

A photograph of three women in an office setting, all smiling and cheering with their fists raised. They are wearing green lanyards with the Banco Popular logo. In the background, a green banner features the Banco Popular logo and the text '¡Nos renovamos para ti!' and 'ca Móvil'.

# Principles for Responsible Banking (PRB) – UNEP FI

## Banco Popular Report 2022



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## Objectives 2023 - 2025





## Context of the Report

## About Banco Popular

Banco Popular is a private Colombian company, with a track record of more than 70 years in the financial market, throughout which it has been committed to providing financial support and accompaniment to all its clients to help them achieve their goals. The Bank is part of the Grupo Aval Financial Conglomerate, one of the most representative financial groups in Colombia, as well as one of the leading banking groups in Central America by level of assets.

Banco Popular has established itself as a customer-focused organization that builds trust, shares knowledge, develops its human talent and creates spaces for innovation and transformation. These characteristics have allowed it to offer a great value offer, aimed at its customers, in the Personal Banking, Small and Medium Enterprise (SME), Business Banking and Government segments.

Thus, the entity has built its leadership in the care of pensioners, educators, formal workers and public forces, in addition to building a solid relationship with public and private entities in the country.

## Context of the Report

# Our commitment with the Principles for Responsible Banking

**1. Alignment.** We will align our commercial strategy so that it is coherent and contributes to the needs of people and the objectives of society.

**2. Impact and Goal Setting.** We will continually measure our impacts and work to increase the positive ones while reducing the negative impacts; that result from our activities, products and services. To this end, we will set and publish targets where we can have the most significant impacts.

**3. Clients & Users.** We will work responsibly with our clients and users to promote sustainable practices and enable economic activities that generate shared prosperity for current and future generations.

**4. Interested Parties.** We will proactively and responsibly consult, engage, and partner with relevant stakeholders to achieve the goals of society.

**5. Governance and Culture.** We will implement our commitment to these Principles through effective management and a responsible banking culture.

**6. Transparency and Responsibility.** We will periodically review our individual and collective implementation of these Principles, as well as our contribution to the objectives of society.



## Context of the Report

## About this Report

In **June 2021**, Banco Popular signed the commitment to adhere to the Principles of Responsible Banking, a global collaboration initiative between the United Nations and world banks.

At El Popular we understand our role as a driving force in the country's economic, social and environmental development, which is why together with Grupo Aval we adhere to UNEP FI to continue strengthening our corporate sustainability strategy, aligned with global agendas, the 2030 Agenda, the Sustainable Development Goals and the Paris Agreement; allowing us to complement the goal of supporting the emerging economy throughout the group's business, at a strategic, portfolio and transactional level.

At El Popular we understand our role as a driving force in the country's economic, social and environmental development, which is why together with Grupo Aval we adhere to UNEP FI to continue strengthening our corporate sustainability strategy, aligned with global agendas, the 2030 Agenda, the Sustainable Development Goals and the Paris Agreement; allowing us to complement the goal of supporting the emerging economy throughout the group's business, at a strategic, portfolio and transactional level.

# Context of the Report

## Membership of Banco Popular and Grupo Aval

**Banco Popular adheres to the Principles of Responsible Banking in June 2021**, with the commitment to align its business strategy and implement banking practices with the purpose of developing sustainable economies, during the next 4 years.

This commitment **invites the Bank to act based on the trust that our clients** and society in general place in us, to serve their best interests and act responsibly.

**Our success and ability to remain profitable and relevant** is intrinsically dependent on the long-term prosperity of the societies we serve.

Therefore, **we want to take a leading role** and accelerate fundamental changes in our economies

## Membership Grupo AVAL

**Dec 14, 2022** "We are pleased to announce that Grupo Aval, together with our banks, adhered to UNEP FI to continue strengthening our corporate sustainability strategy, aligned with global agendas. With the development of sustainable finance, we hope to complement the objective of supporting the emerging economy of sustainable development throughout the group's business, at a strategic, portfolio and transactional level", said Luis Carlos Sarmiento Gutiérrez, President of Grupo Aval.







# Summary of Progress in compliance with PRB

Principles of Responsible Banking



## 1. Alignment of the Corporate Strategy with SDGs

- Sustainability as a corporate strategic axis
- Management Report aligned with the 2030 Sustainable Development Goals



## 3. Clients and Customers

- Access and use of financial services for the Elderly.
- Diamond Portfolio. Products designed and specialized for this population group.



## 5. Governance and Culture

- Governance Model of the Sustainability Strategy
- Sustainability, Diversity and Inclusion and Sustainable Purchasing Policy
- Friendly Biz Certifications, Great Place to Work, Ranking of Inclusive Companies



## 2. Impact Measurement and Goal Setting

- The impact measurement was carried out for both Personal Banking and Corporate Banking
- 2 clear objectives were established by 2025



## 4. Management of Interest Groups

- Within the framework of the sustainability strategy, 2 dialogues with interest groups have been held in 2019 and 2022
- 2 microsites were created on the web portal for communication with Shareholders and Investors, as well as with our suppliers



## 6. Transparency and Responsibility

- The Bank has its second sustainable management report under the Global Reporting Initiative GRI and SASB standards.





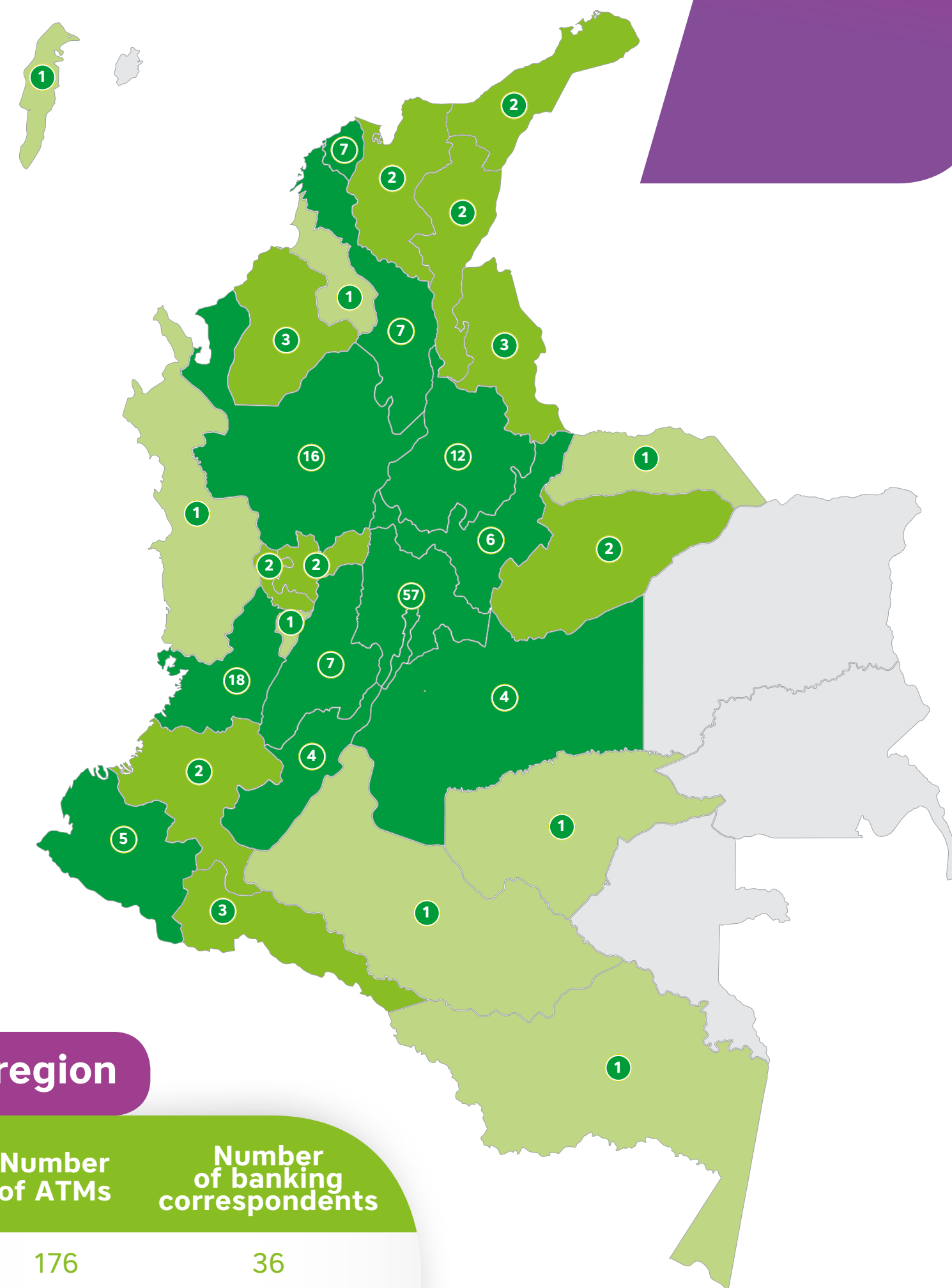
# Principle 1. Alignment

We will align our commercial strategy so that it is coherent and contributes to the needs of people and the objectives of society, especially to national and regional strategies.



## National presence by departamentos

- 4 or more offices.
- Between 2 and 3 offices.
- 1 office.
- It does not have an office.



## Physical channels by region

| Regional        | Number of offices | Number of ATMs | Number of banking correspondents |
|-----------------|-------------------|----------------|----------------------------------|
| Bogota and SMEs | 50                | 176            | 36                               |
| Northwest       | 46                | 166            | 26                               |
| West            | 40                | 194            | 14                               |
| Southeast       | 53                | 157            | 27                               |
| <b>Total</b>    | <b>189</b>        | <b>693</b>     | <b>103</b>                       |

## Our Business Model

### About Banco Popular

We are a financial entity with more than 70 years of experience in offering financial products and services, where our main purpose is to be a sustainable company that creates positive transformation experiences in people's lives.



### Physical channels

We are a Bank with operations only in Colombia, with a physical presence nationwide with more than 170 offices in 90% of the country's departamentos. Additionally, we have more than 690 ATMs and 103 bank co-responsibles.



### Digital channels

We have a Transactional Portal and Mobile Banking for Individuals and Companies since 2019.



### Human resources

Our Human Talent is made up of more than 3,600 workers, of which 61% are women and 39% men.



# Our Business Model



## Our clients

The organization has positioned itself as a leader in the following Segments:

### Personal Banking:

Older Adults and Pensioners  
Formal Workers (Official Sector and Educators)

### Business Banking:

Medium and large companies from different economic sectors, mainly the services and manufacturing sector.  
SME - Small and Medium Enterprises

### Government Banking:

We serve official Entities both national and territorial.



## Credit portfolio

Banco Popular's credit portfolio is around 22 billion Colombian pesos at the end of 2021. 67% of this is allocated to Personal Banking and 33% to Business and Government Banking.

## Risk Ratings

In 2021, the organization received the following risk ratings from BRC Standard & Poor's and Value & Risk Rating:

AAA (Triple A), with a stable outlook for long-term debt.

BRC 1+ (one more) and VrR 1+ (one more) to short-term debt.

AAA for ordinary bonds and AA+ for subordinated bonds, by BRC Standard & Poor's.





### Service with positive attitude

Live a culture based on positivism that is reflected in the attitudes and actions of the human team, so that, with empathy, willingness and proactivity, the Bank generates experiences that add value and strengthen its bond with customers over time through easy, timely and effective solutions



### Bank in your pocket

Making it easier for customers to interact with the Bank and those ecosystems that generate value, through digital capabilities and an extraordinary experience.



### Smart Bank

Build and complement the value offer of stakeholders from their interactions, relationships and environment, for timely, intelligent and integrated decision making at different levels of the organization.



### Shared Value

Distribute with stakeholders the quantifiable benefits of their relationship with the Bank to build long-term relationships.



### Sustainability

Contribute to make a better country leaving a positive footprint for tomorrow, and promoting sustainable projects that generate value to customers and profitability for the business.



### Efficiency and controlled risk

Automate and digitize the Bank's internal processes, ensuring an appropriate balance between risk and profitability and generating positive experiences for people



### Organization Health

Ability to align, run and renew faster than your competitors, ensuring a memorable work experience in order to maintain excellent results over time.



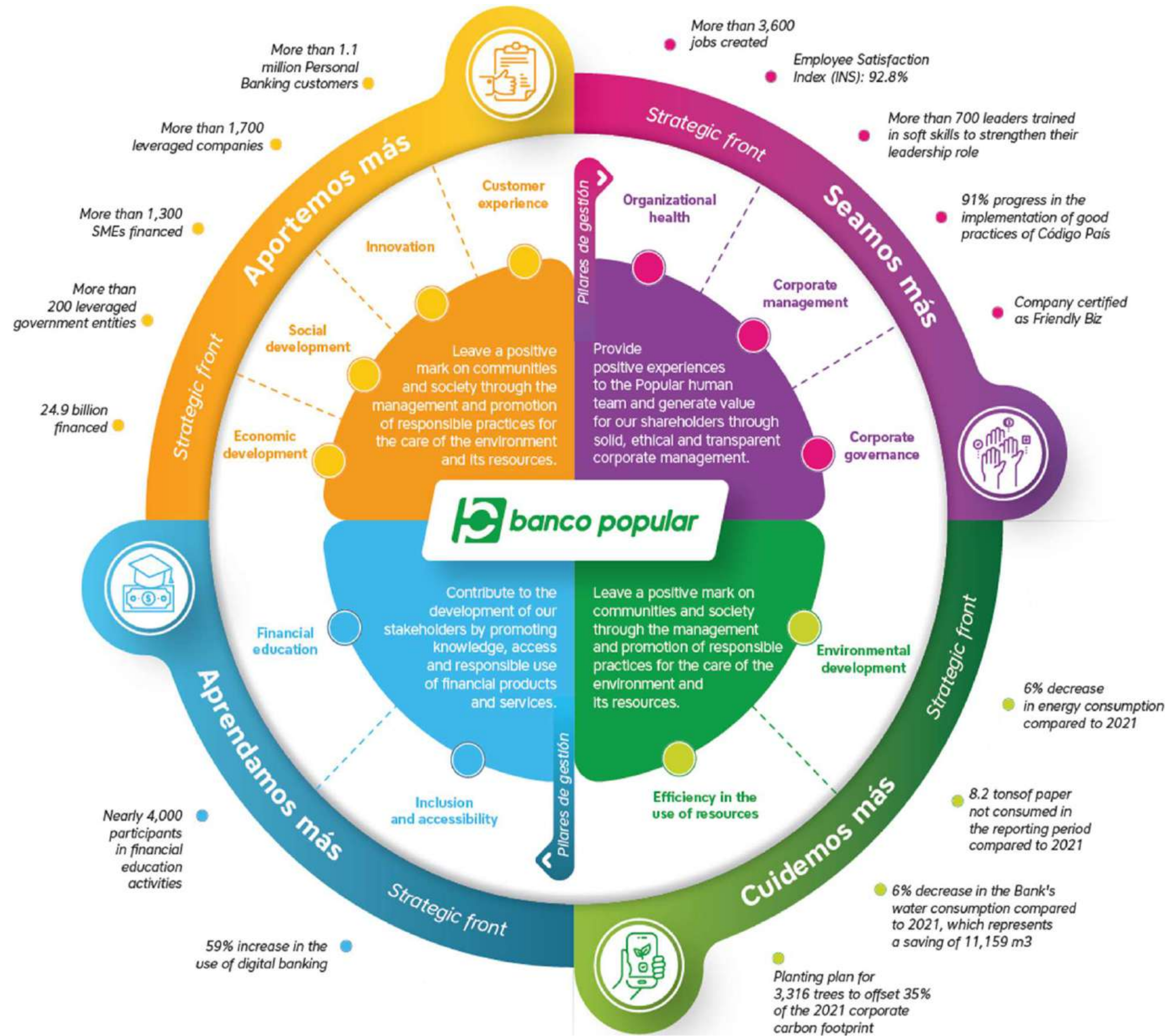
## Our Business Model

At Popular, a transformation process began in 2015, seeking to strengthen the Entity on 5 fronts: technological renewal, strengthening the commercial strategy, promoting and maintaining organizational health, consolidating leadership in the pensioner market and formal workers, as well as increase competitiveness. Through the implementation of more than 240 projects in these disciplines, the objectives of the transformation of the organization by 2020 were successfully achieved.

Based on these results, the strategic projection was made towards the next 5 years, establishing the objectives and strategic priorities for 2025.

Currently in 2022, we are in the middle of the roadmap that guides us to be a sustainable company that creates experiences that positively transform people's lives by 2025.





# Sustainability Strategy

At Popular we have integrated sustainability as one of our main purposes, aligning ourselves with our 2025 strategy and allowing us to consolidate a commitment to the sustainable development of the country, through the provision of financial services that leverage economic growth, as well as the well-being of people and organizations in the territories where the entity has a presence.

In this context, the sustainability strategy based on the management model that contemplates four strategic fronts was developed in 2021, which invites stakeholders to work together so that: "Let's be more", "Let's take care more", "Let's learn more" and "Let's contribute more".

In this context, the sustainability strategy based on the management model that contemplates four strategic fronts was developed in 2021, which invites stakeholders to work together so that: "Seamos más", "Cuidemos más", "Aprendamos más" and "Aportemos más".

Through these fronts, we manage material issues for the Bank and for our stakeholders based on building healthy and lasting relationships.

Aligned with the main purpose and vision of the Bank, as well as the development priorities of the country, the construction of indicators began to measure and make tangible the impact of the organization in the fulfillment of the Sustainable Development Goals (SDGs) as indicated described in the graph.





## Principle 2.

### Impact and Target settings

We will continuously increase our positive impacts while reducing the negative impacts on, and managing the risks to, people and environment resulting from our activities, products and services. To this end, we will set and publish targets where we can have the most significant impacts.



# Principle 2. Impact Assessment

## Methodology UNEPFI Impact Radar

It is a tool that allows analyzing the business with the lens of sustainable development, under the 3 pillars: Economic, social and environmental. Under the universal concepts of sustainable development, it allows recognizing the size of the business, the structure, the context of the country or regions where it operates.

For this exercise, the goals of Colombia for the fulfillment of the 2030 Sustainable Development objectives (Source DNP) were taken into account, as well as the composition of the credit portfolio of Banco Popular 2022, the number of clients by type of product and the socioeconomic characteristics of the natural person and legal person clients.

The analysis input was the composition of the Banco Popular 2022 Portfolio, for \$24 Bn

- **Personal Banking. Consumer Portfolio \$16 Bn (67%)**
- **Business Banking and Government. Commercial Portfolio \$8 Bn (33%)**

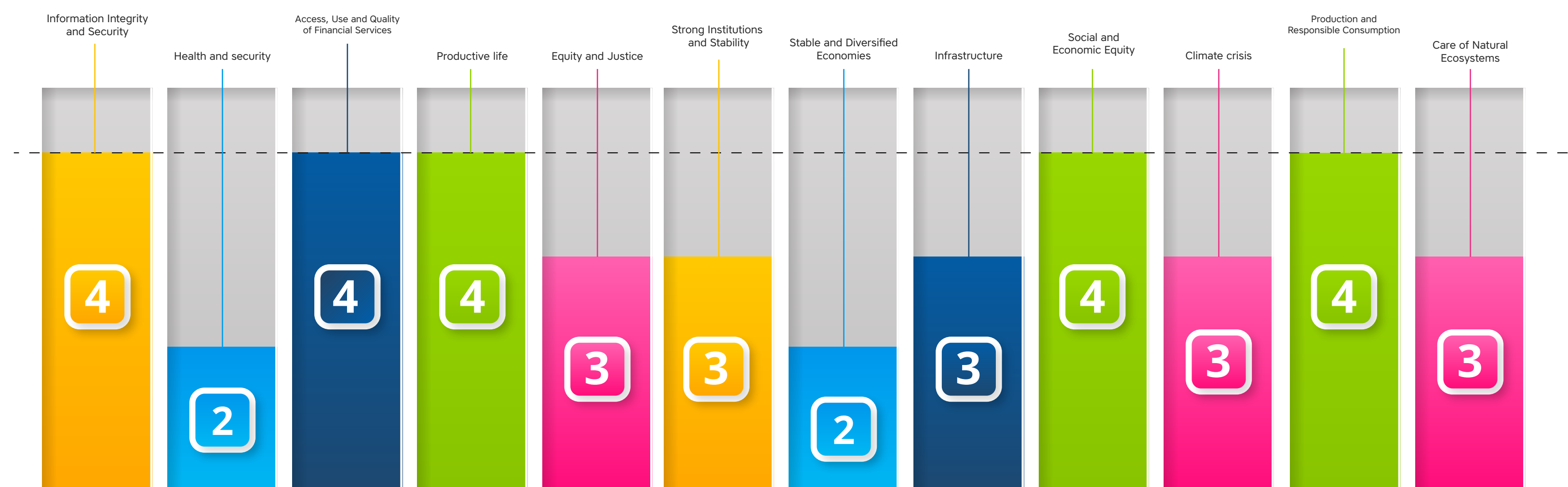




# Principle 2. Impact Assessment

The result of the impact measurement analysis reaffirms our purpose and the contribution that Banco Popular makes to society, on these 5 fronts:

1. Access, use and quality of financial services
2. Information integrity and security
3. Productive Life: Work, income generation, social security, professional development. E.g., Access to credit for Formal Workers.
4. Social and Economic Equity: Mechanisms that guarantee access to goods and services for vulnerable people. E.g., Older Adults and People with income less than 3 SMMLV.
5. Responsible Production and Consumption: Promote the efficient use of non-renewable natural resources (Raw Materials) and use of waste.



## Portfolio Composition

- Personal Banking. Consumer Portfolio \$16 Bn (67%)
- Business Banking and Government. Commercial Portfolio \$8 Bn (33%)



# Principle 2. Impact Assessment

## Socio-economic characterization of natural person clients:



Access to credit for more than **1.2 million customers**



**56% of our clients are over 60 years of age.** This age group of older adults is considered vulnerable due to the risks associated with their biological, social and/or economic conditions.



**71%** of our clients have income equal to or less than 2 SMMLV, which reflects some degree of economic vulnerability.

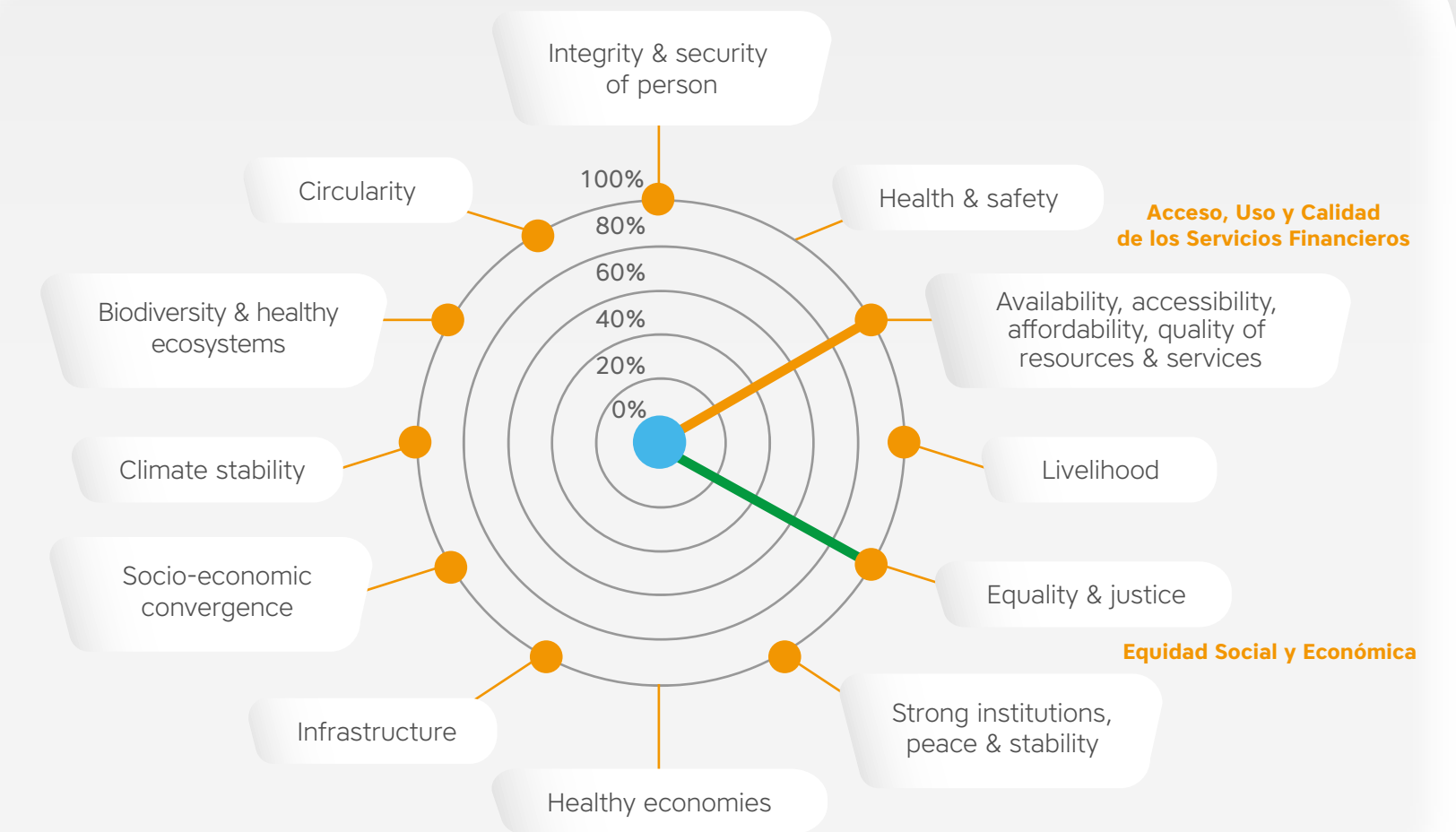
## Positive Impacts People Banking

ALL ASSOCIATIONS

KEY ASSOCIATIONS

COUNTRY PRIORITIES

LOCAL PRIORITIES





# Principle 2. Impact Assessment

## Socio-economic characterization of natural person clients:



We are the Pensioners Bank, of the **2.31 million pensioners in the country**, at Popular we serve 25%, or a quarter of this population, we serve around **500,000 pensioners in the country**.

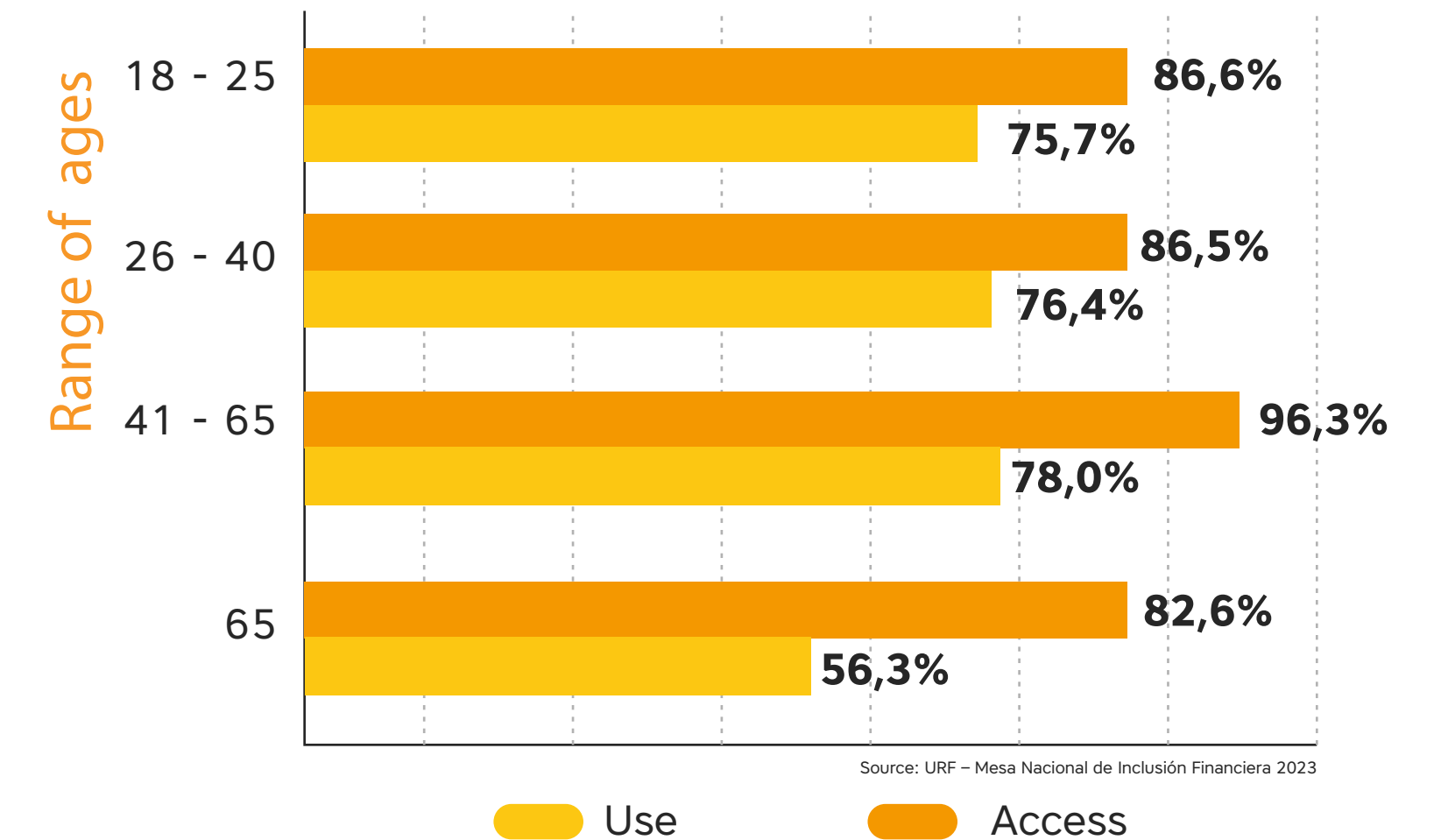


**46%** of our clients belong to the **Pensioners segment**.



Our clients over **60 years** of age stand out for having a combined portfolio amount of around 9 billions, which represents a participation of **57% of the consumer portfolio**.

## Financial Inclusion Colombia 2023





# Principle 2. Impact Assessment

## Reference Case

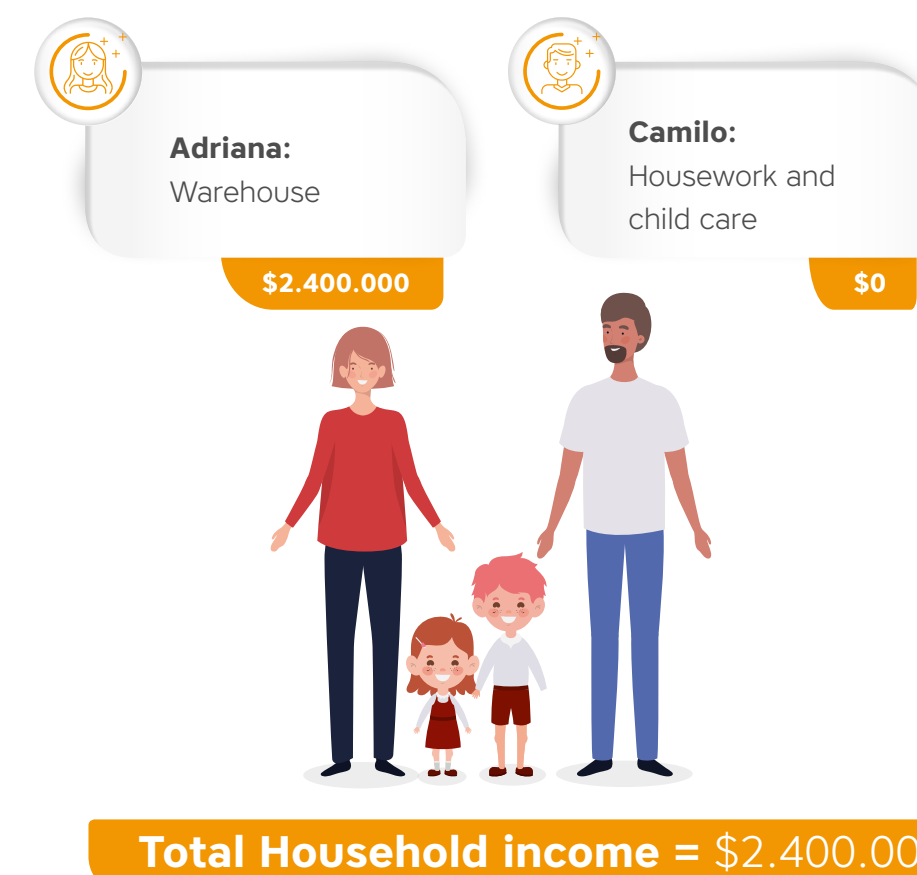
**Andrea and Camilo live together and have two children**

Adriana has a warehouse and her income is \$2.400.000 per month



In this case there are 4 people in **vulnerable condition**.

This Income range is for 2020 between the Poverty Line **(\$331.688 - \$653.781)** monthly

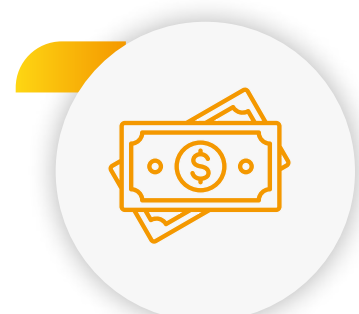


## National Data - Poverty and Vulnerability

- Incidence of **Monetary Poverty** 2021 **42.5%**
- Incidence of **Extreme Poverty** 2021 **15.1%**
- **57% of the population** in Colombia is in some degree of **economic vulnerability**.

Figures Colombia (Source DANE)

## Socio-economic Characterization of the Formal Worker Segment:



**51% of the Formal Worker segment** has an income equal to or less than 2 SMMLV.



The current portfolio of the formal worker segment represents almost **\$4.2 billions**, with a **participation of 26%**.



# Principle 2. Impact Assessment

## Currently Funded Activities that have High Positive Impact:

30% of the Business and Government Banking portfolio has the following focus:

- **Government Banking. (\$1.1 Bn Portfolio)** Financing of organizations that provide health, education, culture and basic sanitation services.
- **Business Banking. (\$170 MM Portfolio)** Financing of Higher Education activities and Real Estate Sector activities.

## Positive Impacts Business Banking + Government Banking

ALL ASSOCIATIONS KEY ASSOCIATIONS COUNTRY PRIORITIES LOCAL PRIORITIES SMEs





# Principle 2. Impact Assessment

## Currently Funded Activities with Sustainable Financing Potential

32.5% of the Business and Government Banking portfolio can increase its positive impact on the following sectors or economic activities:

- ☐ **Construction** Construction of buildings and road infrastructure.
- ☐ **Manufacturing** Manufacture of plastic, cement, textile, chemical and pharmaceutical industry.
- ☐ **Livestock** Animal husbandry and poultry.
- ☐ **Aqueducts and Sewers** Water collection, treatment and distribution.
- ☐ **Gas supply.** Production and distribution of gas or gaseous fuel through pipelines.
- ☐ **Quarries and construction materials.** Extraction of non-ferrous minerals.

## Sustainable Financing Potential Business Banking + Government Banking

ALL ASSOCIATIONS

KEY ASSOCIATIONS

COUNTRY PRIORITIES

LOCAL PRIORITIES

SMEs





# Objectives 2023 - 2025

The UNEPFI methodology invites us to establish at least 2 relevant objectives, with a specific time limit, that allow us to increase the positive impacts of the organization towards society.



## Objective 1

Design and develop a strategy for Financial Inclusion for Older Adults, within the framework of the Silver Economy.



## Objective 2

Design and develop a sustainable financing strategy focused on responsible production and consumption, as well as the care of Natural Ecosystems.





# Objective 1

## Inclusive Economies

Design and develop a strategy for Financial Inclusion and Financial Well-being for Older Adults, within the framework of the Silver Economy

### Diamond Offer for Senior Adult

Our Bank offers products and services that are accessible and designed according to the needs of our customer segment.

That is why, currently we have a special offer for older adults, designed to generate positive and memorable experiences.

For pensioners, at Popular we design the Diamond Offer, which integrates financial products to manage the pension easily and finance any purpose with exclusive benefits, thinking about the specific needs of the segment.

### Colombian context of access to financial services

Access to financial services facilitates daily life and helps families plan from long-term goals to unexpected emergencies. In Colombia, adults over 65 present a 32% gap between the use and access to financial products and services, which results in less well-being for this vulnerable group of the population.

In this sense, education and knowledge contribute not only to the development of people, but also to inclusion and the generation of new opportunities to continue living together the positive effect. Digital literacy strategies improve people's self-esteem and autonomy by being essential for social inclusion, facilitating people's access to the financial system, reducing fiscal risks and promoting the formalization of the economy.





# Our offer of Value to the **Elderly of the Country**

## Diamond Account

- No handling and administration fees
- No fees for withdrawals, transfers, transfers, consultations and automatic notifications
- Up to 5 savings pockets
- Aval Experiences (Access to best concerts and shows)

## Diamond Credit Card

- No cost 3 months handling fee
- Minimum documentation and fast approval
- Discounts up to 65% in more than 100 establishments
- Aval experiences (Access to best concerts and shows)

## Prestayá Credit

- Preferential Interest Rates
- Portfolio Purchase
- Minimum Required Income
- Prestayá Digital
- Life Insurance

## Integral Protected Account

- Prevention of unexpected economic impacts (Theft, loss, fraud, forced use)
- Automatic debit of savings account
- Access to personalized credit reports
- Access to digital training and nutrition platforms
- Access to digital education platform

## Saving Account

- No cost of management and administration
- Greater profitability and immediate availability of resources
- No fees in withdrawals, transfers, transfers, consultations and automatic notifications
- Up to 5 pockets of savings
- Experiences Aval (Access to best concerts and shows)

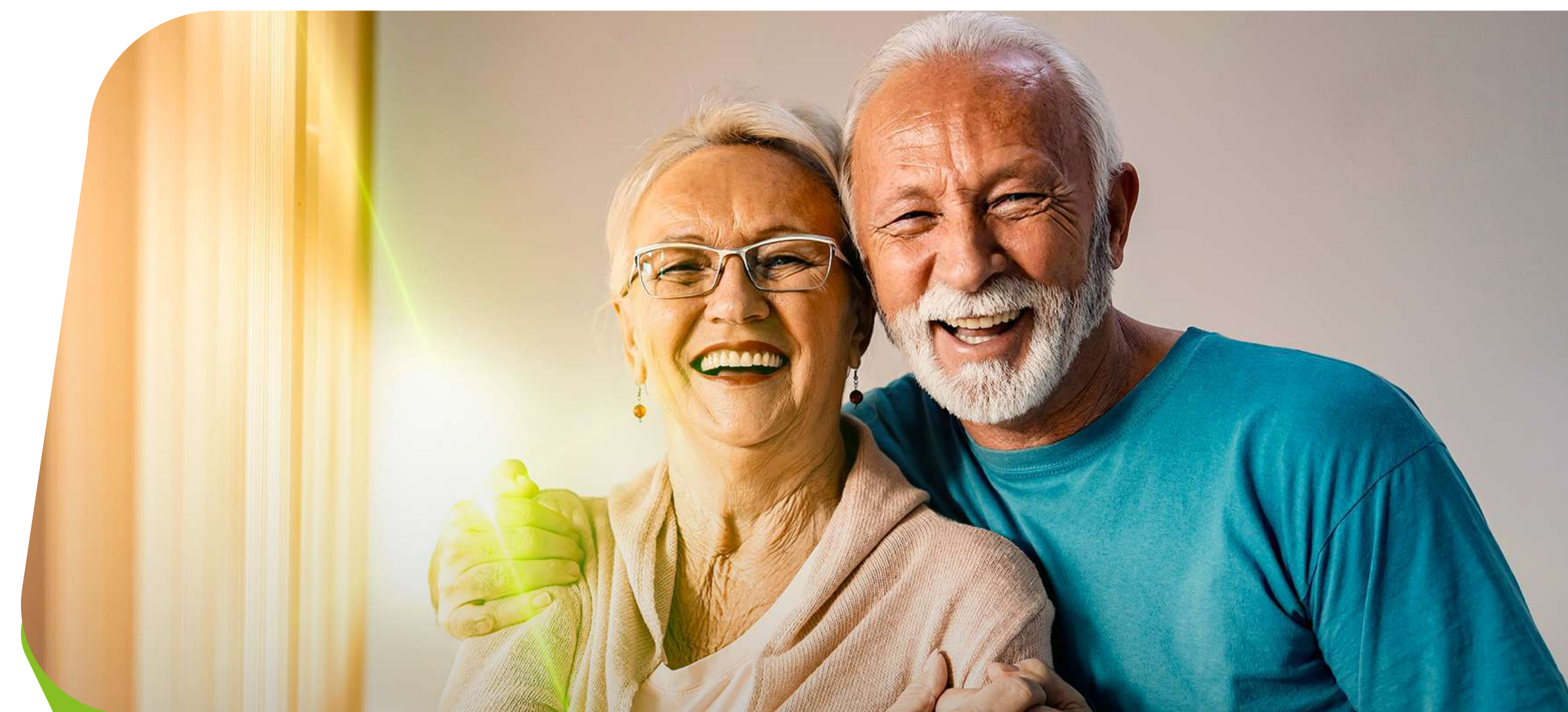


# Objective 1

## Inclusive Economies

In 2022, we will work on the development of a more focused strategy in our target segment, which will allow us to strengthen our relationship with customers, facilitating their entry into digital banking and promoting the intelligent use of accessible products and services.

We have focused this management on the strategic priorities of our Bank, facing the service with positive attitude, bank in your pocket, smart bank and shared value.





# Objective 2

## Climate Stability

Design and develop a sustainable financing strategy focused on responsible production and consumption, as well as the care of Natural Ecosystems.

### Sustainable Financing Approach

In the banking sector, climate change has a great importance directly linked to the possible financial implications, where the discussion of both physical and transitional climate risks have taken on significance.

This situation is driving strategic decision-making in our bank, where by 2025 we plan to redirect funds towards activities that support the transition of our country's economy to a more sustainable and low-carbon model.

### Our Sustainable Strategy

Based on our superior proposition of "Being a sustainable company that creates experiences that positively transform people's lives", at Popular we are committed to the sustainable development of the country, where through our sustainability strategy we leverage economic growth as well as the well-being of individuals and organizations in the territories where the entity has a presence.

In 2022 we updated our materiality, finding 22 topics that cover environmental, social and governance issues (ESG) key to our strategy, with climate change being one of the most relevant issues.

#### Environmental and Social Risk Management System (SARAS)

During 2022 we worked on the implementation of our SARAS, through which we will be able to identify, evaluate, manage and monitor the E&S3 risks associated with the activities we finance. In September we will start with our pilot SARAS, which will involve our segments of Business Banking, Corporate and Project Finance.

#### Climate Risk Management (TCFD)

We want to be one of the leading banks on the path to transition to a low-carbon economy.

We have advanced in the identification and understanding of our exposure to the risk of climate change, which will allow us to address in the coming years a prospective vision on our financed emissions and the placement in resilient and adaptable sectors.





In developing our strategy, the Bank will design and implement medium- and long-term goals with the purpose of establishing metrics that periodically bring us closer to meeting objectives 1 and 2. Furthermore, these will have the mission to contribute to the fulfillment of our value proposition, commit ourselves to the needs of our stakeholders and contribute to national priorities towards sustainable development.







PRINCIPLES FOR  
RESPONSIBLE  
BANKING



# Principles for Responsible Banking

———— (PRB) - UNEP FI

Reporte Banco Popular 2022





# Reporting and Self-Assessment Template

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Principles for Responsible Banking



Reviewed version (V2) from September 2022





# How to use this template

This template gives banks the chance to provide summaries of the annual progress made in implementing each Principle. It is designed for your bank to provide references/links to where in your existing reporting/public domains (websites) the required information can be found to support your answers. The aim is to keep any additional reporting burden to a minimum while ensuring transparency and accountability as set out in Principle 6. When referring to other documents, please specify the pages where the exact information appears.

The Reporting and Self-Assessment Template shall not be amended structurally and content-wise. The content and text of the template can be applied to corporate layout and designed accordingly, without omitting parts of the texts. The Reporting and Self-Assessment Template can be integrated into your bank's reports (annual report, sustainability report or relevant reporting formats) or can be published as a stand-alone document. It needs to be publicly available and will be listed on the UNEP FI Signatories page.

The reporting needs to be published in English. Information that is referenced to within the Reporting and Self-Assessment Template should also be available in English. Where that is not possible, it is recommended to include the summary of relevant information as text in the Template, so that all necessary information can be taken into account when the UNEP FI Secretariat reviews the bank's performance.



# Principle 1: Alignment



We will align our business strategy to be consistent with and contribute to individuals' needs and society's goals, as expressed in the Sustainable Development Goals, the Paris Climate Agreement and relevant national and regional frameworks.

## Business model

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

### Response

We are a financial institution with more than 70 years of experience in the development of financial products and services, where our main purpose is to be a sustainable company that creates experiences of positive transformation in people's lives.

We consider ourselves a bank close to the people, we are recognized for being leaders in the segments of pensioners, armed forces, educators and workers of the official sector; which at the end of 2022 grew by more than 50,000 customers.

In addition, through the Elevate Business program, we promoted 202 SMEs, which experienced a 10.2% increase in monthly sales and a 19.2% increase in profits.

Since 2020, we began a transformation process with great challenges where we focused on changing the Bank's vocation, which was concentrated on products, to focus on the customer and in this way go from being leaders in settlements to being leaders in the client.

This reason allowed us to focus our efforts on 7 strategic priorities towards 2025:

- Service with Positive attitude
- Bank in your Pocket
- Smart bank
- Shared Value
- Sustainability
- Controlled efficiency and risk
- Organizational Health

### Links and references

#### **Principles for Responsible Banking**

[https://www.bancopopular.com.co/wps/wcm/connect/bancopopular/9ab6572b-48dc-4be2-9e8e-1f2ca9d0d9c0/Banca-Responsable-ingles-V7\\_compressed.pdf?MOD=AJPERES&CVID=oF74GGf](https://www.bancopopular.com.co/wps/wcm/connect/bancopopular/9ab6572b-48dc-4be2-9e8e-1f2ca9d0d9c0/Banca-Responsable-ingles-V7_compressed.pdf?MOD=AJPERES&CVID=oF74GGf)



## Strategy alignment

**Does your corporate strategy identify and reflect sustainability as strategic priority/ies for your bank?**

☒ Yes

☐ No

Please describe how your bank has aligned and/or is planning to align its strategy to be consistent with the Sustainable Development Goals (SDGs), the Paris Climate Agreement, and relevant national and regional frameworks.

**Does your bank also reference any of the following frameworks or sustainability regulatory reporting requirements in its strategic priorities or policies to implement these?**

☐ UN Guiding Principles on Business and Human Rights

☐ International Labour Organization fundamental conventions

☐ UN Global Compact

☐ UN Declaration on the Rights of Indigenous Peoples

☐ Any applicable regulatory reporting requirements on environmental risk assessments, e.g. on climate risk - please specify which ones: -----

☐ Any applicable regulatory reporting requirements on social risk assessments, e.g. on modern slavery - please specify which ones: -----

☒ None of the above

### Response

At Popular we have integrated sustainability as one of our main purposes, aligning ourselves with our 2025 strategy and allowing us to consolidate a commitment to the sustainable development of the country, through the provision of financial services that leverage economic growth, as well as the well-being of people and organizations in the territories where the entity has a presence. In this context, the sustainability strategy based on the management model that contemplates four strategic fronts was developed in 2021, which invites stakeholders to work together so that: "Let's be more", "Let's take care more", "Let's learn more" and "Let's contribute more". In this context, the sustainability strategy based on the management model that contemplates four strategic fronts was developed in 2021, which invites stakeholders to work together so that: "Seamos más", "Cuidemos más", "Aprendamos más" and "Aportemos más".

Our contribution to the Sustainable Development Goals began in 2021, where we prioritized and determined which Sustainable Development Goals (SDGs) are aligned with the Bank's main purpose and vision.

Sustainable Development Goals (SDGs) are aligned with the Bank's main purpose and vision, where we mainly considered the strategic relevance and impact capacity of the Bank.

### Links and references

**Principles for Responsible Banking Pg. 11**

[https://www.bancopopular.com.co/wps/wcm/connect/bancopopular/9ab6572b-48dc-4be2-9e8e-1f2ca9d0d9c0/Banca-Responsable-ingles-V7\\_compressed.pdf?MOD=AJPERES&CVID=oF74GGf](https://www.bancopopular.com.co/wps/wcm/connect/bancopopular/9ab6572b-48dc-4be2-9e8e-1f2ca9d0d9c0/Banca-Responsable-ingles-V7_compressed.pdf?MOD=AJPERES&CVID=oF74GGf)

Through these fronts, we manage material issues for the Bank and for our stakeholders based on building healthy and lasting relationships.

Aligned with the main purpose and vision of the Bank, as well as the development priorities of the country, the construction of indicators began to measure and make tangible the impact of the organization in the fulfillment of the Sustainable Development Goals (SDGs) as indicated described in the graph.

## Principle 2: Impact and Target Setting



We will continuously increase our positive impacts while reducing the negative impacts on, and managing the risks to, people and environment resulting from our activities, products and services. To this end, we will set and publish targets where we can have the most significant impacts.

### 2.1 Impact Analysis (Key Step 1)

Show that your bank has performed an impact analysis of its portfolio/s to identify its most significant impact areas and determine priority areas for target-setting. The impact analysis shall be updated regularly<sup>1</sup> and fulfil the following requirements/elements (a-d)<sup>2</sup>:

**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.

#### Response

For the impact analysis of our portfolio, we prioritize our consumer and commercial portfolio, which are composed as follows:

1. **Commercial Banking:** In Popular Bank we have more than 1.700 customers in the business and corporate segments. Business Banking and Government. Commercial Portfolio COP \$8 Billions (Colombian Pesos – COP).
2. **Consumer Banking:** At the end of 2022, the Bank has a portfolio of more than COP 17 Billions (Colombian Pesos – COP). The share of the portfolio by business line is distributed as follows.

#### Links and references

##### **Principles for Responsible Banking**

[https://www.bancopopular.com.co/wps/wcm/connect/bancopopular/9ab6572b-48dc-4be2-9e8e-1f2ca9d0d9c0/Banca-Responsable-ingles-V7\\_compressed.pdf?MOD=AJPERES&CVID=oF74GGf](https://www.bancopopular.com.co/wps/wcm/connect/bancopopular/9ab6572b-48dc-4be2-9e8e-1f2ca9d0d9c0/Banca-Responsable-ingles-V7_compressed.pdf?MOD=AJPERES&CVID=oF74GGf)

<sup>1</sup> That means that where the initial impact analysis has been carried out in a previous period, the information should be updated accordingly, the scope expanded as well as the quality of the impact analysis improved over time.

<sup>2</sup> Further guidance can be found in the [Interactive Guidance on impact analysis and target setting](#).



**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<sup>3</sup> 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.

#### **Response**

At the end of 2022, our portfolio was 24.9 Billions (Colombian Pesos – COP).

The analysis input was the composition of the Banco Popular 2022 Portfolio, as follows:

- Personal Banking. Consumer Portfolio \$16 Bn (67%).
- Business Banking and Government. Commercial Portfolio \$8 Bn (33%).

#### **Links and references**

##### **Principles for Responsible Banking**

[https://www.bancopopular.com.co/wps/wcm/connect/bancopopular/9ab6572b-48dc-4be2-9e8e-1f2ca9d0d9c0/Banca-Responsable-ingles-V7\\_compressed.pdf?MOD=AJPERES&CVID=oF74GGf](https://www.bancopopular.com.co/wps/wcm/connect/bancopopular/9ab6572b-48dc-4be2-9e8e-1f2ca9d0d9c0/Banca-Responsable-ingles-V7_compressed.pdf?MOD=AJPERES&CVID=oF74GGf)

**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?<sup>4</sup> Please describe how these have been considered, including what stakeholders you have engaged to help inform this element of the impact analysis.

*This step aims to put your bank's portfolio impacts into the context of society's needs.*

#### **Response**

The goals of Colombia for the fulfilment of the 2030 Sustainable Development objectives (Source DNP) were taken into account, as well as the composition of the credit portfolio of Banco Popular 2022, the number of clients by type of product and the socioeconomic characteristics of the natural person and legal person clients.

The result of the impact measurement analysis rearms our purpose and the contribution that Banco Popular makes to society, on these 5 fronts:

1. Access, use and quality of financial services.
2. Information integrity and security.
3. Productive Life: Work, income generation, social security, professional development. E.g., Access to credit for Formal Workers.

#### **Links and references**

##### **Principles for Responsible Banking**

[https://www.bancopopular.com.co/wps/wcm/connect/bancopopular/9ab6572b-48dc-4be2-9e8e-1f2ca9d0d9c0/Banca-Responsable-ingles-V7\\_compressed.pdf?MOD=AJPERES&CVID=oF74GGf](https://www.bancopopular.com.co/wps/wcm/connect/bancopopular/9ab6572b-48dc-4be2-9e8e-1f2ca9d0d9c0/Banca-Responsable-ingles-V7_compressed.pdf?MOD=AJPERES&CVID=oF74GGf)

<sup>3</sup> 'Key sectors' relative to different impact areas, i.e. those sectors whose positive and negative impacts are particularly strong, are particularly relevant here.

<sup>4</sup> Global priorities might alternatively be considered for banks with highly diversified and international portfolios.

|  |  |
|--|--|
| <ol style="list-style-type: none"> <li>4. Social and Economic Equity: Mechanisms that guarantee access to goods and services for vulnerable people. E.g., Older Adults and People with income less than 3 SMMLV.</li> <li>5. Responsible Production and Consumption: Promote the efficient use of non-renewable natural resources (Raw Materials) and circular economy.</li> </ol>   |  |
| <p>Based on these first 3 elements of an impact analysis, what positive and negative impact areas has your bank identified? Which (at least two) significant impact areas did you prioritize to pursue your target setting strategy (see 2.2)5? Please disclose.</p> <p><b>d) For these (min. two prioritized impact areas): <u>Performance measurement.</u></b> Has your bank identified which sectors &amp; 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.</p> <p>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&amp;inclusion as your most significant impact areas, please also refer to the applicable indicators in the <a href="#">Annex</a>.</p> <p>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.</p> <p><i>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</i></p> |  |
| <p><b>Response</b></p> <p><b>Socio-economic characterization of natural person clients:</b></p> <ul style="list-style-type: none"> <li>- Access to credit for more than 1.2 million customers</li> <li>- 56% of our clients are over 60 years of age. This age group of older adults is considered vulnerable due to the risks associated with their biological, social and/or economic conditions.</li> <li>- 71% of our clients have income equal to or less than 2 SMMLV, which reflects some degree of economic vulnerability.</li> </ul> <p><b>Currently Funded Activities that have High Positive Impact:</b></p> <p>30% of the Business and Government Banking portfolio has the following focus:</p> <ul style="list-style-type: none"> <li>• <b>Government Banking.</b> (\$1.1 Bn Portfolio) Financing of organizations that provide health, education, culture and basic sanitation services.</li> </ul>   | <p><b>Links and references</b></p> <p><b>Principles for Responsible Banking</b></p> <p><a href="https://www.bancopopular.com.co/wps/wcm/connect/bancopopular/9ab6572b-48dc-4be2-9e8e-1f2ca9d0d9c0/Banca-Responsable-ingles-V7_compressed.pdf?MOD=AJPERES&amp;CVID=oF74GGf">https://www.bancopopular.com.co/wps/wcm/connect/bancopopular/9ab6572b-48dc-4be2-9e8e-1f2ca9d0d9c0/Banca-Responsable-ingles-V7_compressed.pdf?MOD=AJPERES&amp;CVID=oF74GGf</a></p> |

<sup>5</sup> To prioritize the areas of most significant impact, a qualitative overlay to the quantitative analysis as described in a), b) and c) will be important, e.g. through stakeholder engagement and further geographic contextualisation.



- **Business Banking.** (\$170 MM Portfolio) Financing of Higher Education activities and Real Estate Sector activities.

#### **Currently Funded Activities with Sustainable Financing Potential**

32.5% of the Business and Government Banking portfolio can increase its positive impact on the following sectors or economic activities:

- **Construction** (\$672 MM). Construction of built and road infrastructure.
- **Manufacturing** (\$316 MM). Manufacture of plastic, cement, textile, chemical and pharmaceutical industry.
- **Livestock** (94.3 MM). Animal husbandry and poultry.
- **Aqueducts and Sewers** (\$61,8MM) Water collection, treatment and distribution.
- **Gas supply.** (\$57.8 MM) Production and distribution of gas or gaseous fuel through pipelines.
- **Quarries and construction materials.** (\$9.6 MM) Extraction of non-ferrous minerals.

### 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?<sup>6</sup>

|                          |   |   |                             |
|--------------------------|---|---|-----------------------------|
| Scope:                   | <input checked="" type="checkbox"/> Yes | <input type="checkbox"/> In progress            | <input type="checkbox"/> No |
| Portfolio composition:   | <input checked="" type="checkbox"/> Yes | <input type="checkbox"/> In progress            | <input type="checkbox"/> No |
| Context:                 | <input checked="" type="checkbox"/> Yes | <input type="checkbox"/> In progress            | <input type="checkbox"/> No |
| Performance measurement: | <input type="checkbox"/> Yes            | <input checked="" type="checkbox"/> In progress | <input type="checkbox"/> No |

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

- **Access, Use and Quality of Financial Services - Financial Inclusion:**

*Objective 1. Design and develop a strategy for Financial Inclusion for Older Adults, within the framework of the Silver Economy.*

- **Production and Responsible Consumption - Climate Stability:**

*Objective 2. Design and develop a sustainable financing strategy focused on responsible production and consumption, as well as the care of Natural Ecosystems.*

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

Open text field to describe potential challenges, aspects not covered by the above etc.:  
(optional)

---

<sup>6</sup> You can respond "Yes" to a question if you have completed one of the described steps, e.g. the initial impact analysis has been carried out, a pilot has been conducted.



## 2.2 Target Setting (Key Step 2)

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<sup>7</sup> 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<sup>8</sup> 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.

*You can build upon the context items under 2.1.*

|                 |                             |
|-----------------|-----------------------------|
| <i>Response</i> | <i>Links and references</i> |
|-----------------|-----------------------------|

- 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.

*You can build upon the performance measurement undertaken in 2.1 to determine the baseline for your target.*

*A package of indicators has been developed for climate change mitigation and financial health & inclusion to guide and support banks in their target setting and implementation journey. The overview of indicators can be found in the [Annex](#) of this template.*

If your bank has prioritized climate mitigation and/or financial health & inclusion as (one of) your most significant impact areas, it is strongly recommended to report on the indicators in the Annex, using an overview table like below including the impact area, all relevant indicators and the corresponding indicator codes:

| <i>Impact area</i>               | <i>Indicator code</i> | <i>Response</i> |
|----------------------------------|-----------------------|-----------------|
| <i>Climate change mitigation</i> | ...                   |                 |
|                                  | ...                   |                 |
|                                  | ...                   |                 |

| <i>Impact area</i>                      | <i>Indicator code</i> | <i>Response</i> |
|---|-----------------------|-----------------|
| <i>Financial health &amp; inclusion</i> | ...                   |                 |
|   | ...                   |                 |
|   | ...                   |                 |

In case you have identified other and/or additional indicators as relevant to determine the baseline and assess the level of alignment towards impact driven targets, please disclose these.

|                 |                             |
|-----------------|-----------------------------|
| <i>Response</i> | <i>Links and references</i> |
|-----------------|-----------------------------|

<sup>7</sup> Operational targets (relating to for example water consumption in office buildings, gender equality on the bank's management board or business-trip related greenhouse gas emissions) are not in scope of the PRB.

<sup>8</sup> Your bank should consider the main challenges and priorities in terms of sustainable development in your main country/ies of operation for the purpose of setting targets. These can be found in National Development Plans and strategies, international goals such as the SDGs or the Paris Climate Agreement, and regional frameworks. Aligning means there should be a clear link between the bank's targets and these frameworks and priorities, therefore showing how the target supports and drives contributions to the national and global goals.

**c) SMART targets** (incl. key performance indicators (KPIs)<sup>9</sup>): 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.

|                 |                             |
|-----------------|-----------------------------|
| <i>Response</i> | <i>Links and references</i> |
|-----------------|-----------------------------|

**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.

|                 |                             |
|-----------------|-----------------------------|
| <i>Response</i> | <i>Links and references</i> |
|-----------------|-----------------------------|

## 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: ... (please name it)  | ... second area of most significant impact: ... (please name it)   | (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<br><input type="checkbox"/> In progress<br><input type="checkbox"/> No | <input checked="" type="checkbox"/> Yes<br><input type="checkbox"/> In progress<br><input type="checkbox"/> No | <input type="checkbox"/> Yes<br><input type="checkbox"/> In progress<br><input type="checkbox"/> No                      |
| Baseline      | <input checked="" type="checkbox"/> Yes<br><input type="checkbox"/> In progress<br><input type="checkbox"/> No | <input checked="" type="checkbox"/> Yes<br><input type="checkbox"/> In progress<br><input type="checkbox"/> No | <input type="checkbox"/> Yes<br><input type="checkbox"/> In progress<br><input type="checkbox"/> No                      |
| SMART targets | <input type="checkbox"/> Yes<br><input checked="" type="checkbox"/> In progress<br><input type="checkbox"/> No | <input type="checkbox"/> Yes<br><input checked="" type="checkbox"/> In progress<br><input type="checkbox"/> No | <input type="checkbox"/> Yes<br><input type="checkbox"/> In progress<br><input type="checkbox"/> No                      |
| Action plan   | <input checked="" type="checkbox"/> Yes<br><input type="checkbox"/> In progress<br><input type="checkbox"/> No | <input checked="" type="checkbox"/> Yes<br><input type="checkbox"/> In progress<br><input type="checkbox"/> No | <input type="checkbox"/> Yes<br><input type="checkbox"/> In progress<br><input type="checkbox"/> No                      |

<sup>9</sup> Key Performance Indicators are chosen indicators by the bank for the purpose of monitoring progress towards targets.



## 2.3 Target implementation and monitoring (Key Step 2)

### For each target separately:

Show that your bank has implemented the actions it had previously defined to meet the set target.

Report on your bank's progress since the last report towards achieving each of the set targets and the impact your progress resulted in, using the indicators and KPIs to monitor progress you have defined under 2.2.

**Or, in case of changes to implementation plans (relevant for 2<sup>nd</sup> and subsequent reports only):** describe the potential changes (changes to priority impact areas, changes to indicators, acceleration/review of targets, introduction of new milestones or revisions of action plans) and explain why those changes have become necessary.

*Response*

*Links and references*

## Principle 3: Clients and Customers



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

### 3.1 Client engagement

*Does your bank have a policy or engagement process with clients and customers<sup>10</sup> 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<sup>11</sup>). 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.

*This should be based on and in line with the impact analysis, target-setting and action plans put in place by the bank (see P2).*

*Response*

*Links and references*

### 3.2 Business opportunities

Describe what strategic business opportunities in relation to the increase of positive and the reduction of negative impacts your bank has identified and/or how you have worked on these 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, and which SDGs or impact areas you are striving to make a positive impact on (e.g. green mortgages – climate, social bonds – financial inclusion, etc.).

*Response*

#### **Currently Funded Activities with Sustainable Financing Potential**

32.5% of the Business and Government Banking portfolio can increase its positive impact on the following sectors or economic activities:

- **Construction** (\$672 MM). Construction of built and road infrastructure.
- **Manufacturing** (\$316 MM). Manufacture of plastic, cement, textile, chemical and pharmaceutical industry.

*Links and references*

#### **Principles for Responsible Banking**

[https://www.bancopopular.com.co/wps/wcm/connect/bancopopular/9ab6572b-48dc-4be2-9e8e-1f2ca9d0d9c0/Banca-Responsable-ingles-V7\\_compressed.pdf?](https://www.bancopopular.com.co/wps/wcm/connect/bancopopular/9ab6572b-48dc-4be2-9e8e-1f2ca9d0d9c0/Banca-Responsable-ingles-V7_compressed.pdf?)



- **Livestock** (94.3 MM). Animal husbandry and poultry.
- **Aqueducts and Sewers** (\$61,8MM) Water collection, treatment and distribution.
- **Gas supply**. (\$57.8 MM) Production and distribution of gas or gaseous fuel through pipelines.
- **Quarries and construction materials**. (\$9.6 MM) Extraction of non-ferrous minerals.

[MOD=AJPERES&CVID=oF74GGf](#)

## Principle 4: Stakeholders



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

### 4.1 Stakeholder identification and consultation

Does your bank have a process to identify and regularly consult, engage, collaborate and partner with stakeholders (or stakeholder groups<sup>12</sup>) you have identified as relevant in relation to the impact analysis and target setting process?

☒ Yes ☐ In progress ☐ No

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

#### Response



#### Links and references

##### Sustainable Management Report

<https://www.bancopopular.com.co/wps/wcm/connect/bancopopular/d724a7de-695f-4b99-bfa6-ba6c9db0b63d/Sustainable+Management+Report+2022.pdf?MOD=AJPERES&CVID=oA7oh6f>

<sup>10</sup> A client engagement process is a process of supporting clients towards transitioning their business models in line with sustainability goals by strategically accompanying them through a variety of customer relationship channels.

<sup>11</sup> Sustainable economic activities promote the transition to a low-carbon, more resource-efficient and sustainable economy.

<sup>12</sup> Such as regulators, investors, governments, suppliers, customers and clients, academia, civil society institutions, communities, representatives of indigenous population and non-profit organizations

## Principle 5: Governance & Culture



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

### 5.1 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. This includes information about

- which committee has responsibility over the sustainability strategy as well as targets approval and monitoring (including information about the highest level of governance the PRB is subjected to),
- details about the chair of the committee and the process and frequency for the board having oversight of PRB implementation (including remedial action in the event of targets or milestones not being achieved or unexpected negative impacts being detected), as well as
- remuneration practices linked to sustainability targets.

*Response*

**Sustainable Policy**

*Links and references*

<https://www.bancopopular.com.co/wps/wcm/connect/bancopopular/1e3bc545-b3e5-43ef-bdad-b1f404bb0f2d/Politica+Sostenibilidad+9032022.pdf?MOD=AJPERES&CVID=omwTnnC>

### 5.2 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).

*Response*

**Sustainable Strategy**

*Links and references*

<https://www.bancopopular.com.co/wps/portal/bancopopular/inicio/para-ti/sostenibilidad>



### 5.3 Policies and due diligence processes

Does your bank have policies in place that address environmental and social risks within your portfolio?<sup>13</sup> 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.

#### Response

*Banco Popular is within the process of the Social and Environmental Risk Analysis System design. We expect the ESRA launch in 2024.*

#### Links and references

### 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

<sup>13</sup> Applicable examples of types of policies are: exclusion policies for certain sectors/activities; zero-deforestation policies; zero-tolerance policies; gender-related policies; social due diligence policies; stakeholder engagement policies; whistle-blower policies etc., or any applicable national guidelines related to social risks.

## Principle 6: Transparency & Accountability



We will periodically review our individual and collective implementation of these Principles and be transparent about and accountable for our positive and negative impacts and our contribution to society's goals.

### 6.1 Assurance

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

☐ Yes      ☐ Partially      ☒ No

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

*Response*

*Links and references*

### 6.2 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: ....

*Response*

*Links and references*

### 6.3 Outlook

What are the next steps your bank will undertake in next 12 month-reporting period (particularly on impact analysis<sup>14</sup>, target setting<sup>15</sup> and governance structure for implementing the PRB)? Please describe briefly.

*Response*

*Banco Popular is the process to define specific targets for the 2 goals prioritized.*

*Links and references*

<sup>14</sup> For example outlining plans for increasing the scope by including areas that have not yet been covered, or planned steps in terms of portfolio composition, context and performance measurement

<sup>15</sup> For example outlining plans for baseline measurement, developing targets for (more) impact areas, setting interim targets, developing action plans etc.



## 6.4 Challenges

Here is a short section to find out about challenges your bank is possibly facing regarding the implementation of the Principles for Responsible Banking. Your feedback will be helpful to contextualise the collective progress of PRB signatory banks.

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).

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

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

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