


Principles for Responsible Banking

Reporting and Self-Assessment Template

2022



The following table sets out the reporting and self-assessment requirements for Signatories of the Principles for Responsible Banking.

Reporting and Self-Assessment Requirements	High-level summary of bank's response (limited assurance required for responses to highlighted items)	Reference(s)/ Link(s) to bank's full response/ relevant information
 <p>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.</p>		
<p>1.1 <i>Describe</i> (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, and where relevant the technologies financed across the main geographies in which your bank has operations or provides products and services.</p>	<p>Financial institution with more than 31 years of experience that offers access to credit for working capital, savings, insurance and transactional channels to microentrepreneurs and entrepreneurs in Mexico. Compartamos is recognized as the first institution that financially included the popular segment, mainly women in Mexico, which has allowed them to have economic autonomy and contribute to their household income. Compartamos Banco's value offer has group and individual credits for men and women who have a productive activity or plan to start it.</p>	<p>2021 Annual and Sustainability Report p. 9, 18</p>
<p>1.2 <i>Describe</i> how your bank has aligned and/or is planning to align its strategy to be consistent with and contribute to society's goals, as expressed in the Sustainable Development Goals (SDGs), the Paris Climate Agreement, and relevant national and regional frameworks.</p>	<p>We are committed to fulfilling our purpose of boosting dreams with a management aligned with the Sustainable Development Goals (SDGs) of the United Nations and other sustainability initiatives relevant to the financial sector, to continue creating positive impacts for our clients, employees, suppliers, communities and investors. During 2021 we developed our ESG Strategic Policy, a document that defines the general principles of action of Genera and its companies, as well as the specific policies on ESG issues. It is aligned with the 2030 Agenda on sustainable development approved by the United Nations and addresses the Sustainable Development Goals (SDGs): 5 Gender equality, 8 Decent work and economic growth and 10 Reduced inequalities</p>	<p>2021 Annual and Sustainability Report p.78-79, 83-87</p>



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:

Show that your bank has identified the areas in which it has its most significant (potential) positive and negative impact through an impact analysis that fulfills the following elements:

- a) Scope: The bank's core business areas, products/services across the main geographies that the bank operates in have been as described under 1.1. have been considered in the scope of the analysis.
- b) Scale of Exposure: In identifying its areas of most significant impact the bank has considered where its core business/its major activities lie in terms of industries, technologies and geographies.
- c) Context & Relevance: Your bank has taken into account the most relevant challenges and priorities related to sustainable development in the countries/regions in which it operates.
- d) Scale and intensity/salience of impact: In identifying its areas of most significant impact, the bank has considered the scale and intensity/salience of the

- a) Scope of the analysis
 - Geography: our operations in Mexico
 - Period: from January 1st to December 31st of 2021
 - Business areas: consumer banking and savings
 - Lines of business: Women's Group Market, Mixed Group Market, Mixed Individual Market and Savings
 - Clients: women only
 - Information on the final use of credits: 78.22% of the credit portfolio

b) Scale of Exposure

Due to the nature of the credits, we offer at Compartamos Banco, most of our female clients use them in small businesses buying and selling clothes, shoes and cosmetics, selling food and services, as well as in small-scale food production. Compartamos Banco contributes positively to the financial inclusion of the lowest socioeconomic levels of the population in Mexico, since 77.7% of our clients have family incomes in a range of less than \$4,000 to \$14,000 pesos. In addition, 89% of our clients are women, of which 40% are between 36 and 52 years, 63% have only primary and secondary education, most are married or live in concubinage, and 70% have two or more children.

c) Context & relevance

Women, the 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, by its acronym in Spanish), during 2018, only 22% of companies in Mexico had access to some type of financing, from which only 15% were microenterprises. It is important to note that microenterprises in Mexico represent 95% of all companies and generate 40% of employment in the country.


[2021 Annual and Sustainability Report](#) p. 87-89

[2022 Impact Analysis Compartamos Banco 2022](#) p. 6, 7, 10, 13, 15-25

<p>(potential) social, economic and environmental impacts resulting from the bank's activities and provision of products and services. (your bank should have engaged with relevant stakeholders to help inform your analysis under elements c) and d))</p> <p>Show that building on this analysis, the bank has</p> <ul style="list-style-type: none"> • Identified and disclosed its areas of most significant (potential) positive and negative impact • Identified strategic business opportunities in relation to the increase of positive impacts / reduction of negative impacts 	<p>Since 2018, Mexico has a National Financial Inclusion Policy (PNIF, by its acronym in Spanish), in compliance with this policy, the National Commission for Banking (CNVB, by its acronym in Spanish) periodically conducts the Financial Inclusion Survey. In 2021, the results of the most recent edition were published, highlighting that there is an advance of 83.5% on the access and use of financial services.</p> <p>d) Scale and intensity/salience of impact</p> <p>Through the products we offer at Compartamos Banco within consumer banking, the most significant impacts lie in the areas of employment, inclusive economies, and justice and equality, followed by accommodation, health and sanitation, mobility, education, and economic convergence. The significant impacts are mainly due to the access to financing that we grant thanks to our credits in the Women's Group, Mixed Group and Mixed Individual markets. Additionally, the use of credits in the different sectors generates mobility and employment, and, therefore, accommodation and economic convergence.</p> <p>Among the significant negative impacts, we find yet again the area of inclusive economies, followed by issues with climate and resource efficiency, associated mainly with the fact that credit services carry a risk of over debt. Sometimes our female clients are in possession of more than one credit and with different financial institutions in order to give their business more versatility, however this does not limit their payment capacity.</p>	
<p>Please provide your bank's conclusion/statement if it has fulfilled the requirements regarding Impact Analysis.</p>		
<p>With the aim of identifying the positive, negative, actual and potential impacts of the products we offer at Compartamos Banco to our clients in Mexico, we analyzed the impact of the Bank's portfolio using the Portfolio Impact Analysis Tool developed by UNEP FI.</p>		

<p>2.2 Target Setting</p> <p><i>Show</i> that the bank has set and published a minimum of two Specific, Measurable (can be qualitative or quantitative), Achievable, Relevant and Time-bound (SMART) targets, which address at least two of the identified “areas of most significant impact”, resulting from the bank’s activities and provision of products and services.</p> <p><i>Show</i> that these 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. The bank should have identified a baseline (assessed against a particular year) and have set targets against this baseline.</p> <p><i>Show</i> that the bank has analysed and acknowledged significant (potential) negative impacts of the set targets on other dimensions of the SDG/climate change/society’s goals and that it has set out relevant actions to mitigate those as far as feasible to maximize the net positive impact of the set targets.</p>	<p>In compliance with PRB 2, we defined two specific, measurable, achievable, relevant, and temporally reasonable (SMART) targets that are in line with our sustainability strategy:</p> <p>Target 1: By 2025, to include / empower financially to five million women through access to convenient and simple financial opportunities Problematic to be addressed: To increase the volume of banked population, especially women, at the base of the pyramid in Mexico UNEP FI Impact area: Justice and equality Related SDGs: 5.5, 10.2</p> <p>Target 2: By 2025, to disburse ten million credits of less than 500 USD, reinforcing the penetration of credit to the lowest segment of the population Problematic to be addressed: To increase access to credit alternatives in the lowest segment of the population in Mexico UNEP FI Impact area: Inclusive economies Related SDGs: 1.4, 8.3, 9.3</p> <p>For both targets, base year is 2020.</p>	<p>2022 Impact Analysis Compartamos Banco 2022 p. 26</p>
<p>Please provide your bank’s conclusion/statement if it has fulfilled the requirements regarding Target Setting.</p>		
<p>At Compartamos Banco we established two specific, measurable, achievable, relevant and time-bound (SMART) objectives, defining the problem to be addressed, the area of impact and the related SDGs.</p>		

<p>2.3 Plans for Target Implementation and Monitoring</p> <p><i>Show that your bank has defined actions and milestones to meet the set targets.</i></p> <p><i>Show that your bank has put in place the means to measure and monitor progress against the set targets. Definitions of key performance indicators, any changes in these definitions, and any rebasing of baselines should be transparent.</i></p>	<p>We define and follow up on key performance indicators (KPIs):</p> <p>Target 1: Number of accounts provided to unbanked, underbanked or underserved clients. Product targeted to women. Percentage of female clients who use the digital application to make transactions. Number of transactions made by female clients through banking correspondents.</p> <p>Target 2: Number and value of personal loans.</p> <p>The means to measure and monitor progress against the established objectives are: internal reports, quarterly reports and annual reports.</p>	<p>2022 Impact Analysis Compartamos Banco 2022 p.26</p> <p>Quarterly information</p> <p>Annual information</p>
<p>Please provide your bank's conclusion/statement if it has fulfilled the requirements regarding Plans for Target Implementation and Monitoring.</p>		
<p>Compartamos Banco has defined the means to measure and monitor progress regarding the established objectives; progress will be communicated in Genera's annual and sustainability report</p>		
<p>2.4 Progress on Implementing Targets</p> <p><u>For each target separately:</u></p> <p><i>Show that your bank has implemented the actions it had previously defined to meet the set target.</i></p> <p><i>Or explain why actions could not be implemented / needed to be changed and how your bank is adapting its plan to meet its set target.</i></p> <p><i>Report on your bank's progress over the last 12 months (up to 18 months in your first reporting after becoming a signatory) towards achieving each of the set targets and the impact your progress resulted in. (where</i></p>	<p><i>In progress</i></p>	<p><i>In progress</i></p>

feasible and appropriate, banks should include quantitative disclosures)		
Please provide your bank's conclusion/statement if it has fulfilled the requirements regarding Progress on Implementing Targets		
<i>Implementation of targets in progress</i>		
 <p>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.</p>		
<p>3.1 <i>Provide an overview</i> of the policies and practices your bank has in place and/or is planning to put in place to promote responsible relationships with its customers. This should include high-level information on any programmes and actions implemented (and/or planned), their scale and, where possible, the results thereof.</p>	<p>We are convinced that the trust of our clients depends to a large extent on the service we provide. For this reason, for some years now we have incorporated The Principles of client protection (The Smart campaign) into our operation. We provide our clients sufficient information, as well as to provide them with tools so that they can improve their income, responsibly manage their finances, avoid damaging their credit history and prevent credit overhang. This year we continued to implement financial education initiatives to benefit clients, employees, and the community.</p>	<p>2021 Annual and Sustainability Report p. 31</p> <p>Compartamos Banco – Educación financiera</p>
<p>3.2 <i>Describe</i> 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. This should include information on actions planned/implemented, products and services developed, and, where possible, the impacts achieved.</p>	<p>We will maintain the different Financial Education initiatives for our clients, 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</p>	<p>2021 Annual and Sustainability Report p. 83-85</p> <p>Compartamos Banco – Educación financiera</p> <p>Compartamos Banco - Facebook</p>



Principle 4: Stakeholders

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

4.1 *Describe* which stakeholders (or groups/types of stakeholders) your bank has consulted, engaged, collaborated or partnered with for the purpose of implementing these Principles and improving your bank's impacts. This should include a high-level overview of how your bank has identified relevant stakeholders and what issues were addressed/results achieved.

Our business model has a strong social impact, we have witnessed how our clients have increased their possibilities and improved their quality of life and that of their families through their businesses. Likewise, they have a positive impact on the local economy of the communities and the countries where we have a presence. We are in constant conversation with our clients, which has allowed us to develop an ecosystem of products focused on satisfying their financial needs with a human sense, with the premise of generating economic value for their businesses, social value for their communities and human value for them and their families. We establish a trustful relations and alliances with our peers, authorities, academia, suppliers and civil society organizations. In this way, we seek to create a positive social impact.

[2021 Annual and Sustainability Report](#) p. 15

[Carta a la industria de las microfinanzas Compartamos Banco](#)

[Code of ethics and conduct Genera – Compartamos Banco](#)



Principle 5: Governance & Culture


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

5.1 *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 effective implementation of the Principles.

The Sustainability area is responsible for monitoring the established objectives and promoting the Principles of Responsible Banking within the organization. The results will be presented to the Sustainability Working Group and the Sustainability Committee. The Risk Committee is responsible for assessing climate change-related risks that may compromise business continuity or result in an impact on the loan portfolio. It also informs the Board of Directors of the risks identified under this scenario. Within the Crisis

[Strategic Enviromental, Social and Governance \(ESG\) Policy Genera - Compartamos Banco](#)

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	Committee, issues related to climate events are addressed and presented, where appropriate, for timely attention.	
5.2 Describe the initiatives and measures your bank has implemented or is planning to implement to foster a culture of responsible banking among its employees. This should include a high-level overview of capacity building, inclusion in remuneration structures and performance management and leadership communication, amongst others.	<p>To create and strengthen knowledge in sustainability, the Corporate Governance, Media Relations, Risk, People and Corporate Ethics teams participated in training processes.</p> <p>Throughout 2021, Compartamos Banco participated in international meetings on the UNEP FI impact analysis model and definition of targets, with emphasis on financial inclusion and gender. At the regional level, we participated in the workshop “Towards an effective implementation of the PBR in LAC”.</p>	2021 Annual and Sustainability Report p. 85, 87
<p>5.3 Governance Structure for Implementation of the Principles</p> <p>Show that your bank has a governance structure in place for the implementation of the PRB, including:</p> <ul style="list-style-type: none"> a) target-setting and actions to achieve targets set b) remedial action in the event of targets or milestones not being achieved or unexpected negative impacts being detected. 	<p>The sustainability area will communicate the progress of the established objectives to the Sustainability Working Group, and if necessary, corrective actions will be defined in this working group and submitted to the Sustainability Committee for approval.</p> <p>The result of these actions will be reported in the Annual and Sustainability Report 2022, which is prepared in accordance with internationally recognized methodologies and reporting frameworks in the field of sustainability. The document will be published in the second quarter of 2023 on Gentera's website.</p>	Gentera - Sustainability
Please provide your bank's conclusion/ statement if it has fulfilled the requirements regarding Governance Structure for Implementation of the Principles.		
 <p>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.</p>		

<p>6.1 Progress on Implementing the Principles</p> <p><i>Show that your bank has progressed on implementing the six Principles over the last 12 months (up to 18 months in your first reporting after becoming a signatory) in addition to the setting and implementation of targets in minimum two areas (see 2.1-2.4).</i></p> <p><i>Show that your bank has considered existing and emerging international/regional good practices relevant for the implementation of the six Principles for Responsible Banking. Based on this, it has defined priorities and ambitions to align with good practice.</i></p> <p><i>Show that your bank has implemented/is working on implementing changes in existing practices to reflect and be in line with existing and emerging international/regional good practices and has made progress on its implementation of these Principles.</i></p>	<p>Compartamos Banco became a signatory of the Principles of Responsible Banking in December 2020, and in June 2022 published its impact analysis containing the established objectives.</p> <p>The communication of the progress of the implementation of the Principles of Responsible Banking will be integrated in the Annual and Sustainability Report 2022, which is prepared in accordance with internationally recognized methodologies and reporting frameworks in the field of sustainability. The document will be published in the second quarter of 2023 on Genera's website.</p> <p>We understand that sustainability efforts generate greater impact by teaming up with other entities in society. For this reason, we are members of the Sustainability Committee of the Asociación de Bancos de México and the Bolsa Mexicana de Valores, our participation allows us to be aware of relevant issues and strengthen ties with companies that, like us, are committed to creating opportunities responsibly.</p> <p>We are working to implement the best practices applicable to our sector, and in 2021 we placed our first social bond in the local debt market, the first issuance under a social seal. In this way, we reaffirmed our capacity to access diverse sources of financing and we strengthened our commitment to continue offering appropriate and convenient financial solutions to the greatest number of clients in the shortest possible time.</p>	<p>2021 Annual and Sustainability Report p. 87-89</p> <p>2022 Impact Analysis Compartamos Banco 2022</p> <p>Genera - Sustainability</p> <p>Bono Social – Compartamos Banco 2021</p>
<p>Please provide your bank's conclusion/statement if it has fulfilled the requirements regarding Progress on Implementing the Principles for Responsible Banking</p>		
<p>Compartamos Banco complies with the requirements regarding progress in the application of the Principles of Responsible Banking.</p>		

Annex: Definitions

- a. **Impact:** An impact is commonly understood as being a change in outcome for a stakeholder. In the context of these Principles this means (aligned with GRI definition) the effect a bank has on people/the society, the economy and the environment and with that on sustainable development. Impacts may be positive or negative, direct or indirect, actual or potential, intended or unintended, short-term or long-term.
- b. **Significant Impact:** Impact that in terms of scale and/or intensity/salience results in a particularly strong/relevant change in outcome for a stakeholder. In the context of these Principles, the concept of *significant* impact is used to ensure banks focus where their actions/business (can) matter most for people, economy and environment and to provide a reasonable and practical threshold for what issues need to be considered/included, similar to the concept of “materiality”.