

February 20, 2022

EFG HERMES

Communication on Progress

Submitted to the United Nations Global Compact



COMMUNICATION ON
PROGRESS

This is our **Communication on Progress** in implementing the principles of the **United Nations Global Compact** and supporting broader UN goals.

We welcome feedback on its contents.

Letter of Commitment

February 20, 2022

H.E. António Guterres
Secretary-General
United Nations
New York, NY 10017
USA

Dear Mr Secretary-General,

As the second year of the COVID-19 pandemic comes to a close, we look back at the lessons of the last two years, and one irrefutable fact stands out: our world is interconnected and we either succeed together or we fail together. This is not only true for the particular circumstances of COVID-19, but also applies to the four areas championed by the United Nations Global Compact (UNGC): Human rights, labour, anti-corruption, and the environment, and it is of particular urgency when it comes to climate issues and sustainability. As highlighted by COP 26 held in Glasgow earlier this year, now is the time to act. We owe it to coming generations to ensure that our actions today do not make this planet unliveable for them. As individuals and as companies, we have to shift the way we think to address vital immediate needs without abandoning future goals and targets.

At EFG Hermes, 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 within the framework of the Sustainable Development Goals (SDGs). Responsible investment has become a moral imperative, and we remain committed to the United Nations Principles for Responsible Investment (UNPRI), continuing towards business integration of ESG issues throughout our operations. This year, we are particularly proud of Vortex Energy, our integrated investment platform for the advancement of clean energy. Large-scale investment to transform the global energy sector and transition to a low-carbon society is crucial, and Vortex Energy's objective is to support the construction of sustainable infrastructure and the advancement of efficient technologies required to secure our energy future. Our commitment to uphold the ten principles of the UNGC remains as vital as ever, and we recognize that a key requirement for continued participation in the Global Compact is the annual submission of a Communication on Progress (CoP) report that tracks performance on incorporating the UNGC principles on human rights, labour, environment, and anti-corruption into the firm's strategy, culture, and day-to-day operations as confirmed by a resolution issued by our board of directors. We have made a clear statement of this commitment to our stakeholders and to the public, and we are herewith pleased to submit our 11th annual CoP as part of our commitment to a more equitable and sustainable future.

Sincerely, yours



Karim Awad

Group Chief Executive Officer

EFG Hermes



United Nations Global Compact

Communication on Progress 2021

Introduction

As we contemplate a third year of pandemic restrictions, EFG Hermes continues to uphold the 10 principles of the UNGC. Given the disruption caused by COVID-19 circumstances across the globe, this year, the Firm has placed a high priority on expanding its financial inclusion strategy and creating economic opportunities for the most under-privileged in our society, whether through CSR activities or through the provision of microfinancing and capacity building.

Our pioneering CSR activities continue through our Foundation, and we are proud to announce that our activities have expanded to our frontier markets with key CSR activities taking place in Kenya, Pakistan and Nigeria.

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 geographically and across new services and products.

Our commitment to good governance and maintaining a strict and transparent policy environment continues, and we have expanded our focus on cyber-security issues as digitization has increased, particularly given the rise of remote working.

In terms of human resources and labour, this year we focused on providing mental health support to mitigate the effects of pandemic restrictions on our staff across the world. We pride ourselves on always creating

a supportive and safe work environment for our staff despite the difficult circumstances.

EFG Hermes is proud to continue to be an active participant in the UNGC. This Communication on Progress (CoP) report provides an overview of EFG Hermes activities to uphold the Ten Principles of the UNGC on human rights, labour, the environment, and anti-corruption. It also presents our policies and progress in each area.

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Human Rights

EFG Hermes' goal is to uphold the UNGC principles on human rights by engaging with stakeholders and committing to policies that minimize risk on human rights issues and improve living standards in the communities where it operates.

PRINCIPLE 1:

Businesses should support and respect the protection of internationally proclaimed human rights.

PRINCIPLE 2:

Make sure that they are not complicit in human rights abuses.



Spotlight on ... Gender Equity and Sexual Harassment Statements

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 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.

Statement on Gender Equality and Gender Equity

EFG Hermes is an equal opportunity employer. We

value diversity in all its forms and work 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. Key areas of engagement on gender equity include ensuring an inclusive culture; embedding gender equality principles in policies and procedures; championing female leaders and creating opportunities for women; and maintaining a pro-women brand image.

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 also many other 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. EFG Hermes also extends its focus on gender equality to the communities it supports through, high-impact projects designed to empower underprivileged women.

Statement on Sexual Harassment

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 Firm 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.

Policy & Progress Review – Human Rights

Policies/Actions	Progress
EFG Hermes values	<ul style="list-style-type: none"> - We continue to uphold our four core values of integrity, leadership, value creation and commitment.
Commitment to sustainability	<ul style="list-style-type: none"> - The Corporate Social Responsibility (CSR) Department is the lead EFG Hermes division responsible for the advancement of sustainability issues within EFG Hermes. - Over 97.5% of employees participated in mandatory responsible investment training. - The seventh annual sustainability report (SR) was released covering 2020, with the eighth annual SR to be issued in March 2022. - FIM Partners, a subsidiary of EFG Hermes has published its first annual SR in 2021.
Stakeholder engagement	<ul style="list-style-type: none"> - 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 El Kabbag, for her long career in community service including her pioneering leadership of the EFG Hermes Foundation. - 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". - Internal awareness campaigns were continued to highlight sustainable development issues and promote the Sustainable Development Goals (SDGs). - Sustainability measures were promoted within the investment and finance industry through membership in the Corporate Impact & Sustainability (CIS) Committee at the American Chamber of Commerce in Egypt and the Sustainability Advisory Committee (SAC) of the Egyptian Stock Exchange (EGX) where she was invited to Ring the Bell 2021. - FIM Partners held numerous stakeholder engagement initiatives including a KSA webinar titled 'The Saudi Transformation from an ESG Perspective' to highlight the sustainability efforts and progress underway in Saudi Arabia and two ESG-focused training workshops for all employees at FIM Partners. The firm has also engaged in deeper, focused dialogue with clients on sustainability issues throughout the year while also prioritizing proxy voting (86% increase over 2020). - 21 collaterals were published for CSR initiatives on multiple assets (Facebook, Twitter, Portal, Screens, LinkedIn, etc.).
Employee engagement	<ul style="list-style-type: none"> - Employees continued to participate in voluntary activities promoting sustainability including fundraising activities, community development initiatives, and social media engagement. - This year, employees across 7 countries participated in a virtual charity race to raise funds for different charities in each country. The causes supported include rehabilitation programs for autistic children, food aid, school construction, education, and care for senior citizens.
Corporate citizenship	<ul style="list-style-type: none"> - The EFG Foundation continued to support the Naga' El Fawal and El Deir Village integrated development project in partnership with the Kuwaiti Initiative for the Support of the Egyptian People, the Sawiris Foundation for Social Development, and Orascom Construction. - Work on the sanitation network at Naga' El Fawal has been concluded. All houses are now connected to the refurbished water and sanitation networks.

Policies/Actions	Progress
	<ul style="list-style-type: none"> - The sanitation pumping station was delivered to local authorities for management including a sanitation car. The total number of beneficiaries is close to 10,000 citizens including residents of Naga' El Fawal and the neighboring residential areas. - The Young Scholars Academy, the village preschool launched in 2019, continues to provide area children (100) with a Montessori-based educational platform including a special programme catering to 50 children with special needs. - 17 young scholars graduated from the academy in 2021 and eight in 2020, including four scholars from the special needs section in 2021 and one in 2020. - The preschool has successfully created 42 sustainable jobs, 38 of which are teaching positions. - Teachers at the Young Scholars Academy have been receiving training on the Montessori philosophy in early education since August 2017. Training is ongoing for 75 of current staff members as well as potential new hires to build their capacity and raise the standard of service provided to the children. - The Foundation is currently working with the community on upgrading houses at Naga' El Fawal. Ninety-four houses have been fully rebuilt. Houses have been designed in a way to give each family its own space with separate rooms for parents and male and female siblings. - The Foundation provided community support through several initiatives. It contributed an Electrolyte Analyzer and a Bright field Microscope CX43 Olympus to the Baheya Foundation for Early Detection & Treatment of Breast Cancer, a defibrillator for the Magdi Yacoub Heart Centre in Aswan, and a room at the Magdi Yacoub Global Heart Centre in Cairo. - The Foundation also contributed to the campaign 'Save Rasheed' to help provide a cure for a young boy with a rare genetic disorder known as Spinal Muscular Atrophy. - Tanmeyah Microenterprise Services, EFG Hermes' microfinance provider also undertook community activities including: <ul style="list-style-type: none"> - Providing six scholarships to high-achieving students in conjunction with Zewail City of Science and Technology. - Partnering with FACE, an NGO that provides essential support for orphans, abandoned children, and children at risk of becoming street children. - Sponsoring the activities of the Egyptian Microfinance Federation to help expand its outreach across Egypt. - Collaborating with Egyptian Microfinance Federation to support the presidential initiative "Haya Karima" to help improve and develop social and economic status of families in countryside and slums. - In 2021, the EFG Hermes Board also allocated a budget to deploy CSR activities in several frontier markets. <ul style="list-style-type: none"> - In Nigeria, the Purple Girl Foundation received a grant of over NGN 6Mn to support the schooling of thirty (30) under-served girls from indigent families at the primary, secondary and tertiary school levels. - In Kenya, Compassionate Hands for the Disabled Foundation received over KES 1Mn to support the organisation in its mission to create effective structures that empower persons with special and help them achieve social and economic independence. Support was also provided to Shelter Children's Home, which provides support and shelter to destitute, abused, or disabled children. - In Pakistan, EFG Hermes established a scholarship for 70 students to help them continue their education at the Education Trust Nasra School (ETNS).

Policies/Actions	Progress
	<ul style="list-style-type: none"> - In Bangladesh, EFG Hermes supported the Dignity Corners project in different high schools. This project aims to provide access to essential sanitary facilities for menstrual hygiene for school-aged adolescents.
Financial inclusion & accessible financing	<ul style="list-style-type: none"> - EFG Hermes continues to provide microfinance solutions through its subsidiary Tanmeyah Microenterprise Services, Egypt's leading private-sector microfinance provider. Tanmeyah offers comprehensive microfinance solutions to owners of very small businesses across Egypt who would otherwise have no access to the banking sector. - In 2021, Tanmeyah increased its number of branches to over 300 with presence in 25 governorates. - Tanmeyah has disbursed loans at a value of EGP 24Bn since its inception in 2009. Clients served by Tanmeyah reached over 1M. - Over 70% of Tanmeyah's active borrowers are between the age group of 21-40. Total women active borrowers reached 49%. - The "Women in Business" product, dedicated to financing home-based businesses and initially funded by the European Bank for Reconstruction & Development (EBRD), was rolled out across all of Tanmeyah's branches in 1Q21, up from just 21 branches in 2020. - EFG Hermes also continued to operate state-of-the-art Fintech solution under the brand name 'valU', offering Egyptian consumers payment-on-installment programmes as part of the Firm's continuing efforts to ensure equitable access to financing throughout the country. - 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 2020, several new instruments were launched that promote financial inclusion, particularly at the SME level: <ul style="list-style-type: none"> - PayTabs, a convenient and secure B2B payment solution provider that enables businesses to receive payments online through agile technology suited for the current market, received the Best E-Payment Award 2021 from <i>Entrepreneur Middle East</i>. PayTabs aims to support financial inclusion through supporting youth entrepreneurs on the ground through outreach activities such as Shababco Bazaar. - PayTabs also supports financial literacy by participating in 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. - EFG Hermes Corp Solutions has been proudly empowering SMEs in the market by facilitating lending products and programs that fits their needs. - On the Factoring side, SME clients' contribution to the portfolio recorded 22.11%, up from 10.54% in January 2021 with the total portfolio with outstanding facilities amounting to EGP 421.3MM. - On the Leasing side, the leasing line of business for SME lending grew during FY 2021 to reach 28%, up from 16% compared to beginning of the year January 2021. - The firm also launched EFG Hermes One, a state-of-the-art online platform that is designed to make trading more accessible and streamlined. - EV Fintech, the first financial technology-focused investment company in Egypt. continues to nurture, support, and empowers Fintech start-ups and contributes to the development of the Fintech ecosystem with a particular focus on financial inclusion and reaching underserved market segments.
Right to education	<ul style="list-style-type: none"> - EFG Hermes Private Equity continues to manage the Firm's Educational Platform in partnership with Global Education Management Systems (GEMS), one of the

Policies/Actions	Progress
	<p>world's leading providers of private English-language education for students from kindergarten to twelfth grade (K-12). The objective is 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. The Fund also 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.</p> <ul style="list-style-type: none"> - In 2021, the platform successfully launched the Model United National (MUN) simulation models across some of our schools to promote student awareness of issues supported by the UN including sustainability. The platform also successfully secured for the first time in Egypt the World Sports Accreditation following significant investment made to upgrade the sports facilities. - The Sovereign Fund of Egypt (TSFE) and EFG Hermes also 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. - EFG Hermes Corp Solutions has also increased its contribution to the educational sector by increasing the total new financing of educational institutes of EGP 385MM. The sector contribution to the portfolio reached 12% in 2021, through financing 4 new reputable educational institutes.
Right to healthcare	<ul style="list-style-type: none"> - Rx Healthcare Management (RxHM) is a private equity investment management fund set up to address the growing demand for high quality, affordable healthcare products and services across Egypt, the MENA region and Africa. - EFG Hermes Corp Solutions allocated funds to the health care sector worth of EGP 133MM in 2021 to facilitate for expansionary phases to meet the unprecedented demand due to the COVID-19 pandemic. This contributed 7.89% to the overall Leasing portfolio by end of 2021. - On the Factoring side, EFG Hermes Corp Solutions also showed commitment and support to the healthcare industry by financing companies that provide different medical services to meet the surge in demand. The healthcare sector represented 21.7% from EFG Hermes Corp Solutions portfolio as of December 2021.
Statements & policies	<ul style="list-style-type: none"> - 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.
The EFG Hermes Supplier Code of Conduct	<ul style="list-style-type: none"> - The EFG Supplier Code of Conduct requires suppliers to uphold sustainability beliefs shared by EFG Hermes and all applicable laws regarding labour and human rights, health and safety, environmental protection, and ethics practices whenever they make products or perform services for EFG Hermes.

Labour

EFG Hermes upholds the UNGC principles on labour with a clearly defined set of policies and a commitment to investing in the professional development and well-being of its employees.

PRINCIPLE 3:

Businesses should uphold freedom of association and effective recognition of the right to collective bargaining.

PRINCIPLE 4:

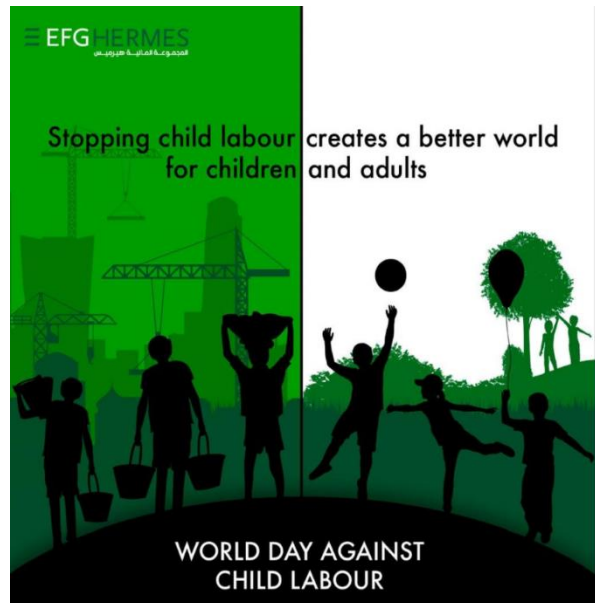
The elimination of all forms of forced and compulsory labour.

PRINCIPLE 5:

The effective abolition of child labour.

PRINCIPLE 6:

Eliminate discrimination in respect of employment and occupation.



Spotlight on ... Supporting our Employees

At EFG Hermes, we place the highest priority on maintaining the wellbeing of our employees through difficult times. We make an effort to identify flash points or issues that may be holding back our employees or causing them stress and develop solutions to address each problem.

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, work-from-home 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. However, we also realized that cultural barriers

could derail any attempt on our part to intervene on mental health issues. We wanted to offer something that employees would be comfortable participating in. After much discussion, we settled on mental resilience as an encompassing umbrella that would allow us to tackle a variety of sensitive topics and would not deter enrollment.

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.

Financial Literacy

In spite of remuneration rates higher than industry standards, we realized that blue collar employees at EFG Hermes lacked the basic financial literacy skills to manage their finances. Accordingly, they were in constant financial difficulty. In response, we designed a program to provide them with simple, actionable knowledge to better manage their financials, avoid incurring debt, and possibly save as well. Piloted in Egypt, where the issue was most obvious, we plan to roll it out in other countries in the future. Attendance was not mandated but encouraged staff to sign up. We received 40 applications that continue to increase thanks to positive word of mouth.

Policy & Progress Review – Labour

Policies/Actions	Progress
Career development programmes	<ul style="list-style-type: none"> - The annual Development Needs Assessment (DNA) serves as each employee’s blueprint for their learning opportunities each year and empowers employees to take charge of their learning opportunities. For the 3rd year running, we ran our 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. - The Firm continues to run an active internship and job shadowing programme, which we believe contributes positively to helping the participants identify their career interests in preparation for when they graduate. The programme is also a golden opportunity for the Firm, allowing it to identify future employees - Over 12,199 training hours including training on online platforms such as Coursera, Zedny, & the PWC Academy. - We expanded our outreach and ensured that our 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. - All new hires are enrolled in our Online Onboarding Programme which includes all the forms and policies they need to sign as well as any country specific forms added to ensure compliance with local regulations, e.g., the GDPR Consent for UK-based employees.
The EFG Hermes Employee Handbook	<ul style="list-style-type: none"> - The EFG Hermes Employee Handbook clearly sets out employee rights in terms of conditions of employment, performance management, leave entitlements, recruitment, and employment termination procedures. It is available to all employees on the company intranet.
The EFG Hermes Code of Conduct	<ul style="list-style-type: none"> - The EFG Hermes Code of Conduct defines a clear set of standards for business conduct of employees and is available to all employees on the intranet.
Policies to ensure labour rights	<ul style="list-style-type: none"> - Policy on Human and Labour Rights. - Statement on Modern Slavery and Human Trafficking. - Statement on Child Labour.
Policies to ensure workplace diversity and fair recruitment practices	<ul style="list-style-type: none"> - Policies to prevent discrimination by nationality. - ‘Know Your Employee’ Policy. - Mandatory pre-employment background checks for New York office employees by an independent outside agent as mandated by state regulations. - Talent management frameworks in Tanmeyah to develop a corporate level framework and competency models well-suited to the nature of Tanmeyah and also in sync with the Group’s approach.
Gender equity & equality	<ul style="list-style-type: none"> - Statement on Gender Equality & Gender Equity - At EFG Hermes, we pride ourselves on providing clear career paths and a supportive, equitable environment for women at all levels throughout the Firm. From training opportunities to mentorship and inclusive policies, we create a welcoming working environment where women can grow and thrive. - EFG Hermes prides itself on being one of very few listed companies in the Middle East with a female chairperson, Mona Zulficar, who has held the position since 2008. - Across the Group, there are also many other examples of women in leadership positions working to advance gender parity and underlining the company’s

Policies/Actions	Progress
	<p>commitment to attracting, retaining, and developing women into senior leadership positions.</p> <ul style="list-style-type: none"> - EFG Hermes nominated three participants to participate in a programme run by the US Embassy in Cairo titled “Empowering Egyptian Women in Finance”. All three were accepted and attended six sessions where they received the opportunity to network with prominent female figures in banking and finance. - The percentage of female employees increased from 22.22% in 2020 to 23.40% in 2021.
Pandemic Disease Protection Policy	<ul style="list-style-type: none"> - Wellbeing is one of the essential beliefs of EFG Hermes. This policy was articulated to ensure fulfilment of corporate health and safety responsibilities by implementing and maintaining policies, procedures, and practices to provide a healthy and safe environment for all employees, visitors and customers for the duration of the COVID-19 pandemic.
Pandemic mitigation measures	<ul style="list-style-type: none"> - In light of shortages of medical equipment, eight oxygen cylinders were purchased and made available to employees and their family members to ensure that all COVID-19 sufferers had adequate oxygen supplies and to cut down on the need for hospitalisation . - 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. - It was also important that parents – mothers and fathers alike – felt able to work from home at a moment’s notice when school closures required that. Accordingly, we made sure our corporate policy remained flexible, with no discrimination at the hands of zealous managers. - We also rolled out a “Mental Resilience” programme designed to help employees cope with the mental health ramifications of issues arising from extended isolation, the stress of managing remote teams, or the inability to see loved ones. Four rounds took place with 54 participants in total from 10 countries. - An IT plan was put in place to support employees work from home (WFH) and minimize potential employee exposure to the virus. The measures included the following: <ul style="list-style-type: none"> - Providing employees with laptops. - Achieving a daily average 400 to 450 VPN connection for remote employees in the WFH scenario. - Achieving a daily average of 350 Citrix sessions for the remote employees. - Introducing a new business continuity plan (BCP) website to familiarize and train employees in the WFH scenario. - Conducting all IT training virtually. - Using Microsoft Teams as a one stop shop for all communication/collaboration needs.
Payroll & HR policies	<ul style="list-style-type: none"> - Labour market regulations, local laws, regulations, norms, and service providers in all countries are integrated into the Firm’s existing HR and payroll policies and procedures. - Payroll in the UK, USA, Kenya, and Bangladesh is handled by a payroll agent to ensure compliance with local law and to apply any mandatory statutory deductions/contributions. - Policies are customized based on country need such as in Pakistan where a customized policy was created to regulate loans and salary advance requests to accommodate employee needs given the financial situation in the country.

Policies/Actions	Progress
Wellbeing, safety and health policies	<ul style="list-style-type: none"> - Policy on Health and Safety. - All employees in the UK, USA, Kenya and Bangladesh receive life insurance benefits through the same coverage and provider. - Medical insurance coverage is provided to UK, Kenya and Bangladesh employees in line with coverage offered to other employees. - Pakistan employee medical and life insurance coverage are gradually being upgraded in line with EFG Hermes standards. - Medical insurance for USA employees is offered through a local provider in line with EFG Hermes standards. - A pension scheme for UK employees is offered as mandated by local law. - A 401k pension scheme is offered to US employees according to market and industry norms even though not mandated by law. - Medical and Life Grant policies are offered for all employees. - On-site gym facilities at HQ with a certified trainer are available. - Employees are encouraged to participate in team activities such as the World Health Day in-house fitness tournaments, the Bloomberg Square Mile Relay in Dubai, and the EFG Foundation's Virtual Charity Run.
Financial literacy	<ul style="list-style-type: none"> - We rolled out a financial literacy program to help blue collar staff members manage their finances and make informed financial decisions. The curriculum included: <ul style="list-style-type: none"> - information on the availability and suitability of different banking products; - how to plan finances based on income and liabilities; - how to manage debt; and - how to choose a suitable savings plan. - Piloted in Egypt, where the issue was most obvious, the programme will be rolled out in other countries in the near future. - Forty applications have been received thus far.
Policies to encourage employee engagement	<ul style="list-style-type: none"> - An online portal provides new hires with vital information ranging from minor details such as the dress code, to more important matters such as regulatory requirements and policies. - The EFG Hermes Connect app is designed to streamline processes such as requesting vacations and HR letters, checking official holidays and pay days and provides access to all internal announcements and other important information. - Travel workflows are automated, starting from requesting the business trip and getting approvals to digital settlement of employee expenses. The system is integrated with EFG Connect to allow employee to request business trip remotely. - The 'Voice It' programme is an online tool for employees at all levels across the Firm to communicate innovative ideas and voice complaints anonymously and discreetly.

Environment

EFG Hermes is committed to upholding the UNGC principles on the environment by minimizing the environmental risk surrounding our operation and investments.

PRINCIPLE 7:

Businesses should support a precautionary approach to environmental challenges.

PRINCIPLE 8:

Undertake initiatives to promote greater environmental responsibility.

PRINCIPLE 9:

Encourage the development and diffusion of environmentally friendly technologies.



Spotlight on... Accelerating the Clean Energy Revolution

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, focused on efficient portfolio management and maximizing social and environmental and impact.

There has never been a time more important than right now to undertake decisive action on climate, and we are at the forefront of regional and global efforts to advance clean and sustainable energy. In the race to limit global warming, the 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. Vortex Energy also 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.

Policy & Progress Review – Environment

Policies/Actions	Progress
Environmental, Social and Governance Policy	<ul style="list-style-type: none"> - EFG Hermes continues to be committed to the United Nations Principles for Responsible Investment (UNPRI) joined in 2018 with annual reporting in Q1 2019, Q1 2020, and Q1 2021. FIM Partners, a subsidiary of EFG Hermes, has also reported to the UNPRI for the first time in 2021. - A brief on ESG integration, laying out the Firm’s Responsible Investment Policy has been developed. It provides a general ESG framework and outlines the approach to ESG integration across our four business lines: private equity, investment banking, asset management and research, as well as recommendations for various support functions. - An ESG integration consultant continues to support full ESG integration. - The Responsible Investment eLearning Course is mandatory for all staff. The course provides an introduction to PRI requirements as well as to EFG Hermes’ Environmental, Social and Governance policy launched in 2017. - In line with the UNPRI requirements for reporting and the Egyptian Exchange model guidance for reporting on ESG performance, EFG Hermes is transparent about its ESG activities and has made the EFG Hermes ESG summary policy available on its website and internal portal. - EFG Hermes discloses ESG integration efforts on an annual basis in the sustainability report. - FIM Partners updated their RI policy to completely exclude revenues from any coal mining company (previously capped at 30% revenues).
Policies & statements	<ul style="list-style-type: none"> - Statement on Climate Change.
Responsible investing	<ul style="list-style-type: none"> - Vortex Energy (est. 2015) is a renewable energy investment platform and a core pillar within the Private Equity division of EFG Hermes. - 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_{2e}”). - In July 2021, Vortex Energy IV, LP (“Vortex IV”) – Vortex Energy’s flagship fund and fourth investment vehicle – reached first close of USD 200mn 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.

Policies/Actions	Progress
Energy conservation & Green IT	<p>The IT department undertakes measures to conserve energy and adopt 'Green' practices that include:</p> <ul style="list-style-type: none"> - Reducing the power consumption of computing devices by replacing old desktop computers in Headquarters with new ones with energy efficient power supplies. To date more than 95% of the old desktops have been replaced. - Implementing a COVID-19 IT plan to support work from home (WFH) pandemic mitigation procedures while ensuring business continuity. This plan also reduces transportation needs and thus, the Firm's carbon footprint. - Increasing the utilization of local branch offices to minimize employees' transportation to HQ. - Introducing Avaya Softphone to replace physical phones in the IT department and encouraging employees who hand over their phones and use only their softphones, thus reducing the cost of purchasing new phones, power consumption, and material waste. - Reducing data centre power consumption by 10% through: <ul style="list-style-type: none"> - Continuing to execute the plan of virtualizing IT servers and demote any unnecessary physical equipment. - Replacing users' old switches with new ones that are more power efficient, reducing energy consumption by 10%. - Migrating backup process with a solution that reduces both material waste and the data centre footprint. - Reducing the number of communication devices by aggregating the services on a new equipment that are more efficient in the power consumption. - Replacing the old storage system with a new one that is more power efficient. - Implementing Sustainable Software Engineering guidelines where possible including the following areas: <ul style="list-style-type: none"> - Carbon and Electricity: Building applications that are carbon-efficient by continuously 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 services up time to mostly run during day hours where utilized energy has less Carbon Intensity. - Embodied carbon: Extending the lifespan of hardware by using out of support machines in development and testing environments to minimize carbon waste - Energy proportionality: Building application that utilize computer resources in a better way to achieve good relationship between power consumption and useful work rate. - Expediting the shift to a cloud-based service strategy, through: <ul style="list-style-type: none"> - Deploying multiple projects entirely on the cloud including Chatbot, the EFG Blog Website, the new Vortex website, and the annual reports microsite. - Utilizing SaaS Cloud offerings to substitute on-premises products, such as Microsoft Dynamics which will replace the on-premises CRM.

Policies/Actions	Progress
	<ul style="list-style-type: none"> - Deploying a new IT portal "IT Access" to act as a digital communication channel between different departments and the IT department to make sure that all technology related issues are handled efficiently. - Deploying the Nextthink Digital Experience Platform to proactively detect any issues in the hardware/software of all corporate computers to increase the productivity and reduce the need for the physical movement of hardware and IT engineers. - Hosting the websites for EFG Hermes Leasing and Factoring on the cloud. - Using advanced cloud security controls to protect multiple services hosted in different geographic locations and cloud-based business services. - Continuing to use a cloud-based system for budgeting. - Hosting 97% of mail users over cloud-based solutions since 2018. - Using WebEx and Zoom for virtual meetings and events including the company's Annual General Meeting (AGM) hosting EFG shareholders. - Holding three online conferences (the One-on-One conference, the London MENA conference, and the KSA Tadawul Conference virtually on WebEx to host thousands of clients instead of meeting physically as in previous years. - Holding three Town Hall meetings virtually on Zoom to host EFG staff for CEO meetings and announcements. - Coordinating with the administration department to include old IT equipment in the e-waste recycling plan in an ongoing process.
Resource management	<ul style="list-style-type: none"> - EFG HR Connect minimizes the use of paper by providing employees virtual access to internal documents such as CEO Notes, leave requests and approvals, latest corporate news, etc., to reduce waste and increase savings. - Recycling practices continue across all EFG conferences and events.

Anti-corruption

To uphold the UNGC principles on anti-corruption, EFG Hermes takes an energetic, proactive approach to corporate governance, compliance, auditing and risk management.

PRINCIPLE 10:

Businesses should work against all forms of corruption, including extortion and bribery.



Spotlight on... Cyber-security

The Firm, under the monitoring and guidance of the Compliance division, continued conducting five mandatory training courses on Anti-Money Laundering (AML), anti-fraud, General Data Protection Regulation (GDPR), cybersecurity, and sustainability awareness. To ensure employees reach the required level of understanding on various subjects, staff members must pass all courses with the results reflected in end-of-year appraisals.

However, with the shift to cloud-based solutions and increasing reliance on remote work solutions, online security and employee awareness of potential threats has become vital.

In 2014, EFG Hermes established a comprehensive information security policy maintained and reviewed on an annual basis. It currently consists of 20 sub-policies covering all main domains identified by global

standards such as ISO and NIST. Key policies deal with passwords, anti-malware, backup, encryption, access control, patch management, remote working, incident handling, vulnerability and awareness, among others.

To keep company employees up to date with the latest trends in cyber-attacks and the policies in place to protect assets, we perform an annual security awareness program including a mandatory pass/fail security course. We also send out news flashes on the latest threat areas and how to secure company assets.

The EFG Hermes team applies the same security policy for both cloud and on premises applications related to risk management and all security controls including vulnerability, standards of encryption, penetration testing, firewalling and intrusion prevention, and multi-factor authentication,

systems along with standard administrative controls.

The information security team also focuses on the review of security architecture for sustainability to ensure that foundational defenses against security threats are properly aligned and always integrated with policies and information security standards.

EFG Group also executed an enterprise-wide AML and Sanctions Risk assessment to assess inherent risks related to money laundering and terrorist financing that the Group and its related segments are exposed to within its organization and the degree to which the Group and the segment controls mitigate these inherent risks.

The methodology for the assessment was based on international best practices as outlined in principles such as FATF and the Wolfsberg principles.

Policy & Progress Review – Anti-corruption

Policies/Actions	Progress
Corporate governance	<ul style="list-style-type: none"> - EFG Hermes and its Board of Directors continue to comply with the Egyptian Financial Regulatory Authority's (FRA) corporate governance regulations released in 2016 that stipulate the appointment of a minimum of two independent board members for all regulated Egyptian subsidiaries. - EFG Hermes is also fully compliant with FRA regulations and EGX listing rules. Moreover, EFG Hermes Holding complies with the new FRA mandated regulations requiring all regulated companies in Egypt to have at least one female board member.
Policies & Statements	<p>All policies are available to employees on the intranet. An orientation package is available to give all trainees and newly hired employees a comprehensive view of all policies and operations.</p> <ul style="list-style-type: none"> - Code of Conduct (100% of the workforce have signed and acknowledged the Code of Conduct). - Staff Dealing. - Group Compliance. - Information Disclosure. - Whistleblowing. - Proxy voting.
EFG Hermes Group Sanctions Policy Statement	<ul style="list-style-type: none"> - This new policy expresses the Firm's commitment to compliance with all relevant sanctions laws and sanctions risk management. All employees are to be held accountable and responsible for their own actions, not to be involved in activities of non-compliance with sanctions requirements. This includes assisting customers not to circumvent or avoid sanctions laws.
EFG Hermes Politically Exposed Person Policy	<ul style="list-style-type: none"> - This policy presents guidelines on the acceptance, management and monitoring of clients considered to be Politically Exposed Persons (PEPs). This is done in order to mitigate reputational risk, operational risk, financial risk and legal risk, based on internationally accepted best practice, standards and guidelines. - The businesses are the first line of defence in preventing and detecting financial crime and also play a crucial role in identifying customers or potential customers who are PEPs. Annual training is provided to all relevant employees and managers to increase awareness.
Mandatory anti-money laundering and anti-fraud courses	<ul style="list-style-type: none"> - All employees are required to take annual anti-money laundering (AML), anti-fraud, responsible investment, general data protection regulation (GDPR), and cyber security courses. - Rigorous due diligence processes are in place.
Business continuity	<ul style="list-style-type: none"> - EFG Hermes maintained its ISO22301 certification from the British Standards Institute for the sixth consecutive year, renewing its commitment to business continuity management. - The Firm's business continuity management system (BCMS) was successfully deployed to mitigate pandemic circumstances and restrictions. The group successfully operated with 50% of its staff working from home on rotational basis until the beginning of Sept. 2021. Thereafter, most offices resumed operations with 100% capacity after 97% of staff across the entire group were vaccinated. The health and safety precautionary measures are still enforced in all offices. - All EFG locations were assessed for business continuity management. As a result of this assessment, two new Disaster Recovery sites were

Policies/Actions	Progress
	<p>established for KSA and Pakistan to ensure robust business continuity planning.</p> <ul style="list-style-type: none"> - We developed and ratified Succession 2.0, our new and improved succession strategy and framework, which has been expanded to include operationally roles critical for true sustainability of the business. - Our enhanced framework also focuses on readying the identified talent pipeline, ensuring they are capable of fulfilling the role they're identified for when the time comes. Our aim is to ensure we can always identify successors from within the organisation; we will keep track of roles for which internal successors are unavailable and address that. - Succession 2.0 has been approved by the Group CEO, for roll out in January 2022.
Internal audit, compliance, and risk management	<ul style="list-style-type: none"> - Strong internal control and risk management culture serves to ensure the alignment of business to management's strategic goals. - Internal Audit renewed its commitment to monitor, assess and, where possible, strengthen business and support functions' sustainability efforts, including integration of the ESG policy in its standard procedures. - EFG Hermes is among 30 regional companies included in the new low carbon Select Index brought to market by the Arab Federation of Exchanges (AFE) and market data provider Refinitiv. - Four years ago, EFG Hermes rolled out TeamMate, an internationally recognized internal audit management software that allows for more effective internal audit processes through the automatization of auditing procedures. During 2021, the new system continued to enhance the division's processes across the entire Group as the team completed its rollout across all the Firm's functions. The new digital tool also helped the division store, analyze, and process the vast quantity of financial data related to various Group operations across its footprint to allow for a more accurate and efficient auditing process. - Internal audit also concluded its first audit of Corporate Culture, Governance and Corporate Management. - As the Firm's NBFi platform continues to grow and add to its product offering, the Internal Audit Department has been working alongside the new subsidiaries to establish reporting lines with field auditors and build a monitoring program, providing the necessary frameworks to enhance the Group's oversight of both new and existing operations. In turn, the NBFi Audit team has two members in addition to the 43 members that cover Tanmeyah. - Risks facing the Group's new business lines especially in the NBFi segment were evaluated and mitigated. Internal Audit conducts detailed GAAP analysis of the newly acquired ventures to identify areas management must address, minimize gaps and assess factors constituting quality of the service provided.
Cybersecurity	<ul style="list-style-type: none"> - EFG Hermes established a comprehensive information security policy in 2014. It is reviewed and updated on an annual basis and currently consists of 20 sub-policies covering all main domains identified by world-class standards such as ISO and NIST. This includes but is not limited to policies for passwords, anti-malware, backup, encryption, access control, patch management, teleworking, incident handling, vulnerability, and awareness.

Policies/Actions	Progress
	<ul style="list-style-type: none"> - International best practices are followed in the operation of all EFG Hermes data centres. - To keep company employees up to date with the latest trends in cyber-attacks and the policies in place to protect the company assets, an annual security awareness programme is implemented including a mandatory pass/fail security course in addition to news flashes on the latest outbreaks and how to secure both themselves and company assets. - The IT team applies the same security policy for both cloud and on premises applications related to risk management and all security controls including but not limited to the following: vulnerability assessment, encryption standards, penetration testing, multi-factor authentication, firewalling and intrusion prevention systems along with the standard administrative controls. - Cloud-centric advanced security controls are used to protect multiple services hosted in multiple geographic locations and cloud-based business services. - External auditors completed phase one of a full risk assessment, IT, Cyber & Information security audit of all EFG Hermes systems, applications, networks & infrastructure covering all EFG Hermes offices and businesses. Results of the full risk assessment were reported to the Group Audit Committee, the Committee endorsed the results and praised the Group IT, cyber and information security controls. -

Measurement of Progress and Outcomes

For EFG Hermes to maintain its position as a regional leader in the corporate governance realm, the Firm must continue to uphold its rigorous rules and procedures and its disciplined approach to compliance. The Firm's prudent management and corporate governance frameworks have been at the heart of its success over the years and will continue to play a central role as EFG Hermes evolves and extends its reach across new markets and products. Our commitment to the United Nations PRI, the UNGC, and ESG issues in general has meant an expansion of the kind of data we monitor to integrate ESG factors and monitor progress and outcomes. As we continue our efforts to embed ESG procedures in all our activities and become more adept at evaluating ESG risk factors, we also modify existing policies or introduce new ones to ensure that our practices mirror our commitments at all levels of our operation.

Auditing forms an integral part of corporate governance at EFG Hermes and is responsible for the measurement of progress and outcomes on all fronts. The Internal Audit function covers the entire EFG Hermes Group from its subsidiaries and business lines to its support functions and is in charge of carrying out systematic reviews and periodic spot checks. To make the review process as efficient as possible, the frequency of reviews is set based on the function/department risk level and the previous review's internal audit score. As such, high- and medium-risk departments are reviewed annually, and low-risk departments are reviewed every other year. In parallel, the division also performs follow ups on previous audit findings to ensure they have been adequately addressed and corrected. It also provides a multitude of services ranging from in-depth assessment of operations, adherence to regulatory requirements, and monitoring of corporate governance.

This rigorous procedure ensures that progress on issues such as human rights, labour, the environment and ant-corruption is continuously monitored and guarantees that outcomes are regularly evaluated, and strategies reviewed and modified as needed.