

Sustainable Financing Framework

Banco Internacional del
Perú S.A.A.- Interbank

June 2023

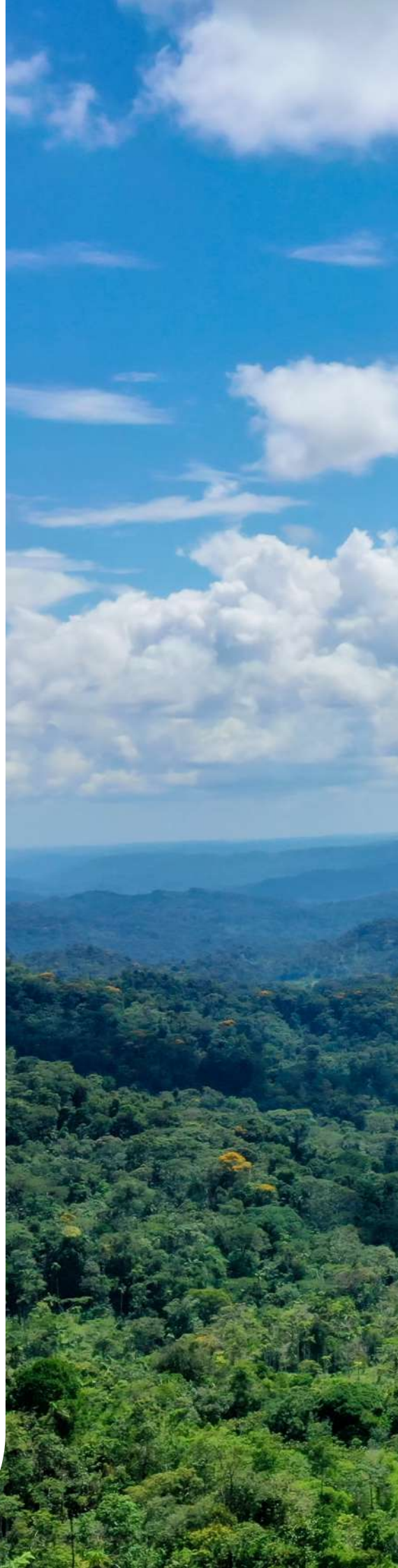


Table of Contents

1. Overview

1.1 About Interbank	03
1.2 Our sustainability approach	04
1.3 Our environmental and social risk analysis process	05
1.4 Framework Rationale	06

2. Sustainable Financing Framework

2.1 Use of Proceeds	08
2.2 Selection Process	16
2.3 Management of Proceeds	17
2.4 Reporting	18

Tables

Table 1: Green / Blue Projects	08
Table 1.1: Sustainability Certifications	12
Table 2: Social Projects	13
Table 2.1: SME Definitions	16
Table 3: Summary of the Work Group's task flow	17
Table 4: KPIs	18



1. Overview

1.1 About Interbank

Established in 1897, Interbank is a financial institution that offers corporate and personal banking products and services, maintaining a strategic approach in retail banking. It is part of Intercorp Financial Services Inc., a financial holding of Intercorp Group, one of the leading multinational business conglomerates in Peru.

In recent years, we have focused our efforts on positioning ourselves as an accessible and agile bank, offering an innovative service to its clients through flexible, secure and world-class digital platforms, with a view to shifting from Digital First to a Digital Only model.

Our strategic guidelines include: i) focusing on profitable businesses/clients; ii) leading the retail business; iii) attaining operative efficiency; iv) increasing the number of clients who use Interbank's cards as their primary card and becoming a leading player in digital banking; and, v) strengthening the quality service culture and risk culture.

All of the above is further bolstered by our sustainability strategy, which promotes the integration of environmental, social and governance criteria into each dimension of the strategic guidelines, and across the bank as a whole.

We are a bank committed to its purpose: "to accompany Peruvians in fulfilling their dreams, today". This motto also guides our strategy to become the best bank, with the best people as our foundation.

Interbank's culture is built on values. For this reason, being in tune with each of those values is one of the most important requirements to become part of our family:

- **Integrity:** to do what is right, with transparency and honesty.
- **Collaboration:** We contribute, without frontiers, to multiply the objectives of all.
- **Courage:** We dare to make a difference.
- **Innovation:** because we must be daring and cause things to happen in innovative ways, always one step ahead of others.
- **Passion for service:** We always think of others, the client, offering agile solutions.
- **Sense of humor:** to enjoy what we do, and to be willing to laugh at ourselves.



1.2 Our sustainability approach

We recognize the primordial role the Bank plays in the transition toward a more sustainable world. Through our operations, and the products and services that we offer, we have an excellent opportunity to make a positive impact on climate change adaptation and mitigation, and social and economic inequalities.

Thus, sustainability is key to our business approach, an important component of our driver of growth, and a differentiating attribute of our relationship with stakeholders.

We have undertaken voluntary commitments related to a variety of sustainability matters that go beyond our regulatory obligations on the basis of the United Nations' Sustainable Development Goals (SDGs). We are signatories of the Equator Principles and the United Nations' Global Compact; we report and publish our sustainability initiatives observing the standards of the Global Reporting Initiative ("GRI").

Our sustainability approach is backed primarily by the Sustainability Policy and the Environmental and Social Risk Management Policy that have been designed based on global standards, the financial sector's best practices, and a constant search for innovation:

- **Sustainability Policy:** establishes the guidelines for the sustainable management of Interbank's businesses and operations. It includes five (5) general sustainability principles: Ethics and Integrity, Human Rights, Development and Inclusion, Service and Innovation, and Environmental Protection.
- **Environmental and Social Risk Management Policy:** establishes guidelines for Interbank's environmental and social risks. It includes the commitment to conduct our business in a socially and environmentally responsible manner and to ensure the correct evaluation, mitigation and monitoring of environmental and social risks.

Finally, we are committed to strengthening capacities and learning across the organization, and creating a corporate culture of sustainability to empower each of our employees and leaders to become agents of change and play an active role in our sustainability agenda.





1.3 Our environmental and social risk analysis process

Our environmental and social risk analysis system (ESRAS) follows a methodology that defines application and scope guidelines including criteria such as financing amounts and activities of industries that entail high risks and impacts on the environment and society.

Our ESRA is aligned with the IFC's Performance Standards and Equator Principles, and is divided in three stages, as defined below:

a) Initial review

The Exclusion List will be applied as a primary filter in environmental and social evaluation. The goal of the Exclusion List is to prevent financing illegal activities or activities that are excessively harmful to the environment and society.

If the operation is not included in the Exclusion List, a questionnaire must be completed to decide whether the E&S Due Diligence Evaluation applies or not, as defined in the following paragraph. The questionnaire contains application criteria based on financing amounts, type of client activity, use of proceeds, among others.

b) E&S Due Diligence Evaluation

For every financing that qualifies as applicable according to the preceding paragraph a), an initial evaluation will be performed to categorize the environmental and social risk as A, B or C. The determination will be based on the questionnaire's answers, which aim to measure the likelihood of a high to low environmental or social impact.

c) Management and Monitoring Program

Depending on the category and findings identified in the questionnaires, the necessary backstopping will be provided to help clients align with the requirements, looking to mitigate exposure to significant environment and social risks through action plans, as required, and monitoring measures to confirm that the environmental and social performance is maintained during the loan's term.

1.4 Framework rationale

Our sustainable finance initiative is one of the main pillars behind our sustainability strategy. It focuses on two main aspects:

- **Opportunities:** identification of financing opportunities that have a positive impact on ESG criteria.
- **Risks:** identification and mitigation of social and environmental risks, including climate change risks.

In line with the first item, the creation and publication of this Framework aims primarily to inform all our stakeholders about the guidelines of our green, blue, social and sustainable financings.

We undertake to foster the growth of a financing portfolio that has a positive impact around us, and to accompany our clients during the sustainable transition of their business, working together to make Peru a more equitable country.

Through this Framework, we seek to cause a positive impact mainly on the following Sustainable Development Goals:



2. Our Sustainable Financing Framework

This Framework is aligned with the following principles and their corresponding guidelines (collectively and indistinctly referred to as the “Principles”):



Bond used to finance or refinance eligible green projects or assets described in Table 1.



Bond used to finance or refinance eligible social projects or assets described in Table 2.



Bond used to finance or refinance eligible green or social projects or assets described in Table 1 and 2.



Loan used to finance or refinance eligible green projects or assets described in Table 1.



Loan used to finance or refinance eligible social projects or assets described in Table 2.



Bond or Loan used to finance or refinance eligible blue projects or assets described in Table 1

Key definitions

Green Finance: Investments dedicated to finance or refinance activities that should provide clear environmental benefits and are aligned with the four core components of the Green Bond or Loan Principles, as applicable.

Blue Finance: it is a subset of green finance dedicated to finance or refinance activities that contribute to oceans protection and/or improved water management.

Social Finance: Investments dedicated to finance or refinance activities that should provide clear social benefits directed to target population such as underserved groups and are aligned with the four core components of the Social Loan or Bond Principles.



This Framework will be reviewed periodically to ensure that it is aligned with the Principles and other international practices and trends that may be dictated by the financial market.

The Framework takes into account four pillars to guarantee that the projects or assets financed by Interbank meet the eligibility criteria and to ensure that they will have a positive environmental or social impact:

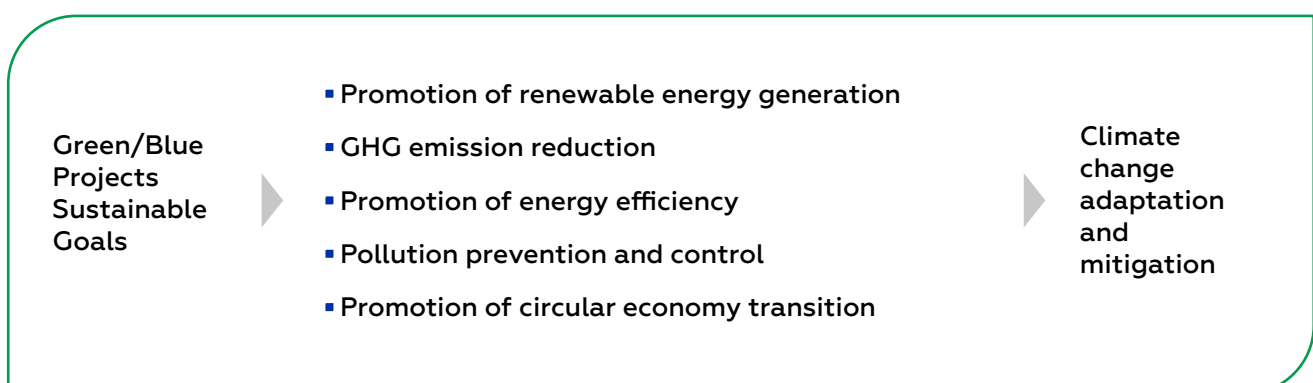







2.1 Use of Proceeds

The bonds, loans, derivatives—or other financial instruments issued by Interbank—designated as green, blue, social or sustainable (indistinctly, “Sustainable Financing”) will be allocated to finance or refinance, in whole or in part, Green/Blue Projects and/or Social Projects with a measurable environmental and social benefit in any of the following categories (“Eligible Projects”).

In the case of companies, it will be considered as eligible if allocates at least 90% of its income to activities contemplated in the Eligible categories displayed in the following tables:

Table 1: Green/Blue Projects



Category	Description of eligible green or blue financings	SDGs
<p>Sustainable Agriculture (Green)</p> <p>and</p> <p>Sustainable Aquaculture/ Fisheries (Blue)</p>	<ol style="list-style-type: none"> Projects, purchase, maintenance or reconstruction of assets focused on: <ul style="list-style-type: none"> Climate-smart agriculture techniques (as defined by FAO¹). Water saving or sustainable irrigation systems (i.e., water treatment plant; drip, sprinkle, flood and pivot irrigation systems). Infrastructure, technology or expenditure for the recovery and restoration of degraded soils and reforestation holding Sustainability Certifications. Recognition by agricultural Sustainability Certifications. Companies in the process of obtaining the Sustainability Certification require a post-completion verification to confirm that the plans were met and the certification was obtained. Financing related to agricultural, fisheries or forestry activities holding Sustainability Certifications (i.e., working capital credits lines, and factoring for certified crops). Loans related to activities that contribute to the enhancement or conservation of terrestrial or aquatic biodiversity with Sustainability Certifications. 	    
<p>1. For more information on the definition of Climate Smart Agriculture visit the web page of the Food and Agriculture Organization (FAO).</p>		

Energy efficiency (Green)

- Improvements to lighting systems, from incandescent to compact fluorescent lamps (CFL) or LED; or from conventional fluorescent lamps to T8, T5 and LED, resulting in potential energy savings of at least 20%.



2. Energy storage systems from renewable energy sources.
3. Energy efficiency system for general equipment, including ventilation, air conditioning and refrigeration systems.
4. Energy consumption optimization and power loss reduction systems related to renewable energy transmission lines.
5. Electrical/mechanical automation and control systems (i.e., improvement to lighting controls (sensors), heating/refrigeration controls (timers), speed and frequency variation controls in motors, automatic shut-off timer switches).



Renewable energies (Green)

Projects focused on the design, construction, operation and maintenance of renewable energy generation facilities, reconversions or overhauls of energy sources such as:

1. Wind energy projects.
2. Solar energy projects.
3. Hydropower generation
 - Small-scale hydropower with either (i) (<25MW) with the life-cycle GHG emissions <50gCO₂e/kWh or (ii) run-of-river without artificial reservoir or low storage capacity
 - A hydropower facility is eligible if it has either: A power density > 10W/m²; OR GHG emissions intensity < 50g CO₂e/kWh.
4. Biomass energy production from waste sources that do not compete with food sources and do not deplete carbon stocks; and have 80% less carbon intensity compare to traditional fuel sources.



Sustainable construction (Green)

1. Projects focused on the construction, maintenance, renovation and/or reconstruction of green buildings, including housing and social housing, holding Sustainability Certifications.
2. Companies in the process of obtaining the Sustainability Certification require a post-completion verification to confirm that plans were met and the certification was obtained.



Sustainable water management (Blue)

1. Rainwater harvesting, storage and distribution.
2. Water quality systems or water quantity monitoring processes (i.e., Desalination plants powered by renewable energies and excluding desalination plants whose generation comes from fossil fuels).
3. Water saving technologies (i.e., water treatment plant; efficient irrigation systems that make efficient use of water, such as drip and sprinkle irrigation).
4. Conversion from open and canal irrigation systems to drip irrigation systems, and their components and installation.



Circular economy (Green)

Loans related to activities that contribute to waste prevention and collection, waste reduction and waste recycling such as:



1. Development, operation and upgrade of recycling (metals, plastic and paper) plants.
2. Facilities, equipment or expenditure for the production of compost from residual waste.
3. Sustainable or circular for plastic packaging or compostable solutions.



Sustainable transportation (Green)

1. Private transport (cars, trucks, light-duty vehicles):
 - Electric vehicles
 - Hybrid vehicles as long as the GHG emissions are < 75 gCO₂ per -km
2. Public transport (including buses, trains, trams, and trolleybuses):
 - Rolling stock and vehicles for electrified public transport, such as electrified rail.
 - Buses with no direct emissions (electric)
 - Public transportation which is (partially) fueled by fossil fuels as long as the GHG emissions per passenger are < 50 gCO₂/p--km
3. Charging stations for vehicles mentioned above.



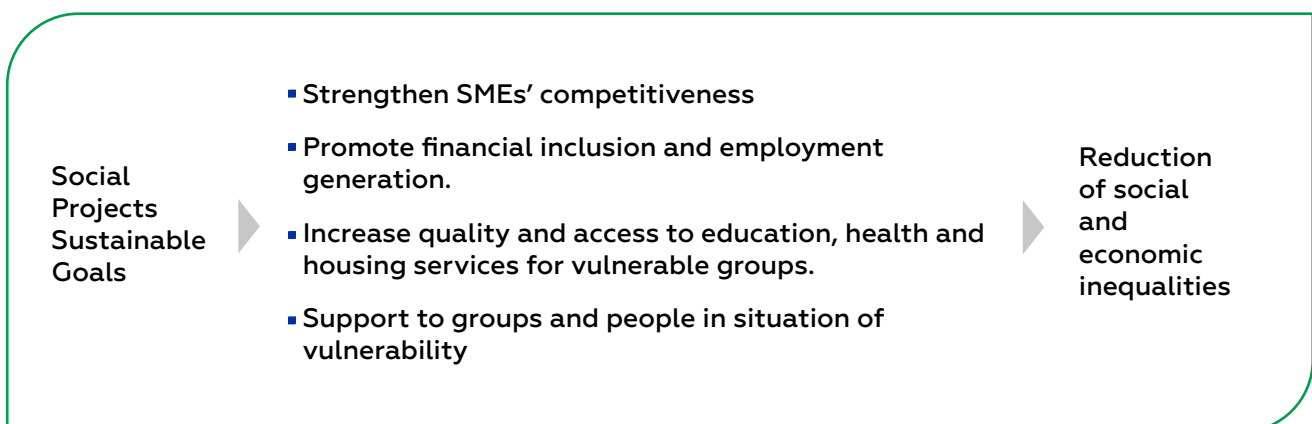
Table 1.1 Sustainability Certifications


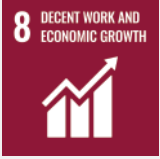

To qualify as an Eligible Project, a financed project must hold any of the following certifications ("Sustainability Certifications") accepted by Interbank:



Sustainable Agriculture	Sustainable Fisheries	Green Buildings	Other
<ul style="list-style-type: none"> ■ The Common Code for the Coffee Community ("4C") ■ GLOBALGAP ■ GlobalGAP Crops ■ IFOAM ■ Rainforest Alliance ■ ProTerra ■ Roundtable on Responsible Soy ("RTRS") ■ Bonsucro ■ Roundtable on Sustainable Biomass ("RSB") ■ Fairtrade ■ Bonsurco EU ■ IFOAM accreditation ■ Certificate of Sustainable Palm Oil (RSPO Next) 	<ul style="list-style-type: none"> ■ Forest Stewardship Council ("FSC") ■ Program for the Endorsement of Forest Certification ("PEFC") ■ Friends of the Sea ■ Aquaculture Stewardship Council (ASC) ■ Marine Stewardship Council ("MSC") ■ Aquaculture Stewardship Council Tilapia ("ASC Tilapia") ■ GlobalGAP Aquaculture ■ BAP (Best Aquaculture Practices) ■ Naturland Organic Aquaculture 	<ul style="list-style-type: none"> ■ IFC EDGE (officially certified, or IFC EDGE compliance confirmed by CPML) ■ BREEAM excellent or higher ■ LEED Gold or Platinum level 	<ul style="list-style-type: none"> ■ FSC forest management certification ■ International Sustainability & Carbon Certification (ISCC) ■ Programme for the Endorsement of Forest Certification (PEFC)

Table 2. Social Projects



Category	Description of eligible eligible assets	SDG Alignment
<p>Financing for Entrepreneurs² and Underserved Groups³</p>	<p>Apply to any financing programs, products, service or platforms offered by the Bank (i.e., CIMA, micro-credits, micro-lines).</p> <p>2. Entrepreneurial sector will be understood as the people who work independently (self-employed) and have monthly income limits defined in the internal segmentation managed by the Bank.</p> <p>3. Underserved Groups:</p> <ul style="list-style-type: none"> ▪ Low-income individuals: those with a monthly income of less or the equivalent of the Minimum Wage (Remuneración Mínima Vital) as approved each year by Peruvian government (For more information access BCR web). ▪ Individuals in rural or hard-to-reach areas: individuals in areas with low population density or urban informal settlements that typically lack infrastructure, including financial services. ▪ Women individually and Women-Owned Enterprises. ▪ Other underserved groups: may include elderly people (65 years or more), indigenous groups, migrant or informal workers, unschooled and/or forcibly displaced populations. 	 
<p>Financing SMEs</p>	<p>1. Apply to any financings programs and products offered by the Bank to small or medium-sized enterprises (SMEs) as defined in Table 2.1.</p> <p>2. Loans to women-owned SMEs. Women owned enterprises defined as follows:</p> <ul style="list-style-type: none"> ▪ SMEs where at least one shareholder or partner is a woman or at least one woman holds the position of general manager or a senior executive position. ▪ Any other company where at least one-third of the stock is owned by women. 	  





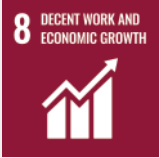





<p>Inclusion or financial education programs to SMEs, Entrepreneurs and Underserved groups.</p>	<ul style="list-style-type: none"> Investments or expenditures of financial education programs or tools developed by the Bank (i.e., AprendeMás, Mi Puntaje Crediticio, MisFinanzas). Investments or expenditures of programs, products or services developed by the Bank to promote banking and access to financing (i.e., IzipayYa, CIMA, micro-credits, micro-lines, Plin, Cuenta Simple). 	  
<p>Access to basic services for Underserved Groups</p>	<p>This category includes construction, maintenance or reconstruction for projects focused on:</p> <ul style="list-style-type: none"> Health sector: health centers, clinics, hospitals, medical equipment, general health care centers. Sanitation: basic infrastructure projects, such as drinking water, drainage systems, and sanitation. Education sector: Universities, schools, academies. Affordable housing (MiVivienda Loans): purchase, renovation, expansion and improvement of housing. 	    



Table 2.1: SME definitions used by the Bank according to its internal segmentation:

Type of enterprise	Annual sales	Loan size
Small	Under or equal to S/5 million	Up to S/1 million
Medium	Over S/5 million and up to S/32 million	Up to S/10 million

Eligible Projects will include both loans granted by Interbank and the enterprises' own investments or expenditures related to their own products or services, that qualify under any category included in Table 1 and Table 2, disbursed two (2) years prior to the issuance or approval of the Financing (look-back period). Interbank undertakes to allocate the proceeds of the Financing within a term of up to two (2) years following the issuance or approval of the corresponding Sustainable Financing (look-forward period).

Exclusion criteria

All Eligible Projects must observe:

1. The exclusion lists approved by the Bank,
2. The applicable national environmental and social regulations,
3. Interbank's Environmental and Social Management System.

2.2 Process for Project Evaluation and Selection

A Work Group will be set-up, including representatives of the following areas:

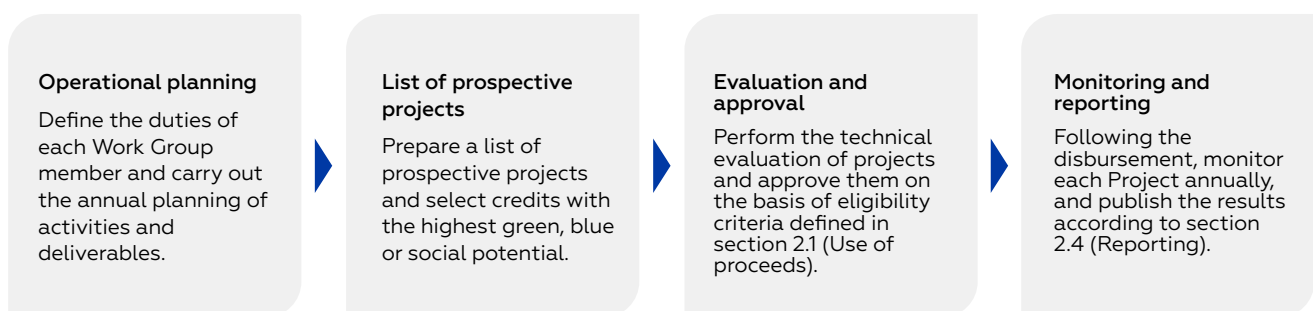
- Two (2) representatives of the Vice Presidency of Commercial Banking, one of which will be designated to chair the Work Group (the "Chairman").
- One (1) representative of the Vice Presidency of Retail Banking.
- One (1) representative of the Sustainability area.
- Two (2) representatives of the Risk Vice Presidency, one from the Risk Admission area and the other from Management and Monitoring (Gestión y Seguimiento).
- One (1) representative of the Treasury area.
- One (1) representative of the Finance area.
- If required, other areas considered necessary to validate specific matters will be called upon on a case-by-case basis.



The Work Group will meet at the Chairman’s request at least two (2) times per year to review and ensure compliance with the provisions of this Framework, and to perform the following functions:

1. Supervision of selected Eligible Projects execution, making sure they still observe the eligibility criteria defined in this Framework.
2. Substitution of Eligible Projects that in the opinion of the Work Group lose their eligibility status or that have been prepaid.
3. Validation of Sustainable Financing’s unallocated proceeds management.
4. Preparation of the Annual Execution Report.
5. Approval of amendments to this Framework to ensure that it continues to be aligned with the Principles, best market practices, and Interbank’s sustainable finance strategy.

Table 3: Summary of the Work Group’s task flow



2.3 Management of Proceeds

Interbank will keep a register of selected Eligible Projects (“Eligible Projects Register”), where the following information will be recorded and kept up to date for each project:

- Borrower identification.
- Amount allocated using Sustainable Financing proceeds.
- Loan period.
- Use of proceeds.
- Brief description of the project .
- The indicators requested to the borrower, periodically measured and reported to the Bank.



2.4 Reporting

One year after the Sustainable Financing has been disbursed, Interbank will annually disclose, during and up to the termination of the Sustainable Financing, the allocation and use of proceeds ("Annual Execution Report"). The report will be reviewed by an external auditor and published on Interbank's web site to inform all stakeholders.

When permitted by the available information, the Report will include the following:

Proceeds allocation section

- Sustainable Financing amount.
- Aggregate amounts allocated to each eligible category.
- Amount of unallocated proceeds.
- Percentage of amount allocated to financed vs refinanced operations.

Impact section

- Eligible Projects' impact on selected social and environmental indicators duly informed by clients.
- The expected impact of the Eligible Projects.
- The methodologies and assumptions used to prepare the impact indicators.

Interbank undertakes to publish the relevant information, observing legal provisions and confidentiality agreements.

The following indicators are provided for reference purposes, and Interbank must decide one or more indicators that it considers relevant for each Eligible Project, and which will be defined according to the type of project:

Table 4: KPIs

Category	KPIs
Sustainable Agriculture, Aquaculture and Fisheries	<ul style="list-style-type: none"> ■ Annual GHG emissions reduced/avoided (tCO₂e) ■ Annual volume of water saved (m³) ■ Croplands covered by new or rehabilitated efficient irrigation (ha) ■ Conversion of uncultivated land (ha) ■ Production under Sustainability Certifications (tm)



Energy efficiency	<ul style="list-style-type: none"> ▪ Annual energy savings (MWh) ▪ Annual GHG emissions reduced/avoided (tCO₂e)
Renewable energy	<ul style="list-style-type: none"> ▪ Annual GHG emissions reduced/avoided (tCO₂e) ▪ Annual generation of renewable energy MWh (electricity) and GJ (other energy) ▪ Installed capacity (MW)
Sustainable construction	<ul style="list-style-type: none"> ▪ Annual volume of water saved (m³) ▪ Annual GHG emissions reduced/avoided (tCO₂e) ▪ Total m² constructed under Sustainability Certifications
Sustainable water management	<ul style="list-style-type: none"> ▪ Annual volume of water saved (m³) ▪ Volume of treated or reused water (m³)
Circular economy	<ul style="list-style-type: none"> ▪ Annual GHG emissions reduced/avoided (tCO₂e) ▪ Recycled waste (tm) ▪ Avoided waste (tm)
Sustainable transportation	<ul style="list-style-type: none"> ▪ Annual GHG emissions reduced/avoided (tCO₂e) ▪ Number of financed vehicles ▪ Reduction of air pollutants (SO_x, NO_x, and particulate matter)
Financing for entrepreneurs and underserved groups	<ul style="list-style-type: none"> ▪ Number of beneficiaries ▪ Number of loans granted to target populations ▪ Aggregate amount allocated/in portfolio
Financing SMEs	<ul style="list-style-type: none"> ▪ Number of SMEs ▪ Number of loans granted to target populations ▪ Aggregate amount allocated/in portfolio ▪ Number of jobs generated or maintained
Inclusion or financial education programs	<ul style="list-style-type: none"> ▪ Number of beneficiaries that accessed the financial education/inclusion program
Access to basic services	<ul style="list-style-type: none"> ▪ Number of beneficiaries with access to basic services ▪ Number of financed basic services projects



External reviews

- **Second-Party Opinion Report:** Interbank has obtained a Second-Party Opinion (SPO) from S&P, a consulting firm well known for its broad experience in social and environmental matters. The resulting report accrediting this Framework's compliance with best practices and Principles has been made available to stakeholders through the web site.
- **External review (verification):** annually, an external auditor will verify that the proceeds of the Sustainable Financing and the impact reported are in line with this Framework.



Disclaimer

The information and opinions contained in this Framework are provided as of the date of this Framework and are subject to change without notice. None of Interbank's companies, subsidiaries or affiliates assume any responsibility or obligation to update or revise any statements in this document, regardless of whether those statements are affected by the results of new information, future events or otherwise. This Framework represents Interbank's current policy and intent and is not intended, nor can it be relied on, to create legal relations, rights or obligations. This document may contain or incorporate by reference public information not separately reviewed, approved or endorsed by Interbank and, accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by Interbank as to the fairness, accuracy, reasonableness or completeness of such information.

This Framework may contain certain "forward-looking statements" on events and expectations. Forward-looking statements are generally identified through the inclusion of words such as "aim," "anticipate," "believe," "drive," "estimate," "expect," "goal," "intend," "may," "plan," "project," "strategy," "target" and "will" or similar statements or variations of such terms and other similar expressions. Forward-looking statements involve risks and uncertainties that may cause actual results to be materially different from those foreseen by the forward-looking statements. None of the future projections, expectations, estimates or prospects in this document should be taken as forecasts or promises nor should they be taken as implying any indication, assurance or guarantee that the assumptions on which such future projections, expectations, estimates or prospects have been prepared are correct or exhaustive or, in the case of assumptions, fully stated in the Framework. No assurance can be given that any goal or plan set forth in forward-looking statements in this Framework can or will be achieved, and readers are cautioned not to place undue reliance on such statements, which speak only as of the date of this Framework. Interbank does not undertake to update forward-looking statements to reflect the impact of circumstances or events that arise after the date the forward-looking statements were made.

This Framework is provided for informational purposes only and does not constitute a recommendation regarding the purchase, sale, subscription or other acquisition or disposal of any debt or other securities of Interbank, or any member of Interbank, or any security backed by a security or insurance product of Interbank. This Framework is not and is not intended to be, and does not form part of, and does not contain, an offer to sell or an invitation to buy, or the solicitation of an offer or invitation to buy, any securities.

