

**UN**  
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Principles for  
Responsible Banking

# Reporting and Self-Assessment Template

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Principles for Responsible Banking



Reviewed version (V2) from September 2022



## More than 30 years creating total value

Consistent with our social origin, starting in 2020, we will begin work to clarify our sustainable management. We have been creating total value for more than 30 years, so this work seeks to align and maintain our management in line with the best global practices in the sector, in social, environmental and governance matters.

Through Compartamos Banco, in 2020 we adhered to the Principles of Responsible Banking of the United Nations Environment Programme Finance Initiative, UNEPFI, becoming the first microfinance institution to be part of this initiative.

This document communicates our self-assessment as a signatory to the Principles for Responsible Banking (PRB). We disclose the actions we have taken to implement the PRB through self-assessment in each of the 6 Principles. Therefore, this template is structured according to the 6 Principles to which Compartamos Banco committed.



# Principle 1: Alignment



We will align our business strategy to be consistent with and contribute to individuals' needs and society's goals, as expressed in the Sustainable Development Goals, the Paris Climate Agreement and relevant national and regional frameworks.

## Business model

Describe (high-level) your bank's business model, including the main customer segments served, types of products and services provided, the main sectors and types of activities across the main geographies in which your bank operates or provides products and services. Please also quantify the information by disclosing e.g. the distribution of your bank's portfolio (%) in terms of geographies, segments (i.e. by balance sheet and/or off-balance sheet) or by disclosing the number of customers and clients served.

### Response

*Compartamos Banco is a financial institution with more than 31 years of experience that offers access to credit for working capital, savings, insurance and means of payment to micro-entrepreneurs and entrepreneurs in Mexico. It is recognized as the first institution to financially include the popular segment, mainly women, in Mexico, which has allowed them to have economic autonomy and contribute to household income. Compartamos Banco's value offering includes group and individual loans for men and women who have a productive activity or plan to start one. In 2023 we had 2,972,136 clients.*

### Links and references

*Impact Analysis*

<https://acortar.link/IXMolo>

*Annual and Sustainability Report 2023*

<https://acortar.link/YradW7>

*Annual and Sustainability Report 2021*

<https://acortar.link/dZa6KM>

## Strategy alignment

**Does your corporate strategy identify and reflect sustainability as strategic priority/ies for your bank?**

Yes

No

Please describe how your bank has aligned and/or is planning to align its strategy to be consistent with the Sustainable Development Goals (SDGs), the Paris Climate Agreement, and relevant national and regional frameworks.

**Does your bank also reference any of the following frameworks or sustainability regulatory reporting requirements in its strategic priorities or policies to implement these?**

UN Guiding Principles on Business and Human Rights

International Labour Organization fundamental conventions

UN Global Compact

<input type="checkbox"/> UN Declaration on the Rights of Indigenous Peoples <input type="checkbox"/> Any applicable regulatory reporting requirements on environmental risk assessments, e.g. on climate risk - please specify which ones: ----- <input type="checkbox"/> Any applicable regulatory reporting requirements on social risk assessments, e.g. on modern slavery - please specify which ones: ----- <input type="checkbox"/> None of the above	
<p><i>Response</i></p> <p>At Compartamos Banco and Genera we are firmly committed to sustainability. Since 2020, Compartamos Banco has been a signatory to the Principles for Responsible Banking (PRB) of the United Nations Environment Programme Finance Initiative (UNEP FI). Also, Genera (Compartamos Banco's parent company) has adhered to the Ten Principles of the United Nations Global Compact.</p> <p>Our business strategy is fully aligned with the Sustainable Development Goals (SDGs), the Paris Agreement on Climate Change and relevant national and regional frameworks. We have a sustainability policy that consolidates our key sustainability commitments and is directly aligned with the SDGs. This policy was ratified in 2023 by the CEO of Genera (Compartamos Banco's parent company) and is constantly monitored by the Sustainability area.</p> <p>Our sustainability strategy is based on five strategic axes:</p> <ol style="list-style-type: none"> <li>1. Impact on our clients: We seek to promote financial inclusion, economic empowerment, and the well-being of our clients, especially those in vulnerable situations. Our business model is mainly oriented to the financial inclusion of micro-entrepreneurs and entrepreneurs, mainly women from low-income segments. In this way, we contribute to the achievement of SDG 5 and 10.</li> <li>2. Well-being of our employees: We promote a safe, healthy, and inclusive work environment for our employees. To develop our activities, we are a source of employment for 15,050 employees throughout the country, in some cases in remote areas. This allows us to contribute to SDG 8.</li> <li>3. Corporate citizenship: We actively participate in social and environmental initiatives that have a positive impact on the communities where we operate. In this way, we contribute to SDG 8.</li> <li>4. Governance and integrity: We maintain the highest standards of ethics and transparency in our operations. In this way, we contribute to SDG 16.</li> </ol>	<p><i>Links and references</i></p> <p><i>Impact Analysis</i>  <a href="https://acortar.link/IXMolo">https://acortar.link/IXMolo</a></p> <p><i>Annual and Sustainability Report 2023</i>  <a href="https://acortar.link/YradW7">https://acortar.link/YradW7</a></p> <p><i>Annual and Sustainability Report 2021</i>  <a href="https://acortar.link/dZa6KM">https://acortar.link/dZa6KM</a></p>

5. Environment and climate change: We adopt sustainable practices to reduce our environmental impact and contribute to the fight against climate change.

## Principle 2: Impact and Target Setting



We will continuously increase our positive impacts while reducing the negative impacts on, and managing the risks to, people and environment resulting from our activities, products, and services. To this end, we will set and publish targets where we can have the most significant impacts.

### 2.1 Impact Analysis (Key Step 1)

Show that your bank has performed an impact analysis of its portfolio/s to identify its most significant impact areas and determine priority areas for target-setting. The impact analysis shall be updated regularly<sup>1</sup> and fulfil the following requirements/elements (a-d)<sup>2</sup>:

**a) Scope:** What is the scope of your bank's impact analysis? Please describe which parts of the bank's core business areas, products/services across the main geographies that the bank operates in (as described under 1.1) have been considered in the impact analysis. Please also describe which areas have not yet been included, and why.

#### Response

*a) Scope of analysis ▪ Geography: only our operation in Mexico ▪ Period: January 1 to December 31, 2021 ▪ Business areas: consumer banking and savings ▪ Lines of business: Women's Group Market, Mixed Group Market, Mixed Individual Market and Savings ▪ Customers: only women ▪ Credit end-use information: 78.22% of the loan portfolio*

#### Links and references

*Impact Analysis*  
<https://acortar.link/IXMolo>

**b) Portfolio composition:** Has your bank considered the composition of its portfolio (in %) in the analysis? Please provide proportional composition of your portfolio globally and per geographical scope

- i) by sectors & industries<sup>3</sup> for business, corporate and investment banking portfolios (i.e. sector exposure or industry breakdown in %), and/or
- ii) by products & services and by types of customers for consumer and retail banking portfolios.

If your bank has taken another approach to determine the bank's scale of exposure, please elaborate, to show how you have considered where the bank's core business/major activities lie in terms of industries or sectors.

#### Response

Our clients belong to the base of the pyramid. Compartamos Banco's loans are mainly group loans with short terms; most of

#### Links and references

*Impact Analysis*

<sup>1</sup> That means that where the initial impact analysis has been carried out in a previous period, the information should be updated accordingly, the scope expanded as well as the quality of the impact analysis improved over time.

<sup>2</sup> Further guidance can be found in the [Interactive Guidance on impact analysis and target setting](#).

<sup>3</sup> 'Key sectors' relative to different impact areas, i.e. those sectors whose positive and negative impacts are particularly strong, are particularly relevant here.

<p>our clients are people who have been excluded from the traditional financial system, but have a productive activity or plan to start one, to contribute to the family economy.</p> <p>Industrial sectors of the portfolio:</p> <ol style="list-style-type: none"> <li>1. textile sector 36.4%</li> <li>2. Food sector 37.3%</li> <li>3. Livestock, agriculture, and fishing sector 5.4%</li> <li>4. Services sector 4.9%</li> <li>5. Miscellaneous 15.4%</li> </ol>	<p><a href="https://acortar.link/IXMolo">https://acortar.link/IXMolo</a></p> <p>Annual and Sustainability Report 2023</p> <p><a href="https://acortar.link/YradW7">https://acortar.link/YradW7</a></p> <p>Annual and Sustainability Report 2021</p> <p><a href="https://acortar.link/dZa6KM">https://acortar.link/dZa6KM</a></p>
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<p><b>c) Context:</b> What are the main challenges and priorities related to sustainable development in the main countries/regions in which your bank and/or your clients operate?<sup>4</sup> Please describe how these have been considered, including what stakeholders you have engaged to help inform this element of the impact analysis.</p> <p><i>This step aims to put your bank's portfolio impacts into the context of society's needs.</i></p>	
<p><b>Response</b></p> <p>c) Context and relevance</p> <p>Women, low-income population, people living in rural areas, as well as people with only primary education, tend to be excluded from access to financial products and services, such as savings and credit accounts, or places where they can carry out transactions, and, in general, tend to be in a less stable financial situation. According to the National Survey of Business Financing of the National Institute of Statistics and Geography (INEGI), during 2018 only 22% of companies in Mexico had access to some type of financing, of which just 15% were microenterprises. Microenterprises in Mexico represent 95% of the total number of companies and generate 40% of employment in the country.</p> <p>Since 2018, Mexico has had a National Financial Inclusion Policy (PNIF), in compliance with this policy, the National Banking and Securities Commission (CNBV) periodically conducts the Financial Inclusion Survey. In 2021 the results of the most recent edition were published, highlighting that there is an 83.5% progress on access and use of financial services, a decrease of 0.8 percentage points (pp.) on the gender gap in the number of credit cards, 2.0 pp. to advance over four years. Other important gaps in access to financial services between men and women are Level 1 accounts (42.5 pp.) and the number of mortgage loans (24.6 pp.). These data provide a snapshot of Mexico's current state of financial inclusion and</p>	<p><b>Links and references</b></p> <p>Impact Analysis</p> <p><a href="https://acortar.link/IXMolo">https://acortar.link/IXMolo</a></p> <p>Annual and Sustainability Report 2023</p> <p><a href="https://acortar.link/YradW7">https://acortar.link/YradW7</a></p> <p>Annual and Sustainability Report 2021</p> <p><a href="https://acortar.link/dZa6KM">https://acortar.link/dZa6KM</a></p>

<sup>4</sup> Global priorities might alternatively be considered for banks with highly diversified and international portfolios.



<p>equal financial opportunities for women and other underserved groups.</p>	
<p>Based on these first 3 elements of an impact analysis, what positive and negative impact areas has your bank identified? Which (at least two) significant impact areas did you prioritize to pursue your target setting strategy (see 2.2)<sup>5</sup>? Please disclose.</p>	
<p><b>Response</b> Scale and intensity/importance of impact</p> <p>Through the products we offer at Compartamos Banco within consumer banking, the most significant impacts are in the areas of employment, inclusive economies and justice and equality, followed by housing, health and sanitation, mobility, education, and economic convergence. Significant impacts are mainly due to the access to financing we provide thanks to our loans in the Women's Group, Mixed Group and Mixed Individual markets. In addition, the use of loans in the different sectors generates mobility and employment, and therefore housing and economic convergence. Within the significant negative impacts, we can again find the area of inclusive economies, followed by climate and resource efficiency issues, mainly associated with the use of credit with a risk of over-indebtedness. Sometimes our clients have more than one loan and with different financial institutions because they seek to give versatility to their businesses, however, this does not prevent them from paying the loans in the agreed terms.</p>	<p><b>Links and references</b> <i>Impact Analysis</i> <a href="https://acortar.link/IXMolo">https://acortar.link/IXMolo</a> <i>Annual and Sustainability Report 2023</i> <a href="https://acortar.link/YradW7">https://acortar.link/YradW7</a> <i>Annual and Sustainability Report 2021</i> <a href="https://acortar.link/dZa6KM">https://acortar.link/dZa6KM</a></p>
<p><b>d) For these (min. two prioritized impact areas): <u>Performance measurement.</u></b> Has your bank identified which sectors &amp; industries as well as types of customers financed or invested in are causing the strongest actual positive or negative impacts? Please describe how you assessed the performance of these, using appropriate indicators related to significant impact areas that apply to your bank's context.</p> <p>In determining priority areas for target-setting among its areas of most significant impact, you should consider the bank's current performance levels, i.e. qualitative and/or quantitative indicators and/or proxies of the social, economic and environmental impacts resulting from the bank's activities and provision of products and services. If you have identified climate and/or financial health &amp; inclusion as your most significant impact areas, please also refer to the applicable indicators in the <a href="#">Annex</a>.</p> <p>If your bank has taken another approach to assess the intensity of impact resulting from the bank's activities and provision of products and services, please describe this.</p> <p><i>The outcome of this step will then also provide the baseline (incl. indicators) you can use for setting targets in two areas of most significant impact.</i></p>	
<p><b>Response</b> <i>Yes, they are clients who belong to the base of the pyramid. Compartamos Banco's loans are mainly group loans with short terms (4 months), and most of those who acquire them are people who have been excluded from the financial system but have a productive activity or plan to start one to contribute to the</i></p>	<p><b>Links and references</b> <i>Impact Analysis</i> <a href="https://acortar.link/IXMolo">https://acortar.link/IXMolo</a></p>

<sup>5</sup> To prioritize the areas of most significant impact, a qualitative overlay to the quantitative analysis as described in a), b) and c) will be important, e.g. through stakeholder engagement and further geographic contextualisation.

*family economy. These loans share characteristics that benefit our customers, such as: easy access, few requirements, clarity in the operation of the loan and its conditions, flexibility in terms and amounts, support during the life of the loan, etc.*

*We were able to reach 2,501,493 clients, 89.8% of whom were women, in keeping with financial inclusion and gender equality.*

*- The delinquency rate was 2.08%, one of the lowest in the market, demonstrating the financial health of our clients.*

*The two industry sectors with the highest percentage of potential impact are:*

*- Sales category: textiles, clothing and footwear representing 36.4% % of the portfolio. In this sector, positive impacts are identified by generating jobs with the loans granted, gender equality with the generation of manufacturing jobs and reducing inequalities by generating new businesses to achieve healthier economies.*

*- Sales category: food, accounting for 37.3% of the portfolio. Positive impacts are identified in this sector, generating jobs with the loans granted, contributing to access to food, generating an improvement in health and wellbeing with food outlets and creating sustainable communities with the sale and production of food that contribute to maintaining the gastronomic heritage. These sectors potentially impact positively on SDGs 2, 3, 5, 8, 10 and 11.*

*These sectors have potential negative impacts, mostly on responsible production and consumption, complicated waste disposal, considerable use of packaging for the products offered and therefore waste, generation of specialized and animal waste, in addition to having a high use of land, water and energy for the generation of goods and services and within the production and sale of food, unhealthy foods and diets can be found.*

*Annual and Sustainability Report 2023*

<https://acortar.link/YradW7>

*Annual and Sustainability Report 2021*

<https://acortar.link/dZa6KM>



### Self-assessment summary:

Which of the following components of impact analysis has your bank completed, in order to identify the areas in which your bank has its most significant (potential) positive and negative impacts?<sup>6</sup>

Scope:	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> In progress	<input type="checkbox"/> No
Portfolio composition:	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> In progress	<input type="checkbox"/> No
Context:	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> In progress	<input type="checkbox"/> No
Performance measurement:	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> In progress	<input type="checkbox"/> No

Which most significant impact areas have you identified for your bank, as a result of the impact analysis?

*Climate change mitigation, climate change adaptation, resource efficiency & circular economy, biodiversity, financial health & inclusion, human rights, gender equality, decent employment, water, pollution, other: please specify*

1. *Inclusive economy*
2. *Education*
3. *Economic convergence*
4. *Food*
5. *Housing*
6. *Health and welfare*
7. *Employment*
8. *Mobility*
9. *Justice and equality*

How recent is the data used for and disclosed in the impact analysis?

- Up to 6 months prior to publication
- Up to 12 months prior to publication
- Up to 18 months prior to publication
- Longer than 18 months prior to publication

Open text field to describe potential challenges, aspects not covered by the above etc.:  
(optional)

In 2023, the women-only Crédito Mujer was merged with other products to create the Crédito Grupal. The latter allows women and men to access the same type of financial service. With this merger, we remain committed to reaching more women and men and including them financially.

<sup>6</sup> You can respond “Yes” to a question if you have completed one of the described steps, e.g. the initial impact analysis has been carried out, a pilot has been conducted.

## 2.2 Target Setting (Key Step 2)

Show that your bank has set and published a minimum of two targets which address at least two different areas of most significant impact that you identified in your impact analysis.

The targets<sup>7</sup> have to be Specific, Measurable (qualitative or quantitative), Achievable, Relevant and Time-bound (SMART). Please disclose the following elements of target setting (a-d), for each target separately:

**a) Alignment:** which international, regional or national policy frameworks to align your bank's portfolio with<sup>8</sup> have you identified as relevant? Show that the selected indicators and targets are linked to and drive alignment with and greater contribution to appropriate Sustainable Development Goals, the goals of the Paris Agreement, and other relevant international, national or regional frameworks.

*You can build upon the context items under 2.1.*

### Response

1. By 2025, include/financially empower five million women through access to convenient and simple financial opportunities.  
A) Our goal is aligned with the SDGs, as it has an area of impact on equal justice, addressing SDGs 5.5 and 10.2.

2. By 2025, disburse ten million loans under 500 USD, strengthening credit penetration to the lowest segment of the population.

A) Our objective is aligned with the SDGs, as it has an area of impact on the Inclusive Economy, addressing SDGs 1.4, 8.3 and 9.

### Links and references

Impact Analysis

<https://acortar.link/IXMolo>

Annual and Sustainability Report 2023

<https://acortar.link/YradW7>

Annual and Sustainability Report 2021

<https://acortar.link/dZa6KM>

**b) Baseline:** Have you determined a baseline for selected indicators and assessed the current level of alignment? Please disclose the indicators used as well as the year of the baseline.

*You can build upon the performance measurement undertaken in 2.1 to determine the baseline for your target.*

*A package of indicators has been developed for climate change mitigation and financial health & inclusion to guide and support banks in their target setting and implementation journey. The overview of indicators can be found in the [Annex](#) of this template.*

If your bank has prioritized climate mitigation and/or financial health & inclusion as (one of) your most significant impact areas, it is strongly recommended to report on the indicators in the Annex, using an overview table like below including the impact area, all relevant indicators and the corresponding indicator codes:

Impact area	Indicator code	Response
Climate change mitigation	...	
	...	
	...	

Impact area	Indicator code	Response
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Financial health & inclusion	...	
In case you have identified other and/or additional indicators as relevant to determine the baseline and assess the level of alignment towards impact driven targets, please disclose these.		
<i>Response</i>	<p>Yes, the base year is 2020.</p> <p>1. <i>Women included/financially empowered: In 2020 there were 1,989,598 female clients, in 2023 the figure rose to 2,428,235 female clients.</i></p> <p>2. <i>Loans under 500 USD disbursed to the lowest segment of the population:</i></p> <p><i>In 2020 there were 7,193,439 disbursements which is equivalent to an amount of 103, 541 million pesos, in 2023 there were 7,895,478 disbursements which is equivalent to an amount of 149,075 million pesos.</i></p>	<p><i>Links and references</i></p> <p><i>Impact Analysis</i></p> <p><a href="https://acortar.link/IXMolo">https://acortar.link/IXMolo</a></p> <p><i>Annual and Sustainability Report 2023</i></p> <p><a href="https://acortar.link/YradW7">https://acortar.link/YradW7</a></p> <p><i>Annual and Sustainability Report 2021</i></p> <p><a href="https://acortar.link/dZa6KM">https://acortar.link/dZa6KM</a></p>

<b>c) SMART targets</b> (incl. key performance indicators (KPIs) <sup>9</sup> ): Please disclose the targets for your first and your second area of most significant impact, if already in place (as well as further impact areas, if in place). Which KPIs are you using to monitor progress towards reaching the target? Please disclose.		
<i>Response</i>	<p>1. <i>By 2025 financially include/empower 5 million women through access to convenient and easy financial opportunities.</i></p> <p>- # of women banked</p> <p>2. <i>By 2025 disburse ten million loans of less than USD 500, strengthening credit penetration to the lowest segment of the population.</i></p> <p>- # of disbursements</p> <p>- \$ amount disbursed</p>	<p><i>Links and references</i></p> <p><i>Impact Analysis</i></p> <p><a href="https://acortar.link/IXMolo">https://acortar.link/IXMolo</a></p> <p><i>Annual and Sustainability Report 2023</i></p> <p><a href="https://acortar.link/YradW7">https://acortar.link/YradW7</a></p> <p><i>Annual and Sustainability Report 2021</i></p>

<sup>7</sup> Operational targets (relating to for example water consumption in office buildings, gender equality on the bank's management board or business-trip related greenhouse gas emissions) are not in scope of the PRB.

<sup>8</sup> Your bank should consider the main challenges and priorities in terms of sustainable development in your main country/ies of operation for the purpose of setting targets. These can be found in National Development Plans and strategies, international goals such as the SDGs or the Paris Climate Agreement, and regional frameworks. Aligning means there should be a clear link between the bank's targets and these frameworks and priorities, therefore showing how the target supports and drives contributions to the national and global goals.

<sup>9</sup> Key Performance Indicators are chosen indicators by the bank for the purpose of monitoring progress towards targets.

	<a href="https://acortar.link/dZa6KM">https://acortar.link/dZa6KM</a>
<p><b>d) <u>Action plan:</u></b> which actions including milestones have you defined to meet the set targets? Please describe.</p> <p>Please also show that your bank has analysed and acknowledged significant (potential) indirect impacts of the set targets within the impact area or on other impact areas and that it has set out relevant actions to avoid, mitigate, or compensate potential negative impacts.</p>	
<p><i>Response</i></p> <p><i>This analysis of positive and negative impacts on Compartamos Banco's lending and savings account activities allows us to more accurately identify opportunities to increase positive impacts in the areas of economic inclusion and employment, while allowing us to develop specific, measurable, achievable, relevant, and reasonably time-bound strategies and objectives to mitigate or reduce negative impacts in the areas of employment risk and waste management. This will be achieved through regular monitoring and measurement of progress against SMART objectives. Finally, transparency is a fundamental step in our management of negative impacts, the final step being the annual progress report on the SMART objectives, together with the significant positive or negative social and environmental impacts found.</i></p>	<p><i>Links and references</i></p> <p><i>Impact Analysis</i></p> <p><a href="https://acortar.link/IXMolo">https://acortar.link/IXMolo</a></p> <p><i>Annual and Sustainability Report 2023</i></p> <p><a href="https://acortar.link/YradW7">https://acortar.link/YradW7</a></p> <p><i>Annual and Sustainability Report 2021</i></p> <p><a href="https://acortar.link/dZa6KM">https://acortar.link/dZa6KM</a></p>

<b>Self-assessment summary</b>			
Which of the following components of target setting in line with the PRB requirements has your bank completed or is currently in a process of assessing for your...			
	... first area of most significant impact: ... (please name it)	... second area of most significant impact: ... (please name it)	(If you are setting targets in more impact areas) ...your third (and subsequent) area(s) of impact: ... (please name it)
Alignment	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No
Baseline	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No
SMART targets	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress	<input type="checkbox"/> Yes <input type="checkbox"/> In progress

	<input type="checkbox"/> No	<input type="checkbox"/> No	<input type="checkbox"/> No
Action plan	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> In progress <input type="checkbox"/> No	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> In progress <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No

## 2.3 Target implementation and monitoring (Key Step 2)

### For each target separately:

Show that your bank has implemented the actions it had previously defined to meet the set target.

Report on your bank's progress since the last report towards achieving each of the set targets and the impact your progress resulted in, using the indicators and KPIs to monitor progress you have defined under 2.2.

**Or, in case of changes to implementation plans (relevant for 2<sup>nd</sup> and subsequent reports only):** describe the potential changes (changes to priority impact areas, changes to indicators, acceleration/review of targets, introduction of new milestones or revisions of action plans) and explain why those changes have become necessary.

#### Response

#### **Objective 1: Financially include/empower five million women by 2025\*.**

#### Progress:

- Women financially included/empowered:

o 2021: 2,246,340 women clients

o 2022: 2,322,907 female clients

o 2023: 2,428,235 female clients

o Percentage of progress: 139.9% of target, which equates to 6,997,482 women included/financially empowered from 2021 to 2023.

#### Impact:

Increased access to financial services for women, allowing them to take control of their economy, start or grow their businesses and improve their quality of life and an increase in financial inclusion in Mexico, contributing to the economic and social development of the country.

#### **Objective 2: Disburse ten million loans under USD 500 to the lowest segment of the population by 2025\*\*.**

#### Progress:

o 2021: 3,401,807 disbursements.

#### Links and references

#### Impact Analysis

<https://acortar.link/IXMolo>

Annual and Sustainability Report 2023

<https://acortar.link/YradW7>

Annual and Sustainability Report 2021

<https://acortar.link/dZa6KM>

o 2022: 2,543,146 disbursements  
o 2023: 2,321,113 disbursements  
o Percentage of progress: 82.66% of target, which equates to 8,266,066 loans disbursed under \$500 USD from 2021 to 2023.

*Impact:*

*Increased access to credit for low-income people, enabling them to invest in their businesses, improve their housing, access education and health, and escape poverty. Boosting the local economy and job creation. Reducing inequality and poverty in Mexico.*

*\*Base year is 2020: 1,989,599 female clients.*

*\*\*Base year is 2020: 5,700,000 disbursements of less than US\$500.*



## Principle 3: Clients and Customers



We will work responsibly with our clients and our customers to encourage sustainable practices and enable economic activities that create shared prosperity for current and future generations.

### 3.1 Client engagement

Does your bank have a policy or engagement process with clients and customers<sup>10</sup> in place to encourage sustainable practices?

Yes       In progress       No

Does your bank have a policy for sectors in which you have identified the highest (potential) negative impacts?

Yes       In progress       No

Describe how your bank has worked with and/or is planning to work with its clients and customers to encourage sustainable practices and enable sustainable economic activities<sup>11</sup>). It should include information on relevant policies, actions planned/implemented to support clients' transition, selected indicators on client engagement and, where possible, the impacts achieved.

*This should be based on and in line with the impact analysis, target-setting and action plans put in place by the bank (see P2).*

#### Response

*We believe that the trust our customers place in us depends to a large extent on the service we provide. For this reason, we continue to incorporate the Client Protection Principles into our operations. In 2023, 16,253 employees were certified in customer protection.*

*We provide our customers with adequate and sufficient information and tools so that they can improve their income, responsibly manage their finances, avoid damaging their credit history, and prevent over-indebtedness.*

*We continue to implement financial education initiatives to benefit our customers, employees, and the community. In 2023, we invested \$4,010,803.84 Mexican pesos in financial education initiatives.*

*We will maintain the different Financial Education initiatives for our customers, through the different means of contact, such as the Bank's website. We will communicate environmental opportunities to our clients through Compartamos Banco's social networks.*

#### Links and references

*Impact Analysis*

<https://acortar.link/IXMolo>

*Annual and Sustainability Report 2023*

<https://acortar.link/YradW7>

*Annual and Sustainability Report 2021*

<https://acortar.link/dZa6KM>

<sup>10</sup> A client engagement process is a process of supporting clients towards transitioning their business models in line with sustainability goals by strategically accompanying them through a variety of customer relationship channels.

<sup>11</sup> Sustainable economic activities promote the transition to a low-carbon, more resource-efficient and sustainable economy.

### 3.2 Business opportunities

Describe what strategic business opportunities in relation to the increase of positive and the reduction of negative impacts your bank has identified and/or how you have worked on these in the reporting period. Provide information on existing products and services, information on sustainable products developed in terms of value (USD or local currency) and/or as a % of your portfolio, and which SDGs or impact areas you are striving to make a positive impact on (e.g. green mortgages – climate, social bonds – financial inclusion, etc.).

#### Response

*We identified several strategic opportunities focused on strengthening impact measurement and monitoring:*

- *Development of follow-up surveys: We continue to develop a methodology to implement follow-up surveys to clients to obtain detailed information on the social and environmental impact of their products and services.*
- *Methodology for annual follow-up: We are in the process of defining a methodology for annual client follow-up, allowing us to monitor progress and impact evolution over time.*
- *Information collection mechanisms: We continue to improve our mechanisms for collecting information on the 21.78% of the portfolio not analyzed and to broaden the view of the potential impact of that percentage of the portfolio.*
- *Sector analysis: We will deepen our analysis of the sectors in which our clients are engaged, identifying, and assessing the potential social and environmental risks associated with each sector.*
- *Impact mitigation strategy: We will develop a comprehensive strategy to mitigate the potential negative impacts identified, including measures such as financing sustainable projects, promoting good environmental practices, and creating community support programs.*
- *We continue to strengthen our internal controls to ensure adequate management of social and environmental risks and sustainability strategy.*

#### Links and references

*Impact Analysis*

<https://acortar.link/IXMolo>

*Annual and Sustainability Report 2023*

<https://acortar.link/YradW7>

*Annual and Sustainability Report 2021*

<https://acortar.link/dZa6KM>

## Principle 4: Stakeholders



We will proactively and responsibly consult, engage and partner with relevant stakeholders to achieve society's goals.

### 4.1 Stakeholder identification and consultation

Does your bank have a process to identify and regularly consult, engage, collaborate and partner with stakeholders (or stakeholder groups<sup>12</sup>) you have identified as relevant in relation to the impact analysis and target setting process?

Yes       In progress       No

Please describe which stakeholders (or groups/types of stakeholders) you have identified, consulted, engaged, collaborated or partnered with for the purpose of implementing the Principles and improving your bank's impacts. This should include a high-level overview of how your bank has identified relevant stakeholders, what issues were addressed/results achieved and how they fed into the action planning process.

#### Response

*Our business model has a strong social impact, we have witnessed how our customers through their businesses have increased their possibilities and improved their quality of life and that of their families. They also have a positive impact on the local economy in their communities and, in addition, on the economies of the countries where we are present. We talk continuously with our clients, which has allowed us to develop an ecosystem of products focused on meeting their financial needs with human sense, with the premise of generating economic value for their businesses, social value for their communities and human value for themselves and their families. We establish relationships of trust and alliances with our peers, authorities, academia, suppliers, and civil society organizations. In this way we seek to create positive social impact.*

#### Links and references

##### Impact Analysis

<https://acortar.link/IXMolo>

Annual and Sustainability Report 2023

<https://acortar.link/YradW7>

Annual and Sustainability Report 2021

<https://acortar.link/dZa6KM>

<sup>12</sup> Such as regulators, investors, governments, suppliers, customers and clients, academia, civil society institutions, communities, representatives of indigenous population and non-profit organizations

## Principle 5: Governance & Culture



We will implement our commitment to these Principles through effective governance and a culture of responsible banking

### 5.1 Governance Structure for Implementation of the Principles

Does your bank have a governance system in place that incorporates the PRB?

Yes       In progress       No

Please describe the relevant governance structures, policies and procedures your bank has in place/is planning to put in place to manage significant positive and negative (potential) impacts and support the effective implementation of the Principles. This includes information about

- which committee has responsibility over the sustainability strategy as well as targets approval and monitoring (including information about the highest level of governance the PRB is subjected to),
- details about the chair of the committee and the process and frequency for the board having oversight of PRB implementation (including remedial action in the event of targets or milestones not being achieved or unexpected negative impacts being detected), as well as
- remuneration practices linked to sustainability targets.

#### Response

*We have a Sustainability Operating Committee whose members are: Gentera's presidents, Chief Executive Officer of Gentera, Chief Executive Officer of Compartamos Banco, Chief Corporate Officer of Gentera, Chief Financial Officer, Executive Director of Institutional Relations and Sustainability, Director of Investor Relations and the Sustainability team. The purpose of this Committee is to follow up on the strategy and vision of a sustainable business. The Committee meets twice a year and monitors sustainability governance. Different synergies derive from the creation of this Committee, where the Finance Executive Direction, the Management, Balance Sheet and Investor Relations Direction, the Institutional Relations Executive Direction, and the Sustainability team work together. The Executive Director of Institutional Relations and Sustainability and the Sustainability team have performance objectives linked to sustainability, depending on the percentage of compliance with the objective, there may be an impact reflected in the compensation of the areas involved.*

#### Links and references

*Impact Analysis*  
<https://acortar.link/IXMolo>  
*Annual and Sustainability Report 2023*  
<https://acortar.link/YradW7>  
*Annual and Sustainability Report 2021*  
<https://acortar.link/dZa6KM>

### 5.2 Promoting a culture of responsible banking:

Describe the initiatives and measures of your bank to foster a culture of responsible banking among its employees (e.g., capacity building, e-learning, sustainability trainings for client-facing roles, inclusion in remuneration structures and performance management and leadership communication, amongst others).

<p><i>Response</i></p> <p><i>Our key teams such as Sustainability, Risk, Corporate Ethics and Corporate Governance, among others, are kept up to date on ESG issues such as risk and climate change, diversity and inclusion, human rights, and reporting standards.</i></p> <p><i>Annually, all our employees are certified in Anti-Money Laundering Prevention, Anti-Corruption and Client Protection Principles.</i></p>	<p><i>Links and references</i></p> <p><i>Impact Analysis</i></p> <p><a href="https://acortar.link/IXMolo">https://acortar.link/IXMolo</a></p> <p><i>Annual and Sustainability Report 2023</i></p> <p><a href="https://acortar.link/YradW7">https://acortar.link/YradW7</a></p> <p><i>Annual and Sustainability Report 2021</i></p> <p><a href="https://acortar.link/dZa6KM">https://acortar.link/dZa6KM</a></p>
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### 5.3 Policies and due diligence processes

Does your bank have policies in place that address environmental and social risks within your portfolio?<sup>13</sup> Please describe.

Please describe what due diligence processes your bank has installed to identify and manage environmental and social risks associated with your portfolio. This can include aspects such as identification of significant/salient risks, environmental and social risks mitigation and definition of action plans, monitoring and reporting on risks and any existing grievance mechanism, as well as the governance structures you have in place to oversee these risks.

<p><i>Response</i></p> <p><i>The Comprehensive Risk Management Unit (UAIR) of Genera (Compartamos Banco's parent company) plays a fundamental role in this process. In collaboration with the Risk Committee and the Board of Directors, the UAIR is responsible for:</i></p> <p><i>Establishing and implementing policies and procedures for the identification, evaluation, and mitigation of social and environmental risks.</i></p> <p><i>Conducting due diligence on potential client groups to identify and assess associated social and environmental risks.</i></p> <p><i>Monitor and report social and environmental risks to senior management on a regular basis.</i></p> <p><i>The Risk Committee oversees the management of social and environmental risks and approves policies and procedures related to these risks. The Board of Directors is ultimately responsible for approving the organization's risk profile and setting tolerance limits for social and environmental risks. On the other hand, the Integrated Risk Management</i></p>	<p><i>Links and references</i></p> <p><i>Impact Analysis</i></p> <p><a href="https://acortar.link/IXMolo">https://acortar.link/IXMolo</a></p> <p><i>Annual and Sustainability Report 2023</i></p> <p><a href="https://acortar.link/YradW7">https://acortar.link/YradW7</a></p> <p><i>Annual and Sustainability Report 2021</i></p> <p><a href="https://acortar.link/dZa6KM">https://acortar.link/dZa6KM</a></p>
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<sup>13</sup> Applicable examples of types of policies are: exclusion policies for certain sectors/activities; zero-deforestation policies; zero-tolerance policies; gender-related policies; social due diligence policies; stakeholder engagement policies; whistle-blower policies etc., or any applicable national guidelines related to social risks.

*Risk Management and the Risk Committee ensure that our risk exposure is aligned with internal and external risk levels, including those set by regulatory entities. The Audit Committee monitors the observations issued by supervisory entities and the Board of Directors.*

### Self-assessment summary

Does the CEO or other C-suite officers have regular oversight over the implementation of the Principles through the bank's governance system?

Yes  No

Does the governance system entail structures to oversee PRB implementation (e.g. incl. impact analysis and target setting, actions to achieve these targets and processes of remedial action in the event targets/milestones are not achieved or unexpected neg. impacts are detected)?

Yes  No

Does your bank have measures in place to promote a culture of sustainability among employees (as described in 5.2)?

Yes  In progress  No



# Principle 6: Transparency & Accountability



We will periodically review our individual and collective implementation of these Principles and be transparent about and accountable for our positive and negative impacts and our contribution to society's goals.

## 6.1 Assurance

Has this publicly disclosed information on your PRB commitments been assured by an independent assurer?

Yes       Partially       No

If applicable, please include the link or description of the assurance statement.

*Response*

*Links and references*

## 6.2 Reporting on other frameworks

Does your bank disclose sustainability information in any of the listed below standards and frameworks?

- GRI
- SASB
- CDP
- IFRS Sustainability Disclosure Standards (to be published)
- TCFD
- Other: ....

*Response*

*Links and references*

## 6.3 Outlook

What are the next steps your bank will undertake in next 12 month-reporting period (particularly on impact analysis<sup>14</sup>, target setting<sup>15</sup> and governance structure for implementing the PRB)? Please describe briefly.

*Response*

*Next steps:*

- Strengthen follow-up surveys and follow-up methodology with clients, using international nomenclatures to facilitate data analysis and comparison.

*Links and references*

*Impact Analysis*

<https://acortar.link/IXMolo>

<sup>14</sup> For example outlining plans for increasing the scope by including areas that have not yet been covered, or planned steps in terms of portfolio composition, context and performance measurement

<sup>15</sup> For example outlining plans for baseline measurement, developing targets for (more) impact areas, setting interim targets, developing action plans etc.

*- Establish mechanisms to gain in-depth knowledge of the sectors in which our clients operate and their impacts, such as the generation of jobs through the loans we grant, the waste generated by their operations or water use.*

## 6.4 Challenges

Here is a short section to find out about challenges your bank is possibly facing regarding the implementation of the Principles for Responsible Banking. Your feedback will be helpful to contextualise the collective progress of PRB signatory banks.

What challenges have you prioritized to address when implementing the Principles for Responsible Banking? Please choose what you consider the top three challenges your bank has prioritized to address in the last 12 months (optional question).

If desired, you can elaborate on challenges and how you are tackling these:

- |  |   |
|--|---|
| <input type="checkbox"/> Embedding PRB oversight into governance                               | <input type="checkbox"/> Customer engagement                        |
| <input type="checkbox"/> Gaining or maintaining momentum in the bank                           | <input type="checkbox"/> Stakeholder engagement                     |
| <input type="checkbox"/> Getting started: where to start and what to focus on in the beginning | <input checked="" type="checkbox"/> Data availability               |
| <input type="checkbox"/> Conducting an impact analysis   | <input checked="" type="checkbox"/> Data quality                    |
| <input type="checkbox"/> Assessing negative environmental and social impacts                   | <input type="checkbox"/> Access to resources                        |
| <input type="checkbox"/> Choosing the right performance measurement methodology/ies            | <input type="checkbox"/> Reporting                                  |
| <input type="checkbox"/> Setting targets   | <input type="checkbox"/> Assurance                                  |
| <input type="checkbox"/> Other: ...  | <input checked="" type="checkbox"/> Prioritizing actions internally |

If desired, you can elaborate on challenges and how you are tackling these:

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