



Turn Words into Action

Sustainability Report 2020

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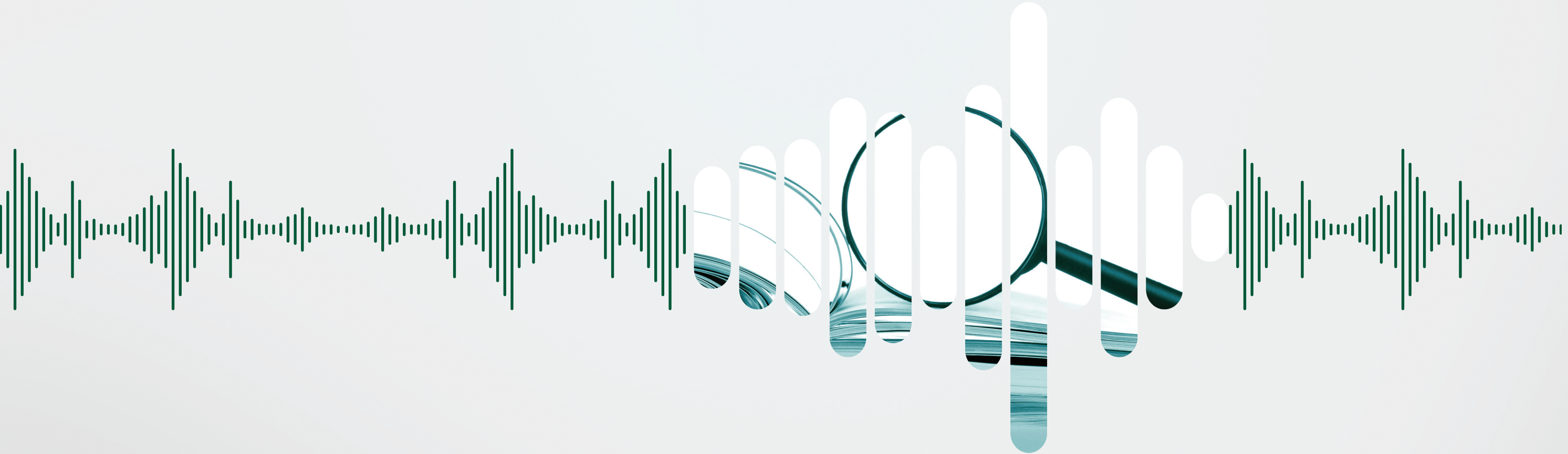




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ABBREVIATIONS



ABBREVIATIONS

AUMs	Assets Under Management
CSR	Corporate Social Responsibility
ESG	Environmental, Social and Governance
FEMs	Frontier Emerging Markets
GEMS	Global Education Management Systems
HR	Human Resources
NBFI	Non-bank Financial Institution
RxHM	Rx Healthcare Management
SDGs	Sustainable Development Goals
UNGC	United Nations Global Compact
UN PRI	United Nations Principles for Responsible Investment

Chairperson’s Foreword



CHAIRPERSON'S FOREWORD

If there is one thing that the COVID-19 pandemic has highlighted this past year, it is the need to balance both short- and long-term needs to face the challenges that threaten our societies and economies. In many ways, the pandemic has shown us just how much all lives across the globe are interconnected. Actions in one area can have profound impact halfway across the world. This is most certainly true when it comes to climate issues and sustainability. We cannot continue to take our environment for granted. 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 urgent 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. This has helped us respond to the pandemic within the framework of the Sustainable Development Goals (SDGs), rapidly deploying mitigation measures and ensuring the health and safety of our staff while also maintaining returns for our shareholders and partners.

Our Foundation for Social Development has been at the forefront of emergency response to the pandemic, making sure that grassroots development partners receive the necessary support while continuing work on the Foundation's signature integrated development projects. The Foundation's dedication and stewardship was recognized in October 2020 for service to the community by *Global Finance*, one of the foremost financial magazines in the world.

On the business side, I am immensely proud to report that EFG Hermes has been recognised as a Sustainability Champion by the Egyptian Financial Regulatory Authority (FRA) in acknowledgement of our leadership and advocacy on sustainability issues within the financial services community.

As we cautiously look forward to 2021, we have confidence that EFG Hermes will continue to provide value for our shareholders and to

work towards a more sustainable future for our children.

As always, I thank you for your continued support and I humbly present you with EFG Hermes' 2020 Sustainability Report.

Sincerely yours,



MONA ZULFICAR
Chairperson



A Note from our CEO



A NOTE FROM OUR CEO

The unprecedented events of 2020 have without doubt made us all pause and take stock of where we stand individually, as businesses, and as citizens of a shared, intertwined world. By necessity, 2020 has been a year of adaptation. Industries that were thriving abruptly found themselves facing a bleak outlook, while others boomed. Executives who were always on the go, suddenly had to come to terms with the confines of working from home. We all had to adapt and develop strategies to minimize disruption while not losing sight of our larger goals.

In terms of direct pandemic response initiatives, I am exceedingly happy to report that disruption to our business was almost non-existent, thanks to our robust business continuity plan. Our digital transformation efforts over the past few years made the transition to a work-from-home scenario almost seamless, and we were easily able to safeguard the health and safety of our employees while continuing to serve our clients. We even managed to uphold our track record of hosting the largest Frontier Emerging Markets-focussed event by holding not one but two highly successful virtual investor conferences in 2020.

On the social level, the EFG Hermes Foundation as always has done us proud, directing efforts towards grassroots pandemic mitigation efforts in Upper Egypt and partnering with high-profile national organizations to provide vital aid to the most vulnerable in our society. In tandem, two of our non-bank financial institutions (NBFI), Tanmeyah and PayTabs Egypt, provided various relief mechanisms for small and microenterprises to help them weather the economic downturn.

We also did not allow the pandemic to derail our environmental, social, and governance (ESG) integration efforts. In 2020, we incorporated ESG factors into our business manuals and processes, laying out our Responsible Investment Policy, developing a general ESG framework, and outlining the approach to ESG integration across our four business lines. We also continued to improve our reporting and disclosure procedure. In Q1 2020, we submitted our second transparency report as part of our commitment to the United Nations Principles for

Responsible Investment (UN PRI) and renewed our commitment to the United Nations Global Compact (UNGC). We are also proud to report that this year's sustainability report includes disclosure on gender diversity and inclusion for the first time. This comes as part of our core strategy to maintain a dynamic, diverse environment and attract and retain the best talent in the markets where we operate.

The EFG Foundation continued its outstanding work in Naga' El Fawal in Luxor over the past year. The Montessori preschool we inaugurated there last year now has more than double the initial capacity, serving 100 children and creating 42 sustainable employment opportunities for village women. The preschool also serves 50 children with special needs, and our infrastructure and service upgrading projects continue apace. On the business side, we continued to expand our investment portfolio in ways that support fulfilment of the SDGs. Our Vortex Renewable Energy platform, one of the largest renewable energy-focused investment managers in Europe, is expanding, with an aim to geographically diversify its clean energy footprint. We have also increased our commitment to financial inclusion by launching several NBFIs targeting different segments. PayTabs Egypt is a cutting-edge mass B2C and B2B payment acceptance and solutions provider, while EFG EV Fintech is the first financial technology-focused investment company in Egypt. It builds on our decades-long financial expertise and helps fintech start-ups improve their chances of success. We are very excited about the social and economic growth opportunities provided by these new ventures.

We view our approach to ESG as a journey guided both by the needs of our clients, of our staff, and of society as a whole. 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 towards society. Looking back at 2020, I believe that this year will go down in our history as the year we demonstrated our unwavering commitment to sustainability, even when immediate priorities seemed different. As we start a new year, we continue to advocate for sustainable finance with the understanding that climate risk and social inequality pose significant market risk. It is our duty



A NOTE FROM OUR CEO

to mitigate that risk by making informed, principled choices that demonstrate how sustainable investment does not come with a financial trade-off.

I would like to take this opportunity to thank the EFG Hermes team throughout our operation for their commitment and dedication during this past year. It is thanks to you that we have been able to achieve these results.

I would also like to thank our stakeholders, partners and clients for their faith and support and herewith present our progress in this, our seventh annual Sustainability Report.

Sincerely yours,



KARIM AWAD

Group Chief Executive Officer

Who We Are



WHO WE ARE

Over its 35-year history of success, EFG Hermes has gone from one success to the next. From a leading Egyptian investment bank to a fully integrated financial service provider with presence in 13 markets across four continents — EFG Hermes has evolved not only to match shifting market dynamics but evolving stakeholder needs. The Firm leverages its expansive on-the-ground presence across the world, an ever-expanding portfolio of services, and commitment to driving shareholder value to cement its leadership position across some of the world's most rapidly growing markets.

Through its two platforms, the Investment Bank and Non-Bank Financial Institutions, EFG Hermes is able to consistently bring innovative products to the table, offering a comprehensive service portfolio to meet the evolving needs of its growing base of institutional investors and retail clients.

COUNTRY PRESENCE



EGYPT
JORDAN
KENYA

KUWAIT
OMAN
PAKISTAN

BAHRAIN
SAUDI
ARABIA

UAE
UK
USA

BANGLADESH
NIGERIA

EFG Hermes in 2020 – Walking
the Sustainability Talk



EFG HERMES IN 2020 – WALKING THE SUSTAINABILITY TALK

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 and products. In 2020, however, the COVID-19 pandemic gave rise to a set of completely unforeseen circumstances, creating crises that required immediate attention and requiring solutions that were both creative and compassionate. The policies and procedures we had established, whether for ESG, financial inclusion, or business continuity were now put to the test, and it was up to us to step up and demonstrate our ability to ‘walk the talk’ on sustainability.

THREE ELEMENTS HAVE UNDERPINNED OUR APPROACH TO SUSTAINABILITY THIS YEAR:



SOLIDARITY

As soon as the full impact of the COVID-19 pandemic became apparent, we realised that it would fall to us to provide support not only to our employees and staff around the world but also to the community at large through our established Corporate Social Responsibility (CSR) networks and the EFG Hermes Foundation.



PERSEVERANCE

Despite COVID-19-related restrictions, we continued with roll-out plans for increased ESG integration and focus on responsible investment practices throughout our operation. In fact, the lockdowns and accompanying business slow down allowed us to prioritise articulating our ESG integration brief and developing specific procedures across our business lines.



INNOVATION

EFG Hermes has always been a leader in terms of offering innovative solutions and products to its clients. The COVID-19 pandemic gave rise to a unique set of circumstances and challenges that offered opportunities for our teams to excel in several fields.

Solidarity



1

SOLIDARITY

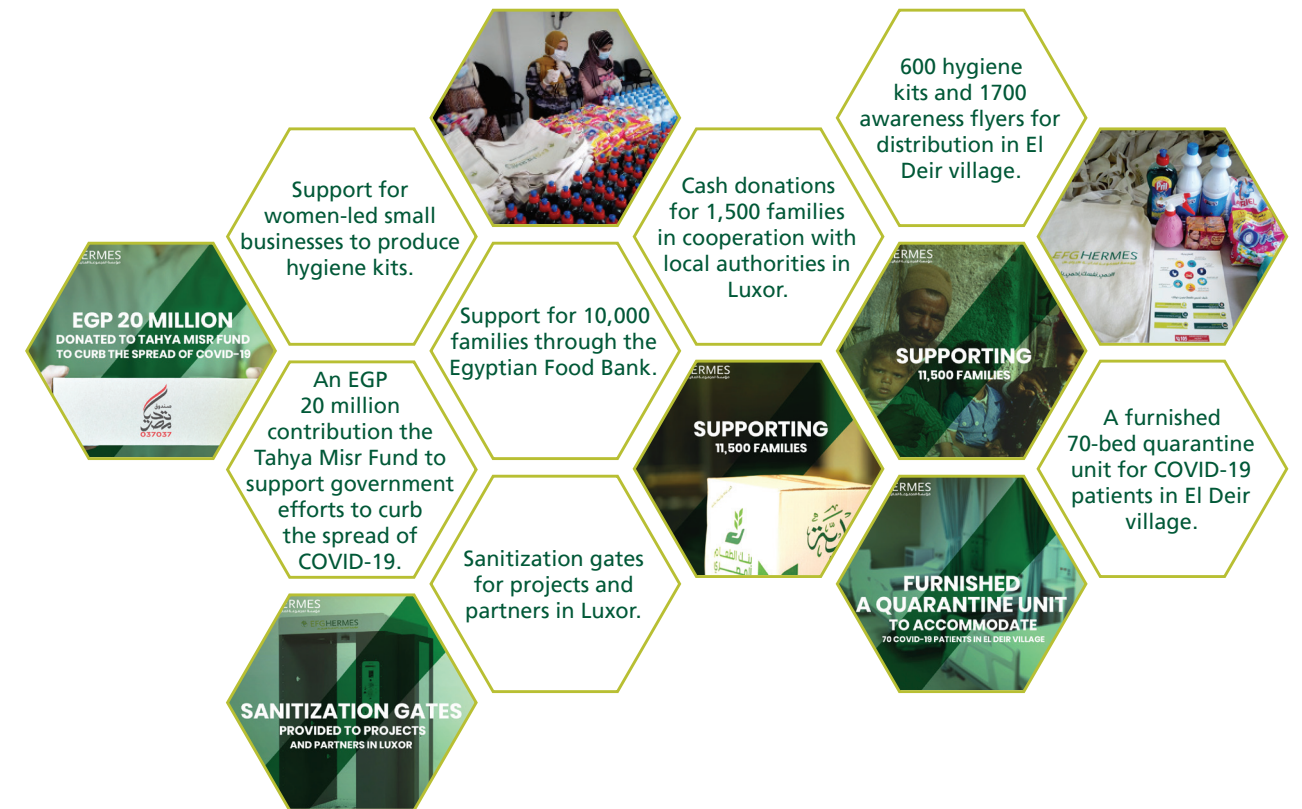
In previous years, governance and environmental issues dominated the global ESG narrative. This year, the COVID-19 pandemic brought social issues to the forefront, highlighting how the most vulnerable are disproportionately affected by global conditions. EFG Hermes has always prioritised the social aspect, both through its Foundation for Social Development and through various products that promote financial inclusion and economic wellbeing. In 2020, it was more vital than ever that EFG Hermes demonstrate solidarity with those most affected by the pandemic and its economic repercussions.



PULLING TOGETHER: THE EFG HERMES FOUNDATION PANDEMIC MITIGATION STRATEGY

The COVID-19 pandemic has shown us a new world, revealing just how precarious many people's livelihoods are and how interconnected our world is. When the impact of the pandemic became apparent early in 2020, it became obvious that the only way to address the emerging crises was through an integrated approach that relies on partnership and cooperation. No single entity can mitigate the fallout from this global challenge.

Since its establishment in 2006, the EFG Foundation has adopted just such an integrated, partner-centric approach to sustainable development as the most effective means of maximizing both impact and return on investment of scarce funds and resources. One of our main tenets has been that partnership is the only way to realize sustainable development on a scale that has tangible impact. Over the years, our signature integrated development projects have gained a reputation for effectiveness, galvanizing partners from both the public and private sectors and from civil society. Through its work in Upper Egypt, the Foundation was ideally placed to deploy a series of targeted interventions to help mitigate the pandemic's effect on the most vulnerable members of society and to support our development partners in their efforts.



OUR PARTNERS:

Tahya Misr Fund	Ministry of Social Solidarity
Egyptian Food Bank	Luxor Local Administrative Unit
Ministry of Health	Naga' El Fawal and El Deir Village Local Community

GLOBAL FINANCE AWARD FOR OUTSTANDING CRISIS LEADERSHIP

EFG Hermes was recognized in October 2020 for its service to the community by *Global Finance*, one of the foremost financial magazines in the world. Its mission is to help corporate leaders, bankers and investors chart the course of global business and finance. Each year Global Finance selects the best financial institutions around the world. These awards have become a recognized and trusted standard of excellence. In 2020, *Global Finance* added awards for *Outstanding Crisis Leadership* in recognition of the challenges facing financial institutions in different areas this year.

The package of interventions implemented by the EFG Hermes Foundation was recognized in the *Outstanding Crisis Leadership: Community* category which honours entities that have made exceptional efforts to support their communities' general well-being.

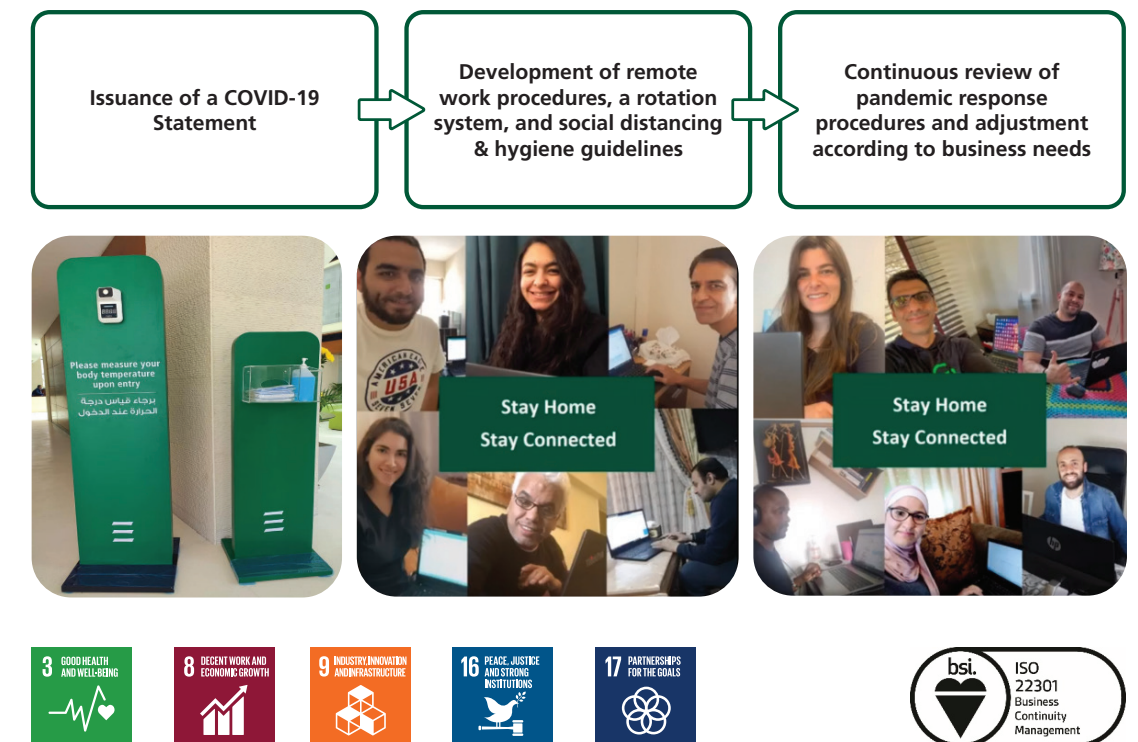


Protecting our People: Business Continuity

EFG Hermes is committed to protecting its employees, clients, and their assets at all times, whether during emergencies or significant business disruptions. In 2017, EFG Hermes launched its Business Continuity Plan (BCP) to facilitate the management of any incident that might potentially harm our employees or damage our premises while providing a reasonable, but not absolute, assurance of business continuity in the event of a disruption to the firm's normal operations. Later that year, EFG Hermes became the first Investment Bank in the Middle East and North Africa certified by the British Standards Institution (BSI) for compliance with ISO 22301:2012 requirements. We are proud to have maintained this certification ever since.

In 2020, the COVID-19 pandemic put our BCP to the test. As curfews and lockdowns were initiated, our BCP team immediately put response procedures into motion to minimize any disruption to normal operation and ensure the safety and wellbeing of all our staff.

COVID-19 Corporate Response Actions

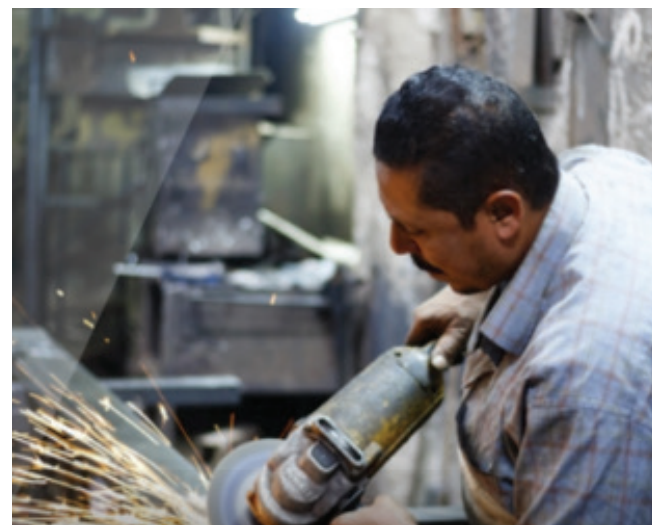


Shielding the Vulnerable: Support for SMEs

When the COVID-19 pandemic hit, small businesses were disproportionately affected, with many finding it difficult to repay loans or maintain lines of communication with their customers. Inspired by the Central Bank of Egypt's (CBE) decision to postpone payment of loan instalments, two of EFG Hermes' subsidiaries, Tanmeyah Microenterprise Services and PayTabs Egypt, immediately introduced offers for their clients to ease the financial strain of the pandemic.

Tanmeyah Microenterprise Services

As the leading microfinance provider in the Egyptian market, Tanmeyah was keen to support its clients and alleviate some of the financial burden caused by the uncertainty of COVID-19. While adhering to FRA recommendations, Tanmeyah introduced two different offers: the first comprised of partial payment that ranged from 10% to 50% of instalments due in March, April, May and/or June, with the remaining to be paid at the end of the loan tenor. The other offer constituted doubling the remaining tenor while ensuring the new extended tenor does not exceed the original one. Over 85K clients benefitted from the offers. Tanmeyah also undertook to cover all pandemic-related medical expenses for its employees and their families, many of whom are part of the microenterprise communities.



PayTabs Egypt

PayTabs Egypt is a joint venture between EFG Hermes and PayTabs that provides online merchants with innovative digital payment solutions. Soon after the start of the pandemic, PayTabs Egypt announced an offer to extend online payment and checkout solutions for free to SMEs that have endured financial challenges. The free three-month offer was available to any and all businesses that process approximately EGP 100,000 per month in online sales.

Small and medium enterprises (SMEs) in Egypt were able to access and set up a payment gateway free of charge for a three-month period in a move aimed to boost business activity while supporting small businesses impacted by the COVID-19 pandemic. In addition to supporting SMEs in Egypt, the initiative will accelerate the rapid ongoing shift from a traditional retail ecosystem centred on physical store locations towards greater e-commerce activity and presence – a shift that was further accelerated as a result of the COVID-19 outbreak across the world. The Egyptian government has similarly been taking steps to boost e-commerce and reduce the volume of cash transactions.



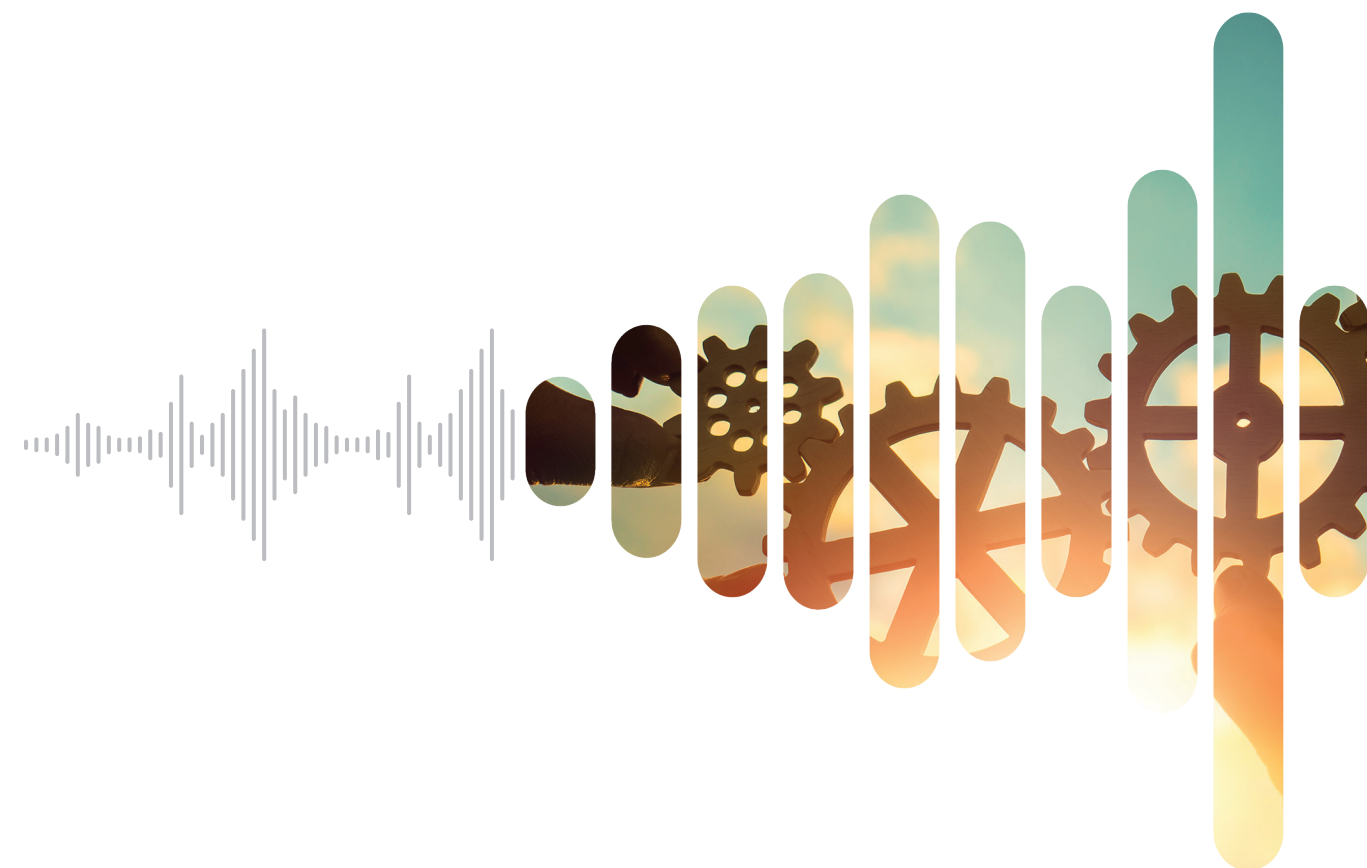
Perseverance



2

Perseverance

Despite COVID-19-related restrictions, we continued with roll-out plans for increased ESG integration and focus on responsible investment practices throughout our operation. Our commitment to the SDGs remained solidly in place and we ramped up our responsible investment efforts both at a social level as part of our CSR activities and in terms of our active investments.



LAYING SOLID FOUNDATIONS: ESG INTEGRATION ACROSS KEY FUNCTIONS

Since articulating its Social Purpose in 2014, EFG Hermes has taken measured and consistent steps to integrate ESG factors in every aspect of its operation and create an ecosystem that supports the fulfilment of the SDGs. This process has involved several activities which have helped us develop a deeper understanding of the value of ESG, both to our business and to society. As members of the United Nations Global Compact and signatories of the UN Principles for Responsible Investment (PRI), we assessed our activities and practices and identified barriers to ESG integration across business lines and support functions.

In 2020, we incorporated ESG factors into our business manuals and processes, laying out our Responsible Investment Policy, providing a general ESG framework, and outlining 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. These guidelines will equip our investment professionals with the knowledge, procedures, and tools, needed to take active ownership of ESG integration and move forward to the next step of actively seeking out impact investments in various fields.

OUR RESPONSIBLE INVESTMENT POLICY AIMS TO:

Demonstrate our commitment and approach to ESG and responsible investment practices.

Incorporate the United Nations Principles for Responsible Investment (UN PRI) throughout the ESG framework, guaranteeing transparency and disclosure.

Develop an ESG framework and tools that enable EFG Hermes investment professionals to effectively engage with and monitor progress of portfolio companies and funds.



IDENTIFYING THE ISSUES: MATERIALITY MAPPING

As part of our ESG integration process, each of our business lines is tasked with identifying the key material ESG factors and ensuring that they are considered in a pragmatic and sector-specific manner. Our materiality mapping process evaluates key criteria and their relative impact on financial results and key performance indicators (KPIs) and helps develop the ESG framework and tools to enable each business line to effectively engage with issues and stakeholders and monitor progress¹.

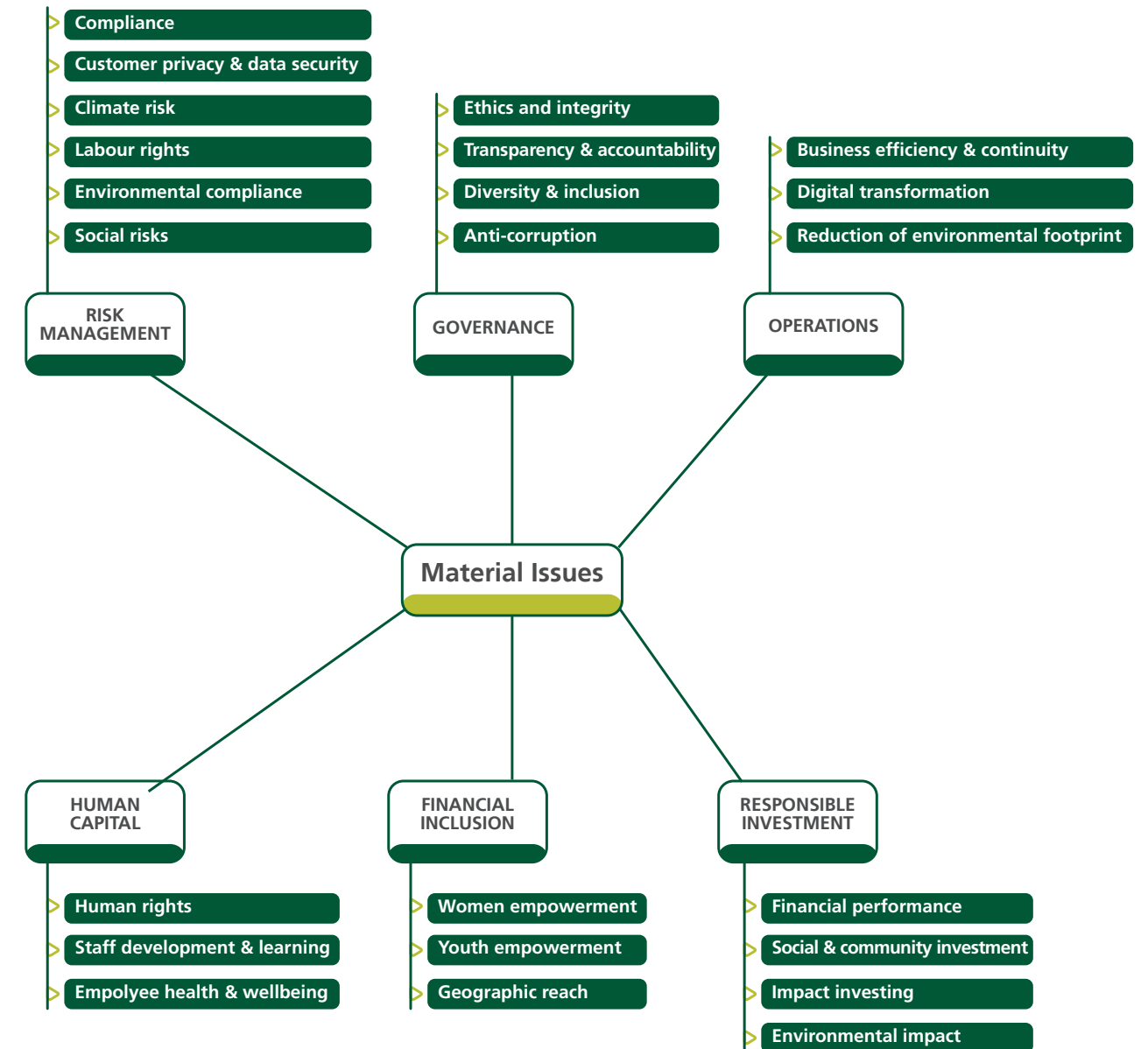
The main objective of this preliminary materiality process is to identify the key drivers that make ESG issues financially material

Each identified issue is evaluated in terms of both business imperatives and investor expectations. We ask ourselves 2 main questions:

Does this issue have significant economic, environmental and social impact?

Will it influence the decision-making process?

¹ This chart is for illustrative purposes only. Actual analysis is subject to confidentiality considerations.



EFG HERMES: SUSTAINABILITY CHAMPION



The Egyptian Financial Regulatory Authority (FRA) has been playing a proactive role in promoting sustainability practices within the non-banking financial sector through the proactive engagement of companies to introduce new concepts and practices and through the drafting and development of relevant regulations. In early 2021, they issued their first report on sustainability champions in the Egyptian non-banking financial sector. The publication is designed to highlight best sustainable practices adopted by the companies operating in the sector and share their success stories with other stakeholders and companies. The strategic objective is to encourage other companies supervised by the FRA to follow suit and start taking serious steps towards institutionalizing sustainability within an appropriate governance framework.



EFG Hermes was among 4 Egyptian entities identified as Sustainability Champions in this inaugural FRA sustainability publication. The EFG Hermes case study demonstrates how to implement a strong sustainability agenda and play a key role in advocating for sustainability issues within the sector.



REALIZING THE SDGS: NAGA' EL FAWAL & EL DEIR VILLAGE INTEGRATED DEVELOPMENT PROJECT

The COVID-19 pandemic has highlighted how global challenges cannot be addressed in isolation. This holds particularly true for the complex development challenges presented by the 2030 Agenda and the SDGs, which encompass almost every aspect of life. An integrated, holistic approach remains the only way to achieve meaningful progress towards fulfilment of the SDGs.



The EGP 70 million Naga' El Fawal and El Deir Village Integrated Rural Development Project takes just such a holistic approach to the SDGs, tackling almost all the targets applicable to rural environments simultaneously. Benefitting over 75,000 inhabitants, the project involves the rehabilitation of an entire community starting with infrastructure development and encompassing economic and human development initiatives and access to services.



The project demonstrates how partnerships between the private sector, the government, and civil society can result in innovative, sustainable development initiatives. The private sector is by nature dynamic and capable of responding decisively to changing



market or client needs. By applying private sector investment principles to the development process, the project has been able to effect a profound transformation in Naga' El Fawal and El Deir Village. When rising energy costs threatened the project, the team redesigned the community centre to be completely powered by clean energy. This not only an environmental leap into the future for the rural community but an economic one as well: excess power from the solar energy unit is sold into the grid to generate much-needed income.



The key lesson we have learnt is that partnership is vital in order to localise and implement the SDGs. The problems that face us today are multi-faceted, and sustainability hinges on buy-in from all stakeholders. The SDGs provide a common language and a unified sense of purpose across all dimensions of sustainable development, whether at the level of government, civil society, or business. We believe that it falls to organizations such as ours to take the lead and bring stakeholders together to develop strategies that work within local contexts.



TOWARDS 2030: NAGA' EL FAWAL AND EL DEIR VILLAGE INTEGRATED RURAL DEVELOPMENT PROJECT



1 NO POVERTY
Community empowerment and a revitalized economy thanks to sustainable, income-generating projects



8 DECENT WORK AND ECONOMIC GROWTH
Sustainable employment opportunities at the preschool, the health unit, and the community centre



3 GOOD HEALTH AND WELL-BEING
Refurbishment and upgrading of the local health unit



9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
Upgraded housing (94 units to date), electrical, water, and sanitation networks



4 QUALITY EDUCATION
A preschool for both mainstream (100) and special needs children (50)



10 REDUCED INEQUALITIES
Health, education, and infrastructure services equal to neighbouring urban areas



5 GENDER EQUALITY
Training and sustainable employment opportunities for village women (42 jobs)



11 SUSTAINABLE CITIES AND COMMUNITIES
The creation of sustainable jobs and the deployment of renewable energy solutions



6 CLEAN WATER AND SANITATION
A clean water and sanitation system



12 RESPONSIBLE CONSUMPTION AND PRODUCTION
Responsible use of local resources



7 AFFORDABLE AND CLEAN ENERGY
A solar energy solution to power the community centre, with excess sold into the grid



17 PARTNERSHIPS FOR THE GOALS
Solid partnerships with private sector partners, local and national government agencies, and the local community

A Vision for the Future: Impact Investing at EFG Hermes

EFG Hermes boasts a global impact investment portfolio that directly feeds into the SDGs in areas ranging from clean energy to healthcare and education. From a business perspective, many shareholders, funds, and investors today prioritise impact investment as the way forward to a more inclusive future. We not only attempt to enhance the financial return of our investments but also seek to ensure positive environmental and social dimensions to the projects in our portfolio.



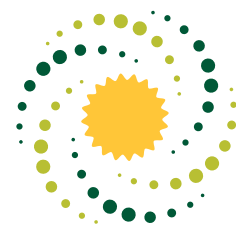
In November 2020, EFG Hermes was selected as one of 30 regional companies included in the new Low Carbon Select Index brought to market by the Arab Federation of Exchanges (AFE) and market data provider Refinitiv. Refinitiv AFE Low Carbon Select Index offers an innovative benchmark for investors wishing to commit capital to companies that actively invest in and promote low carbon activities in the running of their businesses. The index includes those companies as constituents that are investing to reduce energy consumption and hence contributing to lower the carbon footprint of the region. The constituent universe includes equities traded in Bahrain, Egypt, Jordan, Kuwait, Morocco, Oman, Saudi Arabia, Qatar, and the United Arab Emirates.

The index also paves the way for the creation of investible ESG products in MENA markets including Equity Traded Funds and brings MENA companies together to focus on developing sound ESG values and practices that are now critical for investment decision making across global markets.

REFINITIV 



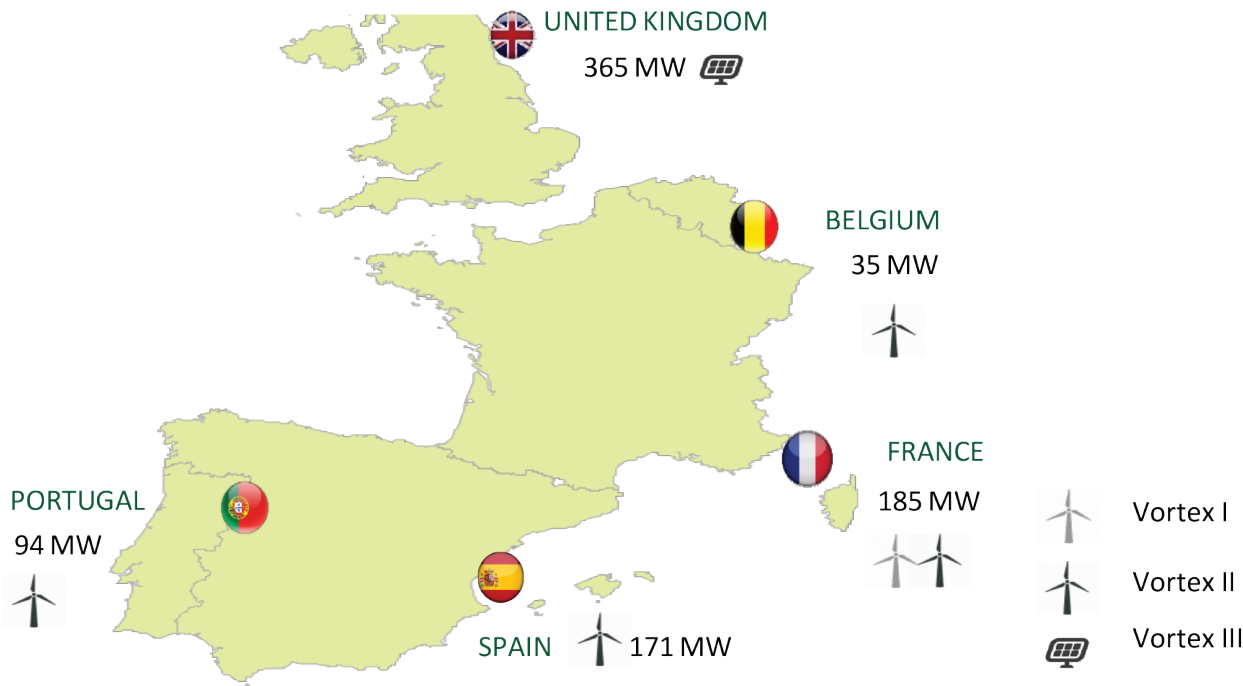
CLEAN ENERGY:
VISUALIZING VORTEX ENERGY









Vortex Energy is EFG Hermes’ flagship global renewable energy platform. Established in 2014 with a mandate to invest into the renewable energy sector on behalf of long-term institutional investors. Vortex Energy has completed the entire investment life cycle from origination, investment, and asset management to refinancing and divestment while meeting its target risk adjusted returns for its investors. . Vortex has successfully achieved a C-o-C of 1.4x and blended returns of c.13% to its investors from 2015 to 2020.

IRR c. 13%	Cash Yield c. 5%	Cash-on-Cash 1.4x
Equity Investment c. EUR 500 mn	Debt Financing + EUR 1.2bn Debt Secured and Raised	Total AUMs (Divested) c. EUR 1.3 bn
Capacity (Divested) 822 MW	Full Investment Cycles 3 Cycles	Deal Sourcing & Screening +100 Deals Sources

VORTEX ENERGY GEOGRAPHICAL
DISTRIBUTION



VORTEX ENERGY EXECUTED TRANSACTIONS

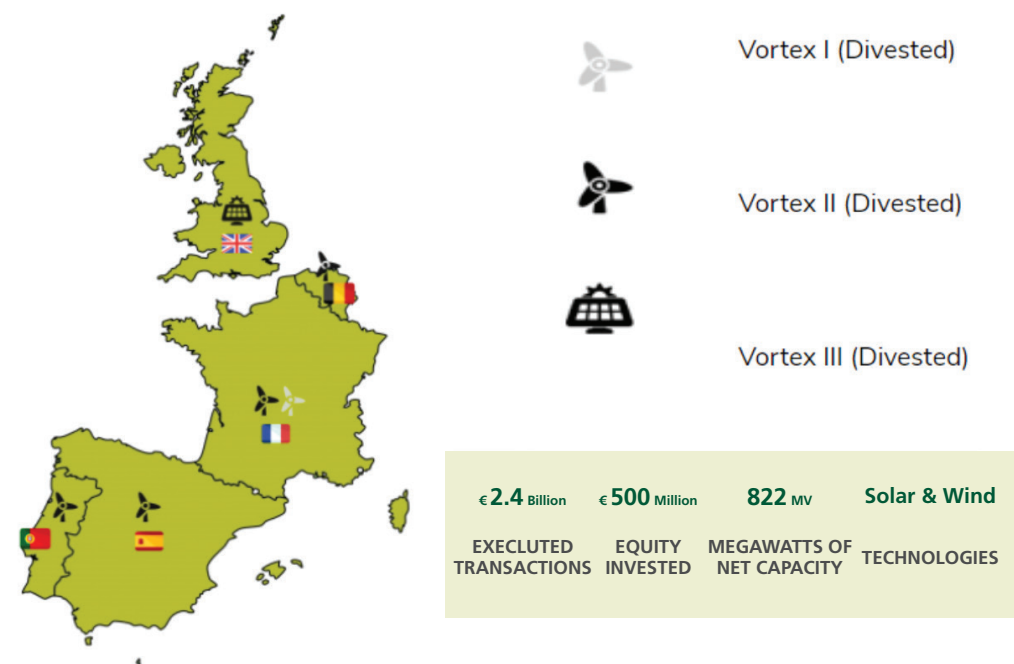
<p>2015 – Vortex I (Entry) Acquired a 49% stake in 334MW wind portfolio in France from</p>  <p>EUR 170,000,000</p>	<p>2016 – Vortex II (Entry) Acquired a 49% stake in 664MW European wind portfolio from</p>  <p>EUR 550,000,000</p>	<p>2017 – Vortex III (Entry) Acquired 100% stake of 365MW Solar PV Portfolio in the UK from</p>  <p>GBP 470,000,000</p>
<p>2017 – Vortex III (Refi) Refinanced a 365MW solar portfolio from</p>  <p>GBP 337,000,000</p>	<p>2019 – Vortex I&II (Exit)Sold 49% stake in 998MW pan European wind portfolio to</p>  <p>Undisclosed</p>	<p>2020 – Vortex III (Exit)Sold a controlling stake in Vortex III 365MW Portfolio to</p>  <p>GBP 500,000,000</p>

Most recently in 2020, Vortex Energy completed the sale of its controlling and managing stake in Vortex Solar (“Vortex III”), a 365MW solar PV portfolio, acquired in 2017 from TerraForm Power, at an enterprise value of c. GBP 500m. The stake was sold to TNB International Sdn Bhd, a wholly owned subsidiary of Tenaga Nasional Berhad (“TNB”), an existing shareholder in the business and one of South East Asia’s largest utilities with an installed capacity of c.15GWs globally. Vortex III is one of the largest standalone portfolios in the UK, with an average asset age of 6 years, PPAs with major European energy companies and utilities, an attractive ROC regime and a long-term debt package from major lenders including Santander, RBS and ING. The portfolio achieved an EBITDA of c. GBP 39mn in 2019 with an 84% EBITDA margin, exceeding its budget and providing attractive cash yields to its shareholders.

VORTEX ENERGY’S NEW CLEAN ENERGY PLATFORM: VORTEX ENERGY IV

Vortex Energy is establishing Vortex Energy IV, which will provide investors with access to a portfolio of energy transition assets and investments, providing double-digit returns on investments in a sustainable and growing sector. Vortex Energy IV will target various portfolios and businesses, ranging from solar and wind generation assets to IPPs, Battery Storage and Distributed Generation, which are forecast to continue to grow and attract capital in the next decade. The project pipeline is targeting clean energy transition businesses that fall along a strategic investment spectrum from traditional businesses to growth and technology-led businesses. This blended approach will benefit investors by providing a combination of (i) growth driven by development, capacity increases and technological advancements and (ii) stability that is underpinned by contracted and visible stable cash flows.

Vortex Energy IV is set to contribute to reducing global carbon emissions and achieving net zero policies.



Portfolio	Investment Date	Geography	Net Capacity (MW)	Technology	Operator
Vortex I	2015	France	132	Onshore Wind	EDPR
Vortex II	2016	France, Portugal, Belgium and Spain	325	Onshore Wind	EDPR
Vortex III	2017	United Kingdom	365	Solar PV	Lightsource BP
Total			822		

PORTFOLIO EXITS

Portfolio	Exit Date	EV	Gross Capacity (MW)	Net Capacity Sold (MW)	Buyer	Cash on Cash	Investor IRR
Vortex I	2019	Undisclosed	334	132	J.P Morgan Asset Management	Undisclosed	Undisclosed
Vortex II	2019		664	325		Undisclosed	Undisclosed
Vortex III	2020	c.EUR 550mn	365	365	TNB international	1.5x	14%
Total			c. 1.400	822		1.4x	13%

The Right to Learn: The Egypt Education Fund

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.

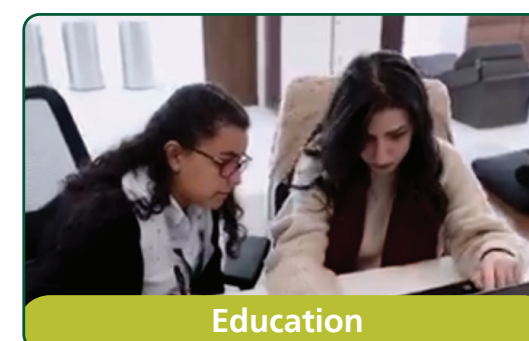
EFG Hermes has always placed great value on education and particularly on financial literacy and workplace readiness for students. Over the years, the Group has produced a series of financial literacy videos, sponsored the Model Egyptian Stock Exchange, and conducted orientation and mentorship sessions for students at several Egyptian universities. In 2020, EFG Hermes partnered with GEMS Egypt for Education Services to provide a series of learning opportunities for senior students, exposing them to the professional world and enabling them to learn by doing. The aim of the sessions was to increase students' employability skills, help them make better career choices and provide mentorship opportunities. These sessions were provided in collaboration with valU.



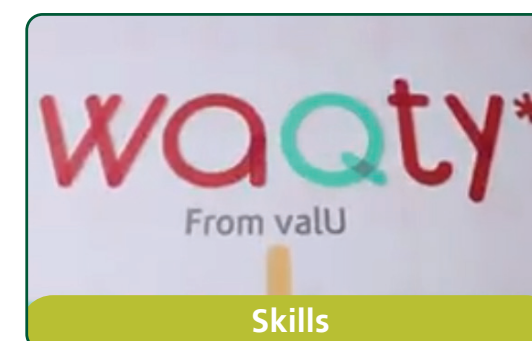
Mentorship



Exposure



Education

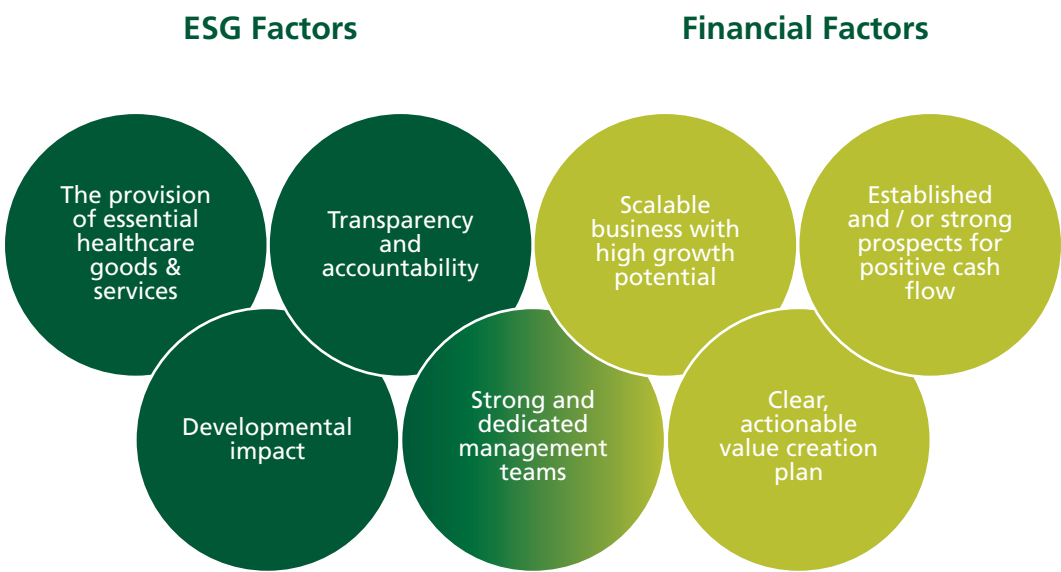


Skills

PRIORITIZING HEALTH: RX HEALTHCARE MANAGEMENT

Rx Healthcare Management (RxHM) is 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. The Firm’s investment approach is predicated on providing growth capital through investing in controlling stakes (and on selective basis, in controlled minority stakes) in companies operating in the segments of pharmaceuticals manufacturing and other complimentary healthcare sub-segments.

RxHM places a high value on ESG investment considerations. Target investments must combine both financial viability and fulfil ESG criteria to ensure sustainable value add that fills a tangible healthcare gap in this highly underserved region.



Rx Healthcare Management (RxHM) latest acquisition is a leading Egyptian medical solutions provider U Pharma through Nutritius Investment Holdings, a special purpose vehicle set up for the acquisition. The transaction attracted significant interest from prominent investors, with proceeds being used to expand the company’s product offering to cover essential categories in underserved therapeutic areas and ramp up production for existing products. U Pharma is Egypt’s leading player in the injectables space by installed capacity and has an established track record of exports to key African and Middle East markets.

The transaction reflects the resilience of the Egyptian pharmaceutical market, which has consistently enjoyed double-digit growth over the past 10+ years as the biggest MENA healthcare sector.

Closing the Gap: Gender Equity at EFG Hermes

In March 2020, EFG Hermes produced a series of videos celebrating Mother’s Day and highlighting the challenges and rewards of being a working mother in a field as highly competitive and demanding as financial services. These videos were part of EFG Hermes’ internal awareness strategy on different SDGs and served to draw attention to gender-related issues within the Group. Female employees in different fields and offices spoke about the difficulties of time management and the unavoidable guilt that accompanies having any career for women. They also spoke about the importance of being in a supportive work environment that encourages women to achieve their full potential and provides equal opportunities for career advancement.



“I enjoy working at EFG Hermes Kenya...they empowered me to be able to grow beyond my potential, realizing skills that I didn’t know I had.”

Joanne Kabiru
Operations Manager
EFG Hermes Kenya



“EFG Hermes is a company that does provide opportunities to people that have the talent and people that are committed. The hard work is reflected in your career progression.”

Elena Sanchez
Head of MENA Financials
Research, EFG Hermes

At EFG Hermes, we pride ourselves on providing clear career paths and a supportive, equitable environment for women at all levels throughout the Group. From training opportunities to mentorship and inclusive policies, we create a welcoming working environment where women can grow and thrive. We also specifically seek to empower female entrepreneurs running home-based businesses through Tanmeyah, our microenterprise arm, and its USD 5mn ‘Women in Business’ microloan facility.

Key Gender Equity Metrics

Women on the company’s board	Company chairperson	Female executive officers
2 (16.6%)	Female	12.5%
Female percentage of workforce	Female percentage of senior management	Female percentage of middle management
26%	16%	17%
Percentage of revenue-producing roles held by women	Entry level positions held by women	Average gender pay gap
21%	47%	-12%
Percentage of employees promoted	Percentage of new hires	Percentage of employees who left the company
30%	44%	28%
Percentage of women returning from parental leave		83.5%



IN GOOD COMPANY: WOMEN & LEADERSHIP

For women entering the workforce today, it is vital to have strong role models who demonstrate that women can fulfil their career potential and reach the highest leadership positions. 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 commitment to attracting, retaining, and developing women into senior leadership positions.

Mona Zulficar, Chairperson, EFG Hermes

For the second year running, our Chairperson, Mona Zulficar, was selected as one of Forbes Magazine's top 100 Power Businesswomen in the Middle East, ranking #17 on a prestigious list that spans formidable women in government, industry, and civil society across the Middle East. 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 has played an instrumental role in modernizing and reforming economic and banking laws and regulations as a former member of the board of the Central Bank of Egypt and as a prominent member of national drafting committees. She is also a leading human rights activist recognised locally and internationally and has initiated several successful campaigns for new legislation including women's rights, freedom of opinion and family courts. She is currently member of the National Council for Human Rights. She has also recently been elected President of the Egyptian Microfinance Federation and has been chairing several NGOs active in social development and microfinance for poor women. She is an unrelenting champion of ESG issues and the drive to achieve the SDGs both at EFG Hermes and elsewhere. Her support for the work conducted by the EFG Hermes Foundation on the EFG Hermes board has allowed the Foundation to thrive and maximized the social impact aspect of EFG Hermes activities.



Lilian Olubi, Chief Executive Officer, EFG Hermes Nigeria

Lilian Olubi is currently the CEO of EFG Hermes Nigeria and brings over twenty years of Capital Markets experience to her role. Committed to social development and responsibility, she has also founded Gold Lilies Global Services, a social venture conglomerate aimed at empowering personal and organizational growth in various sectors and also the Drug Aid Africa Initiative, which offers free medical drugs and supplies to patients in impoverished communities. An advocate of social entrepreneurship, she believes strongly that social enterprise and SMEs are vital to building a strong economy.



Her philosophy is that women must be deliberate about their career choices if they are aiming for leadership positions instead of settling for 'easier' roles. Moreover, women who have achieved great heights in their fields should be willing to provide mentorship to younger women and help them overcome existing barriers and actively be a part of creating a new ideal for women in business and leadership.

"The young ones are the successors to whatever legacy we leave behind and they must be adequately prepared to take on the responsibility for changing the narrative for women at work."

Lilian Olubi
CEO, EFG Hermes Nigeria

Inji Abdoun, Group Head of Human Resources/ CHRO, EFG Hermes

As group chief human resources officer at EFG Hermes, Inji Abdoun provides HR support to over 3,000 employees and managers in 10 countries spanning the Middle East as well as Kenya, Nigeria, Pakistan, the UK and the US. She sits on the firm's Executive Committee as chief human resources officer. She joined the firm in 2007 as HR manager, taking an active role in the integration of the acquired Oman and Kuwait operations, and setting up the HR function in the KSA operation. She firmly believes that women should continuously work to upgrade their skills and capabilities in order to become more effective in their chosen career environment. When she was invited to sit on EFG Hermes' Executive Committee – as the first HR representative and the first woman on the Committee – she knew it was time to get an MBA to ensure that she could actively contribute to all aspects of the decision-making process. In her capacity as Group Head of HR, she extends this philosophy to the talent development programs offered to employees, making sure that each staff member has the opportunity to bolster needed skills or acquire new ones that help with career advancement and growth.



Innovation



3

Innovation

EFG Hermes has always been a leader in terms of offering innovative solutions and products to its clients. The COVID-19 pandemic gave rise to a unique set of circumstances and challenges that offered opportunities for our teams to excel in several fields, particularly in terms of financial inclusion and digital solutions, not only in terms of products but also in terms of stakeholder engagement and outreach.



EXTENDING OUR REACH: FINANCIAL INCLUSION

According to research recently conducted by AmCham Research, more than half of Egypt's population lacks access to basic financial services. This means that they are financially excluded from accessing opportunities to improve their economic circumstances. Concurrently, Egypt has one of the highest rates of mobile penetration in the world at 95%. With around 25% of the population in the 18-30 age group, this translates to a large segment with high digital literacy and a preference for cashless transactions.²

Financial inclusion can support overall economic growth and the achievement of broader development goals including the SDGs, when provided responsibly and sustainably in a well-regulated environment. Since acquiring Tanmeyah Microenterprise Services in 2016, EFG Hermes has made financial inclusion a priority of its non-bank financial institution (NBFI) platform. In 2017, EFG Hermes decided to capitalise on its extensive know-how, local intelligence and regional leadership and launched valU, an innovative solution that gives customers the ability to use their smartphones to complete purchases from different merchants across Egypt and allows them to pay in convenient instalments over 3-24 months. In 2020, EFG Hermes added 2 exciting new fintech initiatives to its NBFI platform, EFG EV Fintech, the first financial technology-focused investment company in Egypt, and PayTabs Egypt, a B2B payment solutions company.



² AmCham research, <https://www.instagram.com/p/CLHmKiEnE6R/>

THE EFG HERMES NBFI UNIVERSE



Building a Platform for Growth: EFG EV Fintech



EFG EV Fintech is the first financial technology-focused investment company in Egypt. Through its accelerator program in partnership with Falak Startups, it nurtures, supports, and empowers fintech start-ups and contributes to the development of the fintech ecosystem. Through its VC arm, EFG EV Fintech invests directly in promising seed and pre-series A level start-ups, providing them with higher ticket investment to help them reach Series A funding stage.

EFG EV builds on the financial expertise of EFG Hermes and the entrepreneurial know how of Egypt Ventures to offer fintech start-ups strong support to improve their chances of success in their grow journey.

In addition to government partnerships, EFG EV has established a regional network of start-up accelerators and incubators from across



the MENA region and over 25 partnerships with key industry stakeholders both locally and internationally to expand the outreach of its portfolio companies and help them compete on a regional and global scale. EFG EV has also made a prominent name for itself locally as a hub for entrepreneurial activity, having hosted, co organized and actively participated in 13 regional and global start-up conferences. Moreover, EFG EV has been selected by the EBRD as one of only two entrepreneurship support entities in Egypt to get their backing.

Three of EFG EV's portfolio companies, XPay, PayNas, and Hood were selected as part of the most promising companies in the region by the Next 100 African Startup initiative, organized jointly by the IFC and The Ministry of Investment and International Cooperation.



Towards 2030: Fuelling Growth through Financial inclusion



Many of the start-ups supported by EFG EV specifically target solutions for underserved segments of society such as microenterprises, gig economy workers, and freelancers with limited access to credit, information, or business support. They aim to fuel and drive the digital economy by developing solutions that are scalable, simple, adaptable, and innovative.



A cashless electronic payment solution that allows closed communities to digitize payments and payment collection.



A cloud-based platform that provides hassle-free banking, HR management, and employee benefits to M/SMEs in one place, and in a single workflow to promote financial inclusion and a cashless society. Paynas is the first and only non-banking entity in Egypt to be granted a Card Issuance License from the CBE.



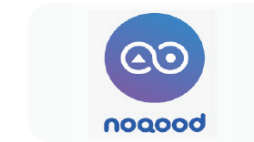
A data-driven telematics start-up that allows automotive, insurance and fleet management companies to harness driving data and analytics to optimize their operations, detect vehicle errors, and build a driving score for their drivers.



Digital Identity Verification and E-KYC services based on instant verification solutions and data extraction using computer vision, machine learning technology, face matching and optical character recognition.



A telecom optimization app for dual sim users to help save up to 5x cross-operator costs



A fintech start-up working to increase financial inclusion and promote financial literacy across Egypt.



Digital banking services and credit facilities for freelancers, self-employed individuals, and gig economy participants. Oxygen provides users with credit and debit cards, enables them to send and receive money, apply for a virtual credit card, make payments in stores, apply for loans, and perform various other banking-related tasks. Oxygen won the 2018 Benzinga Best Digital Banking award.



NowPay is a fintech company that focuses on improving the financial wellness of corporate employees, enabling them to get paid at any point in time during the month (salary advances) and providing them with many other perks and benefits



A fintech platform that provides trade finance and fast, easy access to credit for to un(der) served small businesses.



A B2B e-distribution and lending platform that looks to disrupt and redefine the wholesale retail supply chain.



Boosting Inclusion: PayTabs Egypt



In April 2020, EFG Hermes and PayTabs, an award-winning global fintech solutions provider, entered into a strategic partnership to launch PayTabs Egypt, a mass B2C and B2B payment acceptance and solutions provider.

PayTabs Egypt provides a cutting-edge platform to facilitate financial inclusion, catering to both the online and digital payment needs of multiple consumer segments in the country. It offers several innovative fintech solutions, payment-processing platforms and interoperable systems through a state-of-the-art hybrid digital payment platform that will enable one-click payments and comprehensive solutions for merchants and consumers alike. It also plans to step in to provide merchants and businesses with several progressive payment acceptance methods such as QR codes and payment gateways.



“All of our efforts under this new platform will be conducted through the lens of introducing payment facilitation services that boost financial inclusion to spur long-term growth and sustainable development in the Egyptian market.”

Hani Soliman
General Manager
PayTabs Egypt



“Our partnership with PayTabs - a global player renowned for a longstanding track record of innovative fintech solutions - is not only part and parcel of our goal to expand our portfolio of NBFIs companies but central to our strategy to bolster financial inclusion in the nation. As the world grapples with the effects of COVID-19 on daily financial interactions at brick-and-mortar facilities, we feel like this partnership will bring to market a platform that will facilitate financial interactions safely, securely, and effectively all while closing the gap between the formal economy and the unbanked.”

Walid Hassouna
CEO of EFG Hermes Finance
& Group Head of Debt Capital Markets Private Equity

Creating Equitable Opportunities: Tanmeyah



EFG Hermes Finance acquired Tanmeyah Microenterprise Services in 2016 and it has since become the Firm’s flagship company under its NBFi platform. Tanmeyah provides financing for micro and very small businesses across Egypt giving its 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 the microenterprise community, such as microinsurance. As part of its commitment to innovation, Tanmeyah officially rolled out its new digital collection via Damen in 2020. This will ease repayments for clients due to Damen’s nationwide accessibility with over 50k Points of Sale. Over 70% of Tanmeyah’s active borrowers are between the age group of 21-40, with women accounting for 47% of active borrowers. To further empower women running home-based businesses, Tanmeyah recently launched a new product, ‘Women in Business’ with USD 5mn in funding from the EBRD. Tanmeyah has consistently delivered superior results, thanks to its commitment to good governance, risk management, and community engagement.

Protecting and preserving trust

Tanmeyah’s corporate governance framework protects the interests of customers, employees, shareholders, and communities and drives value for stakeholders. The company complies with all laws and regulatory requirements and requires its employees to uphold the highest ethical standards.

Managing risk

Tanmeyah’s frameworks and policies help identify, manage, and mitigate risks through continuous risk monitoring and management. In-house training and policies foster a culture of risk management across the organization, making risk awareness the responsibility of every person who works at Tanmeyah, underpinning our growth, customer satisfaction, and loan security.

Growing communities

At the heart of Tanmeyah’s business model is helping some of Egypt’s most underprivileged citizens carve out better lives for themselves and, in turn, their families and their communities at large. In addition to serving clients’ financial needs, Tanmeyah helps them achieve their goals with guidance, training, and advice, hiring from within the communities and through extensive in-house training and career development, producing community leaders whose impact goes beyond just the clients we serve every day.

Tanmeyah Highlights



Driving Ambition: Tanmeyah in Action

Mohamed Gamal, Blacksmith

'I heard of Tanmeyah through relatives when I needed to buy equipment to expand my blacksmithing business. I've taken out two loans with them over the last four years and I intend on continuing to use their services to reach my ultimate goal of opening a factory.'



Um Amr, Dressmaker

'I needed capital to buy raw materials for my shop. A friend told me about Tanmeyah's loans, and I found the payment terms and interest rates reasonable. Without those loans, I wouldn't have been able to buy a second sewing machine or grow my business.'



Tanmeyah aims to promote scientific research and technology in line with Egypt's 2030 Vision by providing 6 scholarships to high-achieving students in conjunction with Zewail City of Science and Technology to.

Zewail 'Special Student's' programme



In line with Tanmeyah's desire to bolster the microfinance industry as a whole, it sponsors the activities of the Egyptian Microfinance Federation, a win-win partnership that also helps expand the company's outreach across Egypt.

The Egyptian Microfinance Federation



Tanmeyah has partnered with FACE, an NGO that provides essential support for orphans, abandoned children, and children at risk of becoming street children.

Face for Children in Need

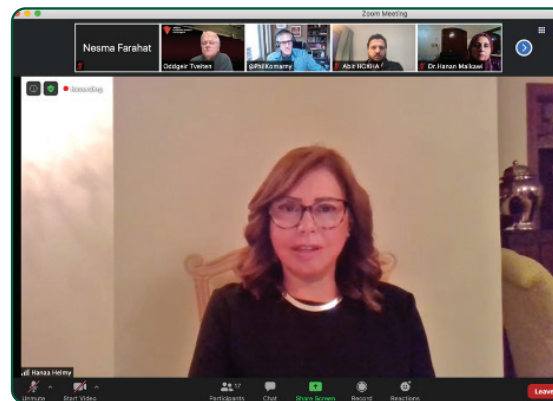


Maintaining our Edge: Advocacy & Engagement

EFG Hermes continuously engages with peers, policymakers, community members and regulators to promote good governance, responsible investing, and environmental and social stewardship.

World Learning Summit 2020 Digital

The World Learning Summit (WLS) is a small, well established international conference offering scholars, PhD students, entrepreneurs, and policymakers a space in which to present and discuss ongoing projects and ideas relating to higher education in the context of globalization and digital transformation.



“ The SDGs address the macro-level perspectives. Creating solutions on the micro level is how you close the gap. It is not a competition between north and south, it is about what works best for you .”

Hanaa Helmy
CEO of the EFG Hermes Foundation
& Head of CSR

SDG Ambition

The EFG Hermes CSR team has been chosen to participate in SDG Ambition, an accelerator initiative that aims to challenge and support participating companies of the UN Global Compact in setting ambitious corporate targets and accelerating integration of the SDGs into core business management. SDG Ambition enables companies to move beyond incremental progress and step-up transformative change – unlocking business value, building business resilience, and enabling long-term growth. It also provides a forum for experience exchange and networking and is held in partnership with Accenture and SAP, and with 3M as Patron Sponsor.



SDG Pioneers

Each year, the UN Global Compact (UNGC) celebrates a group of SDG Pioneers — business leaders who are doing an exceptional job to advance the Global Goals through the implementation of UNGC’s Ten Principles on human rights, labour, environment, and anti-corruption. In 2018, Hanaa Helmy, CEO of the EFG Hermes Foundation and Head of CSR was selected as an SDG Pioneer in recognition for her work in integrated development and advancing the SDGs. Since then, she has been invited to be part of the Selection Group evaluating finalists for the SDG Pioneer selection process.



Virtual Investor Conferences

EFG Hermes has been organizing industry-shaping conferences over nearly two decades to global acclaim irrespective of market or global challenges. Most recently, the 15th edition of the EFG Hermes One on One Conference 2019 was shortlisted at the ICE Awards alongside a list of global companies for 'Best Motivational Event' and 'Best Logistical Challenge of the Year', underscoring the event's importance in the industry today.

This year, COVID-19 pandemic circumstances forced the cancellation of our flagship One on One Conference. We immediately turned to our digitization team, who have been steadily implementing the Firm's digital transformation strategy over the past few years. In June, we are proud to have hosted our first Virtual Investor Conference, bringing together executives from 72 companies in 14 countries with 480 institutional investors representing 160 institutions managing assets in excess of USD 15 trillion. Over the course of six days, 6500 meetings took place seamlessly on a digital platform moderated by EFG Hermes.



This inaugural Virtual Investor Conference continues EFG Hermes' track record of hosting the largest FEM-focused events, providing an alternative venue for connecting global investors with opportunities across several regions. With the broadest reach of any such event in the Frontier Emerging Market (FEM) universe, the current turnout of attendees and presenting companies reflects the strong appetite of both global investors and local companies to explore potential avenues of growth in the coming period.

Building on the success of the inaugural conference EFG Hermes launched the 2nd Virtual Investor Conference in October. Attended by executives from 157 companies representing 25 countries connecting with more than 650 investors managing an aggregate USD 17 trillion in assets, the second edition was even more successful than the first, adding an even greater pool of institutional investors and a broader cross section of industries represented.

The success and turnout reflect not only EFG Hermes' ability to hold leading FEM events despite prevailing global challenges but also underscore the strength of FEM markets and investor sentiment regarding their resilience in the face of headwinds.



The Road Ahead



The Road Ahead

For us at EFG Hermes, as for practically every business across the globe, it has no doubt been a challenging year. We believe, however, that we have been more fortunate than others, thanks to our robust systems and procedures and the commitment and support of our team. While we feel we have achieved much this year, there remains more to be done when it comes to long-term sustainability. This year has demonstrated the need for flexibility on the one hand, and for accelerated reallocation of resources to address emerging issues and realize the SDGs on the other. The pandemic has had such a profound impact on business that priorities have shifted and evolved for many stakeholders.

As we continue our efforts to embed ESG procedures in all our activities and become more adept at evaluating ESG risk factors, we expect that sustainable investments will gain momentum, becoming more attractive both to our investment professionals and to our stakeholders. In the current climate of global uncertainty, we believe that investing in assets and businesses that prioritise sustainable management of their financial, human, and environmental capital is the only way to realize long-term financial returns and create value for future generations.





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