

# **Environmental and Social Risk Analysis Policy**

Banco Internacional del Perú S.A.A.- Interbank  
Approved by the Board of Directors

# ENVIRONMENTAL AND SOCIAL RISK ANALYSIS POLICY

## 1. Introduction

At Interbank, we firmly believe that the well-being of our business is aligned with the well-being of our environment and society, and that Peruvians will only be able to fully develop if they live in a country that thrives, both today and in the long-term. Meeting the needs of the present without compromising the capability of future generations to meet their own needs is the imperative we need to achieve in order to make Peru the country we all dream of. Therefore, the importance of incorporating ESG criteria into our company's management.

We understand the fundamental role that financial institutions play in the transition to a more sustainable world, and we aim to incorporate environmental, social and corporate governance (ESG) criteria into our approach to business and risk management. This comes not only from our conviction and commitment to the development of Peruvians, but also as a driver of our growth and a differentiating attribute in our relationship with our stakeholders.

In this sense, one of our priorities on this journey is the development of an environmental and social risk management for our portfolio, in accordance with best practices. Therefore, in addition to our ongoing monitoring of, and compliance with, the applicable regulatory framework, including the Regulations on Environmental and Social Management (SBS Resolution No. 1928-2015), at Interbank we are focused on aligning our commitments, policies and processes to manage the environmental and social risks of our portfolio with the best market practices.

Thus, in 2022 Interbank joined the United Nations Global Compact, and since January 2023 it has been a signatory of the Equator Principles. We also report annually on our sustainability initiatives, under the Global Reporting Initiative (GRI) standards.

This policy establishes Interbank's objectives, principles and commitments in the environmental and social risks analysis ("ESRAS Policy") of the Bank's financing portfolio. For the assessment of environmental and social risks, the standards defined by the Equator Principles and the Performance Standards of the International Finance Corporation (IFC) are applied.

## 2. Definitions

<b>Community</b>	A group of people who live and interact in areas close to where the Bank's operations take place.
<b>Environment</b>	A setting composed of natural variables (climate, flora, fauna, water, etc.) that interact with the Bank's operations, determining the well-being of living creatures and supporting the development of economic activities.



<b>IFC Performance Standards</b>	The International Finance Corporation's Performance Standards provide guidance for identifying the risks and impacts of projects and operations, with the goal of helping to prevent, mitigate, and manage risks and impacts, as a way of doing business in a sustainable manner, including the client's obligation to include stakeholders and disclose project or operational activities.
<b>Equator Principles</b>	A set of voluntary environmental and social guidelines that provide a framework for financial institutions to manage the environmental and social risks associated with the projects they finance anywhere in the world and within all industrial sectors.
<b>Environmental and Social Risks</b>	The possibility of generating a negative impact (i) on the physical, natural or cultural environment; and/or (ii) on the surrounding community and employees, arising from the commercial activity to be financed. These risks may be expressed in environmental, biodiversity, labor, social, health, safety, cultural or governance aspects.
<b>ESRAS</b>	The Environmental and Social Risk Assessment System (ESRAS) sets forth the commitments, policies, procedures, tools and internal capacity for identifying, assessing, mitigating and monitoring the environmental and social risks of the portfolio.

### 3. Purpose

The ESRAS Policy establishes the guidelines for social and environmental risk management of the Bank's commercial financing portfolio, taking into consideration global standards, best practices in the financial sector, and the constant search for innovation. It is aligned with and must be applied in conjunction with Interbank's Sustainability Policy and Human Rights Policy.

### 4. Scope

The ESRAS Policy will apply to the credit operations of the corporate banking department (*Banca Corporativa* and *Banca Empresa*) according to the defined criteria established under the Environmental and Social Risk Management Manual, being subject to analysis by the Risk Vice-Presidency.

For credit placement decisions, we will pay special attention to the environmental and social risks associated with the activities included as a reference in Annex A (high potential environmental risk sectors).

### 5. Roles and Responsibilities

The main parties responsible for the application and implementation of the ESRAS Policy are:

- **Comprehensive Risk Management Committee**, responsible, by delegation of the Board



of Directors, for reviewing, approving and monitoring the policies, procedures and organization for Comprehensive Risk Management, as well as endorsing improvements to comprehensive risk management.

- **Executive Vice-Presidency of Risk**, through two main divisions: i) Risk Admission, which, among other tasks, assesses environmental and social risk prior to granting financing, and ii) Management and Monitoring (*Gestión y Seguimiento*), which, among other tasks, monitors financing, including environmental and social obligations, as well as proposing opportunities for the conducting of an ESRAS culture among employees.
- **Executive Vice-Presidency of Commercial Banking**, responsible, among others, for ensuring that clients and their operations are not included in Interbank's Exclusion List (included as a reference in Annex B); determining whether the operation to be financed falls within the scope of the ESRAS; and for informing the client of the results of the categorization of potential operations according to environmental and social impact.

## 6. Commitment

In order to ensure that this Policy and Interbank's ESRAS comply with international standards, and to ensure the proper assessment, mitigation and monitoring of environmental and social risks, we assume the following commitments:

- To ensure compliance with national legislation and related international treaties, particularly the Equator Principles and the IFC Performance Standards.
- To not provide financing to any activity contained in the Exclusion List.
- To assist clients and potential clients in understanding and adopting environmental and social risk management as a tool for sustainable development.
- To integrate ESRAS into the credit and risk process.
- To continuously evaluate and improve the effectiveness and proper implementation of the ESRAS.
- To reinforce and communicate this Policy to clients, stakeholders and employees who, due to their position, are directly responsible for implementing the ESRAS.
- To report periodically on the Bank's environmental and social performance, as well as on the implementation of the ESRAS.
- To continue strengthening our efforts to offer financial products and services that positively impact the environment by driving a transition to a low-carbon economy.



## 7. Methodology

ESRAS methodology establishes application and scope guidelines that include criteria such as financing amounts and activities in sectors with potentially high levels of environmental and social risk.

### ESRAS is aligned with IFC standards and assesses the following aspects:

- Performance Standard 1:** Assessment and Management of Environmental and Social Risks and Impacts
- Performance Standard 2:** Labor and Working Conditions
- Performance Standard 3:** Resource Efficiency and Pollution Prevention
- Performance Standard 4:** Community Health and Safety
- Performance Standard 5:** Land Acquisition and Involuntary Resettlement
- Performance Standard 6:** Biodiversity Conservation and Sustainable Management of Living Natural Resources
- Performance Standard 7:** Indigenous Peoples
- Performance Standard 8:** Cultural Heritage

### The Equator Principles are also taken into account:

- Principle 1:** Review and Categorization.
- Principle 2:** Environmental and Social Assessment
- Principle 3:** Environmental and Social Standards
- Principle 4:** Environmental and Social Management Systems and Action Plan
- Principle 5:** Stakeholder Engagement - including ethnic communities
- Principle 6:** Grievance Mechanism
- Principle 7:** Independent Review
- Principle 8:** Contractual Commitments
- Principle 9:** Independent Monitoring and Reporting
- Principle 10:** Reporting and Transparency

The methodology consists of the three main stages described below:

#### I. Initial Review

The Exclusion List will be applied as the first filter in the environmental and social assessment. The purpose of the Exclusion List is to avoid financing activities that are illegal or extremely harmful to the environment and society.

If the operation is not included in the Exclusion List, a questionnaire must be applied in order to define whether or not the E&S Due Diligence Assessment explained in the following paragraph is applicable. The questionnaire contains application criteria based on financing amounts, type of client activity, use of funds, among others.



## II. 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.

## III. Monitoring and Management 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.

### 8. Communication Channels

With the aim of identifying potential environmental and social problems as soon as possible, Interbank makes available to its stakeholders the ethical channel detailed below. Interbank guarantees the confidentiality of the Whistleblower Channels:

- Web: <https://interbank.pe/canal-etico>
- Phone: 0-800-0-0942

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Approval by the Board of Directors	Date
Policy Approval	June 27, 2023



## Annex A

### Activities Requiring Special Consideration

Interbank gives special consideration to the environmental and social risks associated with high-risk sectors, as these may impact the environment, including people and property, with serious consequences that may affect the entire organization across multiple aspects, such as loss of life or major property damage:

#### a. Mining Sector

- Mining activities with tailings dams.
- Minerals and precious metals.
- Uranium 12.
- Activities that require mountaintop removal mining.
- Activities that generate contamination of natural resources.
- Activities that involve the resettlement of vulnerable population groups.

#### b. Agricultural Sector

- Activities with pesticide use.
- Activities that generate contamination of natural resources.
- Activities that involve the resettlement of vulnerable population groups.

#### c. Energy Sector

- Operations associated with the generation of energy and/or heat by burning coal, solid biomass, gaseous biomass, nuclear energy.

#### d. Hydrocarbons Sector

- Exploration, development and production on offshore platforms for conventional oil.
- Development, construction or expansion of projects or infrastructure related to conventional liquefied natural gas.
- Activities that generate contamination of natural resources.

#### e. Fishing Sector

- Activities that generate contamination of natural resources.
- Non-sustainable fishing techniques, such as the non-selective trawling method.



## Annex B Exclusions List

Banco Internacional del Perú S.A.A. - Interbank will not take credit operations related to:

- Production or commercialization of weapons or military equipment.<sup>1</sup>
- Political campaigns financing.
- Production or activities that include forced labor or child exploitation.<sup>2</sup>
- Production or commercialization of products or activities considered illegal in Peru or by international conventions or agreements.
- Production or commercialization of tobacco.<sup>3</sup>
- Any activity related to pornography or prostitution.
- Commercialization of wild fauna and flora and related products, regulated under the International Convention on International Endangered Species (CITES).
- Production, use, or international commercialization of hazardous materials, such as radioactive materials, loose asbestos fibers, and PCB products (Polychlorinated biphenyls).<sup>4</sup>
- International commercialization of waste and scraps, unless they comply with the Basel Convention and related regulations.
- Trawling in a marine environment using nets over 2 kilometers in length.
- Production, use, or commercialization of substances that promote the deformation of the ozone layer, pharmaceutical products, pesticides, and other hazardous substances subject to international prohibitions and subject to gradual disuse.<sup>5</sup>
- Activities that cause significant change or deterioration in the critical habitat.<sup>6 7</sup>
- Production and distribution of racist and anti-democratic material.
- Significant alteration/damage or elimination of cultural heritage.
- Relocation of indigenous peoples from their native and traditional lands.
- Exploration, extraction, production and transportation of unconventional oil and gas as listed below:
  - Tar sands (also called oil sands): oil mixed with bitumen.
  - Shale oil and gas: oil and gas contained within a rock classified as shale characterized by low permeability.
  - Oil and gas in the Arctic region (region inside the Arctic Circle).
  - Offshore Oil & Gas: only deep water and ultra-deepwater oil and gas.
  - Liquefied Natural Gas (LNG) derived by non-conventional extractions above-listed.





- Coal related activities listed below:
    - Coal mining: extraction of thermal coal both surface (open pit) and subsurface mines
    - Coal Power: burning of coal at coal-fired power plants for the generation of energy.
    - Coal Infrastructure: Coal-related infrastructure (railway lines and trains, ships and barges used to transport coal, pipelines and coal terminals).
    - Coal processing companies.
1. This applies when these activities are a substantial part of the primary operations of a Client's project.
  2. According to the International Labor Organization (ILO) conventions, forced labor refers to any non-voluntary work or service obtained from an individual under threat, force, or punishment. The term "Child" implies that workers should be hired only if they are at least fourteen (14) years of age as defined in the ILO Convention on Fundamental Human Rights unless Peruvian legislation specifies mandatory school attendance or minimum age to work, in such cases the highest age will be applicable.
  3. This applies when these activities are a substantial part of the primary operations of a Client's project.
  4. This does not apply to purchasing medical equipment, quality control (measurement) equipment, and any other equipment where the radioactive source is negligible and/or adequately protected.
  5. Substances that damage the ozone layer: chemical compounds that react to or remove stratospheric ozone resulting in "holes in the ozone layer." The Montreal Protocol lists ozone-depleting substances and their reduction targets and implementation timelines.
  6. Significant change: elimination or severe reduction of habitat integrity caused by a significant long-term change in land or water use or habitat modification that substantially reduces the habitat capacity to maintain the viable population of native species.
  7. Critical habitat: includes areas with high biodiversity value that meet the criteria of the World Conservation Union (IUCN), including necessary habitat for the survival of endangered or endangered species, as defined in the IUCN Red List of Threatened Species or as defined in the national legislation, areas with a special significance for endemic species or restricted range of species, sites that are critical for the survival of migratory species, global support areas that concentrate significant numbers of individuals of gregarious species, areas with sets of species or that are associated with critical processes of evolution or provide a key service to the ecosystem, areas with a biodiversity of social, economic, or cultural importance to local communities. Primary forests or forests of high conservation value are considered critical habitats.

