



# SUSTAINABLE FINANCE POLICY



## 1. POLICY VERSION CONTROL

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## 2. GLOSSARY

<b>CDP</b>	Carbon Disclosure Project
<b>CIB</b>	Commercial International Bank
<b>EESG</b>	Economic, Environmental and Social Governance
<b>ESG</b>	Environmental Social Governance
<b>ESMS</b>	Environmental and Social Management System
<b>ESRM</b>	Environmental and Social Risk Management
<b>E &amp; S</b>	Environmental and Social
<b>FTSE</b>	Financial Times Stock Exchange
<b>GRI</b>	Global Reporting Initiative
<b>KPI</b>	Key Performance Indicator
<b>ManCom</b>	Management Committee
<b>MSCI</b>	Morgan Stanley Capital International
<b>UN SDG</b>	United Nations Sustainable Development Goals

### 3. INTRODUCTION

CIB recognizes the responsibility of the financial industry to be a key driver of system transformation to achieve sustainable development and drive circular economies and inclusive growth.

CIB embraces the system thinking approach to growth and acknowledges the powerful synergies that could potentially result from connecting the financial sector with the broader ecosystem. CIB understands the importance of its role in redressing environmental degradation, global warming, rising greenhouse gas emissions, and pollution as well as poverty, inequality, and unemployment, among other challenges.

In light of the above, CIB asserts its commitment to achieving growth while advancing sustainable development. CIB understands that its commitment to delivering value creation to its stakeholders and the ecosystem is subject to its understanding and implementation of sustainable finance in its business operations. CIB is committed to aligning its sustainable finance strategy with Egypt's Vision 2030 and the United Nations' Sustainable Development Goals (UNSDGs).

CIB's approach to sustainable finance is comprised of interconnected pillars addressing the Bank's economic, environmental, social, and governance (EESG) impact. It also consists of ensuring the optimization of its digital capabilities to provide a supporting infrastructure for each pillar.

This policy is complemented by CIB's Sustainable Finance Policy Statement and supplementary policies. It has been developed in alignment with national, regional, and international agreements, goals, and standards concerning sustainability.



### 4. PURPOSE

This policy asserts CIB's commitment to implementing sustainable finance across its lines of business by integrating the environmental, social, and governance principles into its policies, procedures, operations, and culture.

This policy defines and sets a comprehensive framework that translates the Bank's commitments into actions and instils a governance framework to monitor proper implementation. This policy is supported by a series of additional policies catering to specific themes, sectors and lines of business.



### 5. SCOPE

CIB's Sustainable Finance Policy is applicable to all the Bank's departments, functions, and lines of business. It provides guidance to all internal stakeholders who are responsible for aligning with the requirements of this policy in their respective areas of responsibility.

## 6. DEFINITION

CIB believes that sustainable finance is a driving force for economic, environmental, and social development, which depends on upholding governance rulings. CIB understands that sustainable finance represents the integration of the economic, environmental, social, and governance aspects in all business operations. Accordingly, this implies that our business operations respect and advance the protection of the environment, human rights, labor rights, good governance, and business ethics.



## 7. SUSTAINABLE FINANCE PILLARS

### 7.1. DRIVING INCLUSIVE GROWTH: BUSINESS ACTIVITIES

CIB is committed to value creation. For this reason, the Bank's business activities work on enhancing long-term value drivers and ensuring economic growth, all while advancing social, environmental, and governance considerations.

#### 7.1.1. ENVIRONMENTAL AND SOCIAL RISK MANAGEMENT

CIB's approach to risk management is dynamic and progressive in terms of understanding and addressing the environmental, social, and evolving non-traditional risks of its portfolio as well as the emerging systemic risks. The Bank's approach also includes addressing these risks in its constantly revised Environmental and Social Risk Management framework (ESRM). CIB's ESRM framework integrates Social and Environmental Credit Risk Management into its business processes. This occurs in a set of actions that is implemented concurrently with CIB's risk management procedures according to international best practices.

#### 7.1.2. CLIMATE – RELATED RISKS

CIB's approach to climate change is to create a robust framework for the Bank's risk management practices, which ensures the Bank's understanding of said practices. This framework also guarantees that the Bank is well protected against potential negative impacts arising from climate change and climate-related risks.

#### 7.1.3. REVENUE GENERATION:

CIB understands the need to implement its environmental and social management system while observing the ESG criteria across all revenue-generating functions to inspire innovation and achieve sustainable and inclusive growth.

CIB's ESRM framework is used to determine, assess, and manage social and environmental risks in projects, and is primarily intended to provide a minimum standard for due diligence to support responsible risk assessment and decision-making.

### **7.1.3.1 SUSTAINABLE LENDING**

CIB acknowledges the need to understand the ESG risks associated with different industries, clients, and projects through assessing their sustainability as part of the sustainable lending appraisal process. This is to avoid and mitigate any negative impact on the environment and/or society and to uphold the commitments to national and international standards.

### **7.1.3.2. SUSTAINABLE INVESTING**

CIB will assess ESG risks and opportunities associated with the Bank's investment practices.

### **7.1.3.3. SUSTAINABLE PRODUCTS AND PROGRAMS**

CIB is keen on offering products and programs to customers addressing environmental or social challenges such as promoting financial inclusion and/or the mitigation of climate change.

### **7.1.3.4. SMALL AND MEDIUM ENTERPRISES, MICROFINANCE AND ENTREPRENEURS.**

CIB strives to support the growth of small and medium enterprises and entrepreneurs. CIB is also committed to serving un-banked and/or under-banked segments of society by facilitating access to finance, financial products, and services with close emphasis on women and youth empowerment. CIB invests in its digital capabilities and relies on its proximity to its customers to create value for the unbanked and under-served communities.

## **7.2. MANAGING FOOTPRINT: OPERATIONAL ACTIVITIES**

CIB is committed to pursuing environmental and social responsibility in the Bank's day-to-day operations.

### **7.2.1. ECOLOGICAL FOOTPRINT**

CIB is committed to measuring, reducing, and improving the Bank's environmental footprint. CIB strives to meet high standards for safety and limit the environmental impact of its premises by regulating its emissions and ensuring the safe removal and management of its waste.

### **7.2.2. SOCIAL FOOTPRINT**

CIB is committed to contributing to the development of human capital through its business operations by promoting gender equality, fair working conditions, talent management and development, diversity and inclusion, and social engagement. CIB does not tolerate discrimination or any form of harassment based on gender, age, disability, ethnicity, or religious belief. CIB will assess social and environmental risks in its supply chain management and encourage local suppliers in its procurement process.

### **7.3. SUSTAINABLE FINANCE INITIATIVES**

CIB aspires to make a positive contribution to the broader society by investing in and sponsoring initiatives and projects that have a positive impact on the environment and society at large.

### **7.4. DIGITAL TRANSFORMATION**

CIB believes that the digitalization of the financial sector is an integral component of the Bank's approach to creating shared value. The Bank's digitalization policies and practices create value not only for its business, but also for its customers, community, economy, and environment.

As part of its value creation and data-driven approach to its product offering, CIB integrates financial technologies to revolutionize its financial services. CIB is committed to introducing innovative banking practices that are integral to its commitment to financial inclusion and to having a positive economic, social, and environmental impact.



## **8. STAKEHOLDERS' ENGAGEMENT**

CIB is committed to achieving long-term value creation for all stakeholders. The Bank's Sustainable Finance approach is built around growth achieved through establishing connections with the Bank's stakeholders and the ecosystem at large. This ranges from employees, clients, investors, regulators, and peers, to the environment and society.

### **8.1. EMPLOYEES**

As employees represent its most valuable asset, CIB is committed to attracting qualified candidates regardless of gender, age, disability, or belief. CIB ensures proactive and effective management of its employees' well-being, work-life balance, and development. CIB is committed to fostering a diverse and inclusive workforce that encourages innovation and ensures the sustainability of its operations and its leading position in the market.

### **8.2. CUSTOMERS**

CIB is committed to supporting its customers and helping them achieve their financial and non-financial aspirations and to grow their businesses. CIB partners with individuals and both small and large-scale projects to establish true value creation. CIB is committed to ensuring customer privacy, data protection, and responsible customer management.

### **8.3. COMMUNITY**

CIB is committed to helping the economic development and societal prosperity of the communities it serves whether directly through its operations or indirectly through its philanthropic foundation established for this purpose.

## **8.4. REGULATORS**

CIB is committed to having a proactive approach with regulators and national authorities to deliver timely and correct information, ensuring compliance and transparency. CIB is also keen on supporting regulators to advance sustainable finance.

## **8.5. SHAREHOLDERS & INVESTMENT COMMUNITY**

CIB is committed to keeping shareholders and the investment community informed at all times. This is to establish long-term relationships with its shareholders, which entails value creation, trust and transparency. The bank is committed to provide current and future shareholders with relevant and timely information.

## **8.6. PEERS**

CIB is committed to actively engaging with its peers in the financial sector and promoting ESG and sustainability practices within the industry. The Bank capitalizes on its maturity and leading position in the market to lead by example and advocate for responsible business models.



# **9. SUSTAINABLE FINANCE SYSTEM**

## **9.1. SUSTAINABLE FINANCE THEMATIC COMMITMENTS**

CIB is keen on developing comprehensive, dynamic and progressive ESG commitments that act as the Bank's guiding principles for sustainable finance, reflected in the Bank's policy statement. This is in addition to ensuring compliance and alignment with related national and international frameworks and standards to which the bank is committed.

## **9.2. SUSTAINABLE FINANCE GOVERNANCE**

### **9.2.1. SUSTAINABLE FINANCE BOARD OVERSIGHT**

Sustainability risks and opportunities are positioned at the top of the Bank's Board of Directors' agenda who are committed to advancing the Bank's governance structures to ensure the integration of ESG into the Bank's policies, operations and culture. The integration of sustainability into CIB's strategies and systems starts at the highest level with signoff from the Bank's Board of Directors through availing the right resources and monitoring periodic progress.

### **9.2.2. SUSTAINABLE FINANCE STEERING COMMITTEE**

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

### **9.2.3. SUSTAINABLE FINANCE DEPARTMENT**

The Sustainable Finance Department ensures the centrality of sustainable finance as a core business strategy and provides a solid platform to integrate environmental, social, and governance (ESG) principles across the Bank's functions.

### **9.2.4. SUSTAINABLE FINANCE FOCAL POINTS/WORKING GROUPS**

The Sustainable Finance focal points and/or working groups help anchor sustainability across all lines of business and departments.

### **9.2.5. SUSTAINABILITY SCORECARD – ESG PERFORMANCE METRICS**

The Sustainability Scorecard (SS) is a strategic management tool and metrics framework to measure the extent to which the Bank lives up to the shared values and objectives it has committed itself to. The SS will assist the Bank's management to identify, assess, measure, and report on economic, environmental, social, and governance (EESG) performance. The SS includes:

- **SUSTAINABILITY BUSINESS OBJECTIVES** for all the Bank's functions to set financial and non-financial goals (quantitative and qualitative goals) to create value to the Bank's stakeholders.
- **SUSTAINABILITY KPIS:** Economic, Environmental, Social, and Governance (EESG) KPIs to measure the performance and progress of these goals.

## **9.3. POLICIES AND PROCEDURES**

CIB is committed to developing policies and procedures that support departments translate and integrate ESG criteria and risks into their specific function to reflect sustainability assessments and considerations and effectively spread sustainable finance into the culture and operations of the Bank.

## **9.4. PROCESSES, WORKFLOW AND DOCUMENTATION**

CIB creates efficient processes, workflows, and templates to endorse set policies and procedures to ensure competent and periodic reporting mechanisms for the different functions and departments of the Bank. This will allow the Bank to keep track, compare and improve its performance.

## **9.5. HUMAN POWER AND CAPACITY BUILDING**

CIB works on ensuring sustainable capacity building and providing a knowledge-sharing platform for the Bank's employees, clients, and the financial industry. This is to increase the awareness level and/or technical expertise of CIB's employees in different functions as well as that of its stakeholders to advance the Bank's sustainable finance strategy.



## **9.6. DATA MANAGEMENT, ANALYTICS AND DIGITIZATION**

CIB encourages the use of digital tools to ensure ESG data availability, accuracy and health. Data will be integral to enact the Sustainable Finance Strategy (SFS) and ensure its effectiveness, which will also allow for feasibility and traceability of data for accurate reporting.

## **9.7. MONITORING AND EVALUATION**

CIB is keen on implementing the Sustainability Scorecard to introduce EESG KPIs, which act as performance indicators to measure and assess the performance of individuals and departments. The Monitoring and Evaluation System will ensure diligent gathering and tracking of metrics and will allow evaluation and improvement.

## **9.8. ESG AUDITING**

CIB is committed to implementing ESG Auditing to help create different layers of assurance for the efficiency of integrating EESG KPIs across the Bank. It also ensures systematic and regular monitoring of board approved SFS objectives and KPIs.

## **9.9. REPORTING, DISCLOSURES AND TRANSPARENCY**

CIB is committed to transparency and public disclosure of sustainability performance in the CIB Annual Report and/or standalone sustainability reports, in accordance with local and global reporting frameworks and guidelines, CIB is also committed to tracking sustainability performance and periodically benchmarking progress and communicating it to stakeholders.



## **10. POLICY GOVERNANCE**

This policy is concurred by the Sustainable Finance Steering Committee and the Management Committee “ManCom,” and approved by the Board of Directors.

