



THE BANK TO TRUST



EQUATOR PRINCIPLES

CIB IMPLEMENTATION REPORT

05 April to 31 December 2021



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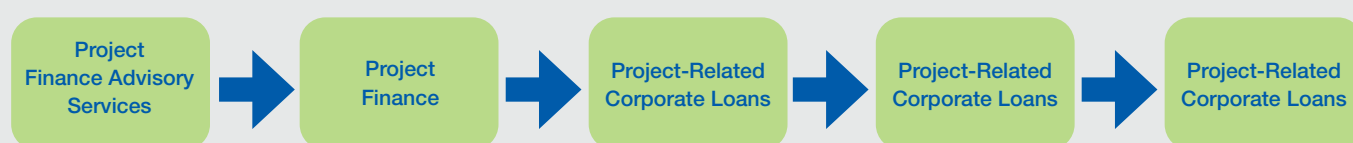
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VE 0 0)	PLO 6,350 (-200)	EER 10,985 (+580)	QRT 665 (-15)	OPY 6,800 (-115)
B 09 5)	PON 7,654 (+169)	NFR 6,522 (+122)	UGH 1,632 (-54)	OMJ 3,652 (+182)
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Introduction & Summary

The Equator Principles (EP) serve as a risk management framework used by financial institutions to define, assess, and manage environmental and social risks in development projects. It is intended to provide a minimum standard for due diligence and monitoring to support responsible risk decision-making. The EPs apply globally to all large infrastructure and industry sectors and can be used to assess five financial products in particular:



The benefit of the EPs is that they have become the financial industry standard for environmental and social risk management in projects. Financial institutions adopt the EPs to ensure that the projects they finance are developed in a socially responsible manner and reflect sound environmental management practices.

By doing so, any negative impacts on project affected ecosystems and communities can be avoided whenever possible, and if unavoidable, can be reduced, mitigated, and/or compensated for appropriately.

CIB believes that the adoption of and adherence to the EPs offer a significant benefit to the bank, the bank's borrowers, local stakeholders, and the communities.

CIB adopted the EPs in April 2021 in order to ensure that the projects we finance and advise on are developed in a manner that is socially responsible and reflects sound environmental management practices.

CIB is committed to implementing the EPs through our internal environmental and social policies, procedures, and standards for financing projects.

This report marks the first year of CIB's EP adoption. CIB will report on the implementation for the first year only.

In alignment with the SDGs, the Paris Climate Agreement, CIB's Sustainability Policy, and long-term sustainability goals, CIB has put in place an Environmental and Social (E&S) Risk Management System with the following broad objectives:

- Manage Environmental and Social (E&S) risks in the overall project/facility cycle
- Set an example of potent social and environmental practices
- Strive to conserve natural resources, protect the environment, and put into consideration the standards of living of those affected by its operations
- Inspire and encourage sustainable practices among all stakeholders, including partners and co-investors, to improve project development, implementation, monitoring, and project conclusion

The CIB E&S Risk Management System has procedure standards, which apply to the following in the E&S assessment process: IFC Performance Standards, EBRD Performance Requirements, and the Equator Principles.



THE 10 EQUATOR PRINCIPLES



Principle 1
Review and
Categorization



Principle 2
Environmental
and Social
Assessment



Principle 3
Applicable
Environmental and
Social Standards



Principle 4
Environmental and
Social Management
System and
Equator Principle
Action Plan



Principle 5
Stakeholder
Engagement



Principle 6
Grievance
Mechanism



Principle 7
Independent
Review



Principle 8
Covenants



Principle 9
Independent
Monitoring and
Reporting



Principle 10
Reporting and
Transparency



E&S Risk Categorization

As part of the review of environmental and social risks and impacts of a proposed finance, the Bank uses the IFC/EBRD process of environmental and social categorization to reflect the risk magnitude and impact in addition to the categorization list created by the Egyptian Ministry of Environment. These categories are as follows:

Category A:

Business activities with potential significant adverse environmental or social risks and/or impacts that are diverse, irreversible, or unprecedented.

Category B:

Business activities with potential limited adverse environmental or social risks and/or impacts that are few in number, generally site-specific, largely reversible, and readily addressed through mitigation measures.

Category C:

Business activities with minimal or no adverse environmental or social risks and/or impacts

CIB has established a checklist/Environmental and Social (E&S) Concurrence to identify the potential E&S risks. The checklist is mainly composed of the eight (8) E&S aspects/IFC Performance Standards



PERFORMANCE STANDARDS

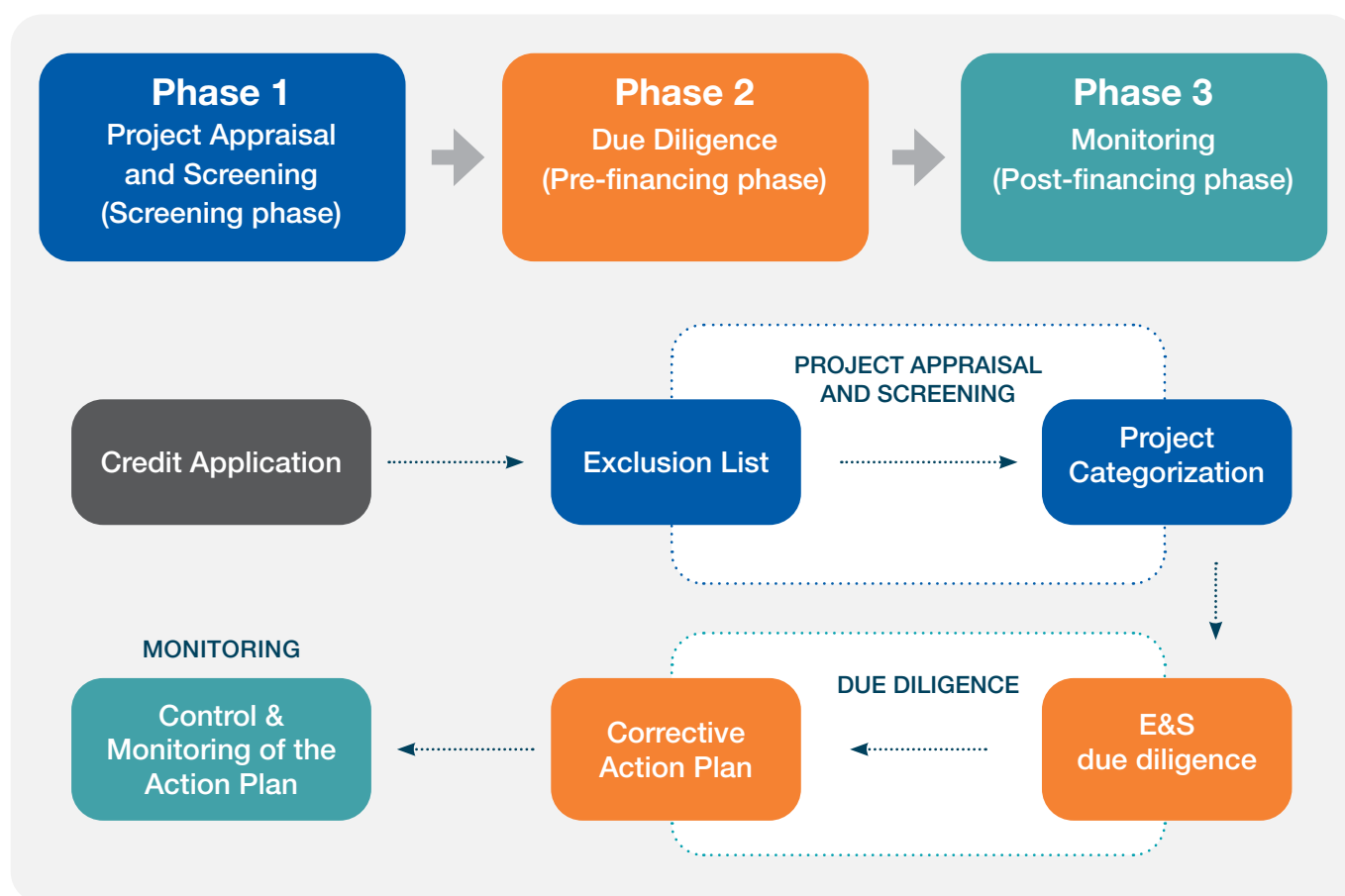




Scope of Application and Implementation Process

The Equator Principles have been implemented within CIB on project finance activities and project-related corporate loans, project finance advisory services, bridge loans, and project-related refinance

The main implementation steps of the process are performed in three phases:



Project Appraisal and Screening (Screening phase)

- Collect relevant E&S information and documents.
- Screen against the exclusion list.
- Conduct project categorization.

Due Diligence (Pre-financing phase)

- Conduct E&S risk assessment and due diligence.
- Complete E&S concurrence checklist and draft correction action plan.
- Secure approvals from relevant lending authorities.
- Drafting, signing, and submitting E&S irrevocable undertakings.

Monitoring (Post-financing phase)

- Annual review and monitor of E&S risks.
- Discussion and approval.
- Mitigation approval.
- Annual reporting.



Mandates & Roles

1. For Project Appraisal & Screening:

The categorization of the project that will be financed is performed by the Global Customer Relations (GCR) officer for new clients & Corporate Banking Group (CBG) officer for existing clients and concurred by the E&S team by using the checklist, essentially filtering the project by factors including but not limited to size, activity type, and the irreversibility of effects on the local environment and population in order to assign a risk status to loan applications.

2. The E&S Due Diligence & Corrective Action Plan:

The E&S Due Diligence (ESDD) is an integral part of the credit appraisal process, as environmental and social risk may translate into credit risk. Since environmental and social risk can have material financial implications, the Bank conducts environmental due diligence early in the transaction appraisal process. This is particularly important for high-risk transactions where more detailed investigations are needed. The E&S team is responsible for providing the due diligence for the projects and reviewing compliance of the Equator Principles.

3. Control and Monitoring of the E&S performance/Action plan

A close monitoring is performed by the GCR/CBG Officer as part of their regular monitoring activities (involving frequent visits and meetings with the client several times per year), and it is complemented by an annual review performed by the Environmental & Social Risk Management (ESRM) officer.





Training Program

Training Programs

The Sustainable Finance team has prepared an in-house training program, which has been conducted at different departments during 2021 (Corporate, Risk, GCR, and Business Banking), and it is mainly focused on the Environmental and Social Risk Management System (IFC performance standards, the Equator Principles, concurrence sheet, the EIA study, and national standards/Egyptian regulations and laws).

Functional trainings at the Bank have been delivered by our national and international consultants, and they mainly include a comprehensive explanation of the following topics:

- Sustainable Finance
- The Sustainable Finance Business Case
- The Equator Principles
- Sustainable Finance Principles - CIB Environmental & Social Risk Management (ESRM) System
- ESG and Climate Change Risk Management (TCFD)
- Green Finance: Product Development
- Ecological Footprint





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