

Corporate Governance Report of listed Companies on the Egyptian Stock Exchange (EGX)

As of FY 2020

EFG Hermes Holding Company

1- About the Company:

Name of the company	EFG Hermes Holding		
Purpose of the company:	Participating in founding the companies which issue securities or sharing in their capital increase, licensed to practice central depository activity and margin trading		
The term of the company:	Twenty-five renewable years, starting from 16/6/1998 till 15/6/2023	Date of entry in the Stock Exchange:	1999
The company is subject to law:	law no. 95 of the year 1992 concerning the Capital Market	The nominal value per share:	L.E. 5
The last authorized capital is:	6 Billion Egyptian Pounds	The last issued capital:	3,843,091,115
The last paid-up capital:	3,843,091,115	No. of entry in the Commercial Register:	12665 on: 9/6/2010
Name of the contact person:	Hanzada Nessim		
Address of the Head Office:	Building B129, Phase 3, Smart Village, KM28 Cairo/ Alexandria Desert Road, the 6th of October City.		
Telephone No.:	35356710	Fax no.:	35357017
Website:	www.efg-hermes.com		
e-mail address:	Investor-Relations@efg-hermes.com		

2- Shareholders General Assembly:

Ownership structure

Holder of 5% or more of the company's share	Final beneficiary	No. of shares in the date of the financial statements	Percentage
DF EFG3 LIMITED	Natixis S.A.	99,448,017	12.94%
RA MENA HOLDINGS LTD & Related Parties	Timothy Collins & Others	94,776,729	12.33%
THE BANK OF NEW YORK MELLON (GDRs)	Holders Global Depository receipts	70,325,329	9.15%
RIMCO EGT INVESTMENT LLC	Sheikh Abdel Monem Al Rashed	67,545,200	8.79%
Total		332,095,275	43.21%

3- **Board of Directors:**

The company is headed by a board of directors, the majority of which are non-executives, with the relevant experience and competent to manage and run the company's affairs efficiently.

Composition of the Board of Directors:

Serial no.:	Name of the board member	Capacity	No. of owned shares	Date of joining	Representation entity
1	Ms. Mona Salah El-Din Zulficar	Non-executive, independent		24/4/2008	
2	Mr. Yasser Soliman Hesham ElMallawany	Non-executive	305.000	24/4/2002	
3	Mr.Takis Arapoglou	Non-executive		13/6/2011	
4	Mr. Karim Ali Awad	Executive	571.788	1/5/2013	
5	Mr. Marwan Nabil El Araby	Non-executive, independent		17/5/2014	
6	Mr. Jean Cheval	Non-executive	99.448.017	28/8/2016	DF EFG3 LIMITED**
7	Mr. Zubyr Soomro	Non-executive, independent		27/4/2017	
8	Mr. Abdulla Khalil Al Mutawa	Non-executive, independent		27/4/2017	
9	Mr. Khalid Mana Said Al Otaiba	Non-executive, independent		27/4/2017	
10	Mr. Ramsay Zaki	Non-executive, independent		27/4/2017	
11	Mr. Timothy Collins	Non-executive	94.776.729	25/12/2018	RA MENA Holdings LTD and RA Holdings I LTD
12	Ms. Elizabeth Critchley	Non-executive		25/12/2018	

* As per the definition stated in article no. (4) of the Egyptian Stock Exchange's listing and delisting rules.

** Fully owned by Natixis S.A.

The Board of Directors have been elected for a term of three years during the ordinary general assembly on 7 May 2020.

Board Chairman

The non-executive board chairman is mainly responsible to ensure the effectiveness of the board of directors' performance and assumes the responsibility of guiding the board. The Chairman is required to possess the relevant experience, competencies and personal qualities to enable him/her to fulfil necessary responsibilities, including the following:

- ≡ Call to hold the meetings of the board of directors.
- ≡ Call for the general and extraordinary assembly meeting to discuss the agenda provided by the board of directors.
- ≡ Ensure information is readily available to board members and company shareholders.
- ≡ Decisions taken are based on good judgement, and executed in due time.
- ≡ Receive reports and recommendations from other committees and regularly present them to the board to take the necessary measures in their respect.
- ≡ Ensure that the board achieves its tasks, while avoiding conflicts of interest.
- ≡ Ensure the effectiveness of the governance rules applied in the company and the effectiveness of the performance of the committees of the board.

Chief Executive Officer

The Company's Chief Executive Officer (CEO) is the highest-ranking executive and has the authority to manage the Company's financial and administrative affairs. The CEO is responsible for formulating long-term and short-term goals to ensure increase in profitability and the proper use of assets and resources to achieve the company's financial effectiveness. The main responsibilities of the CEO include:

- ≡ Execute the company's annual strategy and business plan which have been developed and adopted by the Board of Directors.
- ≡ In charge of the company's executive duties manage its day-to-day business activities; oversee and monitor company performance at the department and division level; take the decisions deemed appropriate for the regularity of business.
- ≡ Implement all the company's internal policies, regulations and bylaws which have been adopted by the Board of Directors.
- ≡ Propose topics to be discussed in the Board of Directors' periodic meetings, in consultation with the Chairman of the Board of Directors.
- ≡ Supervise the preparation of financial and non-financial periodic reports to demonstrate the company's performance, as well as the corporate governance report and review all inquiries by the auditors before the preparation of these reports.
- ≡ Propose reward and incentive systems and the mechanisms of succession planning which are adopted by the Board of Directors.

Secretary of the Board of Directors

The Board Secretariat must possess adequate qualifications and competencies.

The main responsibilities of the Board Secretary include:

- ≡ Prepare, organize and manage the logistics of the Board of Director and Committee meetings; assist the Chairman of the Board in preparing the meeting agenda; information, data and other details and deliver them to Board members.
- ≡ Assist the Chairman of the Board of Directors in preparing and organizing the General Assembly meetings of Shareholders and managing its logistics.
- ≡ Follow up on the issuance and implementation of the Board of Directors' decisions and communicate such decisions to the concerned departments; prepare follow-up reports on the actions taken in this regard.
- ≡ Maintain and document all matters related to the decisions of the Board of Directors and the topics that were presented to it.

4- Committees of the Board of Directors:

Composition of the committees*

#	Name of the board member	Name of the Committee				Capacity of the member	Position in the committees
		Audit Committee	Remuneration & Compensation Committee	Risk Committee	Corporate Governance & Nomination Committee		
1	Ms. Mona Salah El-Din Zulficar	#		#	#	non-executive, independent	# Head of the Committee X Committee member
2	Mr. Zubyr Soomro	x		x		non-executive, independent	
3	Mr. Ramsay Zaki	x	x	x		non-executive, independent	
4	Mr. Takis Arapoglou		#		x	non-executive	
5	Mr. Marwan Nabil El Araby		x			non-executive, independent	
6	Mr. Jean Cheval		x			non-executive	
7	Mr. Timothy Collins	x		x	x	non-executive	
8	Ms. Elizabeth Critchley		x			non-executive	
9	Mr. Karim Ali Awad				x	Executive	
10	Mr. Khalid Mana Said Al Otaiba				x	non-executive, independent	

* Members of all committees have been appointed from the elected board in its new session during the company's board meeting on 20 May 2020.

The progress of the Board meetings and its committees:

A follow-up schedule of the Board members' attendance of the Board meetings, Committees and General Assembly meetings:

Eight sessions of the Board of Directors' meeting have been held during the year, 6 of which were attended by all Board members. Such sessions were about the strategic and substantial decisions related to the company's business. The last two sessions were only attended by the legal quorum of the members for the validity of the Board of Directors meetings. All of the sessions were about the course of the usual procedures and business of the company.

#	Name of the board member	BoD Meetings	General Assembly meetings	Audit Committee	Remuneration & Compensation Committee	Risk Committee	Corporate Governance & Nomination Committee
1	Ms. Mona Salah El-Din Zulficar	8/8	1/1	4/4		4/4	1/1
2	Mr. Yasser Soliman Hesham El Mallawany	8/8	1/1				
3	Mr. Takis Arapoglou	6/8	0/1		1/1		1/1
4	Mr. Karim Ali Awad	8/8	1/1				1/1
5	Mr. Marwan Nabil El Araby	7/8	0/1		1/1		
6	Mr. Jean Cheval	6/8	0/1		1/1		
7	Mr. Zubyar Soomro	6/8	0/1	4/4		4/4	
8	Mr. Abdulla Khalil Al Mutawa	7/8	0/1				
9	Mr. Khalid Mana Said Al Otaiba	7/8	0/1				1/1
10	Mr. Ramsay Zaki	8/8	1/1	4/4	1/1	4/4	
11	Mr. Timothy Collins	6/8	0/1	4/4		4/4	1/1
12	Ms. Elizabeth Critchley	6/8	0/1		1/1		

Audit Committee

The Audit Committee is one of the sub-committees of the Board of Directors. It is comprised of four members, all of whom are non-executive. It is headed by the non-executive Chairman of the Board of Directors. The objectives of the Committee are as follows:

- ≡ Ensure the accuracy of the financial statements.
- ≡ Examine and review the company's internal control procedures and the extent to which the company complies with such procedures.
- ≡ Examine and review the internal audit mechanisms, tools, procedures, plans and results; assess internal audit reports and follow up on the implementation of their recommendations.
- ≡ Propose the appointment of auditors, determine their fees and consider matters related to their resignation or dismissal in such a manner that does not violate the provisions of the law.
- ≡ Ensure the application of control methods to protect the company's assets; conduct a periodic evaluation of the administrative procedures to ensure compliance with the regulations; prepare reports to be presented to the Board of Directors.

The Internal Audit Committee has performed the following duties:

- ≡ Discuss the auditor's report on the company's financial statements. No differences of opinion have been identified by the Audit Committee.
- ≡ Follow up on the response of the company's management to the recommendations of the Stock Exchange and the Financial Regulatory Authority (FRA). No serious violations have been identified by the Audit Committee.
- ≡ The Committee has been informed of unsettled customer complaints, in the markets where the group operates, up to the date of the Committee's meeting. The Committee ensured that no critical complaints existed.
- ≡ Review periodic circulars issued by the regulatory authorities which govern the company's activity; ensure that the necessary executive measures have been taken to comply with those circulars.
- ≡ The Head of the Internal Audit Department provided the Committee with a status update on the executive management's progress in implementing of the recommendations of the internal audit reports and their completion rates.
- ≡ Discuss and adopt the Internal Audit Department's annual plan; follow up on its efficiency and coverage of all company departments and activities.
- ≡ Review the internal control department's reports.
- ≡ Discuss sustainability suggestions presented by employees.

Remuneration and Compensation Committee

The Remuneration and Compensation Committee is one of the sub-committees of the Board of Directors. It is comprised of five members, all of whom are non-executive.

The Committee's purview includes the following:

- ≡ The Committee assists the Board of Directors in determining the compensation and bonuses of the teams in various company divisions and departments, while ensuring they align with the duties and experience of employees.

Risk Committee

The Risk Committee is one of the sub-committees of the Board of Directors. It is comprised of four members, all of whom are non-executive. It is headed by the non-executive Chairman of the Board of Directors.

The Committee's purview includes the following:

- ≡ Ensure that the necessary regulatory frameworks and rules are in place to deal with all company risks including credit, operational, market and liquidity risks.
- ≡ Examine and review the findings of the company risk reports prepared by the Risk Department.
- ≡ Supervise and verify the effectiveness of the company's Risk Department in carrying out its assigned duties; ensure that it is adequately performing its duties within the limits of its competence; ensure, as well, the independence of the Risk Department employees from the company's executive management.
- ≡ Prepare a periodic report on the results of its activities and its recommendations; the report shall be presented to the Board of Directors to take the necessary action in this respect.
- ≡ Ensure that effective information systems are in place to allow risk tracking and performance monitoring.
- ≡ Ensure that control methods are applied to protect the company's assets against risks; conduct a periodic evaluation of the administrative procedures to ensure compliance with the regulations; prepare reports for presentation to the Board of Directors

Corporate Governance and Nomination Committee

The Corporate Governance and Nomination Committee is one of the sub-committees of the Board of Directors. It is comprised of one executive and four non-executive board members.

The Committee's purview includes the following:

- ≡ Periodic review of the corporate governance frameworks and submit its recommendations to the Board of Directors to take the necessary action.
- ≡ Periodic evaluation of the company's corporate governance system; formulate internal policies on the implementation of corporate governance regulations within the company.
- ≡ Review feedback provided by regulatory authorities on the implementation of corporate governance within the company and follow up on the actions taken in this regard.
- ≡ Recommend to the Board of Directors the Committee's nominations for independent, highly skilled and experienced Board members; determine their degree of independence in accordance with the best practices, applicable laws and regulations.
- ≡ Recommend to the Board of Directors its nominations for the appointment of the Group's CEO and the Executive Committee members.
- ≡ Periodic review of the organizational chart; identify the required skills and experience for key executive positions at the Group level; present the Committee's recommendations in this regard to the Board of Directors.

Executive Committee

The Committee's purview includes the following:

- ≡ Develop overall company goals and strategic plan and submit for approval by the board.
- ≡ Perform daily business activities. The Board of Directors monitors and evaluates the Committee's performance on a regular basis to ensure its effectiveness.
- ≡ Study and make decisions related to financing and credit facilities within the Committee's authority limit.
- ≡ Ensure that organizational frameworks are in place across all departments and divisions involved in Environmental, Social, and Corporate Governance (ESG) issues at EFG Hermes Group level to ensure the company's long-term sustainability and engagement with the society. The Committee acts as a Consultant to the Board of Directors and supports the goals through utilization of internal and external resources.

5- The Control Environment

The Internal Control System

- ≡ A comprehensive internal audit system is in place at the Company to mitigate risks and to set out the rules for accountability and liability within the Company. The system also defines the competencies and fully segregates between responsibilities and duties.
- ≡ A review of the adequacy and effectiveness of the company's internal control system is performed in consultation with the board members by reviewing the periodic reports of the Audit, Risk and Compliance Departments, as well as discussing the findings and recommendations with the executive management and take corrective action.
- ≡ The efficiency of the internal control system has been reviewed four times during the year by the Board members.

Internal Audit Department

An Internal Audit Department is in place at the Company and acts as an independent and objective function. The Company defines the role and scope of work of the Internal Audit Department as per the below table:

Role of the Internal Audit Department	Scope of work	Is it a permanent department at the company or a private external Audit Company?	Name of the Internal Audit Officer / the private external Audit Company	Periodicity of reports
<p><u>The Internal Audit Department performs the following:</u></p> <p>a. Ensure the adequacy and effectiveness of company control procedures in place.</p> <p>b. Ensure the Company's compliance with corporate governance regulations.</p> <p>c. Review internal audit systems and procedures while considering risks faced by the Company.</p>	EFG Hermes Holding Company and its subsidiaries	A permanent department within the company	Dahlia El Salawy Head of the Internal Audit Department	At least every quarter

Risk Department

An independent risk function is in place at the Company and is headed by Group Chief Risk & Compliance Officer. The responsibilities of the Risk Department during year 2020 included the following:

- ≡ Identify, analyze and follow up the company's risk exposure including operational, market, credit and liquidity risks.
- ≡ Follow up and update the company's key risk indicators.
- ≡ Pass the annual formal assessment for certification renewal of ISO 22301 Business Continuity Management.
- ≡ Conduct the annual business continuity training.
- ≡ Conduct the annual training for company employees on combating fraud and cybercrime.
- ≡ Update the policies and work procedures of the Risk Department.
- ≡ Submit periodic reports on risk management to the Risk Committee and Senior Management.

The company's approach in addressing various risks depends on several elements including:

- ≡ Ensure necessary controls are in place to avoid potential risks or mitigate their impact, if such risks occur.
- ≡ Distribution of authorities along with the allocation of maximum authority limits to executive staff in line with the tasks assigned to them.
- ≡ Establish policies and procedures to reduce risks and avoid risk exposure above the company's risk appetite.
- ≡ The Risk Department assesses and monitors risks on an ongoing basis. It reports breaches to the Senior Management and the Risk Committee.
- ≡ The Risk Committee regularly performs its risk monitoring role through discussing reports prepared by the Risk Department in quarterly Committee meetings and presenting any recommendations to the Board of Directors.
- ≡ Ongoing training of company employees.

The Board of Directors relies on the Risk Committee to review the adequacy and efficiency of the company's risk management system. The Risk Committee evaluates the performance of the Risk Department, the adequacy of human resources in the Department and the availability of required competencies to cover all types of risks. The Risk Committee also ensures that the necessary policies and procedures are in place to reduce risks. In addition, it follows up on the Risk Department's periodical reports that are presented to the Committee covering all the activities of the company and its subsidiaries. On a quarterly basis, the Committee follows up on cases exceeding the risk tolerance levels, the tangible and intangible losses, whether realized or potential losses, and determine their causes to avoid occurrence of such losses in the future, where possible.

Compliance Department

An independent compliance function is in place at the Company. It monitors and prepares reports on the risks of non-compliance with laws, regulations and regulatory instructions issued by various bodies such as the Financial Regulatory Authority (FRA), the Egyptian Stock Exchange (EGX) and the Egyptian Money Laundering and Terrorist Financing Combating Unit.

The responsibilities of the Compliance Department during year 2020 included the following:

- ≡ Ongoing monitoring and ascertainment that all company employees comply with legally binding laws, controls and regulatory instructions issued by various authorities, including corporate governance systems and policies.
- ≡ Follow up on the extent of adherence of all company employees to laws regulating their work, as well as to internal regulations, policies and charters, including the code of ethics and professional conduct.
- ≡ Ensure the existence and review of a plan to update customer data.
- ≡ Ensure no illegal or unethical practices occur in the company, including money laundering practices, corruption and terrorist financing. Receive and investigate reports on such misconduct in an objective and confidential manner; present those reports to the Audit Committee and follow up on actions taken in this regard, while ensuring the protection of whistleblowers.
- ≡ Conduct annual training on combating money laundering and terrorist financing.
- ≡ Prepare the annual report on combating money laundering and terrorist financing; present the report to the Board of Directors for approval and send copies of the approved report to FRA and the Money Laundering and Terrorist Financing Combating Unit at the Central Bank of Egypt.
- ≡ Receive and follow up on customer complaints.
- ≡ Update the policies and work procedures of the Compliance Department.
- ≡ Present periodic reports to the Audit Committee and Senior Management on the outcome of follow-up of the company's business activities.
- ≡ Follow up on the implementation of corporate governance regulations and the extent to which compliance has been achieved by the company and all employees.

Corporate Governance Department

The Corporate Governance Department aims at establishing and strengthening the principles of corporate governance, follow up on their implementation and enhance their effectiveness. The Department reports to the Chief Executive Officer.

The Corporate Governance Department carries out the following:

- ≡ Monitor the availability of guidelines and primary elements that assist in the development and improvement of the company's performance.
- ≡ Monitor the implementation of disclosure and transparency principles across the company's activities and departments.
- ≡ Improve the workplace environment through the application of the Company's Code of Professional Conduct; define the company's social responsibility towards the employees and community.
- ≡ Monitor the application of the Conflict of Interest policy across all company employees.
- ≡ Promote the application of the principles of transparency, clarity and fairness in dealing with all shareholders.
- ≡ Promote the clarity of relationships between the Board of Directors and the stakeholders.

The Auditor

The Company has renewed the appointment of Mr. Hatem Abdel Moneim Montasser, Partner of Hazem Hassan and Partners firm (KPMG), as the Company's auditor due to his fulfillment of the stipulated conditions and his enrolment in FRA's list of Certified Auditors. The Company's management strives to provide full independency to the auditor. The Audit Committee discusses the Auditor's report and makes recommendations on the report. No differences of opinion have been identified during the previous year.

6- Disclosure and Transparency

Material information, financial and non-financial disclosures

Financial and non-financial information, as well as material events shall be disclosed in such a manner that do not affect the company's competitive position in the markets where it operates. The Egyptian Stock Exchange (EGX) shall be notified of such information, while the announcement shall be made on EGX screens and the company's website. The following shall also be carried out:

- ≡ Provide the Financial Regulatory Authority (FRA) and EGX with the annual and interim financial statements along with the Auditor's report and the Board of Directors report once the BOD has approved the financial statements.
- ≡ The financial statements and the auditor's report shall be published at least annually in two Egyptian daily newspapers, in addition to the company's website which should be regularly updated.
- ≡ Provide FRA and EGX with the decisions of the ordinary and extraordinary general assembly meetings once concluded and at the latest prior to the first trading session following the conclusion of the meeting. The company shall be committed to provide EGX with the minutes of meeting, signed by the chairperson, within one week at the latest from the date of the general assembly meeting.
- ≡ Provide EGX with the minutes of the general assembly meeting, notarized by FRA, within three (3) working days at the latest from the date of receipt.
- ≡ Provide EGX with a summary of the decisions of the BOD meeting containing material information once the meeting is concluded and at the latest prior to the first trading session following the conclusion of the meeting.
- ≡ Disclosure of offences and judgements issued against the company. It should be noted that no offences or judgements have been imposed on the company during the year.

Investor Relations

An Investor Relations function is in place within the company. It serves as a liaison between the company's management, its shareholders, investors and financial analysts. It is headed by a highly skilled and competent manager whose main duties include the following:

- ≡ Responsible of communication with EGX and responding to the inquiries of shareholders and investors.
- ≡ Develop the department's business plan including the company's disclosure policy; comply with all laws, rules, regulations, listing procedures, disclosure requirements and the decisions issued by FRA and EGX.
- ≡ Familiar with the Senior Management views, strategic plans and the decisions they take, particularly material decisions. Maintain the confidentiality of material and internal information which does not lie in the public domain.
- ≡ Disclose the company's activities and plans to financial analysts, current and potential investors, rating agencies, and research houses during meetings and conferences. Follow up on the financial and operational reports released from the company and verify their authenticity.
- ≡ Communicate the market status to the senior management; assist in preparing the company's response to questions and queries of investors and financial analysts; address rumors which may impact the trading of the company's shares.

The main duties of the Investor Relations Department include the retention of current investors and the attraction of new investors through raising market awareness of the company's results, its future growth opportunities; determine the factors that impact the company's profitability; Meet disclosure and transparency requirements, which in turn create a positive impact on the following matters:

- ≡ Achieving appropriate liquidity levels for the company shares on the Stock Exchange.
- ≡ Decrease the financing costs on the long term.
- ≡ The investors' perception towards the present performance of the company and their expectations of future performance.

Moreover, the Investor Relations function enables the Board of Directors to understand the performance of the company's share and how such performance affects the fair price according to the information provided by the company on its performance, capabilities and future prospects; its compliance with the disclosure regulations, its communication with investors and their perception of the company; and the company's stock valuation in the investment market.

7- Disclosure tools

Annual Report

The Company issues an annual report which includes a summary of the Board of Directors report and the financial statements. It also includes all other information of interest to present and potential shareholders, investors and other stakeholders. This report includes all the events which chronicle the company's activities over the past year and the goals it seeks to achieve during the following year.

The annual report contains the following sections:

- ≡ The Board chairperson's and/or the company's CEO Foreword.
- ≡ Vision and mission statement.
- ≡ The company's strategy.
- ≡ Company history and milestones.
- ≡ Senior management and the composition of the Board of Directors.

- ≡ Analysis of the market in which the company operates.
- ≡ Current and future projects handled by the Company.
- ≡ Analysis of the company's financial position.
- ≡ Corporate governance report.
- ≡ Corporate social and environmental responsibility report.
- ≡ A report on the executive management's discussion of the company's financial performance.
- ≡ The auditor's report, comparative financial statements over previous periods.

Board of Directors' Report

The Company issues an annual report in accordance with the provisions of the companies' Law No. 159 of 1981 and its executive regulations. The report is presented to the general assembly of shareholders, as well as to regulatory authorities. The report includes the following:

- ≡ Discussion of the financial results and material topics.
- ≡ Main changes in the company's management structure.
- ≡ The composition of the board committees and the frequency of meetings.
- ≡ Average number of the company's headcount.
- ≡ A report on the company's compliance with environmental, social, and corporate governance principles.

Disclosure Report

The company issues a disclosure report on a quarterly basis. The report consists of the following:

- ≡ The company's contact details.
- ≡ The Investor Relations Officer and his/her contact details.
- ≡ The structure of shareholders with ownership of 5% or more of the company's shares.
- ≡ The overall capital structure showing free float shares.
- ≡ Details of the treasury shares held by the company.
- ≡ Changes in the company's Board of Directors and the latest composition of the board.

Sustainability Report

The EFG Hermes Foundation for Social Development is a non-profit, non-governmental organization. Its efforts focus on poverty alleviation, disease prevention, and youth development. Since its establishment in 2006, the Foundation plays a role in the implementation of integrated sustainable development programs for those villages and communities most in need.

- ≡ The Integrated Sustainable Development Project of Naga' El Fawal and El Deir Village:
 - To further complement the project for development of Naga' El Fawal in El Deir village, Markaz Esna, Luxor governorate, EFG Hermes Foundation for Social Development developed and equipped the community service center of Naga' El Fawal. It is worth mentioning that the community service center includes a nursery and a training center which is solar-powered.
 - The nursery serves 150 children including 100 enrolled in a Montessori class and 50 in a class for children with special needs. The nursery seeks to promote early learning using the Montessori approach in order to serve Naga' El Fawal and El Deir Village in Luxor.
 - The EFG Hermes Foundation for Social Development succeeded in year 2020 to create 45 employment opportunities for teachers in the nursery. The Foundation also completed the training of the trainers using the Montessori approach to qualify them to work at the nursery and qualify children with special needs.

- During 2020, the EFG Hermes Foundation for Social Development developed 90% of homes in Naga' El Fawal and created humane spaces for the beneficiaries. The Foundation is also working on the construction of a three-phase sewage treatment plant in alignment with the Egyptian Government's plan of 2030.
- ☰ In cooperation with employee volunteers from EFG Hermes Holding, the Foundation effectively succeeded in combating the effects of COVID-19 through the following actions:
- Supporting 10,000 families who have been affected by COVID-19 in collaboration with the Egyptian Food Bank.
 - Raising awareness on protection instructions issued by the Egyptian Ministry of Health and Population and the World Health Organization to more than 1,500 citizens in Luxor.
 - Coordinate with the local community in El Deir Village in Luxor to distribute disinfectant and hygiene kits to reduce the spread of the virus.
 - Coordinate with the families most in need and mothers of children with cerebral palsy to produce bags for the distribution of disinfectant kits.
 - Coordinate with the Local Directorate and Luxor Social Affairs Directorate to support 1,500 families of workers affected by COVID-19. Cash grants were provided to those families with a value amounting to One Million and Two Hundred Thousand Egyptian Pounds.
 - Coordinate with Luxor Health Directorate to equip a quarantine unit at Markaz Esna for 70 beneficiaries.
 - Coordinate with Luxor Health Directorate and Luxor Social Affairs Directorate to provide five Walkthrough Sanitization Gates at Naga' El Fawal and El Deir Village in Luxor.

On the other hand, EFG Hermes Group implemented several programs which reflect its commitment of the sustainability of the business sector through sustainable development and responsible investment. In addition to its Environmental, Social, and Corporate Governance (ESG) policy, EFG Hermes Group has provided, for the third consecutive year, training to all its employees on responsible investment; besides a specialized training to the Group's Investment Officers to embed environment, social, and corporate governance issues into daily business activities.

EFG Hermes Holding submitted in year 2020 its second Sustainability Report on all financial assets in line with the United Nations Principles for Responsible Investment (UNPRI) requirements. EFG Hermes prides itself of owning a diversified investment portfolio that includes initiatives that directly feed into the Sustainable Development Goals (SDGs) in areas ranging from clean energy and education to healthcare, microfinance and technology.

EFG Hermes has strengthened its ESG Policy by articulating two crucial statements, the first addressing climate change and the second, modern slavery and human trafficking. In addition to the human rights policy and labour rights at the Group.

Website

The Company has a website in Arabic and English languages. Financial and non-financial information is disclosed on the website and is regularly updated with published information. The website provides a channel to easily communicate with the company, meanwhile the company is committed to respond to messages and inquiries received through its website.

The company's website includes the following pages:

- ≡ An overview of the company, its vision, mission and strategy.
- ≡ The composition of the company's Board of Directors, board committees, and executive committee.
- ≡ Information about the company's activities, products and scope of work.
- ≡ The company's annual reports.
- ≡ Annual and interim financial statements, with its comparable over previous periods.
- ≡ Investor Relations pages and how to directly contact the company.
- ≡ Media releases issued by the Company.

8- Codes and Policies

The Company has in place a Code of Ethics and Business Conduct which is outlined in the company's code of conduct. This policy aims to establish the professional and ethical behaviors that must be followed by all employees. It also aims to clarify the violations that employees must avoid.

The Human Resources, Compliance and Internal Audit Departments are responsible for the development and application of this policy. They are required to review the policy from time to time to ensure its content is regularly updated and continues to be suitable. The Human Resources Department ensures that all employees, both current and newly hired, across all its locations have read and signed this policy. The policy is also available in the Employee Handbook which is made available to all employees.

The policy on business conduct comprises the following topics:

- ≡ *Equal employment opportunities and commitment to diversity*: providing equal employment opportunities that prohibit discrimination based on race, color, religion, nationality, gender, age, physical disability or marital status, and is applied to all company activities.
- ≡ *Confidentiality*: including information about the company, its employees, clients, and company, trade secrets.
- ≡ *Chinese Walls*: including inside information, the company's Non-Disclosure policy, staff dealing policy, internal controls, record keeping and reporting.
- ≡ *Professional business conduct*: including conflict of interest, gifts, bribes and commissions, fair treatment and fair competition, and anti-money laundering.
- ≡ *Communications*: including phone, e-mail, and internet access, press interviews with media agencies and related parties, and the use of social media and other websites.
- ≡ *Other work-related conduct*: including company assets, drug abuse, advertising, racial discrimination, intellectual property, dress code, disgraceful behavior, use of inappropriate language in conversation, sexual harassment, expression of political opinions and affiliations.

Succession Planning

The objective of the programme

The Succession Planning programme is intended to ensure the availability of the required expertise for key roles, to meet the requirements of future business expansion, if any, and to encourage employee career development by curating a list of nominated employees who can occupy critical positions that may affect the company's business continuity.

Scope of application

The Human Resources Department is responsible for running the Succession Planning programme across all locations. They have identified the critical roles that require succession planning in accordance with a clear framework and specific criteria.

Outline of the programme

During the second quarter of each year, the Human Resources Department performs the following:

- ≡ Identify any new critical roles that were added during the year across the Company.
- ≡ Update the list of nominations (as needed) to verify the nominees' suitability in line with the criteria.
- ≡ Verify the continued suitability of the succession planning for critical roles that have become vacant during the year.

Succession Planning Chart

The chart consists of three levels of risks which categorize incumbents based on the degree of risk identified. The Human Resources Department covers all critical roles across the company. All proposals for nominations, for the succession plan, are reviewed and discussed to assess their readiness for the role they may occupy, in line with the pre-set criteria and determine any development requirements needed.

Whistleblowing Policy

A whistleblowing policy is in place at the Company. The policy is intended to encourage employees and those who deal with the Company to report any practices that violate the Code of Conduct or any illegal actions. The policy provides an opportunity to all employees or service providers to report violations in a confidential manner, while ensuring protection from being dismissed or negatively impacted in whatever form. This policy obligates the Company to conduct an immediate investigation in all the reported cases that were submitted and to take the appropriate punitive measures, if the reporting proved to be true.

9- Staff, Related Parties and Associated Parties' Trading Policy

A Staff Trading Policy is in place at the Company. It is intended to control the insiders' buying or selling of the Company's stock and ensure that inside information is not exploited to realize personal illegal gains. The policy includes several measures such as the necessity to obtain the approval of some departments, including Compliance, prior to trading of securities; and the lock-up period, during which insiders are prohibited from trading company shares.

In addition, all employees and Board Members are required to disclose their board memberships at other companies and any significant contributions they have or their relatives up to the second degree have in other companies to avoid conflict of interest. It should also be ascertained that the rules for entering into commutative contracts are respected according to the regulatory bodies' rules.

The below follow-up table shows the insiders' trading of Company shares

S.N.	Name of Member	No. of shares owned at the beginning of the year	Purchased Shares during the year on specified date (to be added)	Sold Shares during the year (to be subtracted)	Balance of Shares at year end
1-	Mr.Yasser Soliman Hesham El-Mallawany	-----	6/4/2020 – 55,000 30/8/2020 – 250,000	-----	305,000

10- Environmental, Social, and Corporate Governance (ESG) Policy

As a leading financial services provider across frontier emerging markets (FEM), EFG Hermes recognizes that environmental protection, social responsibility and Corporate Governance issues affect the company's investment performance and expose it to potential investment risk. EFG Hermes believes that Investment Managers should embed ESG matters into their investment operations.

To that end, EFG Hermes intends to realize transparency in the disclosure of its ESG practices in alignment with the United Nations Principles for Responsible Investment (UNPRI) and the Egyptian Stock Exchange requirements. Disclosure shall include the following information:

- ≡ A summary of EFG Hermes ESG policy
- ≡ Overview of the policies and statements issued by EFG Hermes
- ≡ Disclosure of EFG Hermes efforts in ESG related-issues in the Company's Annual Sustainability Reports.

The 2020 Sustainability Report focuses on achievements in the following areas:

- ≡ ESG approach.
- ≡ Development of policies and articulation of statements.
- ≡ Corporate Governance and Transparency Reports.
- ≡ Human Capital and investment in knowledge.
- ≡ Responsible investment and financial inclusion.
- ≡ The society and integrated sustainable development.
- ≡ Local and international support.

The Company's Legal Representative

Name: Mona Zulficar
Capacity: Board Chairman
Signature: