

Sustainable Finance Policy

2024



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1. Policy Version Control

Issue Date	Version	Change History
January 21	1 st Issuance	
February 22	2nd	Change in Policy Governance
April 2024	3rd	Changes across all sections

2. Purpose

The Sustainable Finance Policy (SFP) asserts CIB's commitment to integrating sustainability, embodying the economic, environmental, social and governance dimensions across the Bank's policies, procedure, and operations and culture to sustain Value Creation in the short, medium, and long term. It constitutes the institutional blueprint and frame of reference for all functions and business lines and is complemented by CIB's Sustainable Finance Policy Statement (Annex I).

CIB, driven by a System Thinking philosophy to guide its growth, has long recognized the financial industry's responsibility and ability to be a vital driver of the real economy transition to achieve sustainable development and inclusive growth.

The Sustainable Finance Policy complies with all relevant laws and regulator's directives; additionally, it is aligned with national strategies, including Egypt's Vision 2030, the Egypt climate change strategy and its National Determined Contributions (NDCs), the United Nations Sustainable Development Goals (UNSDGs), and the Paris Agreement for Climate Change, as well as CIB's architecture of global frameworks and global standard-setters.

3. Scope

CIB's Sustainable Finance Policy applies to all the bank's departments. It guides all internal stakeholders responsible for aligning with the policy's requirements in their respective areas. CIB is committed to achieving long-term value creation for all stakeholders. The bank's approach is built around value creation, which is achieved through an ecosystem-based business model that engages the bank's stakeholders and the ecosystem at large, from employees to clients, shareholders and investors, creditors, suppliers, regulators, governmental bodies, peers, business partners, suppliers, as well as society and the environment through multiple channels. CIB also engages with stakeholders by providing capacity building and knowledge-sharing opportunities to its employees and clients to increase their awareness level and advance the bank's sustainable finance strategy.

4. Approach

The Sustainable Finance Policy outlines CIB's approach to sustainable finance, which comprises interconnected pillars addressing the bank's economic, environmental, social, and governance (EESG) impact.

CIB Sustainability System Transformation is driven by the bank's proprietary sustainability framework, "Sustainable Finance Institutional Pillars", which includes the following rigorous and well-structured tracks:

- Sustainability Governance
- Sustainable Finance Policy and Frameworks Architecture

- Sustainability Management Systems
- Sustainable Finance Strategy
- Sustainability Communication and Education
- Sustainable Finance Innovation.

CIB approach is further substantiated by the double materiality concept, which is conducted following the Global Reporting Initiative (GRI) guidelines. It comprehensively guides CIB's decision-making process, ensuring a balanced consideration of ESG risks and opportunities: Analysis of the impact of ESG aspects on CIB's activities and financial performance (financial materiality) and the impact of CIB's activities on people and the planet (impact materiality).

5. Driving Inclusive Growth: Business and Operational Activities

CIB is committed to creating value through its business and operational activities, driven by the nexus of innovative revenue generation, long-term risk management, and positive impact on the planet and society.

5.1 Business Activities

Our business activities shall enhance long-term value drivers and ensure economic growth while advancing social, environmental, and governance considerations.

5.1.1. Environmental and Social Risk Management System (ESRMS)

CIB's Environmental and Social Risk Management System (ESRMS) framework integrates environmental and social risk management into CIB's lending and investment business processes to identify, assess, and mitigate ESG risks in alignment with national laws and regulations and international standards and frameworks (IFC, EBRD, and EP). The ESRMS includes an integrated framework of policies, procedures, tools, and internal capacities to identify and manage our exposure to the ESG risks of our clients and investors.

The bank's enterprise risk management framework includes a Climate Risk Management framework that governs the Bank's risk management practices for measuring and managing climate physical and transition risks. CIB's climate risk management approach involves identifying and assessing the material climate risks that could impact the Bank's operations and financial performance, through the use of qualitative and quantitative tools (such as stress testing and scenario analysis). CIB climate risk management system extends beyond traditional risk management practices to not only mitigate risks but actively seek out growth opportunities and drive transition planning for the bank and its clients, which incorporates climate risks and opportunities and sets sector-specific decarbonization pathways.

5.2. Revenue Generation: Sustainable Finance Product Development

CIB recognizes that sustainable lending and investing represent a fundamental shift in the financial landscape, where considerations extend beyond traditional financial metrics to encompass environmental and social impacts. The bank deploys resources in a manner that aims to generate returns for shareholders and contribute to the bank's growth.

CIB develops sustainable finance instruments, products, programs, and non-financial tools for its clients to generate positive environmental and social impact and propel the real economy toward a just transition aiming to support the growth of corporate enterprises and micro-, small-, and medium-sized enterprises (MSMEs).

CIB provides its clients with viable, impact-driven products and programs that address environmental and social risks, such as climate finance loans for mitigation and adaptation and financing the circular economy. The Bank aims to support clients in their decarbonization journeys while fostering innovation and resilience. The Bank also continues to partner with development finance institutions (DFIs) and multilateral development banks (MDBs) to enhance its sustainable financing mechanisms and transition finance offerings that prioritize environmental and social responsibility, and promotes the low carbon economy transition in alignment with national and international standards and guidelines. CIB supports the growth of individuals and entrepreneurs by offering valuable and affordable financial products and services that meet their needs.

CIB is committed to serving the unbanked and/or underbanked segments of society by facilitating access to finance and financial products and services, with a close emphasis on gender and youth empowerment. CIB invests in its digital capabilities and relies on our proximity to our customers to create value for the unbanked and underserved communities.

5.3. Operational Footprint

CIB is committed to applying and implementing a robust Environmental and Social Management System (ESMS) within the bank's day to day operations to manage its ecological and social footprint.

The Bank is committed to measuring, reducing, and improving the bank's ecological footprint (including carbon, land, and water). By regulating our emissions (decarbonizing our operations), ensuring the safe removal and management of our waste, we strive to meet high standards for our premises' efficiency, safety and environmental impact of our premises.

CIB is diligent about tracking and improving its social footprint, CIB contributing to human capital development throughout its business operations. The bank champions gender equality, fair working conditions, talent management and development, diversity and inclusion, and social engagement. There is no tolerance for discrimination or any form of harassment based on gender, age, disability, ethnicity, or religious belief.

CIB conducts social and environmental impact assessments on its operations, including with outsourced partners and supply chain management, supporting labour and human rights, by integrating ESG-relevant principles and best practices according to national and global standards and regulations with our business partners and suppliers.

6. Sustainability Governance

CIB has a robust sustainable finance governance structure that complies with regulators' mandates and ensures a top-down and bottom-up approach to ensure ESG integration across the organization.

6.1. Board of Directors

The Board of Directors is responsible for providing leadership for the institution. It ensures that the right strategy and controls are in place in order to deliver value to shareholders, employees and the community. CIB's board of directors benefits from the diversity of its members in terms of skills, experience, gender and nationality. The board primarily focuses on CIB's long-term financial and non-financial success and seeks the best interests of all related stakeholders. It oversees CIB's economic, social, and environmental sustainability initiatives, performing its duties with entrepreneurial

leadership, a sound strategy, and risk management oversight to ensure risks are properly assessed and managed.

6.2. Board Sustainability Committee (BSC)

The CIB Board Sustainability Committee provides the Bank with strategic guidance on environmental, social, and sustainability governance matters and oversees the effective integration of ESG policies and practices within the Bank's business and operations while ensuring alignment with regulatory mandates and national, regional, and global frameworks.

6.3. Executive Committee

The Bank Executive Committee acts in the best interests of the Bank and its shareholders, while ensuring abidance with the direction and decisions of the Board of Directors. The Executive Committee is responsible to execute the strategy of the bank, which has been approved by the Board. In performing its duties, the Executive Committee is guided by the bank's mission and vision statements. The committee adheres to the highest governance standards and ensures compliance with regulatory and internal CIB policies.

6.4. Sustainable Finance Steering Committee

The Sustainable Finance Steering Committee reports to the Executive Committee. The Committee's mission is to establish, guide, empower & monitor the Sustainable Finance Function in line with CIB business needs and in accordance to international best practice.

6.5. Sustainable Finance Department

The Sustainable Finance Department ensures the centrality of sustainable finance as a core business strategy. It provides a solid platform to integrate environmental, social and governance (ESG) principles across bank's functions. The Sustainable Finance Department is responsible for identifying and capturing sectoral ESG-related business growth opportunities and helping introduce and establish sustainable finance products that meet ESG standards and align with global best practices through facilitating and engaging the business lines, control areas, and support functions.

6.6. Sustainability Strategic Network

The Sustainability Strategic Network (SSN), a cross-functional, multi-stakeholder structure that includes key representatives across the bank to link functions and departments together. The SSN works towards integrating ESG across the bank's operations, driving the sustainable growth of the bank, and fostering a culture of sustainability and innovation.

7. Sustainability System Transformation

7.1. Policies & Procedures

CIB is committed to implementing ESG standards across the bank. CIB aims to continuously develop policies, procedures (Standard Operating Procedures), KPIs, targets, actions, and ESG scorecards. These support departments in translating and integrating ESG criteria and risks into their specific function to effectively spread sustainable finance into the culture and operations of the bank.

7.2. ESG Reporting, Disclosures, Transparency, and Assurance

CIB is committed to transparency in its ESG disclosures, reports, and environmental and social impact assessments. This is in recognition of the role of non-financial sustainability disclosures in enhancing

Bank's performance and driving positive business impact, thus creating value for all our stakeholders and facilitating oversight for regulators.

The bank's sustainability performance, including climate-related financial disclosures and ESG-relevant reporting, is publicly disclosed on the Bank's website and across various sustainability platforms, which are third-party assured, on a regular basis to meet stakeholders' expectations and strengthen their confidence in the bank's capacity to sustain value creation.

The specific periodic sustainability reports mandated by the Central Bank of Egypt and the Financial Regulatory Authority are provided to the regulatory body and/or published according to required frequencies (quarterly, semi-annual and annual).

7.3. Sustainability (ESG) Data Management and Digitization

ESG data management and digitization are fundamental to CIB's strategy for generating shared value. Recognizing the increasing significance of ESG disclosure in informed decision-making and prudent management, CIB acknowledges the benefits of developing an ESG data management platform incorporating governance and architecture for ESG data.

CIB is dedicated to continuously improving its cyber-security capabilities and infrastructure to guarantee a secure and uninterrupted consumer experience.

7.4. Monitoring and Evaluation

CIB is keen to enact the Sustainable Finance Scorecard to track Economic, Environmental, Social and Governance (EESG) KPIs, which are performance indicators to measure, quantify and assess relevant individuals' and functions' performance. The Monitoring & Evaluation system will ensure diligent gathering, tracking, reporting, evaluating and improving on metrics and quantified KPIs.

7.5. ESG Auditing

CIB periodically enacts ESG External Auditing to help create different layers of assurance to ensure the efficiency of the implementation of sustainability systems, integrating Economic, Environmental, Social and Governance (EESG) KPIs across the bank and ensure systematic and regular monitoring of Board approved Sustainable Finance Strategy objectives and KPIs.

8. Policy Governance

This policy should be concurred by the Sustainable Finance Steering Committee, the Executive Committee, the Board Sustainability Committee and approved by the Board of Directors (BOD). This Policy should be reviewed annually, and any changes in regulatory directives will be immediately applied through the relevant department guide and will then be incorporated within the Policy to be applied & approved in the next annual review following BOD meeting if deemed necessary.