



بنك مصر  
BANQUE MISR

# SUSTAINING PROGRESS

PRINCIPLES FOR RESPONSIBLE BANKING



# TABLE OF CONTENTS

## INTRODUCTION

---

- About This Report

## Principle 1: Alignment

---

6

- 1.1 Our Business Model
- 1.2 Strategic Alignment
- 1.3 International and National Commitments
- 1.4 A Glimpse of our EESG Progress

## Principle 2: Impact and Target setting

---

16

- 2.1 Impact Identification
- 2.2 Impact Analysis
- 2.3 Target Setting

## Principle 3: Clients and Customers

---

46

- 3.1 Client Engagement
- 3.2 Sustainable Finance

## Principle 4: Stakeholders

---

58

- 4.1 Stakeholders' Identification and Engagement
- 4.2 Partnerships for Creating a Positive Impact

## Principle 5: Governance and Culture

---

68

- 5.1 Our Sustainability Governance
- 5.2 A Culture for Responsible Banking
- 5.3 Our Environmental and Social Risk Management

## Principle 6: Transparency & Accountability

---

76

- 6.1 Assurance
- 6.2 Reporting on other frameworks
- 6.3 Outlook

# ABOUT THIS REPORT

This is the fourth progress report from Banque Misr (BM) on its implementation of the Principles of Responsible Banking (PRB), covering the period March 2023–March 2024. It covers the initiatives and measures taken by BM in its implementation of the PRB and its progress towards creating value for all its stakeholders.

*In this report, "BM, "the Bank", "our", or "we" refer to Banque Misr. BM is a state-owned bank based in Cairo, Egypt.*

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## Editorial Policy

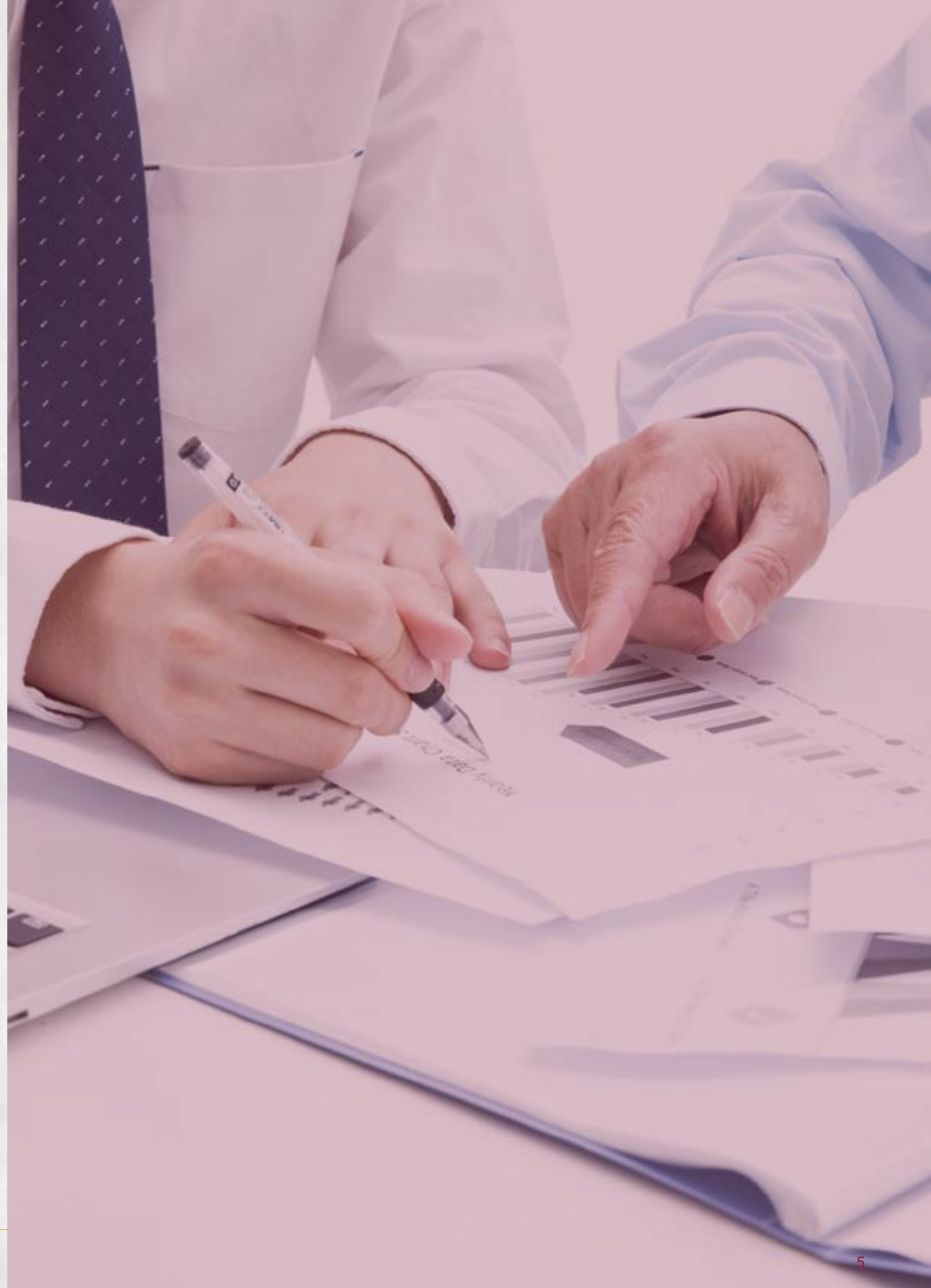
Driven by our leading position our position as national and regional leaders, and as a founding signatory of the PRB, we are working towards full implementation of the principles. This report highlights the steps we have taken to enhance our sustainability and governance, while considering national and regional challenges and needs.

## Forward-looking Statements

This report contains forward-looking statements that include future estimations. While the management of BM believes that the forward-looking statements included in this report are reasonable, there can be no guarantee of their accuracy since future events and actual results could differ materially from those anticipated in such statements.

## Mistakes and Typographical Errors

Any errors discovered following the report's publication will be corrected and the amendment displayed on our website. For environmental considerations, our reports are published as a downloadable PDF file available on our website.



A background image showing a business meeting. In the foreground, a hand in a dark suit sleeve is holding a pen and writing on a document. In the background, two hands are shaking in a firm grip. The scene is set in a professional office environment with blurred figures of people in business attire.

## PRINCIPLE 1

# ALIGNMENT

*We will align our business strategy to be consistent with and contribute to individual needs and societal goals, as expressed by the United Nations Sustainable Development Goals (SDGs), the Paris Climate Agreement and other relevant national and regional frameworks.*

- 1.1 Our Business Model
- 1.2 Strategic Alignment
- 1.3 International and National Commitments
- 1.4 A Glimpse of our EESG Progress

## 1.1 Our Business Model

Describe (high-level) your Bank's business model, including the main customer segments served, types of products and services provided, and 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.

BM prioritizes customer-centricity, offering an inclusive business model to meet diverse needs. The Bank's commitment to delivering high quality customer service is underpinned by its unmatched expertise in understanding and fulfilling customer needs, based on its broad geographical presence and facilitated by digital channels.

### Retail Banking:

BM's retail banking division plays a crucial role in advancing financial inclusion and national economic stability, aligned with its strategic objectives. Offering a diverse range of deposit and savings products, along with a retail loan service, the division continues to expand its offerings through digital platform enhancements tailored to meet the needs of all customers. Emphasizing a fintech-driven approach, BM focuses on delivering a seamless experience to its customers. The Bank continually introduces new products, digital solutions, and partnerships, aiming to grow its client base while enhancing customer satisfaction.

BM has initiated the Al-Momken program to facilitate banking access and provide a unique banking experience for People of Determination aligning with the state and Central Bank of Egypt's efforts to empower People of Determination and promote their inclusion in the society.

To ensure comprehensive Islamic banking services, Banque Misr for Islamic Transactions offers a diverse range of Sharia-compliant products, such as Auto Murabaha, Durable goods Murabaha Haj and Omra Murabaha, Education Murabaha, Wakala Murabaha, Islamic credit cards, Kenana, and Islamic Qard Hassan.

### Corporate Banking & Syndicated Loans:

BM corporate banking and syndicated loans division provides comprehensive conventional and Islamic banking solutions and innovative trade finance services to a wide array of clients, including public, private, regional, and multinational institutions. It aims to be the preferred banking partner of corporates in Egypt and abroad by offering wholesale banking services, placing clients' needs at the core of BM's value proposition.

The Corporate Banking and Syndicated Loans Department applies sustainable financing principles to its credit underwriting, adhering to the "Guiding Principles for Sustainable Finance" issued by the Central Bank of Egypt (CBE). The division encourages clients to incorporate environmental, social, and corporate governance (ESG) considerations into their operations, believing that sustainable finance contributes to long-term economic growth and community development. This is done in cooperation with the SSF division.

### Micro, Small, and Medium Enterprises Banking:

BM is committed to improving access to finance for micro, small, and medium enterprises (MSMEs) through specialized banking solutions and non-financial services. The MSME division prioritizes green transition for MSMEs by supporting green financing initia-

tives, including solar energy, water management, and waste reduction projects. These efforts aim to promote equitable, resilient, and sustainable economic development, while addressing climate risks.

### Investments and Capital Markets Division :

BM's investments and capital markets division is a leading private equity investor in Egypt, managing an extensive portfolio spanning various economic sectors. The division ensures that projects funded through equity undergo rigorous environmental and social impact assessments accredited by the Egyptian Environmental Affairs Agency (EEAA). It also facilitates funding for emissions reduction and digitalization projects.

The ICMD actively invests in private equity and venture capital funds, promoting the integration of ESG standards in portfolio firms. As a limited partner, the division ensures that partners have well-defined sustainability policies and guides entrepreneurs and CEOs on adopting ESG standards to build sustainable enterprises.

Moreover, the ICMD promotes digitalization efforts to transform portfolio businesses and foster knowledge transfer across sectors through an online integration platform, promoting collaboration and skill sharing among stakeholders.

### Treasury and Financial Institutions:

BM's Treasury and Financial Institutions Division (TFID) focuses on diversifying foreign currency funding structures and establishing strategic alliances with international financial institutions. The division offers secure cash management, cross-border payment, and wire transfer services to a diverse customer base, leveraging digital transformation to enhance customer experience.

### Strategic Ventures Division:

Launched in 2021, BM's Strategic Ventures Division fosters an entrepreneurial ecosystem by managing and scaling rewarding alliances and partnerships. The division uses fintech innovations to seize high-growth market opportunities, particularly in Egypt's thriving entrepreneurial and fintech sectors. Major initiatives include the Nclude fund, BM Startup Accelerator program, and Fintech Retreat, aimed at nurturing fintech startups and strengthening relationships between BM and startups.

## 1.2 Strategic Alignment

BM remains steadfast in its pursuit of leadership through excellence, reflecting its direction, vision, mission, and values. As a premier partner for wholesale clients within Egypt and abroad, BM prioritizes meeting and exceeding the needs of its clientele. This commitment extends to providing top-tier services that utilize innovative digital solutions to capitalise on its vast local, regional, and international network. Emphasizing the value of strategic partnerships, both internal and external, BM delivers innovative, high-quality financial products and services tailored to meet customer needs, continually elevating its offerings to remain at the forefront of an ever-changing industry landscape.

### Banque Misr's Sustainability Policy Statement

BM is deeply committed to the Principles of Responsible Banking and incorporating economic, social and governance criteria into

all aspects of its operations, including lending, investments, and all other product offerings. Leveraging its extensive distribution network and substantial customer base, BM proactively implements measures to reduce its environmental footprint and enhance social responsibility. The four pillars of Economic Resilience, Environmental Action, Inclusive Society, and Governance ensure that the Bank's practices contribute to sustainable development while delivering value to all stakeholders.









BM is in the process of developing an Environmental and Social management system (ESMS). This system integrates considerations of environmental and social risks into the Bank's daily business operations. It regulates natural resource usage, devel-

ops products and services that promote environmental protection, social inclusion, poverty reduction, and empowerment of individuals, while also prioritizing the health and safety of its workforce. BM remains steadfast in its commitment to eliminating child and forced labour, sexual abuse, harassment, and exploitation. By adopting this comprehensive ESG approach, the Bank effectively manages its environmental impact, promotes social responsibility, aligned with its core values. This dedication to sustainability is not only integral to BM's business strategy, but also crucial to maintaining its position as a leading bank in Egypt.



# 1.3 International and National Commitments

## Contribution to SDGs and Egypt's Vision 2030

Topic	SDG	Egypt Vision 2030
<p><b>Financial Inclusion:</b></p> <p>BM prioritizes financial inclusion as the key impact area to set targets on. In this regards, the Bank segments its retail banking portfolio by age and gender and its SME banking portfolio into youth-led and women-led enterprises. BM aims to expand its financial services to the most vulnerable groups including women, youth and unbanked groups. BM believes that financial inclusion is the instrument to promote equality, inclusion and social mobility.</p>		
<p><b>Women Empowerment:</b></p> <p>BM has introduced ZAAT, a comprehensive financing program tailored to support Egyptian women. This initiative underscores our firm belief in the influential role of women in community development. ZAAT offers customized assistance, including financial and non-financial services, to empower female entrepreneurs and businesswomen in pursuing their goals.</p>		
<p><b>Microfinance:</b></p> <p>BM has forged significant partnerships with both local and international institutions to bolster micro-finance initiatives. Notably, we have collaborated with the Ministry of Local Development on the "Mashrouak" program, aimed at financing micro, small, and medium-sized enterprises (MSMEs) through local single-window units nationwide.</p>		
<p><b>Digital Transformation:</b></p> <p>In alignment with the Central Bank of Egypt's (CBE) FinTech initiatives, BM is actively pursuing a digital transformation agenda. We are investing in enhancing our digital banking infrastructure to facilitate safe and convenient transactions for all segments of society. Notably, our "Express" loan for small projects represents a pioneering digital product, allowing customers to apply for financing online.</p>		

## Mapping with Paris Agreement

The Paris Agreement, a landmark international treaty established in 2015, aims to combat climate change by reducing greenhouse gas emissions and promoting sustainable development. BM's finance, strategy, and products align with the objectives of the Paris Agreement in the following ways:

- Carbon Footprint Reduction:**

BM is dedicated to reducing its carbon footprint and has initiated various initiatives to achieve this objective. BM is dedicated to diminishing its carbon footprint and has enacted numerous initiatives to realize this objective. The Bank has embraced energy-efficient technologies and operational practices, curtailed paper consumption, and instituted robust waste management strategies.

- Environmental and Social Risk Management (ESRM):**

In line with the Paris Agreement's principles, BM is in the process of developing a robust Environmental and Social Risk Management (ESRM) framework to ensure that its financing activities are in alignment with environmental sustainability objectives. The ESRM assessment process involves a comprehensive screening of potential clients to verify their adherence to state regulations and environmental standards. Clients undergo a thorough evaluation process, including the submission of Environmental and Social (E&S) impact assessments conducted by independent experts. BM also monitors its client's business operations and E&S performance to ensure ongoing compliance with environmental considerations. Through these measures, BM actively promotes environmental sustainability and supports the goals outlined in the Paris Agreement.

## Alignment with UNGC

**Principle 1:** BM upholds and honors internationally recognized human rights standards.

**Principle 2:** BM ensures that its operations strictly adhere to human rights principles, avoiding any violations.

**Principle 3:** BM respects and upholds the rights of employees to freely associate and engage in collective bargaining.

**Principle 4:** BM is committed to eradicating all forms of forced and compulsory labor within its operations.

**Principle 5:** BM actively works towards ending child labor in all its forms.

**Principle 6:** BM prohibits discrimination in employment and occupation, promoting equal opportunities for all.

**Principle 7:** BM adopts a precautionary stance towards environmental challenges, prioritizing sustainable practices.

**Principle 8:** BM takes proactive measures to promote environmental responsibility across its operations.

**Principle 9:** BM supports the development and dissemination of environmentally friendly technologies to address environmental concerns.

**Principle 10:** BM works against corruption in all its forms, including extortion and bribery.

## Compliance with CBE's Sustainable Finance Guiding Principles

### Principle 1: Building the Necessary Capacity and Knowledge:

BM conducts training sessions for its corporate banking staff, particularly relationship managers who directly engage with clients, to enhance their awareness of sustainability and prepare them for client interactions. Our Employees have access to a selection of comprehensive sustainability training programs designed to familiarize them with different reporting frameworks. These programs aim to improve staff members' comprehension and skills in sustainable practices, enabling them to develop expertise in sustainability. Spearheaded by our learning and development team, BM's capacity-building plan is supported by partnerships with Development Finance Institutions, the UNEP FI, and the EBI, all working together to cultivate our sustainability academy.

### Principle 2: Promoting Sustainable Finance:

BM is committed to advancing sustainable lending practices by offering a diverse range of sustainable products and services aimed at improving environmental and social conditions. Through partnerships with organizations like the Green for Growth Fund (GGF), Agence Francaise de developpement (AFD) and the European Investment Bank (EIB), European Bank for Reconstruction and Development (EBRD), SANAD, International Finance Cooperation (IFC). BM facilitates green loans to support renewable energy, energy efficiency projects, and resource efficiency initiatives across various sectors in Egypt. By extending financing services to SMEs, corporates, and households, BM demonstrates its dedication to promoting environmentally friendly initiatives and responsible lending practices.

### Principle 3: Stakeholder Engagement:

BM actively engages in annual dialogues with stakeholders to assess its sustainability efforts. By collaborating with business partners, customers, employees, government entities, suppliers, and the local community, BM gains valuable insights into relevant issues and focuses its efforts on areas

of high significance. This proactive engagement enables BM to evaluate, reinforce, and prioritize its sustainability objectives transparently and credibly, ensuring an optimal working environment for all stakeholders.

### Principle 4: Climate Change Risk Management:

BM implements a comprehensive Environmental and Social Management System (ESMS) to mitigate adverse effects associated with its operations and financing activities. Through the ESMS, BM identifies and analyzes risks and impacts on the environment and society while maximizing sustainable finance opportunities. The Bank has also committed to reducing its carbon footprint by incorporating energy-efficient technologies, minimizing paper usage, and implementing waste management practices.

### Principle 5: Integrating Sustainability Principles into Internal Activities and Operations:

BM is dedicated to embedding sustainable practices and ESG standards into all aspects of its operations, including lending, investments, products, and services. Through its four-pillar ESG strategy encompassing Economic Resilience, Environmental Action, Inclusive Society, and Governance, BM ensures that its operations promote sustainable development, while delivering value to customers, shareholders, and stakeholders.

### Principle 6: Report Preparation:

BM demonstrates transparency, accountability, and sustainability through its GRI report, Environmental Footprint Report, and PRB report. These publications provide detailed insights into BM's corporate sustainability efforts, environmental impact, and adherence to responsible banking principles, showcasing the bank's commitment to responsible business practices and positive societal and environmental impacts. In 2022, the Bank has published its comprehensive carbon footprint report covering the headquarters and all branches in Egypt.

## 1.4 A Glimpse of our EESG Highlights

- Total Social Lending amounts to EGP 1157 million.
- BM has introduced ZAAT, a comprehensive financing program tailored to support Egyptian women.
- BM collaborated with the Ministry of Local Development on the "Mashrouak" program, aimed at financing micro, small, and medium-sized enterprises (MSMEs) through local singlewindow units nationwide.
- In line with our commitment to the circularity target setting, the Bank started an engagement with six corporates that represent more than 30% of the construction sector portfolio. The engagement included familiarizing clients with the PR and the concepts of the circular economy and resource management.
- The Bank is in the process of developing an ESMS that is the overarching framework that covers the ESRM. The ESRM is under development, that aims to identify, assess and management the social and environmental risks associated with the Bank's financing activities.





A hand holding a red dart, with the dartboard in the background. The hand is positioned as if about to throw the dart. The dartboard has a green bullseye and a red center. The background is a blurred dartboard with various colored segments.

## PRINCIPLE 2

# IMPACT ANALYSIS AND TARGET SETTING

*At BM, we will continuously increase our positive impact while reducing negative impacts on, and managing the risks to, people and the 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 Identification
- 2.2 Impact Analysis
- 2.3 Target Setting

## 2.1 Impact Identification

### 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.

To realize Principle 2: Impact Analysis and Target Setting, BM conducted an impact assessment of its Corporate, Business (SME), Investment and Retail banking portfolios using data, as of 31st December 2023. The assessment relied on the United Nations Environment – Finance Initiative (UNEP FI) version 3 tool to evaluate the environmental, economic, and social impacts of the Bank's portfolio.

### Scope

BM conducted a comprehensive impact assessment on its lending and investment portfolios covering the Corporate Banking, Retail Investment Banking and Retail Banking portfolios. The impact assessment covers both Conventional and Islamic Banking for all business lines. The data was gathered for all business lines as of 31st December 2023.

Loans and advances to customers	Percentage
Corporate loans	87.76%
Retail	12.24%

The Bank's Corporate, Investment, Retail and Business (SMEs) banking portfolios are segmented based on the International Standard Industrial Classification (ISIC) up to the fourth level, providing a more granular view of the impact of the Bank's activities. This segmentation allows the Bank to gain a deeper understanding of the industries in which it operates and to make informed decisions about sectors in which to invest and lend. The business banking portfolio integrates both the SME banking and the microfinance portfolios. In line with its commitment to financial inclusion, the Bank segregates its Business Banking Portfolio into youth-led and women-led enterprises to measure baselines and set targets to serve these categories.

The Bank has assessed 100% of the sectors financed under the Investment Banking Portfolio. Owing to the huge size of our Corporate Banking and SMEs Banking and the tool's limitation of inputting a maximum of 50 sectors, we managed to cover a significant portion approximately 92% and 72% of the Corporate Banking and SMEs Banking Portfolios, respectively. Accordingly, BM took a strategic approach to the selection of the sectors to include in the analysis. To ensure a comprehensive and thorough impact assessment, the Bank considered three key criteria when selecting the most critical sectors.

- A.** Sectors with the highest share of the respective portfolio were given priority in the assessment, ensuring that the most significant sectors in terms of financial exposure were analysed.
- B.** Sectors with negative impacts or high ESG risks were prioritized.
- C.** Sectors that aligned with the national and CBE direction.

The impact assessment also covers the retail banking portfolio that is categorised into assets and liabilities. The liabilities are the current accounts, saving accounts, certificates of deposits and time deposits. The assets are the credit products including

credit cards, consumer loans and overdrafts, home loans (mortgages) and auto loans. This year, we successfully managed to assess the retail banking portfolio breakdown by gender and age for both assets and liabilities.

**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 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.

## A. Corporate Banking Portfolio Composition:

### The Main Sectors Financed Under Corporate Banking

Sector	Share of Corporate Banking Portfolio
Real estate	24.36%
Extraction of crude petroleum	18.49%
Construction	11.66%
General public administration	6.89%
Urban and suburban passenger land transport	5.00%
Extraction of natural gas	4.95%
Inter-urban passenger rail transport	3.46%
Support activities for transportation	2.17%
Manufacture of refined petroleum products	1.96%
Manufacture of basic iron and steel	1.62%



## B. SME Banking Portfolio Composition:

### The Main Sectors Financed Under SME Banking

Sector	Share of SME Banking Portfolio
Construction of buildings	9.73%
Manufacture of plastics and synthetic rubber in primary forms	3.51%
Construction of utility projects	3.48%
Manufacture of furniture	3.33%
Manufacture of wearing apparel, except fur apparel	2.85%
Retail sale of food in specialized stores	2.84%
Retail sale of electrical household appliances, furniture, lighting equipment and other household articles in specialized stores	2.44%
Sale of motor vehicles	2.29%
Sale of motor vehicle parts and accessories	2.07%
Packaging activities	2.04%

## C. Investment Banking Portfolio Composition

### The Main Sectors Financed Under Direct Investments

Sector	Share of Direct Investments Portfolio
Other financial service activities, except insurance and pension funding activities, n.e.c.	48.57%
Real estate activities with own or leased property	18.07%
Other activities auxiliary to financial service activities	11.44%
Activities of holding companies	5.33%
Manufacture of plastics and synthetic rubber in primary forms	4.29%
Other information service activities n.e.c.	3.62%
Short term accommodation activities	1.53%
Manufacture of fertilizers and nitrogen compounds	1.03%
Manufacture of basic chemicals	0.99%
Manufacture of electric motors, generators, transformers and electricity distribution and control apparatus	0.84%

## D. Retail Banking

### Liabilities

Product	Share of Liabilities Portfolio
Certificate of deposits	77 %
Saving Accounts	17 %
Current Accounts	6.0%

### Assets

Product	Share of Liabilities Portfolio
Consumer loans and overdraft	69.5%
Credit Cards	14.1%
Other Specialized loans	3.6%
Home Loans/ Mortgages	10.5%
Vehicle related loans	2.3%

**C) Context :**

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? Please describe how these have been considered, including what stakeholders you have engaged to help inform this element of the impact analysis.

**Context**

BM conducted its impact assessment in Egypt as the main country of operations. The Bank examined the level of needs in each impact area outlined in the Portfolio Impact Analysis Tool. BM also considered the key priorities outlined in Egypt’s National Climate Change Strat-

egy 2050 and the recent Voluntary National Review (VNR 2021). The priority areas for Egypt are marked ‘X’ in the tool and are identified as such if there is at least a high level of need (3 or 4) or if the area is considered to be a priority based on policy documents.

**Priority Areas for Egypt**

SDG Pillar	Impact Areas	Impact Topics
<b>Social</b>	Integrity and Security	Conflict, Modern Slavery, Child Labor, and Data Privacy, Natural Disasters
	Health and Safety	Health and Safety
	Availability, Accessibility and Quality of Resources and Services	Water, Food, Energy, Housing, Healthcare and Sanitation, and Education
	Livelihood	Employment, Wages, and Social Protection
	Equality and Justice	Gender Equality, Ethnic/Racial Equality, and Age Discrimination
<b>Socio-Economic</b>	Strong Institutions, Peace, and Stability	Rule of Law
	Infrastructure	Infrastructure
	Socio-Economic Convergence	Socio-Economic Convergence
<b>Environmental</b>	Climate Stability	Climate Stability
	Biodiversity and Healthy Ecosystems	Waterbodies, Air, Soil, Species, and Habitat
	Circularity	Resource Intensity, and Waste

## 2.2 Impact Analysis

### A. Corporate Banking Results

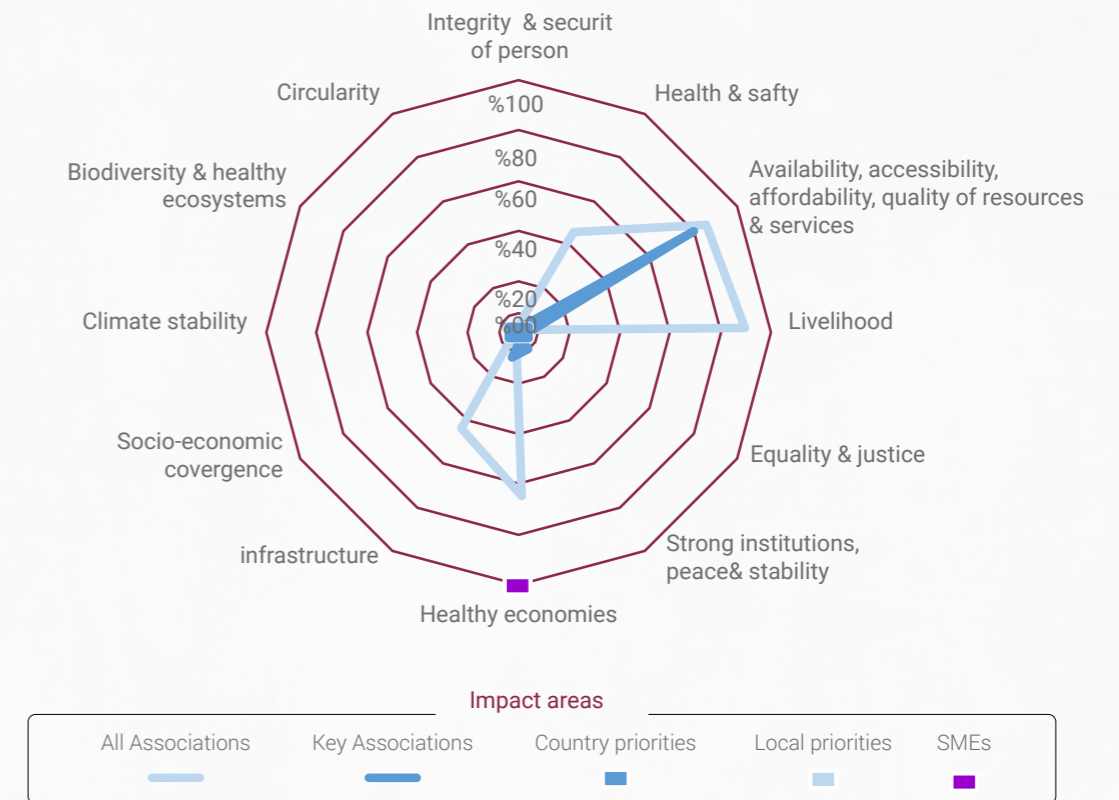
#### POSITIVE ASSOCIATIONS

Impact areas	Impact topics	Proportion of portfolio
Livelihood	Employment, Wages, Social protection	91.89%
Availability, accessibility, affordability, quality of resources & services	Water, Food, Energy, Housing, Healthcare & sanitation, Education, Mobility, Information, Connectivity, Culture & heritage, Finance	87.57%
Healthy economies	Sector diversity, Flourishing MSMEs	61.57%
Infrastructure	Infrastructure	41.12%

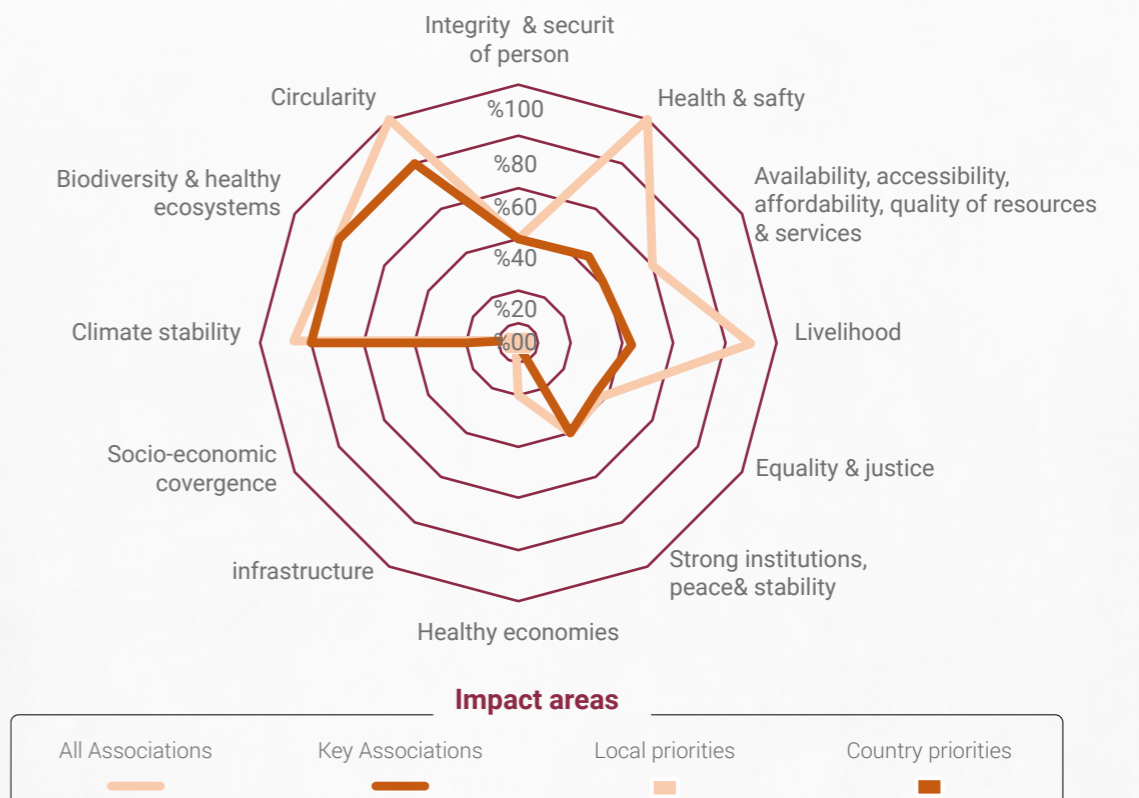
#### NEGATIVE ASSOCIATIONS

Impact areas	Impact topics	Proportion of portfolio
Health & safety	Health & safety	91.89%
Circularity	Resource intensity, Waste	91.65%
Climate stability	Climate stability	87.52%
Biodiversity & healthy ecosystems	Waterbodies, Air, Soil, Species, Habitat	83.04%

#### POSITIVE IMPACTS



#### NEGATIVE IMPACTS



## B. SMEs Banking results

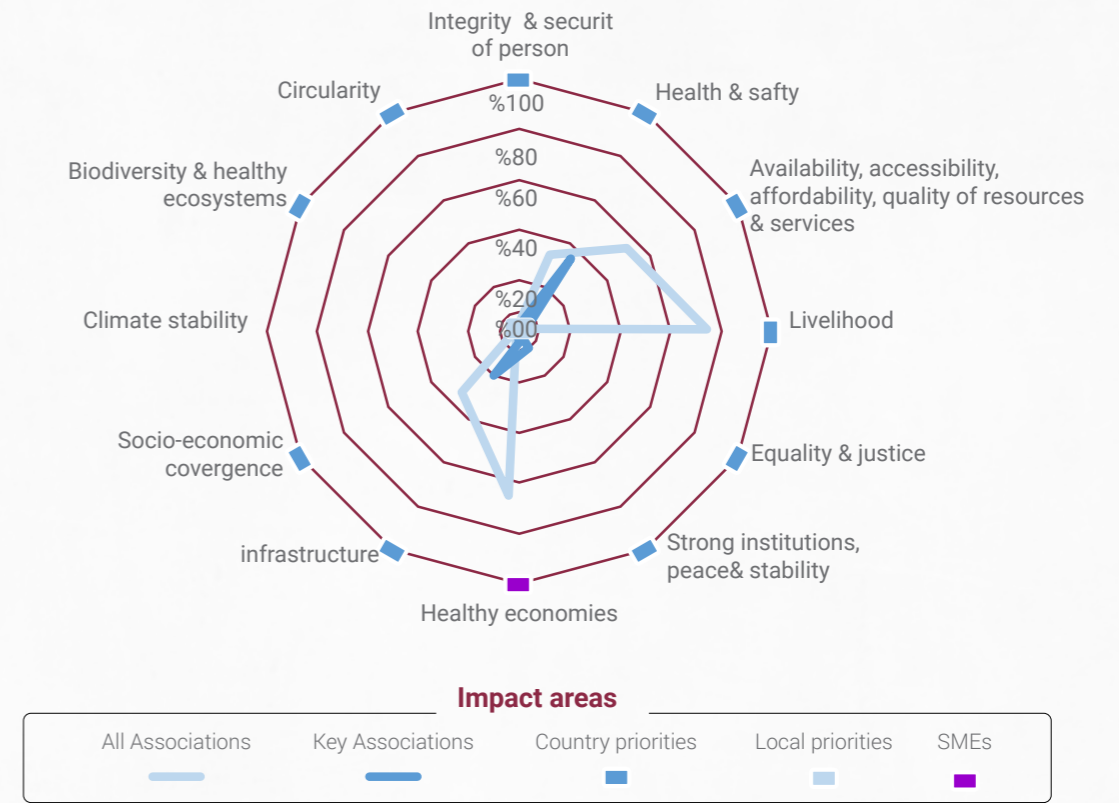
### POSITIVE ASSOCIATIONS

Impact areas	Impact topics	Proportion of portfolio
Livelihood	Employment, Wages, Social protection	71.89%
Healthy economies	Sector diversity, Flourishing MSMEs	59.94%
Availability, accessibility, affordability, quality of resources & services	Water, Food, Energy, Housing, Healthcare & sanitation, Education, Mobility, Information, Connectivity, Culture & heritage	54.51%
Infrastructure	Infrastructure	26.74%

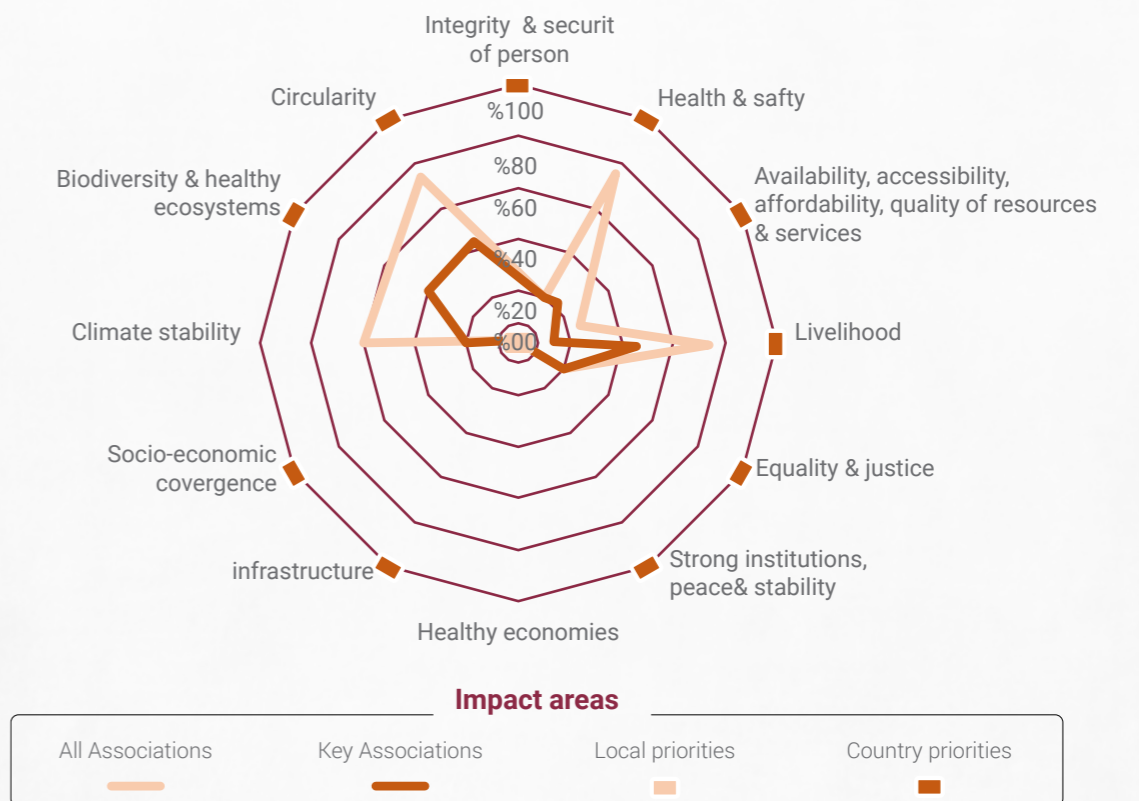
### NEGATIVE ASSOCIATIONS

Impact areas	Impact topics	Proportion of portfolio
Health & safety	Health & safety	71.76%
Circularity	Resource intensity, Waste	71.67%
Climate stability	Climate stability	59.26%
Biodiversity & healthy ecosystems	Waterbodies, Air, Soil ,Species, Habitat	57.40%

### POSITIVE IMPACTS



### NEGATIVE IMPACTS



## C. Investment Banking Results

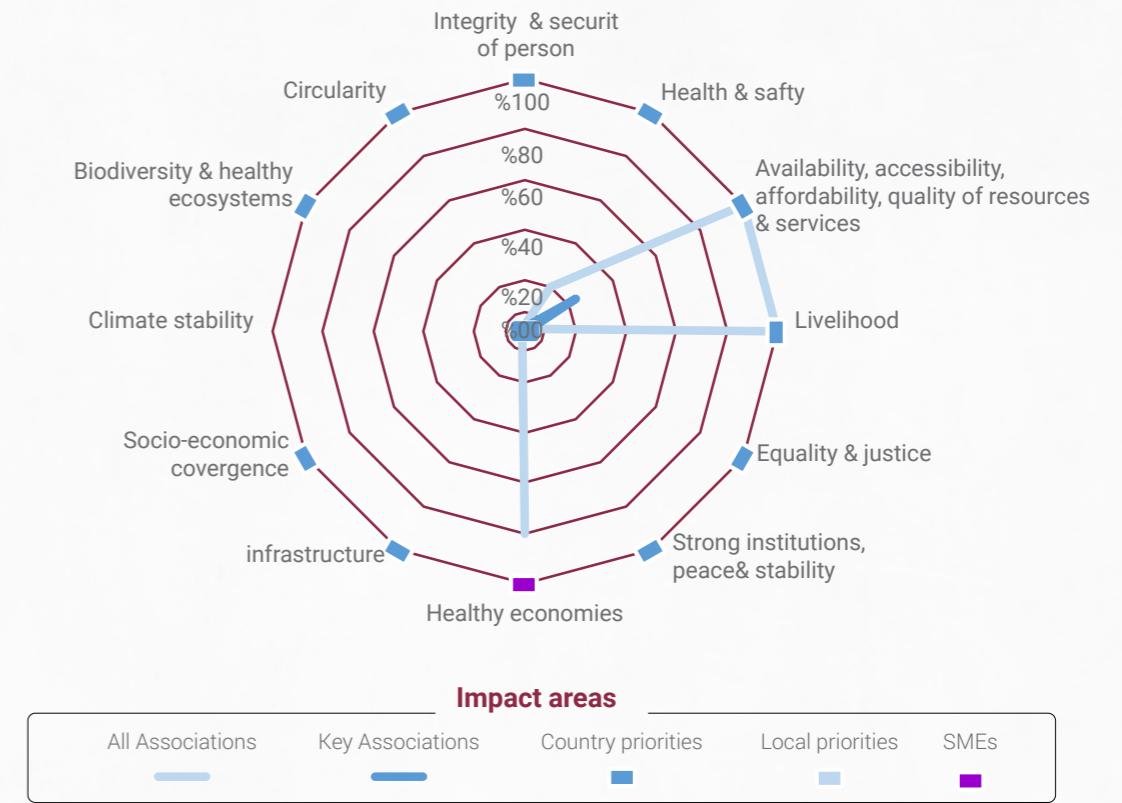
### POSITIVE ASSOCIATIONS

Impact areas	Impact topics	Proportion of portfolio
Livelihood	Employment, Wages, Social protection	100.00%
Availability, accessibility, affordability, quality of resources & services	Water, Food, Energy, Housing, Healthcare & sanitation, Education, Mobility, Information, Connectivity, Culture & heritage, Finance	93.89%
Healthy economies	Sector diversity, Flourishing MSMEs	81.17%
Health & safety	Health & safety	20.08%

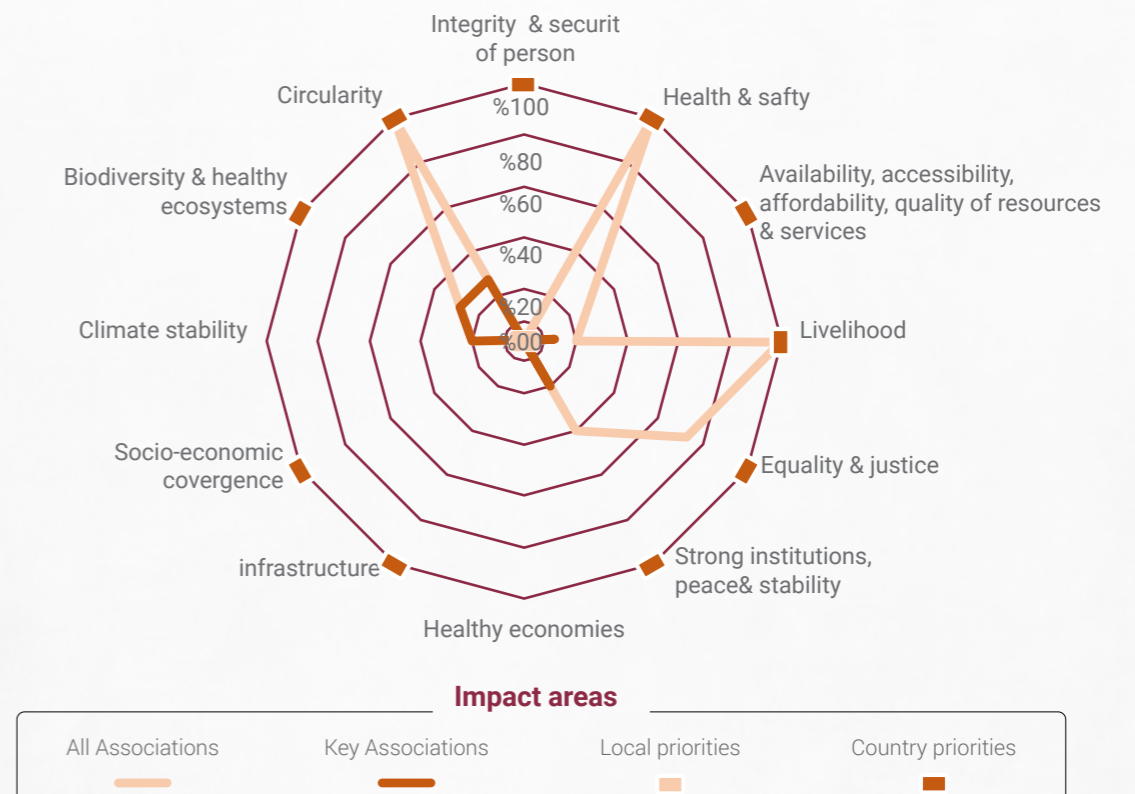
### NEGATIVE ASSOCIATIONS

Impact areas	Impact topics	Proportion of portfolio
Health & safety	Health & safety	100.00%
Circularity	Resource intensity, Waste	99.75%
Livelihood	Wages, Social protection	95.40%
Equality & justice	Gender equality, Ethnic/racial equality, Age discrimination, Other vulnerable groups	71.56%

### POSITIVE IMPACTS



### NEGATIVE IMPACTS





**D) For these (min. two prioritized impact areas):**

Performance measurement: Has your bank identified which sectors & 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.

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 & inclusion as your most significant impact areas, please also refer to the applicable indicators in the Annex.

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.

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.



**BM's Significant Impact Areas**

Livelihood, Availability, Accessibility, Affordability and Quality of resources and services (Mainly Financial Inclusion), and Healthy Economies were identified as the most significant areas of positive impact

associated with the Bank's portfolio. Circularity, Climate Stability and Health and Safety were identified as the most significant areas of negative impact.

Impact areas	Impact topics
Livelihood	Circularity
Availability, accessibility, affordability, quality of resources & services (Financial Inclusion/ Finance)	Climate Stability
Healthy Economies	Health and Safety

## Heat Map

BM developed a heat map of our lending portfolio to understand which sectors or activities we provide loans for generate positive or negative impacts on the significant

areas of impact. The colored squares indicate that this sector/activity has a positive (blue) or a negative (orange) impact on each impact area.

Sector	Impact Area					
	Livelihood	Availability, accessibility, affordability, quality of resources & services	Healthy Economies	Circularity	Climate Stability	Health and Safety
Real estate activities	●		●	●	●	●
Extraction of crude petroleum		●		●	●	●
Construction	●	●	●	●	●	●
Manufacture of plastics and synthetic rubber in primary forms	●			●	●	●
Construction of utility projects	●	●		●		
Manufacture of furniture		●		●	●	●

● positive impact on the impact area     
 ● negative impact on the impact area

### 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?

- Scope:  Yes  In progress  No
- Portfolio composition:  Yes  In progress  No
- Context:  Yes  In progress  No
- Performance measurement:  Yes  In progress  No

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

*Resource efficiency & circular economy and Financial Inclusion.*

**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

## Target Setting

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 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 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.

### 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.

### C) SMART targets :

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.

### D) Action plan:

which actions including milestones have you defined to meet the set targets? Please describe.

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.

## 2.3 Target Setting

Since 2023, BM has established targets for financial inclusion and circularity, recognizing them as the most significant impact areas. The targets align with UN SDGs, Egypt's Vision 2030, Egypt's Sustainable Energy Strategy 2050, CBE's sustainable finance Guiding Principles and CBE's Strategy for Financial Inclusion 2022-2025. Once we set quantitative targets, an action plan will be developed to achieve those targets. This section provides an overview of the Bank's performance and progress in these key areas of impact.

### A. Financial Inclusion

#### 1. Financial Inclusion in Egypt

Egypt boasts a youthful population, with over half of its inhabitants under the age of 30, and women make up roughly 49.5% of the total population in Egypt as per the latest CAPMAS data from 2022. According to the World Bank Global Findex Database, Egypt has made significant strides in improving its financial inclusion rate over the past four years, rising from 33% in 2017 to 56% in 2021. Despite Egypt's low banking density and limited branch outreach, the CBE has introduced regulations aimed at enhancing accessibility and acceptance. These measures include initiatives such as financial inclusion agent banking, payment facilitators/aggregators, and the introduction of POS and ATM services.



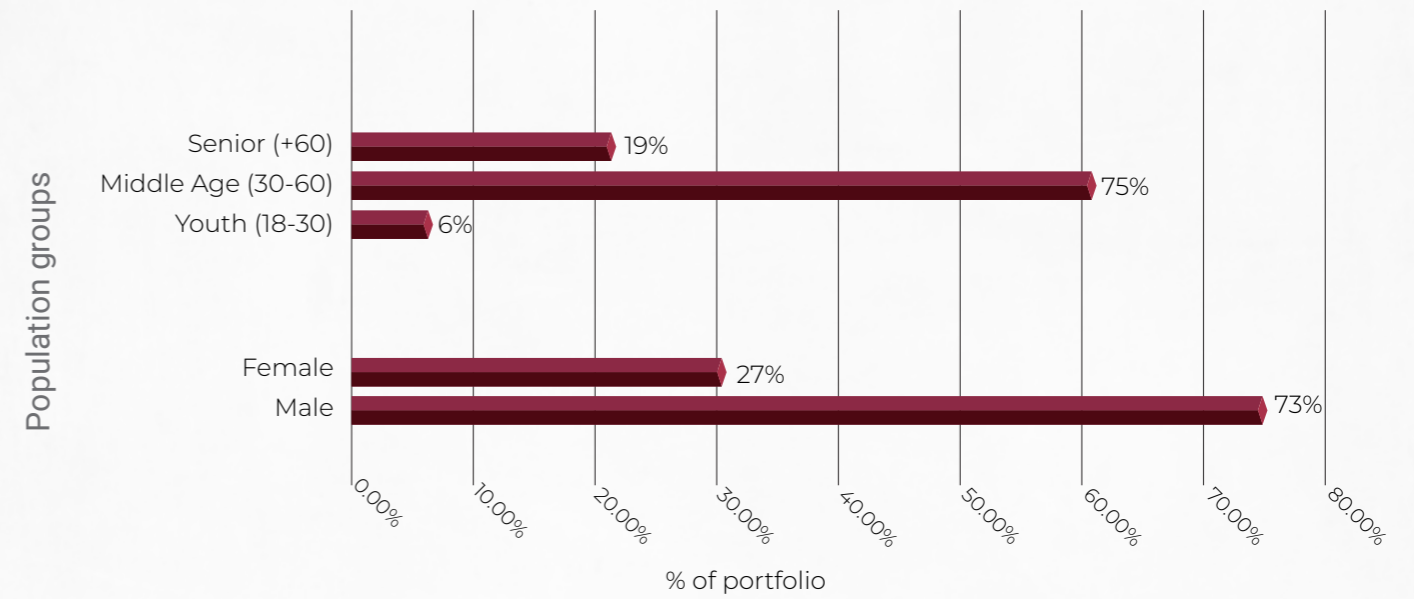
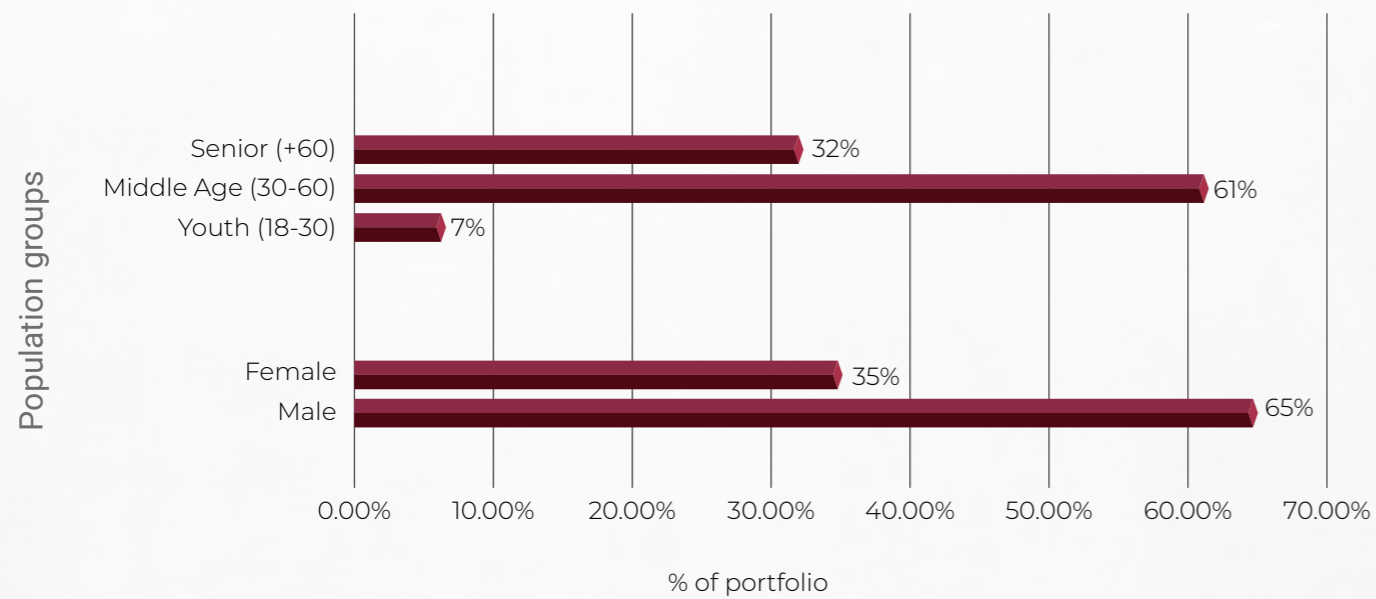
## 2. Performance Measurement

In line with our commitment to financial inclusion, the Bank has segmented its retail banking portfolio including both the assets and liabilities by gender and age. Our base

line is measured as of 31st December 2023. The Bank is working in progress in segmenting its retail banking portfolio by income levels to be reported in the upcoming report.

**TABLE 1: RETAIL BANKING PORTFOLIO SEGMENTATION BY GENDER AND AGE**

Classification	Population Groups	Percentage of Current and Saving Accounts	Percentage of Credit Products
Gender	Females	35%	27%
	Males	65%	73%
Age	Youth (18-30)	7%	6%
	Middle Age (30-60)	61%	75%
	Senior (+60)	32%	19%



**TABLE 2: SHARE OF WOMEN-LED AND YOUTH-LED ENTERPRISES FROM TOTAL NUMBER OF CLIENTS AND SMES PORTFOLIO**

	Women-Led Businesses	Youth-Led Businesses
Share of total number of SME clients	23%	17%
Share of amount utilised	10%	1%

The Bank has segmented its SME banking portfolio into women-led and youth-led enterprises. The baseline is measured as of 31st December 2023. The share of

the women-led and youth-led enterprises are calculated from the total number of SME clients and the amount of the SMEs banking portfolio utilised.

## Target Setting For Financial Inclusion

The Bank targets to increase the share of females and youth from the outstanding retail loans by 1% by 2025. For MSMEs, the Bank will increase the share of youth businesses from MSMEs portfolio by 1.5% and women businesses from MSMEs portfolio by 1% by 2025.

### B. Circularity

The Bank conducted a pilot analysis on the main corporates financed in the construction sector, and conducted training sessions for its corporate banking staff (mainly the relationship managers who are in direct contact with the clients) to raise their awareness on the importance of the circular economy and prepare them for the client engagement phase. The Bank started an engagement with six corporates that represent more than 30% of the construction sector portfolio. The engagement included familiarizing clients with the PRB and the concepts of the circular economy and resource management. The Bank sent a questionnaire checklist to the clients to understand their alignment of economic activities with the circular economy and assess their maturity levels and readiness for a transition towards a circular economy. The focus was given to energy efficiency/reduction and waste indicators relevant to the sector's nature. The responses were collected to reference key impact indicators for circularity, and analysed to get a sense for the clients' needs for the transitioning phase. Table (3) presents the analysis outcomes.



Scope	Circularity information	Clients' Responses	Comment
Recycling	1. Are wastes, redundant products, parts, and materials collected and transported separately and otherwise managed in a way to enable reuse, high-quality recycling, and/or valorization?	100% Yes	60% of clients who replied "Yes" provided quantitative values for their practice
Waste	2. Are targeted communication and education programs to sensitize waste producers and the importance of waste prevention and segregation an integral part of the activity?	100% Yes	60% of clients who replied "Yes" provided quantitative values for their practice
Waste	3. Does the feedstock constitute or originate from source-segregated and separately collected waste fractions?	80% Yes	60% of clients who replied "Yes" provided quantitative values for their practice
Recycling	4. Does the activity contribute to increasing material recovery rates and does the client collaborate with other actors in the value chain to increase the quality of recovered materials to the extent that is both technically feasible and economically viable?	100% Yes	60% of clients who replied "Yes" provided quantitative values for their practice
Recycling	5. Are secondary raw materials and product parts recovered suitable for reuse or recycling?	100% Yes	60% of clients who replied "Yes" provided quantitative values for their practice
Waste	6. Does the management of residues from the recovery process follow the waste hierarchy principle?	100% Yes	60% of clients who replied "Yes" provided quantitative values for their practice
C. Strategies/ Policies in place to support the transition toward a circular economy			
Energy	7. Energy Conservation Strategy: Indicates whether the organization implements an energy conservation strategy to reduce its operational energy usage	100% Yes	80% of clients who replied "Yes" showed evidence
Recycling	8. Recycling Policy: Indicates whether the organization implements a recycling policy in its operating facilities	80% Yes	75% of clients who replied "Yes" showed evidence
Suppliers	9. Supplier Screening Policy: Indicates whether the organization has a written policy of evaluating supplier organizations based on their social and environmental performance and a system to monitor compliance with this policy	80% Yes	75% of clients who replied "Yes" showed evidence
<b>Conclusion (For Bank Usage only)</b>			
Does the client meet all criteria?		Yes,	
If not, which circularity opportunities are identified?		The need for technical support to some clients for developing strategies and policies that address circularity and resource efficiency.	

The engagement and clients' responses showed that large corporates practice circularity and resource management to a large extent. In the upcoming years, we will continue clients' engagement in contracting industry to exceed 50% of contracting portfolio. The Bank also targets to engage SMEs clients in contracting industry and the supporting industries related to contracting.

We will develop more advanced questionnaires to capture clients' insights and their

practices and process. Based on the feedback we have, we will start creating incentives to contracting companies, which work on sustainable and green projects. The Bank also aims to engage with top clients in the extraction of crude petroleum in the corporate banking portfolio to expand our sample and provide tailored financing facilities to support our clients in the main sectors that negatively contribute to circularity.



## Self-assessment summary

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: ... (Financial Inclusion)	... second area of most significant impact: (Circularity)	(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 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
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

A modern office interior with a large window, a desk, and a chair. The window has a decorative pattern. The desk is dark wood with a metal frame. The chair is black with a high back. The floor is light wood. The ceiling has recessed lighting.

**PRINCIPLE 3**

# CLIENTS AND CUSTOMERS

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

- 3.1 Client Engagement
- 3.2 Sustainable Finance



# 3.1 Client Engagement for A Sustainable Transition

## Client Engagement

Does your bank have a policy or engagement process with clients and customers 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). 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.

Aligning to CBE's sustainable financing guidelines, BM incorporates sustainable practices in all operations and activities, from engaging with customers to offering sustainable and green products that fulfil customer's needs, while preserving the environment and protecting human rights. The Bank is in the process of developing an Environmental and Social Management System (ESMS). The ESMS is the overarching framework that entails the Environmental and Social Risk Management (ESRM). BM is developing Environmental and Social Risk Management (ESRM) framework to identify, assess, and manage risks and opportunities resulting from financed projects with respect to environmental and social aspects.

To encourage sustainable practices and fulfil its targets towards circularity, BM also started an engagement process with the top

clients in the construction sector as a pilot exercise, to raise their awareness of circularity and assess their needs and maturity levels. The engagements aimed to improve our clients' understanding of circular solutions and support their transition towards a circular economy. As a first step, the Bank conducted awareness sessions for the corporate banking staff, particularly the relationship managers who are in direct contact with the clients. These sessions aimed at raising the staff's awareness on sustainable finance and circularity to prepare them for the client engagement phase. Then, the Bank started its engagement process with key corporates in the construction sector that included assessing the client's maturity using a circularity checklist and sending data requests to clients to understand alignment of their economic activities with the circular economy.



## 3.2 Sustainable Finance

### Sustainable Finance:

Describe the strategic business opportunities, about the increase in positive and the reduction of negative impacts, your Bank has identified and/or how it has worked on them 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, as well as the SDGs or impact areas you are striving to impact positively (for example, green mortgages, climate, social bonds, financial inclusion, etc.).

BM is dedicated to fostering sustainable lending by providing a wide range of sustainable products and services, aiming to improve environmental and social conditions.

### 3.2.1 Sustainable Corporate Banking

- **KarmSolar**

As part of our environmentally friendly initiatives, we support green projects and companies producing sustainable products. KarmSolar is a notable private firm in Egypt specializing in solar power generation that offers microgrid solutions for remote regions. BM provided KarmSolar with an Islamic financial facility of EGP 230 million to finance the Minya and Wadi El Natroun stations.

- **ACWA Power**

To expand its green lending portfolio, BM supports ACWA power. This company specializes mainly in power generation and water desalination. BM provided USD 34 million in finance to implement a new solar power plant project with a total capacity of 200 MW, located in Kom Ombo, Egypt.

- **Bariq**

BM also contributes to a sustainable and greener environment by providing financial facilities to recycle PET plastics through bottle-to-bottle manufacturing led by Bariq. BM provided them with a Mobadra Islamic credit facility, totaling 200 million. This financial support increased their production capacity through the purchase of local and imported raw materials.

- **Mega projects**

Finally, BM plays a pivotal role in financing major infrastructure projects in Egypt, including the Abu-Qir port project, for which several prominent banks including BM provided loans of EGP 750 M to Gharably Engineering Integrated Company "GEICO" in the

contracting sector. The Bank also supported the expansion of the Egyptian Natural Gas Company (GASCO) in its "Train D" project in the oil and gas sector with an EGP 200 million investment, along with many other mega projects.



### 3.2.2 Empowering MSMEs

Following the CBE's directives, BM coordinated with local and international institutions to expand their lending to MSMEs. This includes a collaboration with the Ministry of Local Development under the "Mashrouak" program for the seventh consecutive year to facilitate and expand lending to MSMEs. By December 2022, EGP 18.693 billion had been lent to 149,396 customers by BM through the Mashrouak program .

Moreover, BM signed a contract with European and Reconstruction Development (EBRD) to obtain a fund of USD 100 million to provide green funding schemes for SMEs and large corporations. BM has also collaborated with the Frankfurt School for Finance and Management, in partnership with the EBRD, to offer consulting services aimed at improving BM's lending strategies, enhancing its capacity, and refining its scoring models. This collaboration will help BM to provide effective and efficient lending facilities that promote the growth of SMEs in Egypt.

BM actively promotes sustainable finance by partnering with the Green for Growth Fund (GGF). This partnership aims to provide loans to empower green renewable energy, energy efficiency projects and resource efficiency initiatives across diverse sectors in Egypt. With the introduction of this loan, BM is extending its financing services not only to SMEs but also to corporate and household customers.

BM has also partnered with the European Investment Bank (EIB) to offer credit lines to MSMEs for sustainable and green projects, further demonstrating its commitment

to supporting environmentally friendly initiatives. BM expanded its support to MSMEs by expanding the total number of lending hubs to 844. BM is also committed to growing employees' skills and competence through intensive training so they can provide our MSME customers with high quality expert support.

In addition to the lending facilities provided to SMEs and MSMEs, BM has also collaborated with Business Boomers to foster the MSME's business by providing them with exclusive discounts on digital marketing and e-commerce solutions. Moreover, BM has established business development service centers to specifically serve MSMEs and entrepreneurs by offering them non-financial facilities and services that prepare and qualify them for financing opportunities, while improving their competence and developing their businesses. These centers are available in three BM branches in Sadat City, Menoufia governorate, New Damietta, Damietta governorate, and Aton, Luxor governorate. These centers play a significant role in providing valuable services for MSMEs such as conducting feasibility studies and financial analysis, and helping them to reach out and communicate with vendors and targeted markets, in addition to providing training, and capacity-building workshops.

A cooperation protocol was signed between BM and OPay to launch an initiative to provide SME clients with financial products and solutions through BM and non-financial services through OPay. All these cooperations and agreements reflect BM's dedication and commitment to empowering and supporting SMEs and MSMEs aligning with CBE's targets.

### 3.2.3 Responsible Retail Loans

- **CBE Mortgage initiative:**

In line with CBE's mortgage initiative, BM provides mortgage loans specifically structured to cater to low and middle-income segments. This initiative plays a pivotal role in ensuring the availability of affordable housing units with attractive interest rates.

- **Sustainable Housing:**

BM seeks to be a part of sustainable housing through responsible financing, not only for corporates and SMEs, but also for households. Accordingly, BM offers special home loans to Egyptian households to facilitate the installation of rooftop photovoltaic panels with lower installation costs.

- **Dual Fuel Vehicles:**

As per its commitment to responsible financing, BM took the initiative to mitigate the GHG emissions resulting from the transportation sector. This can be achieved through scrap-

ping and replacing old vehicles with sustainable ones. In this regard, the Bank participates in the national initiative to convert old petrol-powered vehicles to new sustainable ones that are powered using compressed natural gas. BM encourages customers to replace their old vehicles with new ones by offering financing schemes with several flexible payment options. We offer fixed interest rates of up to 3% and attractive rates for auto insurance programmes.

- **Electric Bike Payment Facilities:**

To support sustainable transportation, BM joined the "your bike, your health" initiative to reduce fuel consumption, mitigate emissions and encourage physical activity. BM offers flexible payment facilities to individuals, which allow customers to pay for their bikes over 12 months free of any interest charges. This initiative shows BM's dedication to protecting the environment and enhancing the well-being of society at the same time.



### 3.2.5 Financial Inclusion:

Financial inclusion is considered a top priority for BM, in line with our commitment to the targets for Principles for Responsible Banking and CBE's direction Targeting the unbanked and underbanked segments is one of the main objectives of BM's financial inclusion strategy. BM recognised that these segments represent an important portion of the population. The Bank is dedicated to increasing its social responsibility, by providing accessible financial services tailored for women, the youth, and people of determination to achieve our financial inclusion goals.

#### A. Empowering Women

BM believes in the importance of women in society, and the Bank provides a comprehensive financial programme called "Zaat", designed to support women with financial and non-financial services, thus empowering them to significantly influence the Egyptian economy. Additionally, BM have collaborated with Micro, Small, and Medium Enterprises Development Authority (MSMEDA) by providing finance of EGP 100 million, to support 10,000 micro projects managed by women with an average loan amount of EGP 10,000.

Another collaboration is the partnership with the International Finance Corporation (IFC) that was launched to support the businesses of women entrepreneurs. The collaboration aims to provide tailored financial services for vulnerable women who need to expand and grow their businesses. This initiative is a part of the "Women Banking Champions" programme initiated by the IFC in the MENA region in coordination with the finance arm of the Swiss State Secretariat of Economic Affairs.

BM also signed a memorandum of understanding with the American University in Cairo (AUC) to support and empower women entrepreneurs. Through this partnership, BM will offer training to help women entrepreneurs scale and operate their small businesses. The Bank will provide its services

to female entrepreneurs selected from the "Women's Economic Empowerment – Entrepreneurship Support" project, who are nominated by the Center for Entrepreneurship and Innovation at the AUC School of Business.

#### B. Empowering Youth:

BM offers youth cards for young clients connected to a savings account with a fixed return which helps them to be financially independent. In addition to the financial facility BM also assists the youth with educational opportunities to strengthen their knowledge and improve their skills. This is achieved by funding the Rowad 2030 initiative that offers several scholarships from different educational institutions, including an entrepreneurship programme with the University of Cambridge, in addition to a master's programme at King's College London, for public officials and government employees. BM is also dedicated to serving teenagers with prepaid card products, which helps grow the Bank's customer base.

BM has launched several initiatives to empower youth from a financial and knowledge perspective, such as the "Made in Egypt" initiative for youth and women which provides technical training and marketing programmes to present high-quality Egyptian products. The initiative also provides the target group with equipment and materials to help them establish their business and provide them the opportunity to communicate with marketing agencies to promote their companies.

The "Ant Teqdr" project also offers the youth entrepreneurship and vocational training, and finance for their projects in South Cairo. This project enables youth to more easily integrate into the labour market. The programme successfully assisted 125 microen-

terprises and funded e-marketing campaigns for their products. Approximately 125 families benefited from training on social skills, entrepreneurship, and financial inclusion, as well as vocational and technical training on artificial leather crafts, air conditioning and home appliances maintenance, cosmetology and hairstyling, and the detergent industry.

"Giel Bokra" Project endorsed by CBE, with the main goal of improving the digital financial inclusion for Youth from 16 to 35 years. We aim to develop 100 Youth Centers across Upper Egypt and the Delta region yearly. These centers will focus on raising awareness and promoting digital products and services beneficial to youth. We achieved that nearly 60,000 youth will benefit from financial literacy programs, with present 35,000 digital products and services.

#### Giel Bokra Project endorsed by CBE:

with the main goal of improving the digital financial inclusion for Youth from 16 to 35 years. We aim to develop 100 Youth Centers across Upper Egypt and the Delta region yearly. These centers will focus on raising awareness and promoting digital products and services beneficial to youth. We achieved that nearly 60,000 youth will benefit from financial literacy programs, with present 35,000 digital products and services.

#### C. People of Determination:

BM is committed to providing a high-quality premium service for our special customers. We ensure that our financial products fulfil the requirements of people of determination, and create a suitable environment that gives them full access to our financial services. In this regard, BM conducted 1,397 financial literacy programmes for these special clients. Addition-

ally, we offer 549 El Momken free-of-charge savings accounts with an attractive interest rate as well as free debit cards, and free personal loans or loans with discounted charges.

To ensure smooth access to our financial services, all our forms and applications are available in braille language to ensure easy access to the necessary transaction documents for customers with visual impairments. Additionally, we ensure that our products and services terms and conditions are available through different channels such as the Bank's website and social media, accompanied by sign language and audio video documenting all transactions. Accordingly, people with hearing and visual impairment will be able to access the required information to benefit from BM's offers.

We have 229 branches designed to allow people of determination to easily access, with equipment such as ramps and automated gates. We have 1,756 ATMs that are designed to serve people of determination. Our ATMs are also designed for the visually impaired to access features by using large-print, high-contrast keypads, screen text, braille-numbered keypads, built-in screen readers, and voice-operated ATMs that repeat audio instructions or messages. Additionally, following the "shower campaign" initiative, an intensive training course was conducted for our front office employees offering 967 sign language courses to cater to our special clients with expertise and effectiveness.

BM's commitment to financial literacy extends beyond rural and underprivileged segments. The Bank also educates students in financial operations through collaboration with the Egyptian Banking Institute. This initiative has been successfully implemented in fifteen schools and nine universities, benefiting more than 20,000 students.

## D. Developmental Projects: (make it red as subtitle)

### Hayah Karima Project:

The aim is aim to improve the quality of life in the poorest rural communities, focusing on 20 governorates, 52 centers and 1520 Villages. Our focus is on improving the economic, social, and environmental standards of families in these poor villages. We aim to enable them to access all basic services and create job opportunities to support their independence.

BM has been instrumental in this effort, with a 45% contribution to all financial inclusion products and services, This effort is vital to achieving our common goals of economic empowerment and financial inclusion .

### Family Development Projects:

The main goal of the project is improving the quality of life for women from 18 to 40 years. The geographical scope of the project includes all parts of the state, by raising awareness to increase five axes: Economic Empowerment of Women, service intervention, cultural intervention and awareness, digital transformation and legislative intervention. BM's collaboration with the National Council for Woman aims to bring financial empowerment to 1.6M woman's through providing a " Raaeda " and "Rational Handling of Money Programs" training courses to our target segments. In addition, we teamed up to launch a project named "TAHWEESHA FI BANK" which is a simulation to training and transforming women financial life across 83 villages in Egypt



PRINCIPLE 4

# STAKEHOLDER ENGAGEMENT

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

- 4.1 Stakeholders' Identification and Engagement
- 4.2 Partnerships for Creating a Positive Impact

## 4.1 Stakeholder Identification:

### Stakeholders

Please describe which stakeholders (or groups/types of stakeholders) you have identified, consulted, engaged, collaborated, or partnered with for the purpose of implementing the PRBs 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 those fed into the action planning process.

Proactive stakeholder engagement is indispensable to ensure effective strategy development and alignment of stakeholder motivations with organizational objectives. Our commitment to continuous improvement underscores the importance of transparency and accountability, which we uphold through a circular process.

BM maintains consistency in its stakeholder engagement plan, ensuring no changes in identification, process, or categorisation. Our stakeholders represent a diverse spectrum, including peers, investors, clients, regulators, employees, policymakers, suppliers, scientists, academia, civil society, trade unions, and communities. We actively engage with these groups to understand their needs, perspectives, and expectations, facilitating collaboration and contributing to sustainable outcomes by sharing insights into our strategy, practices, and performance.

These stakeholders exhibit a range of interests, from financial performance and reputation management to career development, digital transformation, cybersecurity, pricing, compliance, ethical conduct, community support, and environmental management, including waste, water, and energy conservation.

BM places significant emphasis on using stakeholder engagement to understand stakeholder issues that impact their well-being and satisfaction, with the aim of advancing overall economic and social prosperity in Egypt. We conduct annual evaluations and report on key topics, alongside assessments of our direct and indirect non-financial impacts, complemented by audited financial results for each fiscal year.



**Table 4: Stakeholder Engagement**

Stakeholder	Channel of Communication	Key Interests and Expectations	Management Approach
<b>Central Bank of Egypt (CBE)</b>	<ul style="list-style-type: none"> <li>Annual Reports</li> <li>Financial Disclosures</li> <li>Website</li> <li>Social Media</li> </ul>	Regulatory compliance, monetary policy, financial stability	Regular updates on compliance, proactive engagement on policy matters, transparent reporting through various channels.
<b>Board of Directors</b>	<ul style="list-style-type: none"> <li>Board meetings, Follow-up internal meetings</li> <li>Annual reports</li> <li>Financial disclosure</li> <li>Website</li> <li>Social media</li> </ul>	Strategic direction, governance, financial performance, risk management, business ethics.	Effective communication of strategic plans, transparent governance practices, regular performance evaluations, and adherence to ethical standards.
<b>Employees</b>	<ul style="list-style-type: none"> <li>Calls and conference calls</li> <li>Emails</li> <li>Face-to-face meetings</li> <li>Interviews</li> <li>Virtual meetings</li> </ul>	Employee retention and development, fair compensation, work-life balance, organizational culture	Career development opportunities, competitive benefits package, open channels for feedback and dialogue, nurturing a supportive organizational culture.
<b>Shareholders</b>	<ul style="list-style-type: none"> <li>Annual reports</li> <li>Financial disclosure</li> <li>Website</li> <li>Social media</li> </ul>	Financial performance, dividends, governance, long-term growth strategy	Transparent reporting on financial performance, clear communication of growth strategies, fair dividend policies, and robust governance practices.
<b>Customers</b>	<ul style="list-style-type: none"> <li>ATMs and branches</li> <li>Mobile SMS</li> <li>Internet banking</li> <li>Ads calls and conference calls</li> <li>Emails and in-branch material</li> <li>Internal or external surveys</li> </ul>	Customers centricity and quality of services	Accessibility of branches, responsive customer service, effective complaint resolution, skilled staff providing high-quality services.



Stakeholder	Channel of Communication	Key Interests and Expectations	Management Approach
<b>Suppliers and business partners</b>	<ul style="list-style-type: none"> <li>Periodical meetings</li> <li>Calls</li> </ul>	<ul style="list-style-type: none"> <li>Confidentiality and data privacy.</li> <li>Awareness activities, risk control and self-assessment, risk event management, legal support, actions issued by relevant sectors</li> <li>Pricing and quality</li> </ul>	Maintaining confidentiality, adherence to agreed terms, proactive risk management, transparent pricing, and quality standards, legal compliance, and support.
<b>Governmental entities</b>	<ul style="list-style-type: none"> <li>Emails</li> <li>Calls</li> <li>Portal</li> <li>Formal letters</li> <li>Face-to-face meetings</li> </ul>	Governance, compliance with regulations, tax obligations, public policy initiatives, economic development.	Compliance checks, internal controls, monitoring system to ensure adherence to regulations, transparent engagement with authorities, proactive involvement in policy initiatives.
<b>Community</b>	<ul style="list-style-type: none"> <li>Social media platforms</li> <li>Face-to-face meetings</li> <li>Calls</li> </ul>	<ul style="list-style-type: none"> <li>Social responsibility initiatives, environmental stewardship, local economic development, philanthropy.</li> <li>Inclusive Society, Social Responsibility, and Community Investment</li> </ul>	Investments in community services, environmental initiatives, philanthropic activities, aligning with sustainable development goals, proactive engagement with local stakeholders.
<b>Academic and Research Institutions</b>	<ul style="list-style-type: none"> <li>Funds and Partnerships</li> </ul>	<p>Funds</p> <p>Sponsorship</p>	Supporting research projects, providing funding and resources, establishing collaborative partnerships with academic institutions for mutual benefit.

## 4.2 Partnerships for Creating Value

### Partnerships for Creating Value

BM cultivates long-term partnerships dedicated to social and environmental responsibility. The Bank places a premium on social responsibility across all facets of our products and services, fostering a range of collaborations geared towards championing diversity and inclusivity.

These partnerships go beyond traditional boundaries, involving civil society organizations, and international organizations. Through these collaborations, we strive to enhance our positive impact on society and create value for all stakeholders. This dedication to partnerships is why “Partnerships” is a cornerstone of our strategic values.

### Advancing Financial Inclusion Through Collaborative Partnerships

BM understands the crucial role financial inclusion has in driving economic growth and reducing poverty. To strengthen our efforts in this area, we have partnered with a range of organizations, including the National Council for Women, the National Council for People of Determination, the Ministry of Youth and Sports, the International Labor Organization, and the Ministry of Local Development. Through these partnerships, we are committed to expanding financial inclusion and fostering economic growth throughout Egypt.

### Empowering Women Entrepreneurs Through the Zaat Programme

In collaboration with the IFC, BM launched “Zaat”, the first integrated financing programme supporting Egyptian women entrepreneurs. The three-year partnership aims to boost the development of Egypt’s entrepreneurship ecosystem, with a primary focus on women. Zaat offers a wide range of financial and non-financial

services tailored to female entrepreneurs, including funding and training sessions, among other business development needs.

### Green Economy Commitment and SME Funding

BM is committed to supporting the transition to a green economy nationwide, recognizing the importance of green finance and funding SMEs to achieve inclusive and sustainable economic growth in Egypt. To this end, the Bank has built partnerships with international financial institutions to channel liquidity to MSMEs, promoting eco-friendly solutions, and accelerating resource efficiency across various sectors. Notable partnerships include collaborations with EBRD, the GGF, and SANAD, with allocated funds totaling USD 175 million.

### Supporting Individuals With Disabilities Through Etaha Programme

BM has partnered with the Egyptian Banking Institute (EBI) to support the “Etaha” Initiative, empowering individuals with disabilities to enter the labour market and lead independent lives.

### Combating Child Labour and Promoting Financial Literacy

BM signed a letter of Intent with the International Labor Organization to enhance livelihood support for project beneficiaries and their families, aiming to eliminate child labour among cotton farmers and smallholders. This partnership also promotes financial literacy and facilitates access to appropriate financial services for family members.

### Partnership with Micro, Small, and Medium Enterprises Development Authority (MSMEDA) for SME Development

BM and the MSMEDA have partnered since 2011, benefiting 150,000 microprojects and offering microfinance funding to women-led MSMEs. The bank continues to support SMEs through various initiatives, including financing for small enterprises in rural areas.

### Green Financing and Strategic Partnerships

BM signed a contract with EBRD to provide USD 100 million in green funding for SMEs and large corporations. Additionally, partnerships with the Frankfurt School for Finance and Management and other entities focus on enhancing lending strategies and facilitating the implementation of sustainable financing practices across diverse sectors.

### Digital Marketing Support for MSMEs

BM cooperated with Business Boomers to provide MSME clientele with digital marketing opportunities and e-commerce solutions at discounted rates.

### Enhancing Agricultural Exports Through Partnerships

BM collaborated with the European Investment Bank and MF Strategy (a management consulting company) to receive funds and technical assistance for providing financial and non-financial products supporting agricultural exports to the EU market.

### Financial Solutions for SMEs Through OPay Collaboration

BM and OPay signed a cooperation protocol to provide SME clients with financial solutions through BM, while offering non-financial services through OPay.

### Advancing the Fintech Landscape and Cashless Society

In 2022, BM continued to support the CBE’s efforts to expand Egypt’s fintech landscape and transition to a cashless society through various partnerships and initiatives, including launching a fund to support cashless transactions and signing agreements with Visa, Ministry of Communications and Information Technology (MCIT), and other entities.

### Fostering Fintech Innovation with the Nclude Fund

BM supports fintech innovation through initiatives like the Nclude fund, the BM Startup Accelerator program, and Fintech Retreat. The Nclude fund, launched in partnership with Egypt’s leading national banks, focuses on fintech investments and fintech-enabled startups in the Middle East and Africa.



**PRINCIPLE 5**

# GOVERNANCE AND CULTURE

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

- 5.1 Our Sustainability Governance
- 5.2 A Culture for Responsible Banking
- 5.3 Our Environmental and Social Risk Management

## 5.1 Our Sustainability Governance Framework

### 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.

The Bank has instituted a robust sustainability governance framework to integrate ESG factors into our decision-making processes. The Board maintains the principal obligation of integrating an efficient ESG strategy into its overarching business strategy, in partnership with senior management and executive board members. BM's governance framework and procedures foster accountability, transparency, and ethical conduct. The committees within BM are tasked with identifying and monitoring the Bank's impacts, as well as taking proactive measures to enhance positive operational impacts and mitigate negative ones.

At BM, an economic environmental social, and governmental (EESG) committee has been formed to oversee the Bank's operational activities and ensure that it incorporates ESG practices. It consists of non-executive and executive board members, in addition to head of sustainability and sustainable finance, compliance and governance, risk, and corporate and MSME banking. The committee convenes every three months, or more often, if necessary, to oversee the Bank's EESG performance and ensure transparency and accountability in BM's overall process. Mr. Mohamed Seif El Nasr chairs the non-executive board committee, and is responsible for providing oversight and ensuring the committee's decisions are aligned with the bank's goals and values. The committee ensures

sustainability is integrated into the Bank's vision, OKRs and Divisions' Polices and OKRs. The committee also provides oversight and direction in the development, implementation and monitoring of the strategies, frameworks and policies with respect to governance, sustainability and climate change, for the BM Group. Additionally, the committee reviews and approves all EESG policies including the Sustainable Finance Policy.

In addition, the sustainability and sustainable finance steering committee chaired by the vice chairman of BM is responsible for evaluating ESG practices across the Bank and fostering long-term financial stability. The responsibilities of the EESG Steering Committee include, but are not limited to:

- Promoting sustainability and sustainable finance in the Bank's vision statement.
- Setting the Bank's sustainable finance goals, objectives and strategies.
- Monitoring the implementation of the ESMS.

Moreover, BM created a sustainability and sustainable finance (SSF) Department as stipulated by the CBE. The SSF is tasked with coordinating and cooperating with all divisions to embed EESG considerations into decision-making. One of the main priorities

of the SSF division is to monitor the implementation of the PRB. The division is led by the chief of sustainability and sustainable finance (CSSFO) officer who is responsible for reporting to the chairman and advising the EESG Board and steering committee on emerging ESG initiatives and trends. The CSSFO is responsible for setting performance targets and metrics as well as developing or monitoring existing strategies.

The Sustainability and Sustainable Finance Team at BM play significant role in collaborating with different stakeholders to integrate the concepts of sustainability and sustainable finance into their operations. The team undertakes research and reviews environmental and social trends to identify new business opportunities, and recommends risk management strategies. The team also collects data required for reporting, assessing the efficiency of the ESMS, and reporting to international frameworks.

Furthermore, EESG champions are assigned across all Bank divisions. They are considered to be the ambassadors of sustainability and sustainable finance, ensuring the incorporation of EESG principles into the Bank's operations.

## 5.2 Promoting a Culture of Responsible Banking

### 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).

To realize its sustainable objectives, BM is dedicated to fostering an environment and culture of responsible banking throughout the organization. To achieve this goal, staff are offered a range of intensive sustainability training programmes that introduce them to various reporting frameworks. These initiatives enhance employees' understanding and proficiency in sustainable practices, empowering them to become sustainability experts. BM's capacity-building plan is led by our learning and development team along with BM's collaboration with Development Finance Institutions, the UNEP FI, and the EBI to foster our sustainability academy.

The following table (5) illustrates trainee participation in various sustainability programmes aimed at enhancing proficiency in sustainability for our employees. Out of 10,814 trainees, 95% (10,339) received an introduction to sustainability. Additionally, 227 employees underwent training to promote green financing through the EBRD Green Finance Academy, while 90 employees were equipped with the skills to utilize Global Reporting Initiative (GRI) and PRB reporting frameworks for measuring the Bank's carbon footprint. These capacity-building initiatives underscore the Bank's dedication to offering valuable and informative programmes and training on multiple reporting frameworks, accelerating the implementation of responsible and sustainable banking practices.

**Table 5: Sustainability Training Programs**

Programme	Topic	Number of trainees
<b>Introduction to Sustainability</b>	Introduction to sustainable finance	10,339
<b>(E-learning)</b>	Climate risk management	10
<b>Climate Risk &amp; Sustainable Finance (USAID)</b>	Environmental and social risk management	8
<b>IFC (ESMS-ESRM)</b>	Establishing strategies and goals for sustainable finance	10
<b>Sustainability and Sustainable Finance Forum</b>	Conducting a social and environmental assessment for funded projects	10
<b>EBRD - Green Finance Academy</b>	Green financing	227
<b>Reporting with the Global Reporting Initiative (GRI) Standard - PRB UNEP FI - Responsible Banking</b>	Reporting, disclosing, and preparation of sustainability reports	93
<b>EBRD-Portfolio Review Session</b>	Providing Sustainable Banking Products and Services	30
<b>Sustainable Finance for SMEs-GIZ &amp; Frankfurt School of Finance and Management</b>	Financing MSMEs and SMEs	5
<b>Carbon Footprint</b>	Measuring the bank's carbon footprint resulting from bank's internal activities	70
<b>Strengthen access to finance for agribusiness in Egypt</b>	Enhancing access to finance for agricultural activities in Egypt	12
<b>Total</b>		<b>10,814</b>

## 5.3 Environmental and Social Management System

### Policies and due diligence

Does your bank have policies in place that address environmental and social risks within your portfolio? 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.

BM is in the process of developing an Environmental and Social Management System to mitigate any adverse effects associated with BM's operations and financing endeavours. The ESMS policy encompasses systems and frameworks designed to maximize sustainable finance opportunities, while also identifying and analysing risks and impacts on the environment and society. The ESMS is the overarching framework that entails the Environmental and Social Risk Management (ESRM). BM is currently developing an Environmental and Social Risk Management (ESRM) framework to identify, assess, and manage environmental and social risks associated with the Bank's financing activities. To access our lending or investment facilities, clients undergo a thorough screening to ensure

their adherence to the national rules. The ESRM assessment comprises a screening phase, to provide E&S information and documents, and ensure they are not on the exclusion list. Pre-financing follows, where the client submits an environmental impact assessment study conducted by an independent expert. In the last phase, we monitor our client's commitment and compliance to E&S. BM tends to establish a monitoring system to ensure that clients are following the environmental and social requirements in alignment with the applicable laws and regulations. This system will allow BM to ensure that the existing and potential clients'

operations are aligned with the sustainability principles and legal frameworks. Clients are categorised as low, medium, or high, based on the severity of their existing or potential negative environmental and social impacts. This classification helps the Bank to conduct the required due diligence to manage the environmental and social implications of each transaction. If required, an environmental and social action plan is developed to remedy any negative E&S impacts, and to be included in the contractual facility agreement.

The required remedy actions are monitored to ensure the execution. A sustainable finance project eligibility list has also been drafted to ensure that potential projects have positive ESG impacts. The eligibility list is applicable for both Corporate and SME clients. Examples of projects in the eligibility list are for clean and renewable energy, energy efficiency, sustainable construction, sustainable infrastructure, water management, waste management, sustainable transport and climate-smart agriculture.

In addition BM ensures that its customers have an Environmental Impact Assessment that should be approved by the EEAA following the environmental law No.4 of 1994 and its amendments by law 9/2009 that deals with the pollution from ships and offshore platforms. In compliance with the ministry of environment regulations, BM conducts an environmental compliance checkup for financed projects.

### 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

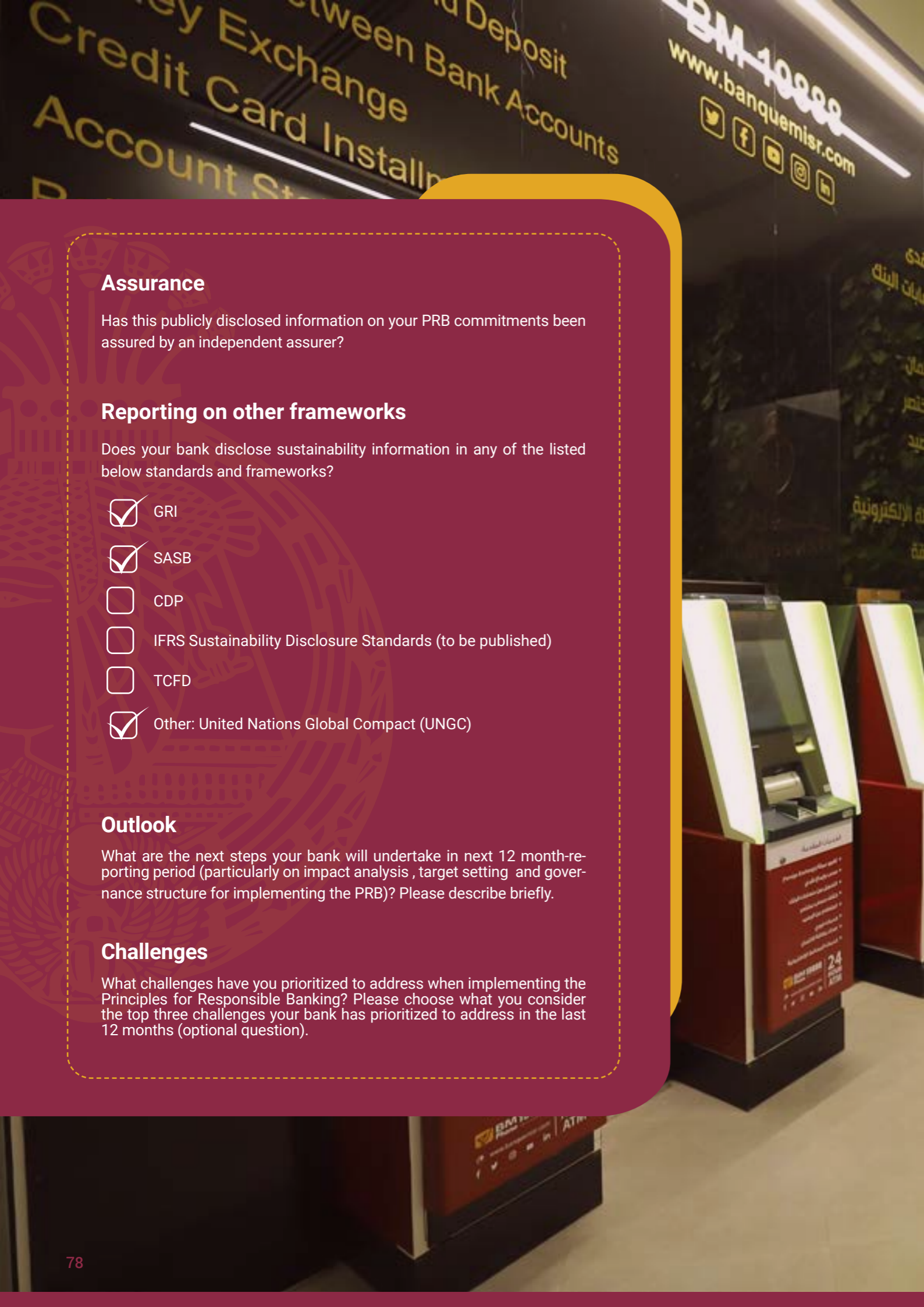


PRINCIPLE 6

## TRANSPARENCY AND 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
- 6.2 Reporting on other frameworks
- 6.3 Outlook



### Assurance

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

### 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: United Nations Global Compact (UNGC)

### Outlook

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

### Challenges

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).

## 6.1 Assurance

- Yes     Partially     No

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

## 6.2 Frameworks and Standards for Reporting

At BM, we are committed to transparently disclosing sustainability information in alignment with internationally recognized standards and frameworks. Our reporting encompasses a variety of frameworks, including the Global Reporting Initiative (GRI) and the Sustainability Accounting Standards Board (SASB). Additionally, we participate in the United Nations Global Compact (UNGC). Stakeholders can access comprehensive information regarding our sustainability efforts through various channels.

## 6.3 Outlook

The Bank targets to increase the share of females and youth from the outstanding retail loans by 1% by 2025. For MSMEs:

### Challenges

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

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

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



