National Commission of Banks and InsuranceStudies Management

Annex No. 1

Minimum Guidelines to Identify Financial Operations Subject to Management AS Risk and AS Risk Category Assignment

For the identification of financial operations that will be subject to risk management AS and for the assignment of its risk category AS, the institution of the financial system based on technical arguments or international best practices, you should consider the following criteria minima:

1. The categorization will be done in accordance with the provisions of Article 15 of this Standard.
2. The activities and sectors correspond to the International Standard Industrial Classification (ISIC).
3. The Secretary of State in the Offices of Natural Resources and Environment (My Environment) establishes its environmental categorization table that can be taken as a starting point, in coherence with Article 15 of this Standard, having to manage environmental risk and consistently.
4. Considering the above and in application of SARAS, the following critical factors are Triggers for stricter AS risk categorization by the institution:
   to. To assign an AS A or B risk category and apply deep AS management with practices international countries, the following should be considered:
      i. Geographical space in an environmentally fragile area, as detailed in Annex 2 of the categorization of My Environment. For this effect, apply the fragilities determined in studies carried out by the client or the institution, for example archaeological resources, etc.
      ii. The displacement or resettlement of people.
      iii. Affecting communities such as indigenous peoples, ethnic groups or vulnerable groups.
   b. Land-use change.
   c. Water sources in the project area, whether they are limited or limited by the operation.
   d. Impacts by territorial extension of the operation.
   and. Cumulative impacts that may cause or contribute to an increase in AS risk, for example: in operations in areas where there are already operations of other people, forward or backward integration, among others.
   F. Land tenure.
   g. Storage, handling, treatment or disposal of dangerous substances.
   h. Pollution by noise, waste, water, among others.
   i. Other relevant critical factors.
5. In all projects with high environmental or social risk, it must incorporate a mechanism of

consultation with the community about the activities to be carried out by the investment project.

6. Investment projects related to the activities of Oil, Gas and Hydrocarbons, Energy Sector and Mining Sector, will be considered in the category of higher risk AS, being mandatory the application of the SARA.
7. In some sectors within the My Environment categorization table, it is necessary consider in addition the following:

to. Agricultural sector

1. Effluent management.
2. In the activities that do not have ranges to categorize projects of investment as category 4, the institution must establish a parameter for its categorization.
3. Analyze the cases in which the operation has integration, for example that includes cultivation and profit etc.
4. Availability of water for irrigation or its affectation.

b. Sector: Biodiversity

1. The species that are managed are threatened or protected.

c. Subsector: Crops

1. Analyze the cases in which the operation has integration, for example: that includes cultivation and profit etc.
2. Availability of water for irrigation or its affectation.

8. International practices can be used as a reference, such as the Standards of Performance of the International Finance Corporation (IFC), its documents of IFC's guidance and others on risk management AS.

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Annex No. 2
SARAS Self-Assessment

Institution: ____________________
Date: ____________________

Not.	**Element**	**Grade of the Evaluation**	**Justification Degree of Evaluation**
1	Definition of the objectives of the SA Policy and the commitment of the Board of Directors for Senior Management to implement the mechanisms and allocate necessary resources to mitigate adverse effects of the AS risk.		
2	Verification of compliance with licensing requirements or environmental, social, health, safety and work permits, established by the treaties or conventions ratified by the country, the national laws at the level of central government or municipalities and required by contractual relationships, as appropriate.		
3	The procedures and criteria for identifying, evaluating and managing systematically the AS risk, conducting due diligence and monitoring customer performance; checking the exclusion list and categorizing operations according to their risk AS.		
4	Training and orientation for personnel in all areas involved so that you understand the potential impact of the risk AS and thus manage them in operational terms.		
5	Procedures to verify the mitigation measures to be applied or implemented by their clients and their documentary support.		
6	Explicit commitment to corporate social responsibility and sustainability.		
7	Organizational capacity and technical competencies for the evaluation of the		

environmental and social risk.

8 Procedures to respond in the event of an environmental crisis and social investment projects.

9 Commitment of the Board of Directors and Senior Management of the institution with sustainability from the environmental and social risk management approach.

10 Integration with other critical areas or teams within the institution in environmental and social risk matters (legal, communications, etc.).

11 Institutional appetite and interest to strengthen risk management environmental and social.

FINAL RATING 1 /

Evaluation Grade:

1. Strong: The SARAS has no deficiencies and its implementation is functional and suitable for managing AS risk.

2. Adequate: The SARAS has some non-significant deficiencies, which are not represent a high material impact for the institution and their implementation is moderately effective.

3. Needs improvement: The SARAS has significant deficiencies, the correction of which is not complex to manage AS risk and its implementation is scarcely effective.

4. Weak: The SARAS has very significant deficiencies, the correction of which is complex to manage AS risk and its implementation is not effective.

Final Score 1 /

This qualification will correspond to the degree of evaluation that is repeated the most, in case of tie, the lowest grade will be assigned. For example: Strong = 4, Adequate = 1, Need Improve = 4 and Weak = 2, then the final grade will be “Needs Improvement”.

Annex No. 3

Information to be received from the Client and validated in the Due Diligence Process

a) Background:

• Identification of the area of influence;

• Information on the environmental and social baseline;

• Economic and social conditions in the area of influence, including antecedents

social conditions and an assessment of the governance and development potential of the influence;

• Background of the client, of the companies under the client's control, or of those previously

involved with the investment project regarding their capabilities (staff experienced and dedicated resources) to manage the care of the environment and relationship between the client and the community.

b) Environmental Requirements: Verify compliance with the requirements established in the environmental and social regulations, as well as treaties, conventions and agreements that are in compliance according to law.

c) Assessment of potential impacts and, as appropriate, on:

• Air quality and quantity and quality of water, including groundwater.

• Sustainable development and use of renewable and non-renewable natural resources.

• Socio-economic aspects associated with the acquisition and use of land and water.

• Resettlement and involuntary economic displacement.

• Indigenous peoples and communities in the area of influence.

• Cumulative data on other existing economic activities that are affected

directly or indirectly for the development of the investment project.

• Evaluate possible economic disparities among the workers of the investment project and the population of the area of influence.

- Other AS risks that the institution determines that the impacts are potentially significant.

d) Mitigation measures as appropriate related to:

- Use of hazardous substances, occupational health and safety, risk management such as fire and life safety.
- Ensuring efficient production, delivery and use of energy, control of the pollution (effluent liquids and atmospheric emissions) and solid and chemical waste.
- Adoption of measures for the protection of human health, cultural property and the biodiversity, including endangered species and fragile ecosystems. The consideration of compensation programs such as acquisition programs land and relocation of populations that reasonably compensate for the impacts.
- Plan for personnel and security services related to the investment project, including the assurance that said security personnel are trained to exercise the appropriate use of force, including firearms, in accordance with practices international organizations, as well as consultation and coordination with State security forces for the proper use of these.

- Plan for the closure or closure of the investment project, of any facility that already is not for productive use, which will be properly dismantled and disposed of, and that lands, bodies of water, habitat or other resources must be reasonably restored, establishing a statement on whether the plan has been disclosed to the communities affected or if it incorporates a verifiable schedule for its disclosure.
- Emergency response plan.
- For other potentially significant AS risks, detail the measures that the client will take to mitigate such risk AS (identify and anticipate, avoid, reduce, compensate)

e) Participation and dialogue considering the following:

- The identification and effective participation of the communities in the area of influence of continuous, structured and culturally appropriate way.
- In the case of projects with potentially significant adverse impacts on the communities in the area of influence, verify that a process of informed consultation and participation; and, if the client adapted their consultation process, verifying that it considered the risks and impacts of the project, the development phase of the project, the linguistic preferences of the communities in the area of influence, their decision-making processes and the needs of disadvantaged and vulnerable groups.
- Verify if the consultation process was free from external manipulation, interference, coercion and intimidation.
- Ensure that, to facilitate the participation of the communities in the area of influence, the client in proportion to the risks and impacts of the project, made available of the communities in the area of influence the corresponding documentation of the assessment in the local language and in a culturally appropriate way.

f) Grievance Mechanism:

- Confirm that there is a complaint mechanism to receive and facilitate the resolution of complaints. concerns and complaints related to the environmental and social performance of the investment project.
- Review whether the complaints mechanism is appropriate to the risks and impacts of the project investment, and if the communities in the area of influence were and are its main users.
- Ensure that concerns have been addressed promptly, using a understandable and transparent consultation process that is culturally appropriate and easy access, free of charge and without any retaliation for those who raised the issue or the worry.
- Check if the established complaint mechanism does not prevent access to resources administrative or judicial.
- Verify that the client informed the communities in the area of influence about the complaints mechanism during the participation process.

Minimum actions by institutions for clients or their investment projects they will depend on the risk category established by the institution. Also, for the application of the requirements established in this Annex 1, the institutions may use complementary and as a reference international practices, including the Standards of Performance of the International Finance Corporation, IFC, its guidance documents and other documents issued by IFC in this regard.

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