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PRINCIPLES FOR RESPONSIBLE Banking Report

2025

VIGILADO SUPERINTENDENCIA FINANCIERA DE COLOMBIA

Grupo AVAL

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Summary template

Banco Popular S.A 2025

Principle 1: **Alignment**	Principle 2: **Impact & Target Setting**	Principle 3: **Clients & Customers**
Headquartered in Bogotá, D.C., the Bank operates exclusively in Colombia, supported by an extensive service infrastructure that includes 174 branches, 562 automated teller machines (ATMs), 86 banking correspondents and a robust range of digital channels. This infrastructure enables the Bank to efficiently address the needs of its customers and other stakeholders nationwide. As a member of Grupo Aval, one of the leading financial conglomerates in Colombia and Central America, the Bank adopts best practices in responsible business, grounded in internationally recognized frameworks and standards. Accordingly, it aligns its corporate strategy and business model with the United Nations Sustainable Development Goals (SDGs) and the commitments established under the Paris Agreement. In 2025, the Bank updated its Sustainability Policy, reaffirming its conviction that corporate value creation is strengthened through the integration of economic development, social well-being, and environmental balance. This	The Bank steers its business and sustainability strategy toward the identification, prioritization, and management of the most significant impacts arising from its financial activities. This approach enables the Bank to maximize its positive contributions to sustainable development, while responsibly mitigating and managing the social and environmental impacts associated with its portfolio. As of December 2025, the Bank's loan and financial leasing portfolio totaled COP 22.4 billion[1]. Of this amount, the consumer portfolio accounted for COP 15.3 billion[2], while the commercial portfolio stood at COP 6.2 billion[3]. Other portfolio components totaled COP 898,766 million[4]. The Bank served more than 869,000 individual customers, including over 470,000 customers aged 60 and above, as well as more than 5,600 corporate and government clients. In 2025, the corporate banking loan portfolio was distributed across several economic sectors, with energy (24.88%), construction (9.40%), and road infrastructure (7.27%) representing the largest exposures. In 2023, the Bank strengthened its impact management strategy through the application of the UNEP FI Portfolio Impact Analysis Tool. Based on these findings, the Bank defined two strategic impact areas, which have been	In 2025, the Bank consolidated its Silver Economy Strategy as a strategic pillar aimed at accompanying individuals aged 50 and over in their second stage of life, in response to the country's demographic changes and the growing relevance of this segment as a key driver of inclusion and sustainable development. This transformation materialized in a comprehensive value proposition that combines specialized financial products, differentiated benefits, and a service model that balances human connection with accessible digital solutions. The strategy is based on recognizing the 50+ segment as an active and long-lived population with increasing awareness of financial well-being and strong economic potential in Colombia. In this context, the Bank designed an inclusive value proposition tailored to the diverse needs, capabilities, and life stages of this segment, resulting in the acquisition of more than 30,000 customers aged 50 and

[1] Total cartera bruta 2025: COP 22,4 billones.
[2] Cartera de consumo 2025: COP 15,3 billones.
[3] Cartera comercial 2025: COP 6,2 billones.
[4] Otros componentes de la cartera 2025: COP 898.766 millones.

Policy consolidates sustainability as a strategic pillar that guides decision-making and the Bank's relationships, with a long-term perspective, and reinforces the adoption of responsible business practices aligned with international frameworks and standards. Based on the results of the 2025 double materiality assessment, the Bank adopted its sustainability model as a strategic framework to integrate sustainability into corporate management and strengthen organizational culture. This model sets out guidelines for the management of environmental, social, and governance (ESG) matters and their alignment with the business strategy. The management of these factors is focused on generating economic, social, and environmental value. In this regard, the Bank promotes sustainable profitability and inclusive economic growth, advances social development and equity, acts responsibly regarding its environmental impact -including climate change mitigation and adaptation actions- and strengthens ethical and transparent corporate governance practices. **Contribution to the Sustainable Development Goals (SDGs)** • **SDG 1 (No poverty):** promotion of financial inclusion for vulnerable population groups. • **SDG 4 (Quality education):** provision of tailored financial education initiatives. • **SDG 8 (Decent work and economic growth):** promotion of a people-centered culture that fosters well-being	embedded in institutional planning due to their high potential for social and environmental value creation: • Financial inclusion for older adults (Silver Finance). • Climate change, replacing the previous "sustainable finance" approach to align with emerging regulatory and disclosure frameworks such as TCFD and IFRS S2. **Silver finance** As part of its social prioritization and in response to the profound demographic changes facing the country, the Bank has reinforced its focus on the silver economy. Accordingly, the Bank's Silver Finance strategy is structured around four main pillars: 1. Experience and service model: focused on the development of hybrid service models —physical and digital— that combine the closeness and trust of human interaction with intuitive, accessible, and user-centered digital solutions. 2. Meaningful experiences: centered on consolidating a benefits community that promotes holistic well-being through partnerships, content, and experiences related to physical health, emotional health, and social engagement. 3. Financial well-being: designed to strengthen financial capabilities and skills that support informed decision-making in savings, investment, debt management, and retirement planning. 4. Relevant products: aimed at the development of an inclusive value proposition for individuals aged 50 and above, through differentiated financial products tailored to their needs, capabilities, and life stages.	over and the opening of more than 424,000 products, thereby strengthening their economic empowerment and access to the financial system. As part of this value proposition, the Bank developed a portfolio of relevant financial products designed to address the needs of the 50+ segment, including: • Savings accounts and payroll accounts with no maintenance fees, offering transactional facilities and associated benefits. • Investment products, such as certificates of deposit (CDTs), with flexible options aligned with customers' profiles and investment horizons. • Payroll-backed loans with preferential conditions, aimed at facilitating responsible access to financing. • Differentiated credit cards, designed in accordance with the financial capacities and consumption habits of the segment. • A comprehensive portfolio of insurance products and assistance services, focused on financial protection and overall well-being. Additionally, as a core initiative of the strategy, the Bank promoted *"Club Plateado"*, a free digital ecosystem aimed at both customers and non-customers, designed to foster holistic well-being and active longevity. Through content, experiences, benefits, and services structured around key pillars such as health

and positive life experiences.

- **SDG 10 (Reduced inequalities):** reduction of barriers to access financial services for older adults.
- **SDG 13 (Climate action):** identification and management of environmental risks and opportunities, promoting mitigation and adaptation actions in line with regulatory requirements.
- **SDG 16 (Peace, justice and strong institutions):** strengthening corporate governance, compliance, and ethical management in accordance with applicable regulations.

Strategic objective	SMART Objective	Indicator	Baseline		Target	
			Year	Value	Year	Value
Financial inclusion for older adults	Increase the number of 50+ clients by 35% by 2030, through an average annual growth rate of 7%	Number of 50+ clients and annual growth rate (%)	2025	592,348	2030	800,000 (~35%)
	Increase the NPS of 50+ clients by 11.4 points by 2030, with an average annual growth of 2.28 points	NPS 50+ clients	2025	59	2030	70
	Increase the average number of banking products per 50+ client by 0.77 by 2030, with an average annual growth of 0.15 products per client	Average number of banking products per 50+ client	2025	1.53	2030	2.30
	Increase the number of members enrolled in Club Plateado to 890,000 by 2030, with an average annual growth of 178,000 clients	Clients enrolled in Club Plateado	2025	6,474	2030	890,000

Climate change

Complementing its social prioritization, the Bank has identified the management of risks and opportunities associated with climate change, as well as the eco-efficiency of its operating model, as material topics from the financial and impact perspectives, respectively.

In 2025, the Bank made progress in strengthening its environmental risk and impact management approach by incorporating climate analysis criteria into the assessment of its commercial portfolio. Through sector-level diagnostic exercises, the Bank initiated the identification of exposure to physical and transition risks associated with climate change, in line with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

Additionally, during the year the Bank made progress in the design and implementation of its Environmental and Social Risk Management Framework, including climate-related risks, in compliance with Chapter XXXIII of the SFC's Basic Accounting Circular (External Circular 015 of 2025), in line with its commitment to sustainability and long-term value creation.

and well-being, education and knowledge, personal finance, entertainment, and social engagement, this initiative expands the Bank's value proposition beyond the financial relationship, strengthening long-term relationships and reaffirming the Bank's role as a committed player in advancing financial and social inclusion for the 50+ population.

Key milestones achieved include:

- Initiation of the assessment of physical and transition climate risks affecting assets and credit operations.
- Appointment of responsible parties for the management of environmental, social, and climate-related risks.
- Development of interdisciplinary working groups for the formulation of policies, methodological guidelines, and procedures.

Strategic objective	SMART Objective	Indicator	Baseline		Target	
			Year	Value	Year	Value
Climate action	Reduce Scope 2 greenhouse gas (GHG) emissions associated with electricity consumption by 40% by 2030	Percentage reduction of Scope 2 GHG emissions	2025	925.39 tCO2e	2030	-40%
	Assess 100% of the bank's commercial portfolio exposure to physical and transition climate risks	Percentage of commercial portfolio assessed for climate risk exposure	2025	100%	2025	100%

Strategic Objective 1 Note: Progress will be measured and reported annually in tonnes of CO_2 equivalent (tCO_2e) under both location-based and market-based approaches, recognizing that emissions reductions will depend on both electricity consumption reduction and changes in the national grid emission factor.

Links & references
2025 Management and Sustainability Report
(P. 1; 6; 8; 9; 11; 14; 15; 19; 24; 30)

Links & references
2025 Management and Sustainability Report
(P. 8; 9; 11; 14; 19; 24; 31; 68; 106)

Links & references
2025 Management and Sustainability Report
(P. 8-9; 24-29; 35-38; 96-102)
Silver Economy Report
All document

Principle 4: **Stakeholders**

Principle 5: **Governance & Culture**

Principle 6: **Transparency & Accountability**

Stakeholders are key actors in fulfilling the Bank's purpose and creating long-term value. Ongoing engagement with these groups enables the Bank to understand their expectations, identify risks and opportunities, and strengthen decision-making processes, thereby constituting a fundamental pillar of its sustainability model. In 2025, the Bank updated its double materiality analysis, incorporating a consultation phase aimed at evaluating the relevance of sustainability-related topics from both an impact perspective and a financial perspective. This exercise included direct and indirect consultations with internal and external stakeholders, allowing the Bank to identify and prioritize key matters for the sustainable management of its business. Additionally, the Bank formally established its Sustainability Policy, approved by the Board of Directors and implemented by Senior Management, as an institutional framework that guides strategic planning and decision-making, with a long-term vision focused on the generation of economic, social, and environmental value. **Principal stakeholders** ✓ Shareholders and investors ✓ Board of Directors ✓ Subsidiaries ✓ Customers and users ✓ Employees ✓ Suppliers ✓ Government and regulatory authorities	Sustainability is a strategic priority that the Bank manages on an ongoing basis through the implementation of strategies and initiatives that enable sustainable and profitable growth, integrating Environmental, Social, and Governance (ESG) factors into its business model. In this context, in 2025 the Bank designed and adopted its Sustainability Model, aimed at transforming organizational culture and supporting its purpose of being the bank for the best moment in its customers' lives. As part of this process, in 2025 Banco Popular formally established its Sustainability Policy, approved by the Board of Directors and implemented by Senior Management, as an institutional framework guiding strategic planning and decision-making. This policy aligns the Bank's operations with international standards, the United Nations Sustainable Development Goals (SDGs), and the commitments of the Paris Agreement, with a long-term vision focused on generating economic, social, and environmental value. In line with this approach, the Bank has been a signatory to the United Nations Global Compact, an international initiative that calls on the public and private sectors, as well as civil society, to align their strategies and operations with ten universal principles on human rights, labor standards, the environment, and anti-corruption. Additionally, in 2025, Grupo Aval entities joined the Partnership for Carbon Accounting Financials (PCAF), a global initiative that establishes guidelines for measuring and disclosing greenhouse gas (GHG) emissions associated with lending and investment activities. This membership strengthens the Group's climate management framework and contributes to progress in the measurement of financed emissions, in line with the best international practices for the financial sector. The Bank also approved its Tax Policy and its Occupational Health and Safety Policy, strengthening its comprehensive management framework and its sustainability approach.	In 2025, the Bank reaffirmed its commitment to transparency and accountability by submitting a set of sustainability indicators, detailed in Annex 7.5 of the 2025 Management and Sustainability Report, to an independent limited assurance engagement conducted by BDO Audit S.A.S. BIC. The outcomes of this process are documented in the Independent Limited Assurance Report, which forms part of and is publicly available within the 2025 Management and Sustainability Report (Annex). The information subject to assurance was prepared in accordance with the following frameworks and reference criteria: ✓ **GRI Standards (2021)** - "GRI-Referenced" approach. ✓ **SASB Standards** for the commercial banking industry. ✓ **S&P Global** Corporate Sustainability Assessment (CSA). ✓ The Bank's internal methodology for **double materiality assessment (2025).**

✓ Media and opinion leader ✓ Community and society ✓ Associations and trade groups ✓ Others Overall, the Bank's approach to stakeholder identification, consultation, and engagement is conceived as a continuous, transparent, and strategic process. This approach ensures that the Bank's actions remain aligned with the genuine needs of its operating environment and reinforces its commitment to responsible banking and sustainable development.	In tax matters, the Bank reaffirms its commitment to responsible, ethical, and transparent tax management, aimed at ensuring timely compliance with its tax obligations, preventing tax risks, and cooperating with authorities. Its tax strategy is aligned with its mission, values, and strategic objectives, incorporating principles of tax integrity, transparency, and zero tolerance for tax evasion practices, in line with OECD recommendations and applicable regulations in Colombia, thereby contributing to the strengthening of the tax system and the country's economic and social development. For its part, the Occupational Health and Safety Policy reflects the Bank's commitment to protecting the physical integrity and health of its employees, visitors, and other stakeholders. In parallel, the Bank is in the process of designing and implementing its Environmental and Social Risk Management System (SARAS), including climate-related risks. The integration of sustainability into the Bank's management is led at the highest level of governance. The Board of Directors, with the support of its Corporate Governance, Sustainability and Human Talent Committee, conducts periodic oversight of ESG matters, ensuring their proper incorporation into strategy, operations, and decision-making. The Bank´s President, with the support of the Vice President of Corporate Affairs and Sustainability (CSO), is responsible for implementing the sustainability strategy, integrating ESG principles into the business model, and periodically reporting progress to the Board of Directors. In turn, the CSO leads the implementation of the Corporate Sustainability Policy, coordinates cross-functional initiatives, monitors ESG commitments, consolidates and discloses sustainability information, and promotes stakeholder capacity-building, where appropriate. **Key bodies responsible for sustainability management at the Bank**	

	✓ Board of Directors ✓ Corporate Governance, Sustainability and Human Talent Committee ✓ President and Vice President of Corporate Affairs and Sustainability (CSO) ✓ Risk Management Division ✓ Human Talent Experience Division ✓ Grupo Aval Sustainability Committee Additionally, in 2025, the Directors received specialized guidance and advisory support, both internal and external, with the aim of strengthening their knowledge and capabilities in sustainability matters, particularly in Corporate Sustainability Assessment (CSA – S&P Global), diversity and inclusion, and climate-related risks in the financial sector.	
Links & references 2025 Management and Sustainability Report (P. 9-13)	**Links & references** 2025 Management and Sustainability Report (P. 9-13; 48-50; 68)	**Links & references** 2025 Management and Sustainability Report (P. 138) Independent Limited Assurance Report. All document.