



GENTERA®

**DOUBLE MATERIALITY
ANALYSIS GENTERA
S.A.B. de C.V
2023**



Introduction

At Genera, we recognize that it is essential for **companies to integrate sustainability into their strategy**, operations and risk management approach in order to increase their resilience to crisis and events derived from climate change or other factors.

We have a firm commitment toward continuous improvement, therefore during 2020 we reinforced our sustainability strategy by identifying the most relevant environmental, social and corporate governance (ESG) aspects for our operation; during the last quarter we updated the group's materiality exercise.

At the beginning of 2023 we set out to update the exercise with a **double materiality approach, this distinguished us as a pioneer in the sector**. This process included the review of various ESG trends in the financial sector, practices of our peers and global frameworks such as the Global Reporting Initiative (GRI), the Sustainable Development Goals (SDGs) and the Sustainability Accounting Standards Board (SASB), **in order to identify ESG issues relevant to the organization**.



Methodology

Double materiality recognizes that there are **two lenses** through which to view environmental, social and governance issues:

1

how these issues affect a company's financial performance and long-term enterprise value.

2

how a company's actions on these issues affect society and the environment.

Double materiality



Impact of sustainability on the company



Impact of the company on society and the environment



Methodology



Step 1: Assessment of current status

Understand the current status and operations of Genera and its businesses, as well as the external context to create a comprehensive set of potential material issues and an initial register of impacts, risks and opportunities.



Step 3: Definition of material topics to be evaluated

List of 18 ESG issues and initial definitions relevant to Genera

- Analyze Genera's internal documents (previous materiality exercise).
- Review voluntary and regulatory frameworks, industry trends and reports and our peers to identify the preliminary list of ESG issues
- Apply Genera's viewpoint to define each ESG topic to be consulted.



Step 5: Scoring and prioritization of issues

Once the evidence is collected from the surveys and sources consulted:

- Score the priority of each issue based on surveys with stakeholders and sources.
- Create an initial materiality matrix



Step 2: Value chain mapping

Accurately understand the business value chain, key stakeholder groupings and potential ESG impacts, risks and opportunities.



Step 4: Stakeholder engagement

Further refine ESG issues through internal and external interviews with our stakeholders.

- Analysis of internal interviews with Genera leaders
- Conducting a participative workshop with Genera employees.
- Conducting external interviews with civil society organizations and client experience
- Conducting surveys of external stakeholders
- Documentary review of ESG frameworks, guidance documents and protocols, global trend reports and industry peers



Step 6: Validation

Validate the results of the ESG prioritization with Genera's leadership team.

- Conduct a discussion session to finalize the ESG issues and prioritization matrix.

Methodology

The development of these activities allowed us to identify:

- 1** Issues that substantially influence the assessments and decisions of our stakeholders
- 2** Key issues reflecting the significant economic, environmental and social impacts of and for Genera
- 3** Upcoming trends that could affect the ability to create value in the long term
- 4** Global environmental, social and governance (ESG) trends that need to be considered for sustainable business development

Subsequently, the topics were prioritized according to their impact on our stakeholders and the business. As part of the relevant findings for Genera within the emerging trends we found:

- The growing demand for ESG information
- Competition for new technologies
- The need to communicate the contribution to the Sustainable Development Goals
- The identification of opportunities through interdependence

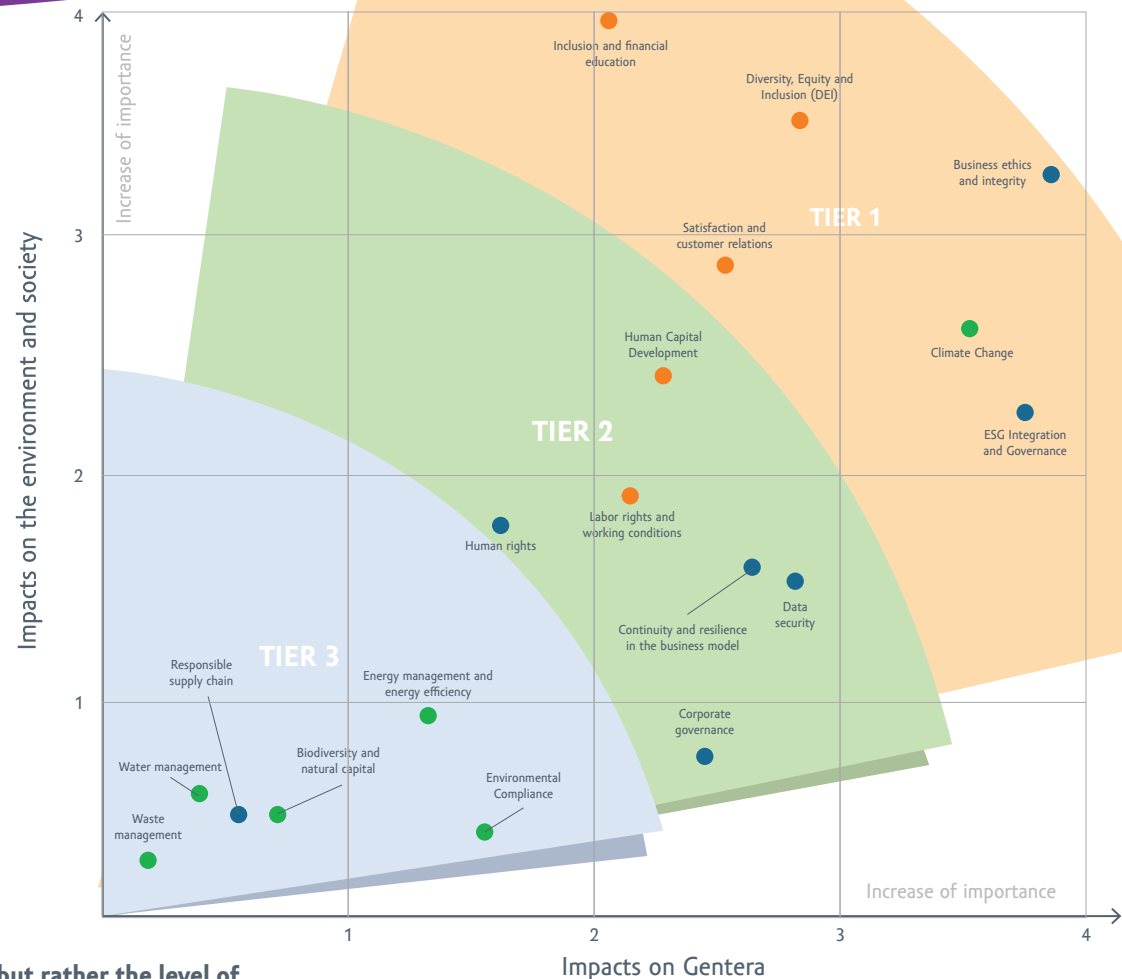
Overall results

The matrix shows the relationship between the different topics according to their importance to Genera and their importance to stakeholders. The material issues are classified into Environmental, Social and Governance (ESG).

● Environmental ● Social ● Governance

Topic

1. Business ethics and integrity
2. Inclusion and financial education
3. Diversity, Equity and Inclusion
4. Climate Change
5. ESG Integration and Governance
6. Satisfaction and customer relations
7. Human Capital Development
8. Data security
9. Continuity and resilience in the business model
10. Labor rights and working conditions
11. Human rights
12. Corporate governance
13. Energy management and energy efficiency
14. Environmental Compliance
15. Biodiversity and natural capital
16. Responsible supply chain
17. Water management
18. Waste management



The results do not reflect current management practices but rather the level of importance to a broad sample of our internal and external stakeholders.

Resultados Tier 1

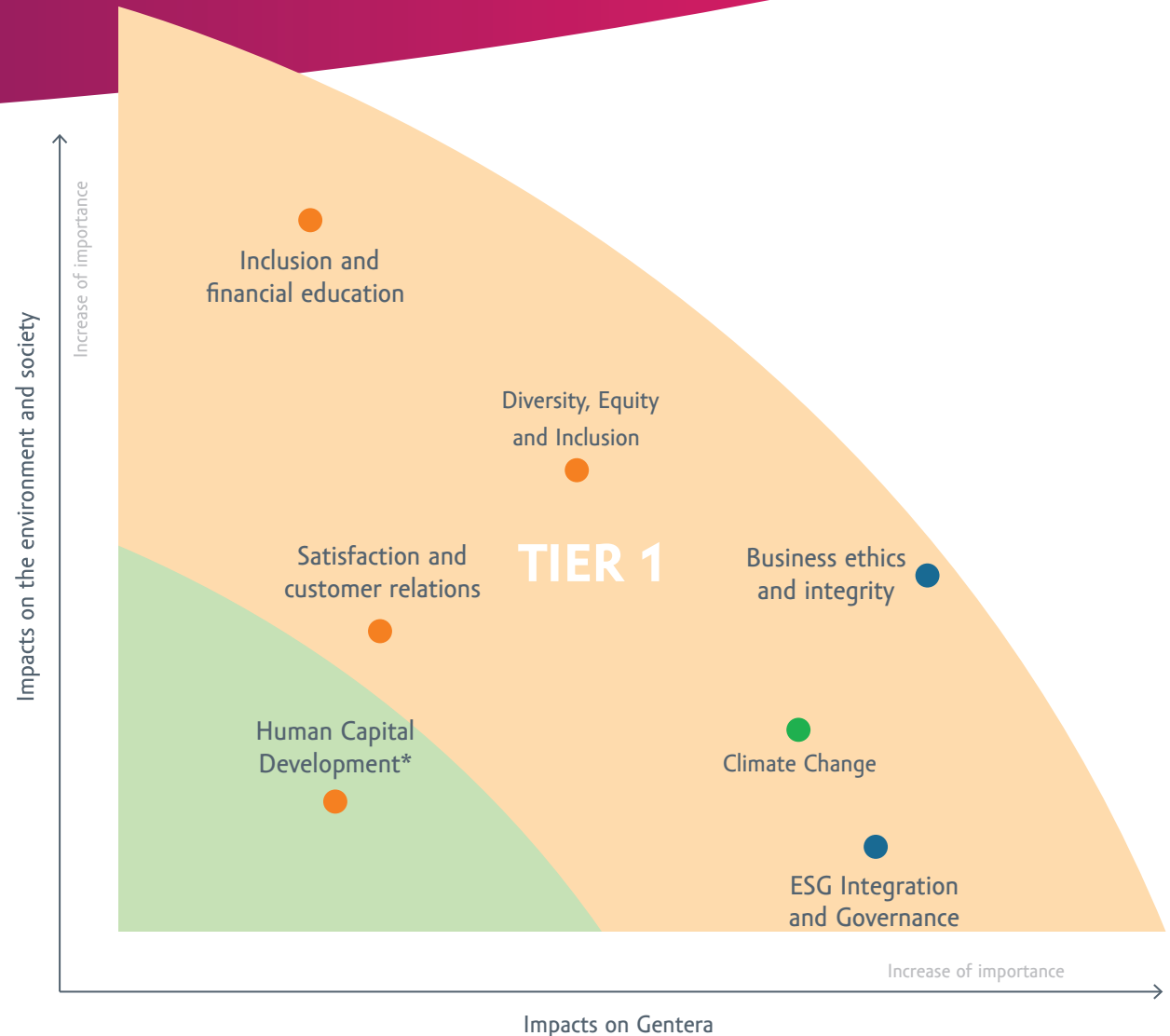
The issues reflected in Tier 1 are considered to be those of great importance and material impact on Genera (X axis) and of great importance and material impact on the environment and society (Y axis).

● Environmental ● Social ● Governance

Topic

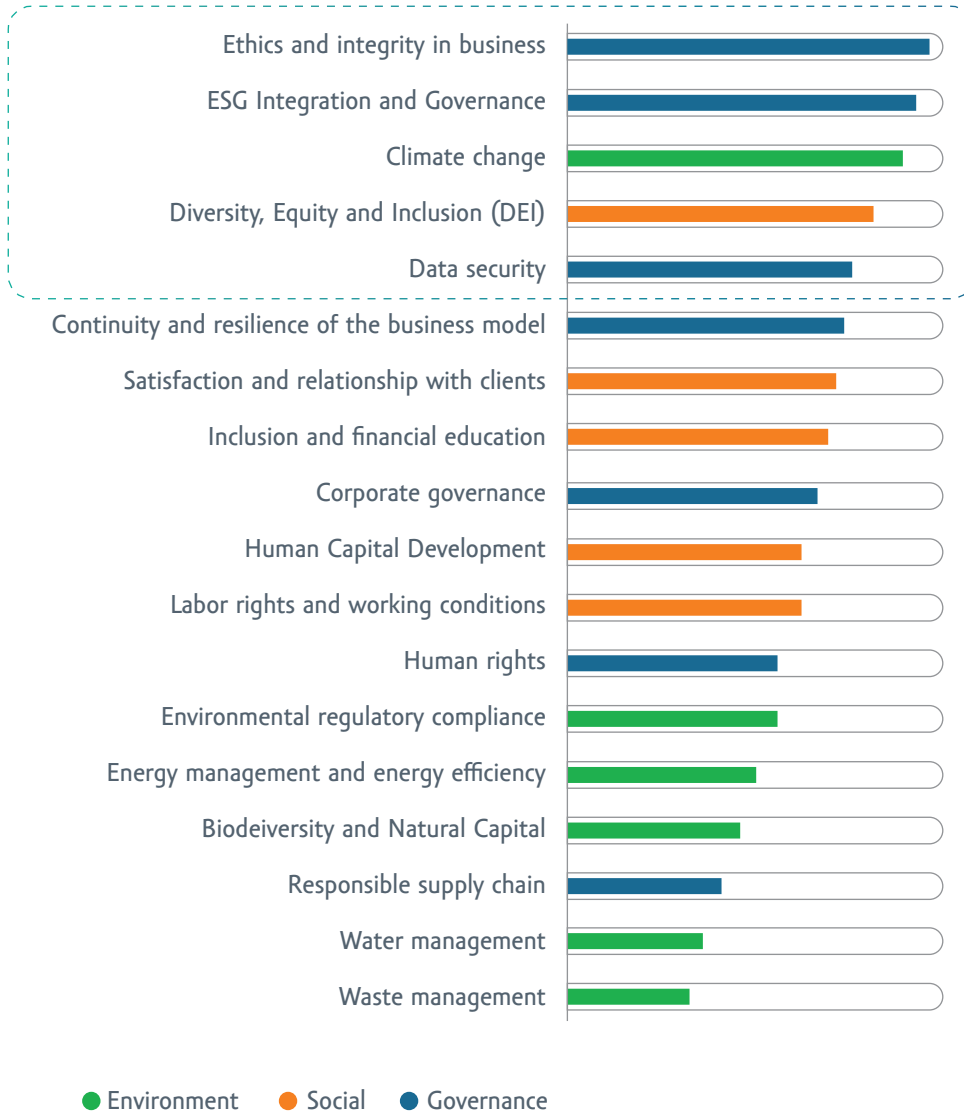
1. Business ethics and integrity
2. Inclusion and financial education
3. Diversity, Equity and Inclusion
4. Climate Change
5. ESG Integration and Governance
6. Satisfaction and customer relations
7. Human Capital Development*

***Although the theme belongs to Tier 2, it is additionally integrated to 1 as part of the organization's promise to place the person at the center, and in this case, its employees. For more information on the definition of material issues, see Appendix**



Impacts on Gentera

The perceived importance of ESG issues of impacts on Gentera are:



Ethics and **integrity in business** is recognized as a critical risk for Gentera, because it can generate distrust in market participants, and can damage the company's image. Unethical actions can generate fines or legal costs in the event of lawsuits. However, Gentera is perceived as having a solid position in terms of transparency, ethics and culture. Ethics is the guide to stable growth.

ESG and Governance integration is seen as a key opportunity to be a leader in the financial and corporate sector. External stakeholders expect Gentera to integrate ESG criteria into its products in the medium term. It is perceived that within the ESG spectrum, social and governance criteria are prioritized.

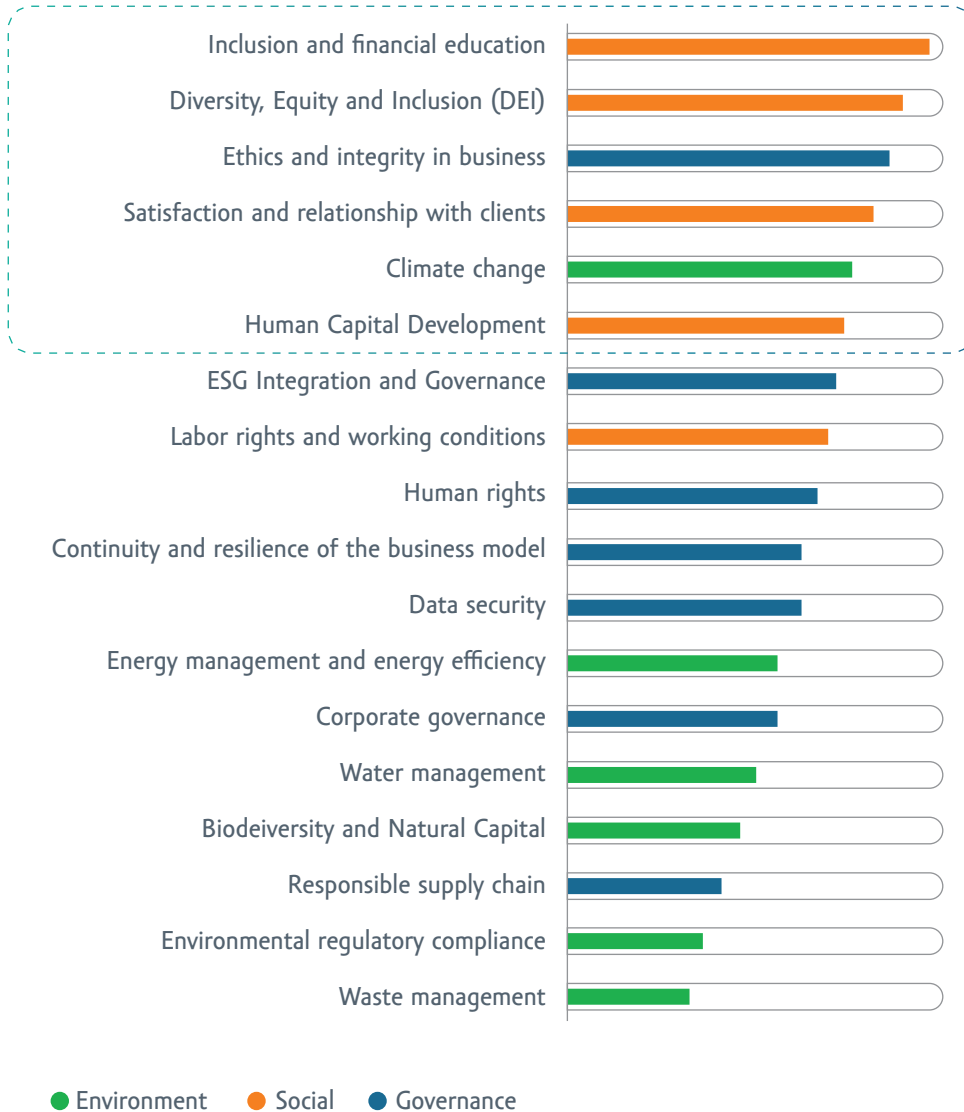
Climate change has been identified as a critical risk for Gentera since Acapulco, Hurricane Otis and El Niño in Peru. External stakeholders expect Gentera to identify climate risks in its operations for the development of a climate strategy. It is expected that CC risks will lead to credit risks for Gentera and an increase in the delinquency rate.

In relation to **Diversity, Equity and Inclusion**, it is identified as one of the opportunities for Gentera to reach market sectors that are not being served. Gentera is recognized as a company with DEI practices incorporated in both its clients and its employees.

Data Security is perceived, both internally and externally, as one of the critical risks for Gentera, due to widespread cybercrime, cyberattacks, misuse of personal information, digital fraud, etc. Internally, they know that they are exposed and that the current digitalization strategy leads to greater risks. However, it is also perceived that Gentera manages and protects its clients' data.

Impacts on the environment and society

Genera's key impacts on the environment and society are:



Financial inclusion and education is perceived, internally and externally, as one of the most significant positive impacts caused by Genera and its companies. The organization is perceived as an entity that represents an opportunity for inclusion and social equity, prevents over-indebtedness of its clients and maintains a healthy structure of the loans they request.

Diversity, Equity and Inclusion is seen as an issue in which Genera plays a part, as it grants loans to people at the base of the pyramid (people over 18 years of age). Genera is perceived as an organization that not only seeks gender equity, but also in terms of age, geographic zones, among others.

Ethics and integrity in business Genera is perceived as having a strong ethical culture, which generates trust with its stakeholders, especially among clients and investors.

Satisfaction and relationship with clients, it is perceived that Genera's companies maintain a close relationship with their clients, have constant communication to know their needs and encourage them to be more productive through a comprehensive offer that includes non-financial services.

Opportunities related to Climate Change are identified, such as knowing the emissions financed or providing MicroSMEs with tools for knowledge and adaptation to physical risks, in order to contribute to reducing the risk of the impact of climate events. It is also identified that Genera is an organization that, when faced with the impacts of natural phenomena, provides adequate conditions for the situation.

Human capital development is perceived as a relevant issue because Genera fulfills its promise to employees by placing the person at the center. The company is a source of decent employment for employees in Mexico and Peru, and in some cases it is the only source of formal employment in the communities where it operates.

Conclusions

Carrying out a double materiality exercise allows Genera to have a comprehensive and updated vision of the impacts it generates and those that positively or negatively affect its operations in order to address them and communicate their progress.

1

Genera's performance is above the industry average in social and governance aspects, with areas of opportunity in the environmental area, which leads us to continue deploying ESG efforts to permeate all the organization's processes.

2

We identified opportunities to strengthen processes related to financial education, assess a pilot exercise to learn about the calculation of financed emissions, incorporate climate risks into the traditional risk management process and develop mechanisms to identify ESG risks with suppliers, clients and other stakeholders.

3

We will work to consolidate the definition of objectives, indicators and commitments in the medium and long term for material issues with a view to Genera's ESG evolution.

It is also our task to ensure that we report ESG progress transparently and in accordance with international standards, mainly through Genera's Annual and Sustainability Report.

ANNEXES

Topics submitted for stakeholder consultation

Environmental



- Energy management and energy efficiency
- Water management
- Climate Change
- Waste management
- Biodiversity
- Environmental Compliance

Social



- Inclusion and financial education
- Diversity, Equity and Inclusion (DEI)
- Satisfaction and customer relations
- Labor rights and working conditions
- Human capital development

Governance



- Business Ethics and Integrity
- ESG Integration and Governance
- Data Security
- Corporate Governance
- Business Model Continuity and Resilience
- Responsible Supply Chain
- Human Rights

Stakeholders consulted

Internal



- Senior management
- Collaborators in key areas: Corporate Ethics, People, Corporate Governance, Risk, Product, Compartamos Foundation, Communication, Sustainability, Investor Relations, Business Continuity, Information Security, Audit, Procurement, among others.

External



- Clients
- Investors
- Academy
- Suppliers
- Business organizations
- Civil Society
- Media
- Business associations
- Industry peers

*Consultations were conducted in interviews and via electronic surveys.

Documentary reviews

ESG frameworks:

- Sustainability Accounting Standards Board (SASB)
- Sustainable Development Goals (SDGs)
- Ecuador Principles
- IFRS S1 y S2
- Task Force on Climate-related Financial Disclosures (TCFD)

Guidance documents and protocols:

- Sustainability Protocol of the Association of Banks of Mexico.
- Sustainability Guide for the Sustainable Development of Companies in Mexico of the Mexican Stock Exchange.

Global trend reports:

- 3 Global risks report 2023 WEFMSCI
- ESG and Climate trends to watch 2023
- ERM Sustainability trends report 2023



Tier 1 Topics

Mainstay	Topic	Definition	Concepts
Governance	Business ethics and integrity	Refers to the guidelines, policies and Code of Ethics that ensure exemplary ethical behavior of employees inside and outside Genera. This covers aspects such as anti-bribery practices, anti-corruption, and money laundering preventive measures, effective whistle-blowing mechanisms, and full transparency of information with clients, employees and other stakeholders.	<ul style="list-style-type: none">● Business ethics (anti-bribery, anti-money laundering, anti-corruption)● Code of ethics and conduct● Transparency of information, accountability
Social	Inclusion and financial education	This refers to the design and development of products and services that are accessible and adapted to the different needs of potential clients, with the aim of promoting greater financial inclusion and social mobility. This involves ensuring that clients can access the financial system, receive financing that meets their credit needs and develop their resilience through financial education.	<ul style="list-style-type: none">● value proposition of products and services to reduce barriers to entry into the financial system (i.e., small business development loans)● Accessibility to financial products (i.e., eligibility and ease of obtaining credit)● Economic growth and generation of decent employment by clients● Communication about financial services and management to promote clients' financial health
Social	Diversity, Equity and Inclusion	This refers to ensuring equality, equity and respect among employees, with zero tolerance for harassment and discrimination. Increase diversity in the workforce (including, but not limited to, gender, age, cultural background, abilities, race, religion, sexual orientation and disability) and ensure equal opportunities for all employees. In addition, develop plans and policies that encourage, train and support women in leadership positions and opportunities.	<ul style="list-style-type: none">● Workforce diversity (i.e., gender, indigenous population and people with disabilities)● Equal opportunity (wage gap) and Equal Employment Opportunity and Non-Discrimination Policy● Women's empowerment and equal leadership opportunities
Environmental	Climate Change	Refers to the evaluation of the carbon footprint of Genera's operations covering scopes 1, 2 and 3, with the objective of identifying and quantifying and reducing greenhouse gas emissions in all Genera's businesses. It also involves the identification of physical and transitional risks related to climate change, with the objective of developing risk mitigation strategies and increasing the resilience of Genera's operation.	<ul style="list-style-type: none">● Climate change● Greenhouse gas emissions from operational and financial activities (relevant Scope 1, 2 and Scope 3)● Identification of risks and opportunities related to climate change (physical and transitional)

Tier 1 Topics

Mainstay	Topic	Definition	Concepts
Governance	ESG Integration and Governance	Refers to the systematic implementation of processes to identify and evaluate environmental, social and governance (ESG) issues in Gentera's decision making. It includes the development of a Responsible Investment Policy and the integration of ESG criteria into the credit analysis and risk management framework.	<ul style="list-style-type: none"> • Responsible investment policy • Responsible financing, incorporation of ESG factors in credit analysis. • Sustainability Governance (Operating Committee)
Social	Satisfaction and customer relations	Refers to the activities, actions and implementation of mechanisms aimed at knowing the needs, expectations and complaints of all those with whom Gentera interacts (customers, academia, organizations, media), in addition to monitoring their experience when interacting with the company. It includes continuously improving the customer experience, offering solutions and personalized recommendations for better financial decisions. It also involves the implementation of non-financial services (such as training, education and education) and its participation in philanthropic and volunteer activities to promote positive social impact.	<ul style="list-style-type: none"> • Customer support, quality of service • Personalized solutions and recommendations • Client protection (violent collection practices, offer of appropriate products according to the client's situation). • Sales practices and product responsibility (including promoter training and practices) • Resolution of product-related complaints (product disbursement) • Client health and safety • Client engagement, participation and development • Complaint mechanisms • Corporate citizenship (philanthropy, volunteering)
Social*	Human Capital Development	Refers to the implementation of mechanisms to select, hire, manage, engage and retain employees, driving business growth through programs, benefits and opportunities to develop employees' skills and talent. In addition to ensuring the emotional and financial health and well-being of employees by promoting policies, support mechanisms and fostering a supportive workplace culture.	<ul style="list-style-type: none"> • Training and skills development • Talent attraction and retention • Health and safety (physical) and overall wellbeing (i.e., psychological, emotional) of employees

***Although the topic belongs to Tier 2, it is additionally integrated into 1 as part of the organization's promise to place the person at the center and in this case, its employees.**



GENTERA®

Headquarters
Gentera S.A.B. de C.V.
Av. Insurgentes Sur 1458 Col. Actipan,
Alcaldía Benito Juárez, Ciudad de México

Sustainability information
contacto@gentera.com.mx

 [@gentera](#)

 [gentera.mx](#)

 [gentera_mx](#)

 [gentera](#)

gentera.com.mx