

REPORT

Equator

PRINCIPLES 



Equator Principles Report 2022

The management of CIBanco's business, products and services is subject to the voluntarily acquired commitment to privilege sustainability. The ultimate goal of this commitment is to promote and safeguard respect for the environment and people, and in this sense, we present the eighth Equator Principles IV report for non-designated countries, covering the period between January 1, 2020, and December 31, 2021.

Since joining the Equator Principles in 2012, procedures were developed for the identification, assessment and monitoring of social and environmental risks arising from our activity with Clients, for their monitoring and control according to their level or category of impact.

The Equator Principles are a set of ten guidelines under which the adopting financial institutions undertake, on a voluntary basis, to assess and take into consideration the social and environmental risks associated with the investments they finance, in order to ensure the sustainability of the activities financed.

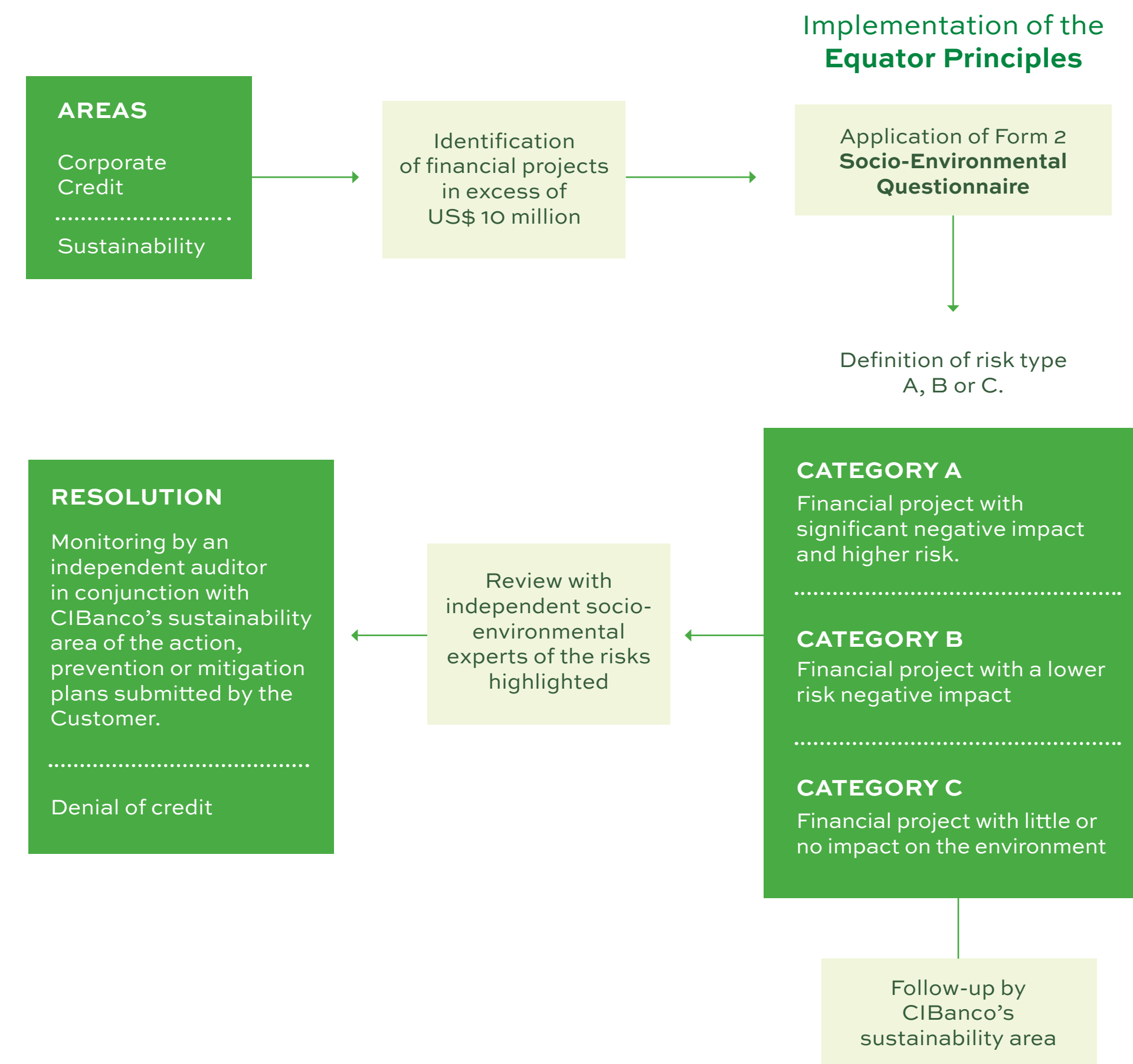
Since October 1st, 2020, Version IV of the Equator Principles went into effect, a significant change was the alignment to the Task Force on Climate-related Financial Disclosures (TCFD) recommendations on climate change, their management and reporting.

In CIBanco, we understand that the risks derived from climate change are classified as physical risks and transition risks. The first ones come from consequences of climate and geological events and changes to the equilibrium of ecosystems, which can be gradual or abrupt. They can signify physical damages to assets (infrastructure, estate), disruptions to the production or supply chain and/or changes to productivity of economic activities (agriculture, energy production).

On the other hand, transition risks are associated with the fight against climate change and the transition to a low-carbon economy. They include factors such as changes in regulations and standards, the development of alternative energy-efficient technologies, changes in market preferences or reputational factors associated with the activities with the greatest impact.



You can consult our profile and reports with the Equator Principles [here](#).





The Bank’s Sustainability Department is responsible for the implementation of the Principles and, with the support of the Corporate Credit area, identifies loans in excess of US\$ 10 million. If indeed the credit reaches this amount or exceeds it, we proceed to the application of specific evaluation questionnaires of environmental social impact with external experts, to give a proper categorization.

Categorization of projects

The categorization of projects involves the application of a questionnaire to assess social and environmental risks and define whether the proposed operation or project presents a high, medium or low probability of incurring negative environmental or social risks, or having high, medium or low consequences that could affect natural resources. The categories may be: Risk A (high), Risk B (low) and Risk C (low or no risk), for more information review Project Category Annex.

Environmental and social risk assessment

Depending on its category, the client must conduct or not an environmental and social assessment of the project (category A and category B) and develop an Action Plan that demonstrates how impacts and risks are mitigated and controlled, disclose information and consult with the project’s affected communities, and establish a grievance mechanism, as appropriate.

This categorization and evaluation is carried out with the support of independent experts, not linked to CIBanco or clients, to evaluate and monitor project compliance with complete objectivity.

2022 Equator Principles Report

During 2021 CIBanco did not grant loans in excess of US\$10 million. CIBanco’s loan portfolio presents no environmental risks and is consistent with Mexican environmental laws and regulations.

PROJECT FINANCE ADVISORY SERVICES

CATEGORY

TOTAL	
Sector	○
General Manufacturing	○
Infrastructure	○
Fuel and gas	○
Energy	○
Transportation	○

CATEGORY

Region	
America	N/A
Europe	N/A
Asia	N/A

FINANCIAL PROJECTS

TOTAL	CATEGORY A	CATEGORY B	CATEGORY C
Sector	○	○	○
General Manufacturing	○	○	○
Infrastructure	○	○	○
Fuel and gas	○	○	○
Energy	○	○	○
Transportation	○	○	○

Region			
America	N/A	N/A	N/A
Europe	N/A	N/A	N/A
Asia	N/A	N/A	N/A

By country designation			
Designated	N/A	N/A	N/A
Not designated	N/A	N/A	N/A

Independent Review			
Yes	N/A	N/A	N/A
No	N/A	N/A	N/A



PROJECT-RELATED CORPORATE LOANS

TOTAL	CATEGORY A	CATEGORY B	CATEGORY C
Sector	○	○	○
General Manufacturing	○	○	○
Infrastructure	○	○	○
Fuel and gas	○	○	○
Energy	○	○	○
Transportation	○	○	○
Region			
Americas	N/A	N/A	N/A
Europe	N/A	N/A	N/A
Asia	N/A	N/A	N/A
By country designation			
Designated	N/A	N/A	N/A
Not designated	N/A	N/A	N/A
Independent Review			
Yes	N/A	N/A	N/A
No	N/A	N/A	N/A

CRITERIA FOR EXCLUSION

CIBanco has exclusion criteria and by these we mean those products, services or productive processes that question a sustainable development of society. In this sense, CIBanco does not finance projects or undertakings that contribute more than 10% of their activity in the following areas:

Non-sustainable businesses

- **Substances which are hazardous to the environment.** Organizations and activities that produce or sell substances that pose a risk to human life or the environment.
- **Pornography.** Organizations that sell pornographic products and/or are involved in activities that promote prostitution.
- **Tobacco.** Organizations and activities that produce or sell tobacco products or tobacco-related articles.
- **Weapons industry.** Organizations and activities that produce and sell arms and provide arms-related services. Including conventional weapons, such as firearms and rockets, and non-conventional weapons, such as nuclear, chemical, biological weapons and integrated weapons systems.

Non-sustainable processes

- **Intensive agricultural production.** Organizations and activities that use animals intensively for consumption, are environmentally unfriendly and do not protect animals. Credits will be granted only to organizations with ecological certification.
- **Corruption.** Organizations that have been convicted in court for corruption, bribery and money laundering, as well as those entities that have violated codes of conduct or treaties in the last three years.
- **Animal testing.** Organizations and activities that use animal testing for non-medical purposes, or that sell non-medical products that have been tested on animals.

When there is a controversy of level A or B categorization, the sustainability area defines the category.



EXHIBIT PROJECT CATEGORY

RESULT	PROPOSED CATEGORY	COMMENTS AND PROPOSED ACTIONS
If you answer YES to one or more questions marked A	A	The operation has a high probability of negative environmental and social impacts, with a significant impact on natural resources, and is classified as level A (High Risk).
		<div>The operation must be referred to the Sustainability Committee and any necessary studies or agreements must be consulted:</div> <ul style="list-style-type: none">• Environmental Assessment• Environmental Management Plan• Environmental Impact Assessment• Strategic Environmental Assessment• Stakeholder consultation• Information availability requirements• Monitoring (periodic reports)• Socio-environmental risk clauses
If YES to one or more questions marked with B	B	The operation has a high probability of having local and short-term environmental and social impacts, for which there are effective and accessible mitigation measures; therefore, it is classified as level B (Medium Risk).
		<div>The operation should be referred to the Sustainability Committee and any necessary studies or agreements should be consulted:</div> <ul style="list-style-type: none">• Environmental and social analysis of identified issues• Environmental Management Plan• Stakeholder consultation• Monitoring requirements (periodic reporting)
If you answer NO to all questions	C	It would be an operation with a low probability of presenting an environmental-social impact. It is classified in category C (Low Risk).
		Does not require approval

CONTACT

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