footprint internally by adopting cloud-based solutions and adhering to a strict resource conservation and responsible consumption policy.



## ACCELERATING THE ENERGY REVOLUTION – VORTEX ENERGY

Vortex Energy is a renewable energy investment platform and a core pillar within the Private Equity division of EFG Hermes. Formally established in 2015, Vortex Energy has a global mandate to invest in clean energy opportunities on behalf of sovereign, institutional, and strategic investors.

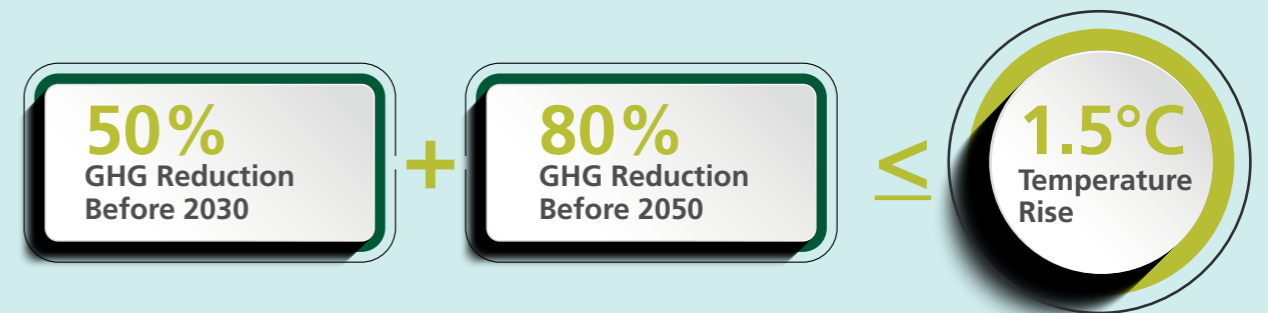


Beyond the sector focus of its investment mandate, Vortex Energy maintains a **firm commitment to sustainable and responsible investing**. In partnership with EFG Hermes and the entire Private Equity division, Vortex Energy is proud that all of its business practices are formulated, evaluated, and executed in accordance with **a robust sustainability and ESG strategy** that supports the United Nations Global Compact and upholds the United Nations’ Principles for Responsible Investments.

Since inception, Vortex Energy has deployed, managed, and harvested capital across three fund vehicles, focusing on efficient portfolio management and maximizing its environmental and social impact. From 2015 to 2020, Vortex Energy delivered attractive returns on an absolute and relative basis, achieving a cash-on-cash multiple of 1.4x and a blended return of c. 13%. Additionally, Vortex Energy delivered 4.6 terawatt hours (“TWh”) of clean energy, which displaced approximately 4.5mn metric tonnes of carbon dioxide equivalent (“MTCO<sub>2</sub>e”).

We are at the forefront of regional and global efforts to advance clean and sustainable energy. Thankfully, **the goal has never been clearer: 1.5 degrees centigrade (“1.5°C”)**. Estimated by a consensus of climate scientists and further agreed by global leaders under the Paris Agreement of 2015, 1.5°C is the preferred maximum temperature rise that can be tolerated if we are to protect ourselves from the greatest consequences of climate change.

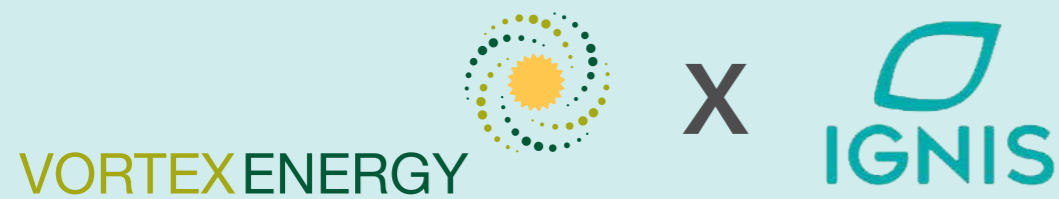
In order to limit the rise of global temperature to less than 1.5°C, we must reduce greenhouse gas (GHG) emissions by at least 80% before 2050, but the commitment is now. Furthermore, unless we **reduce GHG emissions by at least 50% before 2030**, the probability of achieving the 2050 goal is exceedingly unlikely.



Both public and private sectors have shown tremendous resiliency to come together, even amidst COVID-19, to support climate action. Large-scale investment to transform the global energy sector and transition to a low-carbon society is crucial. **For Vortex Energy, this is both a call to action and an opportunity for continued leadership.**

In July 2021, Vortex Energy IV, LP (“Vortex IV”) – **Vortex Energy’s flagship fund and fourth investment vehicle** – reached first close of USD 200mn (including a USD 25mn conditional commitment), which is anchored by EFG Hermes and Abu Dhabi sovereign institutional investors and family offices, among others, toward a fund target of USD 750-1,000mn. For Vortex Energy, this milestone marked the formalization of a new global investment strategy and alignment with its investors about **the importance of the energy revolution currently underway.**

In October 2021, Vortex IV executed its first investment by entering into a definitive agreement with Ignis Energy Holdings (“Ignis”), the parent company of Ignis Group, a Spanish independent integrated renewable player. Through the transaction, Vortex IV will inject over EUR 625mn into Ignis via a series of capital injections in order to fund **its high growth plans for a >20 GW platform** and transform it into a fully integrated renewable IPP in Spain and other geographies.



Following the partnership with Ignis, **Vortex IV will deploy critical capital** across the globe **to spur the clean energy transition.** These investments will benefit from an accelerating shift towards clean energy, reinforced by strong market fundamentals and supportive regulatory frameworks, in a sustainable and growing sector that is destined to continue attracting new capital inflows over the next two decades.

Leveraging its investment acumen and agile perspectives, Vortex Energy will provide investors **with risk-managed exposures to a balanced portfolio** of energy transition assets utilizing proven and competitive technologies across the entire asset lifecycle and target double-digit investment returns with a yield component.

These verticals include generation (utility scale solar PV, on/offshore wind, hydropower, biomass, distributed generation), storage, EV charging facilities, as well as supply- and demand-side energy services. The geographical focus is developed and developing European countries, North America, Latin America, and Australia

Vortex Energy continues to honour its **responsibilities as a global citizen**, and its platform demonstrates that its present commitment is unwavering. Importantly, Vortex Energy’s integrated investment platform supports the construction of sustainable infrastructure and the advancement of efficient technologies required to **secure our energy future.**

REALIZED

**822<sup>1</sup>**  
**MEGAWATTS**

From investments in **Vortex I, II, and III**, Vortex Energy delivered:

- **4.6 TWh<sup>1,2</sup> generated** of reliable, low-cost renewable electricity
- **4.5mn MTCO<sub>2</sub>e<sup>1,3</sup> averted** and displaced from bulk electric grids

During the next few decades, these assets are expected to continue to displace an additional >1.0mn MTCO<sub>2</sub>e<sup>2,3</sup> and power an equivalent of more

than 100,000 households – every year.v

From its first investment in **Vortex IV**, through its portfolio company, Ignis, Vortex Energy anticipates to significantly expand its global impact. In this partnership, Vortex Energy expects to develop, construct, and manage more than 10 GW of renewable energy generation and battery storage assets.

EXPECTED

**>10<sup>1</sup>**  
**GIGAWATTS**

The climate challenges before us have never been so great...  
To **secure our energy future**, there has never been a time more important than right now to **undertake decisive action.**

In December 2021, Vortex Energy received industry recognition for its pioneering and vital work, winning EMEA Renewables and Energy Transition Solar Deal of the Year at the IJInvestors Awards 2021 for the sale of a controlling stake in the 365MW Solar PV portfolio in the UK (Vortex Energy III).



<sup>1</sup> Net attributable to Vortex Energy’s economic ownership interest.  
<sup>2</sup> 1 TWh = 1,000,000 megawatt hours (“MWh”).  
<sup>3</sup> Assumes 990 grams of CO<sub>2</sub>e/MWh.

## THE FUTURE IS VIRTUAL – THE GREEN BUSINESS MODEL

EFG Hermes is pioneering the use of technology solutions to transform its business, create value and ensure a sustainable future. Our green business model is designed to ensure both maximum resource efficiency and optimal business returns across our operation.

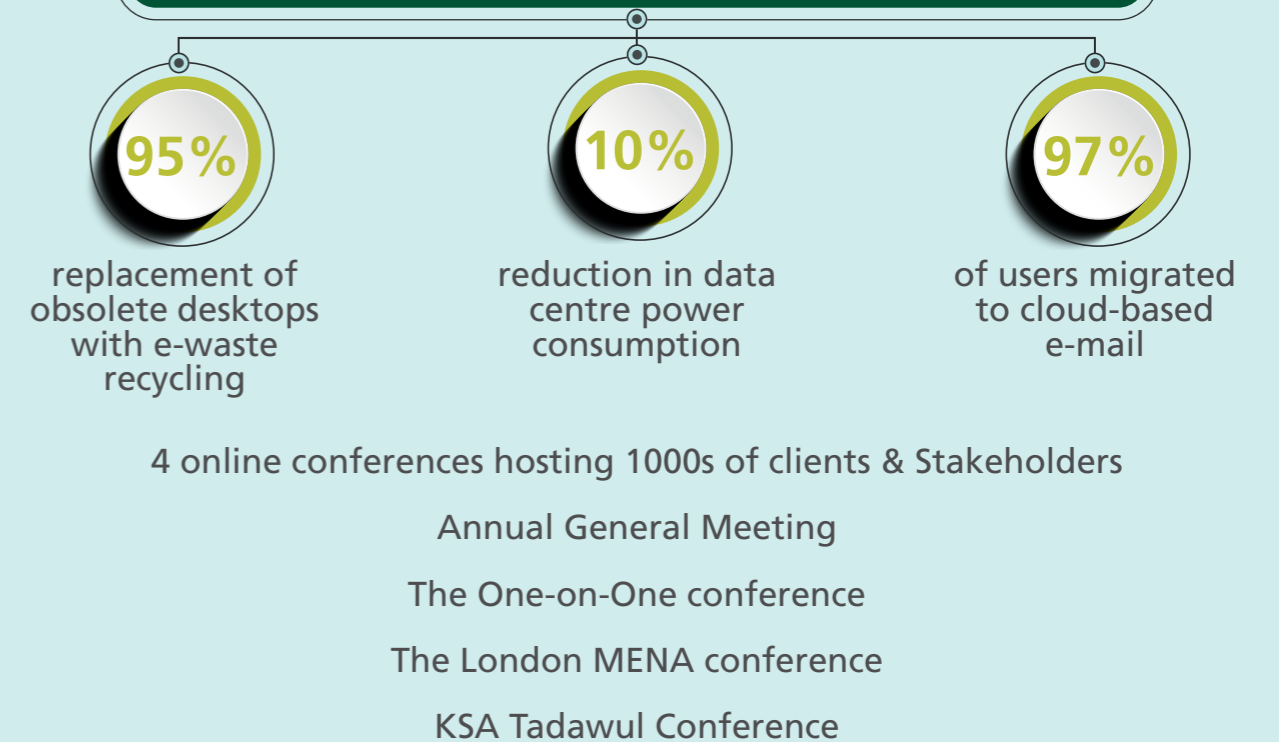
A key component of this strategy is the gradual migration to cloud computing and virtual services wherever possible to reduce the Group’s carbon footprint. By necessity, the COVID-19 pandemic has accelerated this transformation and created more urgency in developing solutions for telecommunication. We have developed and applied a robust work-from-home (WFH) system designed to provide a seamless work environment. We are also committed to replacing obsolete hardware with energy efficient technology and to minimizing our e-waste through recycling.

To ensure the security of all communication, data, and transactions, EFG Hermes has placed the utmost importance on implementing appropriate cybersecurity solutions in tandem with the drive towards a virtual future.



Our proactive adoption of online conferencing solutions has also meant that our flagship One-on-One conferences have been held virtually with much success. This has translated into reduced air travel by attendees with an accompanying reduction in GHG emissions.

### Resource optimization at a glance



## MICROSOFT – A PARTNERSHIP FOR SUSTAINABILITY



One of the cornerstones of our digital transformation is our partnership with Microsoft using a multi-objective strategic approach encompassing innovation on the business front, workforce upskilling and environment renovation with the future in mind. Our cooperation is based on a three-year agreement to strengthen our technical build and introduce new cloud technologies in collaboration with Microsoft's teams and partners. It also includes the development of strategies for multiple areas of business, such as brokerage, leasing, marketing, HR and valU, that would build a digital transformation roadmap.

## THE PRINCIPLES OF SUSTAINABLE SOFTWARE ENGINEERING

The Principles of Sustainable Software Engineering are a core set of competencies that define sustainable software applications. The EFG Hermes Development team has adopted these tenets in throughout its operation, from software development and architecture to hardware selection and data centre design.

## SUSTAINABLE SOFTWARE ENGINEERING AT EFG HERMES

### Carbon and Electricity

Build applications that are carbon-efficient by continues improving and enhancing system performance and processes to minimize energy consumption and add the same value for company users but emit less carbon.

### Carbon Intensity

Automatically manage service up-time to run during day hours where utilized energy has less carbon intensity.

### Embodied Carbon

Extend the lifespan of hardware by using out-of-support machines in development and testing environments to minimize carbon waste.

### Energy Proportionality

Build application that optimize computer resources to improve the relationship between power consumed and rate of work done.

## 2 INVESTING WITH IMPACT

EFG Hermes is committed to investing in innovative opportunities that deliver strong financial returns while reducing poverty and inequality, advancing health and education, and protecting the environment.

In addition to actively seeking out investments that address the SDGs, EFG Hermes and its subsidiaries have integrated ESG considerations into all investment decisions not only to address sustainability but also to identify and minimize risks and identify opportunities for growth that also protect our planet for future generations.



## INVESTING IN YOUNG MINDS – THE EGYPT EDUCATION FUND

EFG Hermes considers education the main pillar and growth driver of the country’s economic development. As part of its commitment to impactful investment in education, in 2018, EFG Hermes Private Equity entered into an exclusive partnership with Global Education Management Systems (GEMS), one of the world’s leading providers of private English-language education for students from kindergarten to twelfth grade (K-12), to jointly establish a USD 200 million platform focused on Egypt’s underserved K-12 education sector. The partnership aims to provide high-quality education choices for Egyptian families by building Egypt’s largest institutional education service provider, upgrading education facilities and providing safe and effective learning environments. In 2019, the Fund acquired a majority stake in the leading transport provider, Option Travel to provide a high quality and competitive student transportation service to c. 6k students currently enrolled in GEMS schools in Egypt.



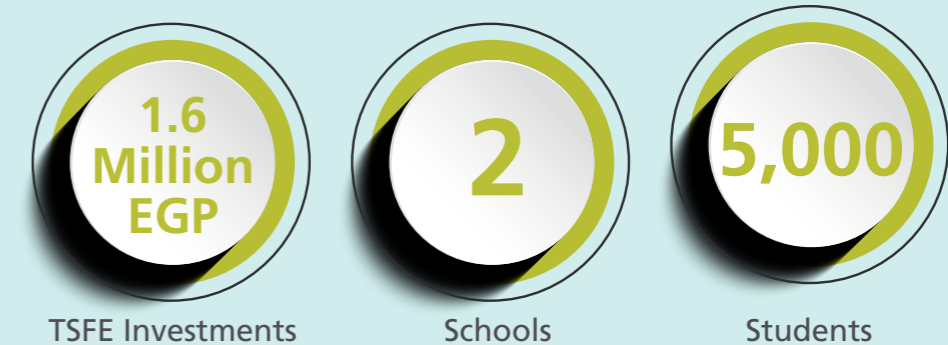
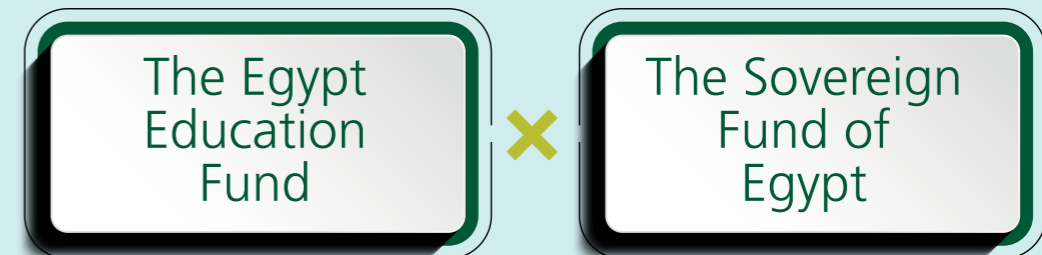
Our education platform continues to invest across several lines to enhance the educational journey of our students. The platform successfully launched the Model United National (MUN) simulation models across some of our schools to promote political awareness among students. The platform also successfully secured World Sports Accreditation for the first time in Egypt following significant investment made to upgrade sports facilities.

In 2021, the Sovereign Fund of Egypt (TSFE) and EFG Hermes signed a memorandum of understanding to develop and operate two premium national schools West of Cairo, which will be built over 30,000 sqm with a capacity of 2,500 students each. The schools will be constructed on TSFE-owned land in line with its mandate to create value out of previously unutilized assets. The investment is considered TSFE’s first in Egypt’s education sector and is a testament to GEMS Egypt’s success in the local market over the last two years which saw the platform deploy investments amounting to almost EGP 1.6 billion.



‘We are honoured to be partnering with TSFE and recognize the valuable addition it brings to the EFG Hermes Education Fund. Our visions and goals are in direct alignment when it comes to unlocking potential and driving value in the Egyptian education sector by developing a strong institutional presence capable of offering educational services that follow the highest global standards,’ said Co-CEO of the Investment Bank at EFG Hermes Karim Moussa. This is the third close of our education fund, which now ranks as one of the largest specialized investment funds in the MENA region. Our fund’s capital currently amounts to ca. USD 150 million, which perfectly positions us to continue expanding our scope in the Egyptian market.

‘We believe our comprehensive management service model will help expand our geographical presence in the local market while maximizing value for landowners like TSFE through long-term impactful investments.’  
Ahmed Wahby  
GEMS Egypt CEO



## REVITALIZING THE PHARMACEUTICAL SECTOR – RX HEALTHCARE MANAGEMENT

The COVID-19 pandemic has highlighted Africa’s vulnerability due to its reliance on imports for most vaccines, medicines and other health product needs. The United Nations Economic Commission for Africa (UNECA) estimates that Africa imports about 94% of its pharmaceutical and medicinal needs from outside the continent at an annual cost of USD16bn. The need for investments in the pharmaceutical and healthcare industries is critical if SDG 3 – Ensuring healthy lives and promoting wellbeing for all at all ages – is to be realised.

Always a pioneer, EFG Hermes recognised this need even before the COVID-19 pandemic exacerbated the shortfall and established Rx Healthcare Management (RxHM), a private equity investment management firm set up to address the growing demand for high-quality, affordable healthcare products and services across Egypt, the MENA region and Africa. It invests in highly selective targets, with a clear growth trajectory across healthcare verticals, giving investors access to unique opportunities across the sector’s value chain. RxHM places a high value on ESG due diligence. Target investments must combine both financial viability and fulfil ESG criteria to ensure sustainable service delivery that fills a tangible healthcare gap in this highly underserved region.

## INVESTING IN RESILIENT MANUFACTURING

RxHM’s latest acquisition is leading Egyptian medical solutions provider United Pharma (UP). United Pharma is Egypt’s leading player in the injectables space by installed capacity and has an established track record of supplying the Egyptian local market as well as exports to key African and Middle East.

UP successfully closed financial year 2021 achieving its growth and market positioning targets, expanding its supply relationships across Egypt and further diversifying its distribution network, while successfully complying with the Ministry of Health’s (MOH) Good Manufacturing Practice (GMP) guidelines. During 2021, UP has allocated substantial investments to upgrading its production and manufacturing facilities to match the growing market demand in hospital essentials, while expanding its product portfolio across large and small volume products, to enhance accessibility to essential pharmaceutical products serving Egypt’s fast-growing hospital and clinical healthcare services sectors.

UP plans to capitalize on the success achieved in 2021 to expand the product portfolio by adding complementary products serving the hospital B2B segment (such

as anaesthetics, and higher value-added injectables); synergistic hydro-based products serving the B2C segment; in addition to enhancing focus on exports to neighbouring markets facing shortages in essential medical supplies.

In parallel to the ongoing value creation process within UP, Rx Healthcare platform has commenced transaction processes on a number of highly promising opportunities in the injectables and generic pharma segments, currently at different stages of negotiation & execution, and with potential aggregate deal values exceeding EGP1 billion, supporting EFG Hermes’s healthcare platform strategy of expanding its investments in the pharmaceuticals sector and accelerating the realization of SDG3.

‘United Pharma represents a strategic milestone for RxHM. There is very strong demand for medical solutions in Egypt and the wider MENA region. We are keen to invest in this sector and to help expand United Pharma’s offering over the coming years. We also look forward to raising and deploying more capital in this growing strategic sector in the near future.’

Karim Moussa  
Co-CEO of the Investment Bank at EFG Hermes

## SUSTAINABLE IMPACT THROUGH STRATEGIC INVESTMENT

EFG Hermes recognised the need for investment in healthcare in the MENA region & Africa and established RxHM to undertake strategic investment that fills a tangible healthcare gap in the region.

RxHM places a high value on ESG due diligence. Investments must combine both financial viability and fulfil ESG criteria to ensure sustainable service delivery.

RxHM’s acquisition and management takeover of United Pharma (UP), Egypt’s leading player in the injectables space, reflects this strategy.

Following a year of hands-on management under the RxHM team, UP successfully realized a full turnaround and captured a market share of 10% despite turbulent market conditions.

## MANAGING RISK, CREATING VALUE – FIM PARTNERS

EFG Hermes' regional asset management arm, Frontier Investment Management (FIM) Partners, invests in frontier and peripheral emerging markets through global and regionally focused strategies, delivering superior absolute, relative and risk adjusted returns to investors since inception. The firm's assets under management are invested on behalf of university endowments, sovereign wealth funds, outsourced CIO's, and pension plans from North America, Europe, and the Middle East. Our team has built out a highly successful track record by implementing a disciplined fundamental research approach that underpins our active investment strategy in emerging and frontier markets.

We target markets that exhibit a large degree of inefficiency. This is primarily the result of capital markets being at an early stage of development. The information asymmetry imbedded in these markets allows fundamentally focused investors with strong analytical resources, active portfolio construction, and a medium to long term investment view the opportunity to generate significant and persistent outperformance over an investment cycle. The fund's target markets also exhibit higher risk premiums than their developed counterparts (macro risks, political risks, liquidity risks, etc.) which the firm expects to be reflected in its required rate of return on investments.

The relatively high-risk profile of our investments has made integrating ESG factors of crucial importance and integral to our holistic approach. As such, the goal of achieving sustainability aligns with our own goal of generating strong risk adjusted returns with a long-term investment horizon.

### FIM Partners

Signatory of:



## EACH YEAR, WE DEEPEN AND EXPAND OUR COMMITMENT TO SUSTAINABILITY

2019	2020	2021
<ul style="list-style-type: none"> <li>• Incorporated proprietary ESG scorcard in due diligence framework.</li> <li>• Developed an internal ESG KPI database.</li> <li>• Became a signatory of the UN PRI.</li> </ul>	<ul style="list-style-type: none"> <li>• Hired internal Sustainability Lead.</li> <li>• Augmented the sustainability toolkit.</li> <li>• Engaged outside consultants to align strategies with international best practices.</li> <li>• 300+ corporate interactions.</li> </ul>	<ul style="list-style-type: none"> <li>• Published 1st annual sustainability report for 2020.</li> <li>• Submitted first report to the UN PRI.</li> <li>• Updated the Responsible Investment policy exclusion list.</li> <li>• Developed a sector-specific ESG scorecard.</li> <li>• Prioritized proxy voting (86% y-o-y increase).</li> <li>• Held 2 ESG-focused employee training workshops.</li> <li>• Increased depth and focus of corporate engagement.</li> </ul>

## FIM PARTNERS IN 2021 – FOCUS ON ENGAGEMENT

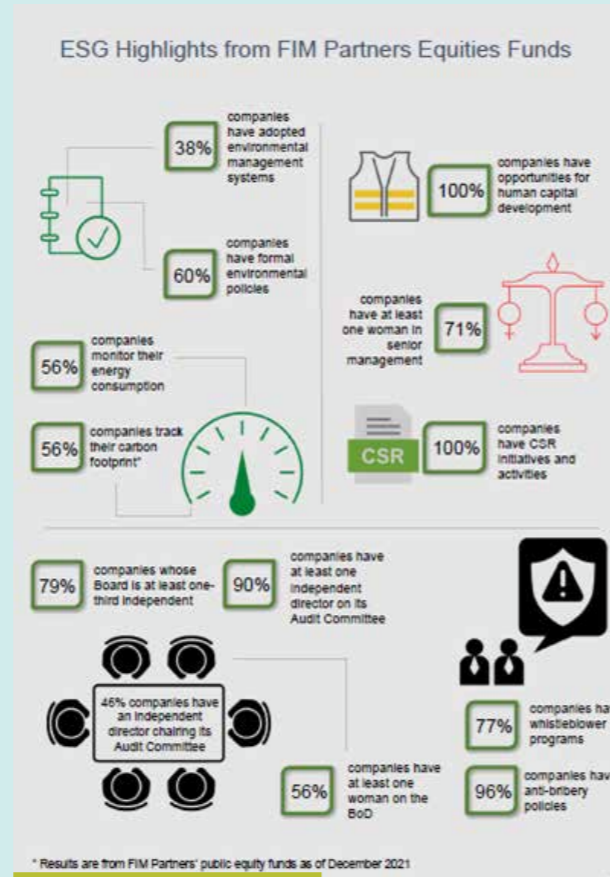
In addition to the importance of ESG factors in mitigating our investment risk, we feel that it is a key part of our commitment to the SDGs and the UN PRIs to engage with our stakeholders and help raise awareness. In many cases where we have engaged with portfolio companies, we have found that stakeholders are simply unaware of ESG issues rather than unwilling to implement measures and we are happy to report a high level of success in our engagement efforts. In most cases, we have seen tangible improvement in ESG indicators with only rare incidences where we have been forced to take the decision to divest.

Thanks to our sector-specific-ESG scorecards, we generate materiality metrics ( *see chart<sup>1</sup>* ) that are in line with global best practices. In 2021, we scored a total of 51 listed companies across the different public equity strategies.

The continued growth of our database provides a unique edge in an investment space which remains under-researched in terms of coverage by global ESG Risk rating providers.

These metrics allow us not only to evaluate risk, however, but form the basis of our engagement strategy with our portfolio companies by illustrating gaps and identifying areas of possible improvement.

On the issue of climate change, for example, we have developed a tiered system to identify the levels of emission for each of our investments. These tiers define the engagement road map for each investment based on their climate risk profile, with high emitters getting the highest priority. Engagement levels and time frames differ depending on the tier. Instead of only monitoring indicators, this extends our role and makes it more proactive by helping industry understand ESG needs and assisting them in developing their own monitoring, disclosure and mitigation plans.



In addition to regular engagements with our portfolio companies, we believe it is imperative to engage with local regulators and country stakeholders who can play an important role in enhancing sustainability awareness. In February 2021 FIM Partners held a meeting with the Bangladesh Security Exchange Commission to discuss key issues related to investor relations and ESG disclosures. In September 2021 FIM Partners held an engaging webinar titled 'The Saudi Transformation from an ESG Perspective' in order to increase awareness about the sustainability efforts that are underway in the Kingdom of Saudi Arabia.







<sup>1</sup> Source: *FIM Partners Annual Sustainability Report 2021*


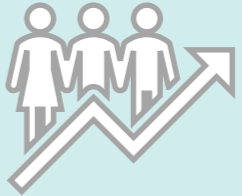
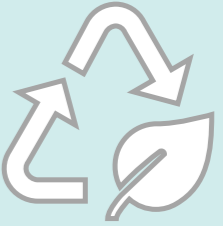


## BRIDGING THE GAP – FINANCING SUSTAINABILITY THROUGH CORP-SOLUTIONS

The United Nations Conference on Trade and Development (UNCTAD) estimates that achieving the 17 SDGs will require USD5–7 trillion per year. The current level of investment by governments, development agencies, and other actors is not enough to meet these ambitious with the gap in developing countries at about USD2.5 trillion per year. The private sector can play an instrumental role in closing this gap.<sup>2</sup>

EFG Hermes is taking confident steps in helping bridge this financing gap in key sectors through Corp-Solutions, one of its flagship NBF1 subsidiaries. Corp-Solutions provides leasing and factoring services that can be combined in customized packages designed to provide optimal financing. In sectors such as education and healthcare, these services can be leveraged to provide critical funds for sustainable investments.<sup>3</sup>

Leasing			
EDUCATION	WASTE MANAGEMENT	HEALTHCARE	TRANSPORTATION
			
12% of total portfolio	9% of total portfolio	8% of total portfolio	7% of total portfolio
EGP 494 MM	EGP 382 MM	EGP 325MM	EGP 172 MM
Schools	Recycling in the printing & packaging industry	Healthcare expansion to meet COVID-19 needs	Logistics services and transportation with new ticket under booking for a vessel compliant with IMO 2020 Lower Sulphur Marine Gas Oil (LSMGO) regulation.

Factoring		
HEALTHCARE	SOCIAL ENTREPRENEURSHIP	WASTE MANAGEMENT
		
22% of total portfolio	1% of total pportfolio	5% of total portfolio
EGP 413 MM	EGP 17 MM	EGP 91 MM
Healthcare expansion to meet COVID-19 needs	Commercial hub for female micro-entrepreneurs	Recycling in the printing & packaging industry

<sup>2</sup> UNDP, *SDG Impact: Investment Solutions for Global Impact, 2019*.

<sup>3</sup> All data presented below as of Dec. 2021.

## TAKING THE LONG VIEW – INVESTMENT BANKING FOR A SUSTAINABLE FUTURE

EFG Hermes Investment Banking division brings deep understanding of companies, industries, markets, and economies FEMs. The team's on-the-ground presence combined with a flexible business model quickly adapts to changing market dynamics and have allowed the Firm to offer advisory on a multitude of value-added services to an ever-growing client base. In 2021, EFG Hermes' concluded strategic advisory services for several projects that create an enabling environment for the realization of the SDGs, both in Egypt and abroad.

### Water Security and Infrastructure: Alkhorayef Water & Power Technologies

EFG Hermes KSA Investment Banking arm successfully concludes advisory on Alkhorayef Water & Power Technologies' (AWPT) SAR 540 MM (USD 144 MM) IPO on Tadawul. The company operates in a vital sector that receives great government support to improve water and sewage services for all nationals and residents across the Kingdom. The IPO helps to enhance its competitive position and grow its market share in the Kingdom, focusing on the application of advanced technology, digital solutions and renewable energy to water and power. The water utility's operations are concentrated in cities across the Kingdom, fulfilling the sector's value chain needs. The utility provider operates in three key sectors, water, sewage and integrated water solutions through engineering, construction, operation and maintenance, and supply.



### Financial Inclusion: valU's First Securitized Bond Offering

In 2021, EFG Hermes Investment Banking embarked on the first-of-its-kind securitization program for a Buy-Now, Pay-Later (BNPL) fintech platform, valU, the cornerstone of the EFG Hermes NBFi platform. The transaction comes at a key juncture for the company, where value-added services that foster financial inclusion and accessibility are in high demand.



### Microfinance Infrastructure: Fawry For Banking Technology And Electronic Payments

EFG Hermes successfully concludes advisory on the follow-on sale of ca. 73.9 million shares of Fawry For Banking Technology and Electronic Payments on the Egyptian Stock Exchange. Fawry has been committed to serving millions of consumers and businesses using diverse payment channels and an unrivaled infrastructure network of more than 230 thousand service points across 300 cities. Today, it stands as the nation's leading electronic payments gateway and Egyptians' primary e-payment platform of choice, bringing critical financial services to a large unbanked segment, particularly microfinance.



# 3 CREATING ECONOMIC OPPORTUNITY

EFG Hermes has made financial inclusion a cornerstone of its sustainable growth strategy. Over the past few years, the Group has taken firm steps to expand its NBFIs and extend its reach both to provide services to the unbanked and to create an environment of economic opportunity in the communities where it does business.

The Group currently boasts a suite of financial services that range from microfinance to leasing, factoring, e-payments, buy-now/pay-later and mortgage provision and insurance. Our strategy is driven by technology and relies on the synergies afforded by our deep industry and market knowledge to provide innovative solutions that fill a vital gap in the business ecosystems in the regions where we do business.



## SUPPORTING SMALL- AND MICROENTERPRISE – TANMEYAH

EFG Hermes Finance acquired Tanmeyah Microenterprise Services in 2016, and it has since become one of the Group’s flagship companies under its NBFi platform. Tanmeyah, today one of the leading companies in Micro Finance Industry in Egypt, provides financing for micro and very small businesses across Egypt giving thousands of clients access to the necessary capital to find a path out of poverty and grow their businesses. The company also offers products and services that complement the diverse needs of small businesses, such as microinsurance.



## TAILORING DIGITAL SERVICES TO THE NEEDS OF MICRO-ENTREPRENEURS

In line with the country’s effort to enforce digital transformation and to accelerate financial inclusion, Tanmeyah obtained an Agency Banking license from CBE in collaboration with Banque Misr to issue co-branded prepaid Meeza Cards. In addition to its current partnership with Damen for digital collection, Tanmeyah aims to install 250 Banque Misr ATMs across its branches. Tanmeyah promotes a customer-centric environment for digital payments, offering a low-income-customer friendly method. Tanmeyah will issue the prepaid card for the client inside its branches on the same day of application. In addition, the client will have an ATM right outside the branch to facilitate ‘cash-in & cash-out’ without any extra fees. Facilitating cash-in and cash-out for the client is crucial at this stage until the country endorses a full digital ecosystem.

## TANMEYAH VALUE ADDED

- A customer relationship from issuance to renewal.
- The most experienced and friendly staff in the industry.
- Wide geographic distribution particularly in underserved rural areas.
- 48-hr loan approval and disbursement procedure.
- Tiered loans let borrowers with good records access larger loans.
- Targeted support for women-owned businesses.

## TANMEYAH LOAN SERVICES

**Micro Enterprise Loans (MEL)**  
Working capital loans from EGP 7,000 to EGP 50,000 for lower-income individuals who are running very small family-owned businesses and cottage industries.





**Very Small Enterprise (VSE) Loans**  
Loans from EGP 50,000 to EGP 100,000 to provide immediate liquidity to help very small enterprises (VSEs) manage their cashflow.

**Women Individual Lending (WIL)**  
Working capital loans from EGP 1,000 to EGP 6,000 are offered to women running very small family-owned businesses and cottage industries.





**Light Vehicle Loans (LVL)**  
Loans from EGP 5,000 to EGP 50,000 for lower-income individuals and small businesses looking to purchase light vehicles to support their livelihoods and boost their operations, particularly in underprivileged and peri-urban areas not served by mass transport.

## FINANCING SUCCESS: STORIES FROM THE FIELD

### Sohier Mohamed, Crochet Accessory Designer

Sohier started her small project as an accessory designer six years ago. She started by providing her products to her family and friends but dreamt of expanding her small-scale project and increasing her customer base. She started displaying her products via online pages but faced financial challenges and was unable to buy the raw materials she needed.

A friend who also owns a small business referred Soheir to Tanmeyah. She was quickly granted a loan that helped her develop a wider and more diverse set of products, expand her customer base, and take her business to the next level.



'I would love to display my handmade accessories at one of the specialized handmade craft exhibitions and one day even export my products.'

### Ali Mohamed Adly, Sculptor

Ali was a construction worker, but when he suffered a severe leg injury, he was forced to change his career. He learned the art of carving statues from all kinds of stones. The problem was that it required certain tools and materials that Ali was unable to afford.

After hearing about Tanmeyah, Ali headed to the nearest branch in Luxor and applied for a loan, which he received in two days. He renewed his loan with Tanmeyah several times to expand his project. In 2018, Tanmeyah gave Ali the chance to participate in a handicraft exhibition and sell his goods (pharaonic replica statues) and he was featured on television as well.



'I dream of exporting my goods all over the world'

## TANMEYAH HIGHLIGHTS

300 branches  
 25 governorates  
 Around 5,000 staff  
 Including over 2,700 field loan officers  
 Over EGP 24bn in loans (since 2009)  
 Over 1M clients served  
 Females total 49% of active borrowers  
 70% of active borrowers are 21–40 years old

## FOSTERING FINANCIAL INCLUSION – THE SYNERGY OF OUR NBFi PLATFORM

Financial inclusion and providing access both to financing and financial services are key tenets both of the SDGs and of the Egypt 2030 strategy. Through its NBFi platform, EFG Hermes has developed a number of synergistic verticals to address the unbanked and those with minimal access to financing. In addition to providing financial access to individuals, the overall objective is economic development and the creation of employment opportunities.

**The first vertical** is to provide access to financing where people need it through **Tanmeyah** and **valU** with expedite loan approval (48h for Tanmeyah, 5min for valU).

**The second vertical** is investment in payment solutions for ecommerce through **PayTabs** and **kiwi** to provide simple solutions for sellers who cater to the unbanked who may not have credit cards, introducing the use e-wallets and other technologies.

**The third vertical** involves investment in companies catering to the unbanked through **EFG EV**, particularly in the area of B2B e-commerce and the provision of services such as loans and insurance to the unbanked.

## VALU

Launched in December 2017, valU is the leading Buy Now Pay Later Solution in Egypt. valU fosters financial inclusion by providing wider access to financial services and adapting financial technology, which in turn contribute to balanced sustainable development. Today, valU's strategy is to create value for its users and for society as a whole by further expanding its roster of offerings to include financing of vital services such as healthcare, education and renewable energy, among others, to meet the entirety of our customers' needs, allowing them ease of financing and liquidity while pursuing their desired lifestyle.

valU\*  
It's About Time



## FINANCING SUSTAINABILITY - VALU IN 2021

A partnership with Misr Insurance to achieve insurance coverage, maximize benefit from technological development, and reach the different segments of customers throughout Egypt.



A partnership with Paymob, the leading payment facilitator in Egypt, and the American University in Cairo (AUC) School of Business to offer convenient financing and affordable installment plans for individuals seeking to pursue the school's executive education programmes.

Convenient financing plans for Saudi German Hospital (SGH) in Cairo to offer access to all medical services at the first and only healthcare facility in Africa to become a member of the Mayo Clinic Care Network.



## PAYTABS EGYPT

PayTabs Egypt is a joint venture between EFG Hermes and PayTabs that provides merchants with online or offline presence with innovative digital payment solutions.

PayTabs has been focused on offering cutting-edge technology to all types of businesses in the market that are looking to expand by accepting online payments. The company was able to execute its financial inclusion goals due to the recent initiative launched in Egypt by banks and regulators to begin providing payment tools for freelancers with just their National ID.



### Focus on Youth & Microenterprise

To support freelancers further, PayTabs focuses specifically on youth and has conducted numerous outreach initiatives at employment fairs such as Shababco Bazaar, where we launched QR codes to help unregistered youth receive payments online. In line with PayTabs' efforts to always offer soft technology alternatives rather than traditional hardware, PayTabs Egypt will also be launching PT Touch – a soft POS that will offer the regular POS capabilities on smartphones making card acceptance accessible to everyone.

Even though the ecosystem has been moving towards cashless payments due to COVID-19, the Egyptian market is still in need of improved financial literacy. In support of its commitment to empower small and medium enterprises, PayTabs has also participated in numerous educational and mentorship initiatives such as CBE Finyology, EBI, CIPE access to opportunities for MENA women, UofCanada Fintech Hackathon, MINT incubator mentorship, and Egypt Career Summit. In addition, PayTabs has opened a channel through one of our team members to support start-ups and enterprises. Furthermore, we have placed a high priority on enhancing the financial literacy of our team through regular sessions about banking, fintech, and financial inclusion.

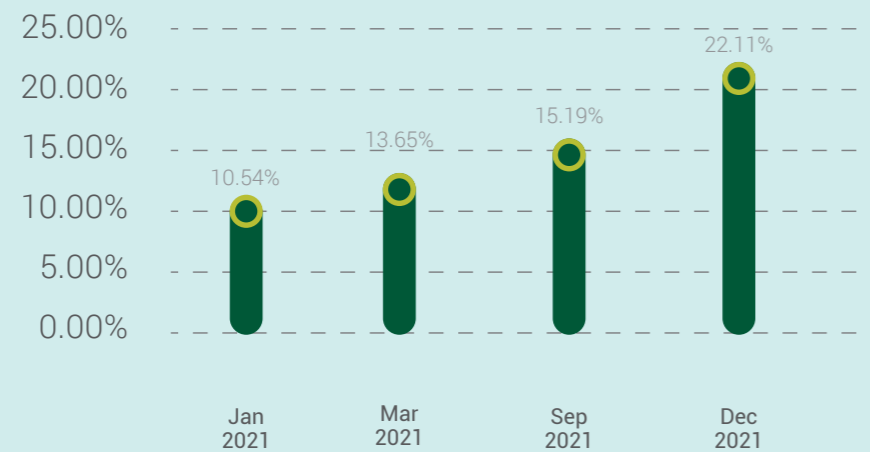
To end the year on a high note, we rolled out a series of offers in October to encourage small and medium enterprises to move their business online.



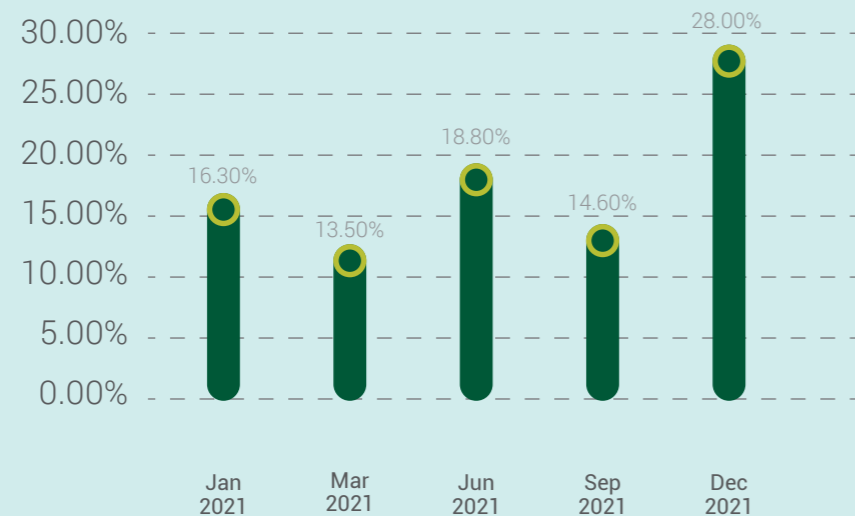
## EFG HERMES CORP-SOLUTIONS

EFG Hermes Corp-Solutions has been proudly empowering SMEs in the market by facilitating lending products and programmes that fit their needs. The charts below indicate the increase in % of lending to SMEs year-on-year, bringing the total SME Factoring portfolio to EGP 421.3MM and the Leasing portfolio to EGP 1.13Bn (as of Dec 2021).

**FACTORING-SME % FROM TOTAL OUTSTANDING PORTFOLIO**



**LEASING-SME % FROM TOTAL OUTSTANDING PORTFOLIO**



## FINANCING ENERGY EFFICIENCY



In 2021 Corp-Solutions signed an agreement with KarmSolar, Egypt's largest private solar utility company, to provide Arkan Mall tenants with financing services backed by their contracts with KarmSolar.

The agreement will allow the mall's tenants to access finance from Corp-Solutions leasing and factoring services and strengthens KarmSolar's unique selling proposition by expanding the set of services it is currently offering its clients at Arkan mall. Tenants also benefit from the personalized financing options provided by EFG Hermes Corp-Solutions, offered the company's first-of-its-kind behavioural scoring system. The system evaluates electricity consumption patterns to determine credit limits granted to each individual tenant and recommend a tailored financing programme thus improving resource use efficiency.

'This partnership allows us to attract more clientele towards alternative energy solutions, thus upholding our unwavering commitment to a more sustainable future.'

Ahmed Zahran  
KarmSolar CEO

# 4

## PRIORITISING PEOPLE

The past two years have undoubtedly taken a toll on people around the world, whether in terms of health, lost income, or mental wellbeing. At EFG Hermes, the wellbeing of our stakeholders has always been central to our value system. Our CSR initiatives focus on providing integrated development solutions that provide holistic improvement to people's lives across the countries where we do business.


Internally, the "human" in Human Resources was front and centre this year, and we worked hard to ensure that our employees had the support they needed not only to overcome the difficulties of the COVID-19-related circumstances but to thrive and grow as well.





## EXTENDING DEVELOPMENT REACH – A GLOBAL APPROACH TO CSR

Just as EFG Hermes has expanded its geographic footprint and business reach, the Group has also extended its CSR commitments to several frontier markets, both in terms of financial commitment and in encouraging community engagement activities.

 **Egypt**  
Pioneering rural integrated development projects under the leadership of the EFG Foundation for Social Development.

 **The United Arab Emirates**  
Participation in the Virtual Charity Mile Race to raise funds for the Hope Gate Centre for the rehabilitation of autistic children.


 **Nigeria**  
Support for the Purple Girl Foundation to help with the schooling of 30 under-served girls from indigent families and for the Clever Minds Learning Centre.

 **Kuwait**  
Participation in the Virtual Charity Mile Race to raise funds for the Zakat House for children's education and rehabilitation.



 **Kenya**  
Support for Compassionate Hands for the Disabled Foundation and Shelter Children's Home, organizations that help destitute, abused, or disabled children.

 **Bangladesh**  
Support for the Dignity Corners project, which aims to provide access to essential sanitary facilities for menstrual hygiene for school-aged adolescents.

 **Oman**  
Participation in the Virtual Charity Mile Race to raise funds for a charitable foundation involved in food aid.

 **Pakistan**  
A scholarship for 69 students to help them continue their education at the Education Trust Nasra School (ETNS), in addition to support for the Child Life Foundation and Sunrise Senior Citizen Organisation.



## THE EFG HERMES FOUNDATION: INTEGRATED DEVELOPMENT IN ACTION



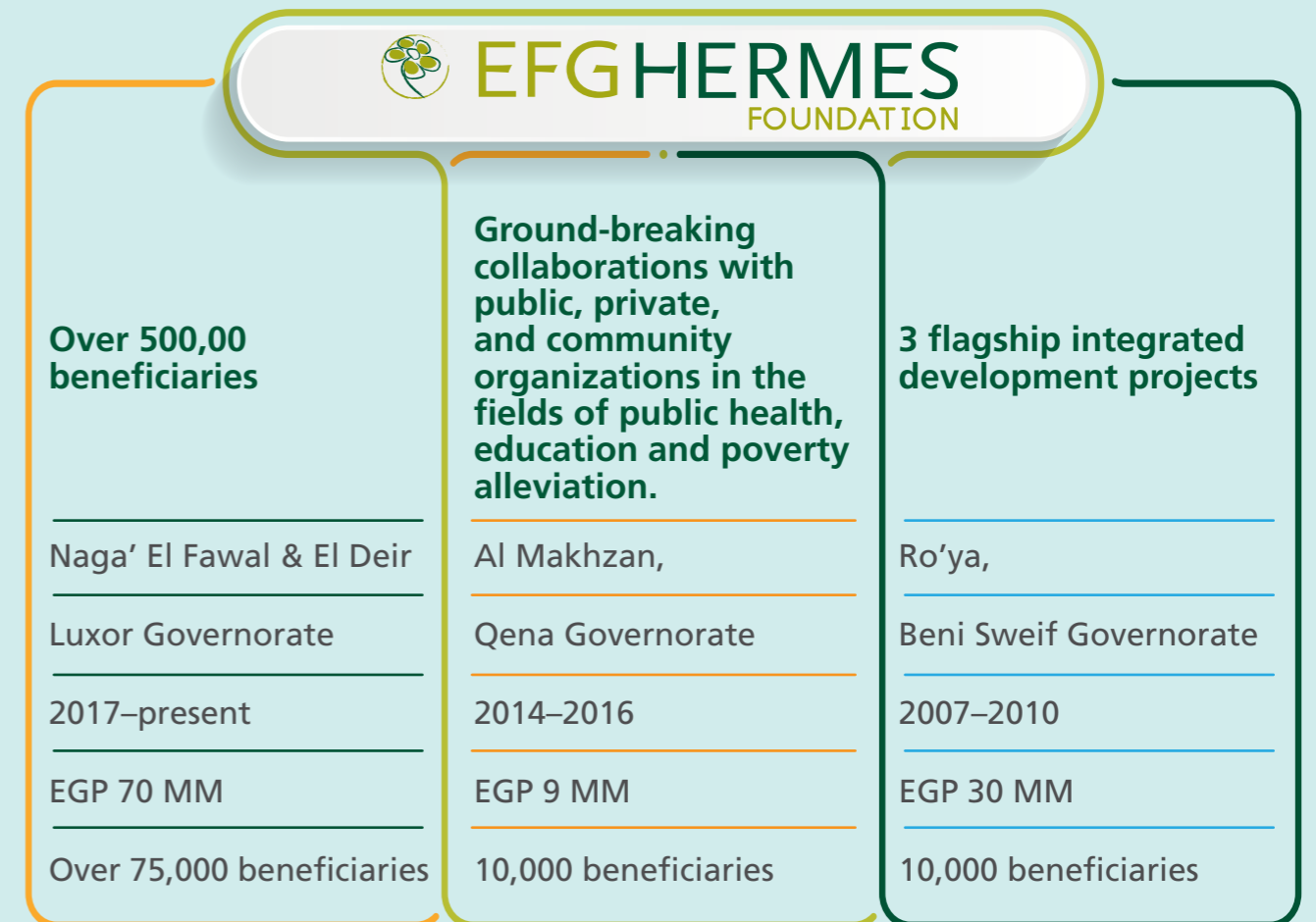
The EFG Hermes Foundation for Social Development takes a very personal approach to development: if a project cannot sustainably improve lives, both in the short-term as well as the long-term, then it is not fulfilling its goals. Since its establishment, the Foundation has adopted a sustainable integrated development approach as the most effective means of maximizing both impact and return on investment of scarce development funds. Partnership is a key tenet of the Foundation's approach, and each project brings together partners from both public and private sectors, donors and civil society in synergistic that have tangible, measurable impact on both communities and individuals.

To date, the Foundation has implemented three ground-breaking integrated development projects in economically deprived rural areas in Upper Egypt. Each one has been more ambitious than the ones before, and today, we are proud to announce forthcoming collaboration with the Tahya Misr Fund, a synergistic partnership that will further extend our reach and impact.

### NAGA' EL FAWAL & EL DEIR VILLAGE INTEGRATED DEVELOPMENT PROJECT

Launched in 2017 under the leadership of the EFG Hermes Foundation for Social Development, the EGP 70 million Naga' El Fawal and El Deir Village Integrated Development Project takes a holistic approach to the SDGs, tackling almost all the SDGs applicable to rural environments simultaneously. Benefitting over 75,000 inhabitants, the ambitious project involves the rehabilitation of an entire community starting with infrastructure development and encompassing economic and human development initiatives, as well as access to a variety of services.


Since inception, progress on the fulfilment of project goals has been steady and has effected a profound transformation in the community. For the first time, the residents find that they have access to decent, up-to-date services, not just in one area, but across their entire daily experience. They live in houses with access to clean water and sanitation; if someone gets sick, the refurbished health unit is close by; there are job opportunities providing economic benefits; and there's an excellent preschool that can put their children on an educational footing even better than their urban peers. The future in Naga' El Fawal & El Deir Village is just starting.




# 2021 SCORECARD: NAGA' EL FAWAL AND EL DEIR VILLAGE INTEGRATED RURAL DEVELOPMENT PROJECT

Project implementation has been steady since inception in 2016 with tangible progress on many SDGs over the lifetime of the project. This year achievements have been focused on four key SDGs:

At the Young Scholars Academy, training is on-going for 75 current and potential staff members to build their capacity and raise the standard of service provided to the children. 17 young scholars graduated from the academy in 2021 including 4 scholars from the Special Needs Section.




**4** QUALITY EDUCATION




**6** CLEAN WATER AND SANITATION

Total number of beneficiaries of the sanitation works is close to 10,000 citizens including residents of Naga' El Fawal and the neighbouring areas.

94 upgraded homes  
Sanitation network construction concluded. All houses are now connected to refurbished water and sanitation networks.  
Sanitation pumping station and sanitation car delivered to local authorities for management.



**9** INDUSTRY, INNOVATION AND INFRASTRUCTURE



**17** PARTNERSHIPS FOR THE GOALS

Key public-private collaboration established with the Tahya Misr Fund and Luxor Governorate to strengthen and expand project goals.



 <b>1</b> NO POVERTY	Sustainable, income-generating projects leading to community empowerment.	 <b>8</b> DECENT WORK AND ECONOMIC GROWTH	Sustainable employment opportunities at the preschool, the health unit, and the community centre.
 <b>3</b> GOOD HEALTH AND WELL-BEING	Refurbishment and upgrading of the local health unit.	 <b>10</b> REDUCED INEQUALITIES	Health, education, and infrastructure services equal to neighbouring urban areas.
 <b>5</b> GENDER EQUALITY	Training and sustainable employment opportunities for village women (42 jobs).	 <b>11</b> SUSTAINABLE CITIES AND COMMUNITIES	The creation of sustainable jobs and the deployment of renewable energy solutions.
 <b>7</b> AFFORDABLE AND CLEAN ENERGY	A solar energy solution to power the community centre, with excess sold into the grid.	 <b>12</b> RESPONSIBLE CONSUMPTION AND PRODUCTION	Responsible use of local resources.

## VOICES OF HOPE: CSR IMPACT IN FRONTIER MARKETS

EFG Hermes maintains a strong commitment towards the communities where it does business through a proactive CSR policy. We also believe in the synergistic effects of partnerships and consistently seek to identify partners in development who can make sure the impact of our contribution is tangible and effective.

## ORGANIZATIONS & CAUSES SUPPORTED BY EFG HERMES IN 2021



## PARTNER SPOTLIGHTS

EGYPT



**Haya Karima** is a presidential programme that aims to alleviate the burdens on citizens in poor rural communities and urban slums, elevating their quality of life through a set of initiatives that cover services, development, and production activities.

**EFG Hermes** helped through partnership with the Governorate of Luxor, the EFG Hermes Foundation has successfully completed the sustainable integrated development Project of Naga' El Fawal and El Deir Village.



**The Tahya Misr Fund** is a government fund established to implement national projects that aim to develop radical solutions to social issues that afflict the lives of large groups of Egyptians.

**EFG Hermes** supports the government efforts to curb the spread of COVID-19.



**The Magdi Yacoub Heart Foundation** is an Egyptian NGO founded in 2008 by Sir Magdi Yacoub to establish and manage world-class cardiac care facilities in Egypt, including the Aswan Heart Centre and Aswan Heart Research Centre and the Magdi Yacoub Global Heart Center in Cairo.



**EFG Hermes** provided a defibrillator for the Aswan Heart Centre and a room at the Magdi Yacoub Global Heart Center in Cairo. **The Baheya Foundation for the Early Detection & Treatment of Breast Cancer** is a non-profit hospital specialized in early detection and treatment for women diagnosed with breast cancer.

**EFG Hermes** provided an electrolyte analyser and a bright-field microscope (CX43 Olympus).



**#Save\_Rasheed** is a campaign initiated to help provide a cure for a 20-month-old baby boy suffering from Spinal Muscular Atrophy (SMA), a rare and critical genetic disease that affects the central nervous system, peripheral nervous system and voluntary muscle movement.

**EFG Hermes** helped in curing the young baby Rasheed.

Nigeria



**The Purple Girl Foundation** is a private organisation set up to provide opportunities and support for enhancing the education of female children in Nigeria. Its primary focus is giving young girls from underprivileged backgrounds, who struggle amid various disadvantages, a chance to improve their lot through educational support.

**EFG Hermes** supports the schooling of thirty (30) under-served girls from indigent families at the primary, secondary and tertiary school levels.

Kenya



**Compassionate Hands for the Disabled** is an organisation that seeks to help persons with special needs overcome their disability limitation and empower them economically, socially and spiritually to become self-reliant and productive Kenyans.

**EFG Hermes** supports the organisation in its mission and to provide critical food and rehabilitation support.

Pakistan



**The Education Trust Nasra School (ETNS)** was set up in 1949 with the aim of providing quality education to children belonging to the low to mid income strata of society. In the past 72 years, hundreds of students have graduated from the five different campuses of Nasra School. Today, our alumni are spread over the globe.

**EFG Hermes** provided scholarships for 69 students whose education was disrupted by the COVID-19 pandemic.

My name is Umaima and I study in Grade 5 at the Super Highway campus. Due to the Covid-19 situation, my family is financially constrained. There was talk of me not being able to continue my education, but thanks to the EFG Hermes Scholarship, I will now be able to continue with my education. I love my school and participate in all curricular and co-curricular activities.



My name is Muqaddas Ali. I am a student of class VI B. I'm from the Nasra School North Karachi campus. I have always been among to five students in my class. I am also good in extracurricular activities. I have been participating in IKLC and also in community services. I want to become a teacher because I found teaching very interesting. It is my goal to teach children who cannot afford going to a school just like Ma'am Nasra Wazir Ali did by making our Nasra School so we can fulfill our dreams.

My name is Awwab Uddin. I am currently studying in grade VII of ETNS Malir Campus (afternoon session). This scholarship has benefited me so much in my school career as it helped me to continue my educational journey without focusing on my financial affairs and Insh'Allah I will continue it with the same good grades.



## A KEY TO THE FUTURE – THE IMPORTANCE OF FINANCIAL LITERACY

At EFG Hermes, we believe that it is our duty to champion and enable financial literacy at all levels. The ability to make informed financial choices is key for people to thrive and grow regardless of their financial capability. Over the years, the Group has produced a series of financial literacy videos for students, sponsored the Model Egyptian Stock Exchange, and conducted orientation and mentorship sessions in cooperation with several Egyptian universities and with GEMS Egypt for Education Services.

In 2021, EFG Hermes' financial literacy efforts were targeted at two distinct and very different stakeholder groups: EFG Hermes non-officer employees in Egypt and clients of EFG Hermes One, the Group's state-of-the-art flagship online trading app.

### Helping EFG Hermes Staff Manage Their Finances

Our employees are our biggest asset, and we always make an effort to identify flash points or issues that may be holding them back or causing them stress and develop appropriate solutions to address each problem. This is one such case. We noticed that our non-officer staff members were often in financial difficulty in spite of remuneration rates that are higher than market standards. We realized that they lacked the basic financial literacy skills to manage their finances, and, although the firm employs a loan policy that allows us to assist those in need, we could see that this was not sustainable in the long term and was a mere panacea that in many cases exacerbated the situation.

In response, we designed a programme to provide them with simple, actionable knowledge to better manage their financials, avoid incurring debt, and possibly save as well. It covered critical fields, such as:

- information on the various banking products and when each should be considered;
- how to plan their finances based on their income and liabilities;
- how to manage debt; and
- how to choose a suitable savings plan.

Piloted in Egypt, where the issue was most obvious, we plan to roll it out in other countries in the future. Attendance was encouraged rather than mandated, and we received 40 applications.



## TAKING CONTROL OF THE FUTURE WITH EFG HERMES ONE

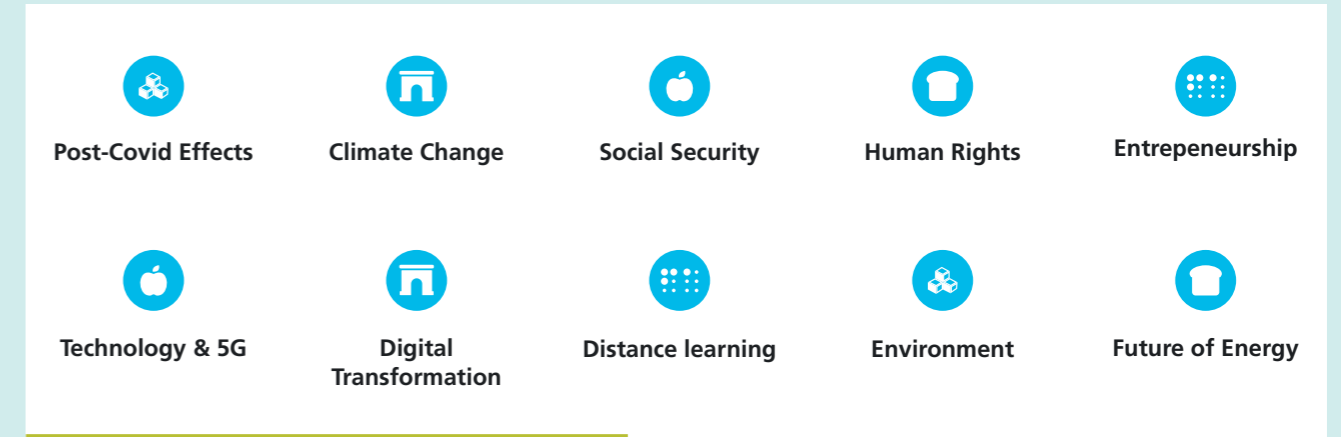
EFG Hermes One is a universal trading platform rolled out by the Group in 2021 in two of our key markets, Egypt and Kenya. It provides users with one-click access to multiple MENA markets as well as global exchanges, allowing users to trade multiple asset classes across some of the world's most exciting markets anytime, anywhere. The app also includes intelligence as a real-time service by EFG Hermes Research, incorporating a full suite of research products that leverage the global-award-winning insights of an international team.

Understanding the fundamentals of money management, however, is critical before embarking on online trading. In tandem with the product launch, EFG Hermes rolled out a financial literacy campaign on social media with a hotline to field queries and virtual training modules embedded in the app to help clients understand how best to invest their money and how to avoid unnecessary risk.



EFG Hermes ONE is also proud to have sponsored the 4th edition of the World Youth Forum, which took place in Egypt, from the 7th to the 13th of January, at the Sharm El Sheikh International Convention Center (SHICC) under the auspices of H.E. President Abdel Fattah Al Sisi. The forum tackled many critical issues and was an excellent opportunity to create awareness of the platform capabilities and encourage investment literacy among youth.

## WORLD YOUTH FORUM 2021



## TAKING CARE OF OUR PEOPLE – EMPLOYEE SUPPORT & DEVELOPMENT

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It has always been of paramount importance for us at EFG Hermes to create a work environment that not only supports employees but also provides them with the opportunity to grow and thrive. In 2021, we continued to face the fallout of pandemic circumstances and restrictions, but we were better prepared to deal with them. We also rolled out new policies and procedures in our effort to always anticipate the needs of our team members and to build a resilient organisation for the future.

### Navigating the second year of the COVID-19 pandemic

Throughout 2021, and in spite of the continued mayhem brought about by COVID-19, HR continued to provide support to EFG Hermes employees in various forms. Rather than simply tweaking programmes and processes originally conceptualized for in-person interaction, to work virtually, we revisited our offering and re-built programmes and workflows consciously for the virtual world, focusing on our annual DNA, promotions, hiring and onboarding processes, and helping our employees deal with the mental stress of balancing work and home life in these difficult circumstances.

### Business Support



Developing a resilient and secure remote work system has been key not only from the business continuity planning (BCP) side, but also to relieve the stress of the work from home (WFH) scenario on our employees. We introduced a new BCP website to familiarize and train employees on WFH requirements and systems. We also ensured that all employees had appropriate hardware and software as well as secure and fast VPN connections.

### Flexible Policies



It was also important that parents – mothers and fathers alike – felt able to work from home at a moment's notice when school closures mandated that. We made sure that our corporate policy remained flexible to accommodate these circumstances, with no discrimination at the hands of more zealous managers.

### Healthcare



The Benefits team in Egypt was quick to notice that most COVID-related hospitalisations were due to oxygen deficiencies; the team immediately sought approval to purchase eight oxygen cylinders made available to employees and their family members. Training by our medical services provider and coordination with the Administration team ensured swift action when the need arose. Medical and life insurance policies in most countries (as applicable) were also enhanced to provide coverage for COVID-19.

### Mental Resilience



After more than a year of restrictions due to the COVID-19 pandemic, we could see that our managers needed support. Extended isolation, WFH directives, the stress of managing remote teams, or even just being unable to travel to see family and loved ones was taking a toll on our employees' mental wellbeing. We wanted to offer something that employees would be comfortable participating in but, we realized that cultural barriers could derail any attempt on our part to intervene in mental health issues. After much discussion, we settled on 'mental resilience' as an encompassing umbrella that would allow us to tackle a variety of sensitive topics and that would not deter enrolment. We encouraged employees to sign up and we subtly created a safe space by ensuring that no group included managers and direct reports to allow all parties to speak freely. All in all, we ran 4 rounds for a total of 54 employees from 10 countries and believe the sessions were successful in providing support during this complex time.

## TALENT DEVELOPMENT

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For the third year running, we ran our Development Needs Assessment (DNA) Open House (virtually) encouraging employees to take an active role in mapping out their development path and encouraging managers to take an interest in the development and growth of their teams. 133 employees participated, and 18 managers. We also ensured that enrolment criteria for The Academy secured participation from all the company's geographic locations, so that those in the more remote locations are not left out.

The firm continues to run an active internship and job shadowing programme, which we believe contributes positively to helping participants identify their career interests in preparation for graduation. The programme is also a golden opportunity for the firm, allowing us to identify future employees.

## COMMITTING TO EQUALITY –WOMEN'S EMPOWERMENT AT EFG HERMES

EFG Hermes prides itself on maintaining a transparent policy environment that is continuously updated to stay in tune with changing market and societal realities. This has been particularly vital given EFG Hermes' expansion into both new jurisdictions and product lines as well as in response to evolving global risks and circumstances.

In October 2021, Karim Awad, the CEO of EFG Hermes, signed the Statement of Support for the Women's Empowerment Principles (WEPs), a set of principles that offer guidance to business on how to promote gender equality and women's empowerment in the workplace, marketplace and community. Established by UNGC and UN Women, the WEPs are informed by international labour and human rights standards and grounded in the recognition that businesses have a stake in, and a responsibility for, gender equality and women's empowerment.

WEPs are a primary vehicle for corporate delivery on gender equality dimensions of the 2030 agenda and the United Nations Sustainable Development Goals. By joining the WEPs community, the CEO signals commitment to this agenda at the highest levels of the company and to work collaboratively in multistakeholder networks to foster business practices that empower women. These include equal pay for work of equal value, gender-responsive supply chain practices and zero tolerance against sexual harassment in the workplace.

In 2021, EFG Hermes issued several statements that have underscored its commitment to upholding basic human rights across its operation. Two of the statements articulated by EFG Hermes Senior Management this year—gender equality and sexual harassment—are designed to guarantee an equitable, inclusive and safe work environment.

### CEO STATEMENT OF SUPPORT

We, business leaders from across the globe, express support for advancing equality between women and men to:

- bring the broadest pool of talent to our endeavours;
- further our companies' competitiveness;
- meet our corporate responsibility and sustainability commitments;
- model behaviour within our companies that reflects the society we would like for our employees, fellow citizens and families;
- encourage economic and social conditions that provide opportunities for women and men, girls and boys; and
- foster sustainable development in the countries in which we operate.

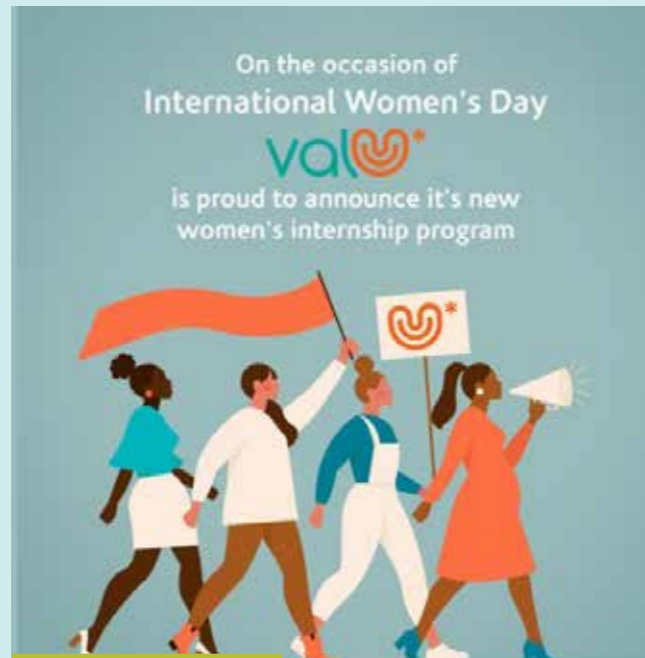
#### Statement on Gender Equality and Gender Equity - Summary

EFG Hermes values diversity in all its forms and works hard to incorporate conscious gender equality in how we operate. We pride ourselves on providing clear career paths and a supportive, equitable environment for women at all levels throughout the Group. We also pride ourselves on being one of very few listed companies in the Middle East with a female chairperson who has held the position since 2008. Across the Group, there are many examples of women in leadership positions working to advance gender parity and underlining the company's commitment to attracting, retaining, and developing women into senior leadership positions.

#### Statement on Sexual Harassment - Summary

EFG Hermes is committed to providing a safe environment for all its employees, one that is free from discrimination on any grounds and from all types of harassment, including sexual harassment. The Group operates a zero-tolerance policy for any form of sexual harassment in the workplace. All incidents are treated seriously, with allegations investigated promptly and handled in strict confidence and with appropriate sensitivity and respect.

## EMPOWERING WOMEN IN BANKING & FINANCE



At a time when women were feeling the brunt of COVID-19, we were eager to participate in a women-focused programme run by the US Embassy in Cairo. Targeting women in financial services, the programme 'Empowering Egyptian Women in Banking and Finance' invited EFG Hermes to nominate three participants. All three were accepted to the programme, which ran from July to December 2021, and included six sessions by prominent female figures in Banking & Finance. This is the first time we've offered a programme targeting women, and it has encouraged us to develop our own programmes for this vital segment.

In celebration of International Women's Day, valU, EFG Hermes' flagship NBF subsidiary, is providing an internship opportunity for women who took leave from work and would like to return. Compared to men, more women need leave from work for family or medical reasons such as caring for a new born, a sick child or other family member. In recognition of this inequality, valU is proud to announce its new internship program offering women of all ages the opportunity to enter the world

of fintech with valU. The internship opportunity will provide a hands-on orientation experience where selected candidates will go through a series of in-depth classroom and on-the-job shadowing opportunities across various functions within valU from operations to marketing to business development and much more, providing a much-needed re-introduction into the professional world and equipping candidates with the needed skills to re-launch their career in a progressive and innovative work environment.

### KEY GENDER EQUITY METRICS

Women on the company's board: 2	16.6%
Company chairperson	FEMALE
Female percentage of workforce	21.4%
Percentage of women in senior management positions	16%
Ratio of the basic salary and remuneration of women to men for each employee category, by significant locations of operation	6%
Percentage of women in new hires	25.3%
Percentage of promotions	32%
Retention rate of female employees that took parental leave	100%



# ADVOCACY & ENGAGEMENT

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## ADVOCACY & ENGAGEMENT

It has always been EFG Hermes' policy to engage with peers, policymakers, community members and regulators to promote good governance, responsible investing and environmental and social stewardship. In spite of continued COVID-19 restrictions, the Group's annual signature conferences successfully took place, some virtually and others in person depending on country and travel restrictions. These include the Egypt Day Conference and the Virtual Investor Conference and bring together fund managers, institutional investors, government representatives and companies in settings that allow all partners to understand the other's needs and capabilities and work together towards fulfilling development goals. These forums are particularly important in highlighting the opportunities and challenges of investing in FEMs and they have become a platform of advocacy for ESG issues.



## CHAMPIONING SUSTAINABILITY – EFG HERMES IN THE NEWS

We are immensely proud of the achievements of our executives who have consistently been recognised as outstanding in their fields. Their success is a reflection of the deep commitment that EFG Hermes has to excellence in all areas but particularly in governance, innovation, and the realization of sustainability targets.

We are immensely proud to have Group CEO Karim Awad featured as the Cover Star of Forbes Middle East in their July 2021 Issue. Over the course of his career at EFG Hermes, Mr Awad has spearheaded a major shift in the Firm's strategy that has transformed EFG Hermes from a MENA-based investment bank to a frontier markets financial solutions house. To achieve this vision, he has steadfastly focused on six pillars: hiring the best people, improving the Firm's positioning in markets it operates in, selectively expanding its geographical presence, enhancing its product offering, increasing profitability metrics and ensuring that public responsibility remains front and centre in all its operations.



In 2021, Mr Awad represented EFG Hermes at numerous events including the Future Investment Initiative and the CEO Thoughts Conference, where he spoke on EFG Hermes' journey towards sustainability and the role of financial institutions in driving progress towards the fulfilment of the SDGs.





We are also very proud to announce that our Chairperson, **Mona Zulficar**, was selected as one of Forbes Magazine’s top 50 Power Businesswomen in the Middle East for 2022. One of the main criteria for selection are the initiatives and causes championed by the nominees. In addition to being one of Egypt’s most prominent corporate, banking and project finance attorneys, she is a staunch human rights activist and legislator and an unremitting champion of ESG issues and the drive to achieve the SDGs both at EFG Hermes and elsewhere. She is a staunch supporter of the work conducted by the EFG Hermes Foundation and is deeply committed to maximizing the social impact aspect of EFG Hermes activities.



Continuing her outstanding role as global sustainability champion, **Hanaa Helmy**, Chief Executive Officer of the EFG Hermes Foundation and Head of CSR, was recognised by International Data Corporation (IDC) as one of the Top 50 Female Achievers 2021 under the CEO Catalysts category. She was also recognised by the Minister of Social Solidarity, HE Nevine Kabbaj, as an Initiator for Empowering Persons With Disabilities and for her long career in community service including her pioneering leadership of the EFG Hermes Foundation.



In 2021, Ms Helmy represented EFG Hermes at numerous conferences including the 7th Women Transforming Technology Summit as a speaker and the Aswan Forum as a panellist on the ‘From Rapid Economic Recovery to Structural Transformation: Africa’s Pathway towards Sustainable Recovery and Development’.



Under her leadership, EFG Hermes was also voted runner-up for the Best Corporate Sustainability Strategy and short-listed as finalists for Best Bank for Sustainable Finance by ESG Investing in Q1 2022.

# CONCLUSION

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## CONCLUSION

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A crisis such as the COVID-19 pandemic often effects fundamental shifts in priorities and becomes a catalyst for innovation and change. For one thing, it has brought into sharp focus that humanity is interconnected, and no society can survive in isolation. This realisation has also changed perceptions towards ESG in general and climate issues in particular.

At EFG Hermes, our journey towards ESG integration and prioritization has been steady and measured, and we are proud of our achievements, but there remains much more to be done. This is only the start. As a fully integrated financial service provider with presence in 13 markets across four continents and ambition to become even bigger, we cannot neglect our responsibility whether towards our shareholders or towards society. Climate risk and social inequality pose significant market risk. It is our duty to mitigate that risk by making informed, principled choices that demonstrate how sustainable investment does not come with a financial trade-off. As people become more aware of the sustainability dimensions of their investments, demand for sustainable business will increase. The financial industry stands at a crossroads: it is no longer the time to place profits before people. To safeguard our world from future global shocks, we must build a fair system that positively shapes the world for future generations.



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