ENVIRONMENTAL AND CLIMATE CHANGE STRATEGY

The Bank for the Best Moment of Life

Banco Popular

2026

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1. Introduction

Banco Popular S.A. (hereinafter, the Bank) recognizes that environmental and climate management is a relevant component in strengthening institutional resilience, operational efficiency, the responsible management of natural resources and the generation of sustainable value for its stakeholders.

In line with its corporate strategy, sustainability model and commitment to the responsible management of environmental, social and governance (ESG) factors, the Bank adopts this Environmental and Climate Change Strategy as a general framework to guide the management of its operations, the measurement and progressive reduction of its greenhouse gas (GHG) emissions, the continuous improvement of its eco-efficiency, and the gradual integration of environmental and climate risk management into its internal and business processes, with the purpose of contributing to the transition towards a low-carbon economy and strengthening the adaptation, continuity and resilience of its operations and business.

The Bank recognizes that its performance and resilience depend, to a significant extent, on the responsible management of the resources used in its operations and the appropriate management of its environmental impacts, including GHG emissions. Accordingly, it measures, monitors and manages the emissions derived from its operations, in line with internationally recognized standards and methodologies, in order to identify opportunities to improve its environmental performance and contribute to reducing its carbon footprint.

Likewise, the Bank adopts eco-efficiency as a cross-cutting pillar of environmental management, aimed at optimizing the use of resources, reducing consumption and impacts associated with energy, water and waste, strengthening the circular economy and promoting actions that contribute to environmental protection across its administrative sites, branches and other operating locations.

This Strategy is aligned with the Sustainability Policy, the Policy for the Administration and Management of Environmental and Social Risks, including Climate-related Risks (SARAS), the Comprehensive Risk Management System, the Risk Appetite Framework, applicable internal policies and the Bank's corporate commitments regarding sustainability, environmental management and climate change.

This Strategy also takes into account **Grupo Aval's Climate Strategy** as an integrated framework for climate change management, supported by a governance structure that defines responsibilities and oversight mechanisms, a strategy aimed at materializing the Group's climate commitments, and a systematic process to identify, assess and manage climate-related risks and opportunities. It also incorporates climate scenario analysis, the assessment of physical and transition risks, and the definition of metrics, targets and mitigation and adaptation strategies that strengthen the resilience of the Group's entities and support the transition towards a low-carbon economy.

It is also aligned with national and international standards, principles and reference frameworks, including Sustainable Development Goal (SDG) 13 – Climate Action, the United Nations Environment Program Finance Initiative (UNEP FI), Asobancaria's Green Protocol, and the Task Force on Climate-related Financial Disclosures (TCFD) and Partnership for Carbon Accounting Financials (PCAF) frameworks.

2. Objective

Establish the strategic guidelines for the Bank's eco-efficient operating model and guide the management of environmental and climate matters through the identification, measurement and management of associated risks and opportunities, on a progressive basis, in accordance with applicable regulations and with the principles of materiality, proportionality and relevance in relation to the nature of its operations, corporate strategy, sustainability model and risk appetite framework.

In particular, this Strategy seeks to:

- Strengthen the measurement, monitoring and management of operational GHG emissions corresponding to scopes 1 and 2 and relevant operational categories of scope 3.
- Define absolute operational emissions reduction targets, using 2025 as the base year.
- Promote operational eco-efficiency by optimizing energy and water consumption and ensuring appropriate waste management.
- Progressively integrate environmental and climate risks, including physical and transition risks, into the Bank's risk management, based on the identification, assessment and prioritization of climate hazards, territorial vulnerabilities and relevant exposures.
- Advance in the progressive measurement of financed emissions, using internationally recognized methodologies such as PCAF as a reference, in accordance with information availability, methodological maturity and the nature of the assets prioritized by the Bank.
- Strengthen the traceability, measurement, monitoring and disclosure of the Bank's environmental and climate progress.
- Contribute to sustainable development, climate resilience and the transition towards a low-carbon economy.

3. Scope

This Strategy applies to the Bank's employees, customers and users, and suppliers, and guides the environmental and climate management of its operations, administrative sites, branches, internal processes, environmental programs and engagement with its stakeholders, in accordance with the competencies of each responsible area.

This Strategy does not replace the Bank's sustainability, sustainable finance, credit, risk, SARAS, compliance, sustainable procurement, information security, corporate governance or other internal policies. Rather, it is articulated with them on a cross-cutting basis and is implemented in accordance with the competencies of each responsible area.

4. Glossary

- **ESG:** Environmental, Social and Governance dimension.
- **Climate change**[1]: Climate change refers to a change in the state of the climate that can be identified (e.g., by using statistical tests) by changes in the mean value or the variability of its properties and that persists for an extended period, typically decades or longer.
- **Circular economy**[2]: Production and consumption systems that promote efficiency in the use of materials, water and energy, taking into account ecosystem recovery capacity, circular use of material flows through technological innovation, partnerships and collaboration among stakeholders, and the promotion of business models aligned with the foundations of sustainable development.
- **Eco-efficiency:** Management aimed at optimizing the use of resources, reducing consumption and environmental impacts, and improving environmental performance.
- **Financed emissions:** Greenhouse gas emissions associated with the financed activities and investments of the Bank's portfolio, corresponding to category 15 of scope 3.
- **Operational emissions:** Greenhouse Gas (GHG) emissions derived from the Bank's own operating activities and reported under scopes 1 and 2 and relevant operational categories of scope 3.

[1] Definition taken from the Intergovernmental Panel on Climate Change (IPCC), Glossary of the Special Report on Global Warming of 1.5°C. Available at: IPCC Glossary.

[2] Definition taken from the Government of the Republic of Colombia, National Circular Economy Strategy: Closing material cycles, technological innovation, collaboration and new business models. Presidency of the Republic, Ministry of Environment and Sustainable Development and Ministry of Trade, Industry and Tourism. Available at: National Circular Economy Strategy.

- **GHG (Greenhouse Gases)[3]:** A gaseous constituent of the atmosphere, natural or anthropogenic, that absorbs and emits radiation at specific wavelengths within the spectrum of terrestrial radiation emitted by the Earth's surface, the atmosphere itself and clouds.
- **GHG Protocol (Greenhouse Gas Protocol):** International standard used as a reference for measuring and reporting greenhouse gas emissions.
- **IDEAM:** Institute of Hydrology, Meteorology and Environmental Studies.
- **IPCC (Intergovernmental Panel on Climate Change):** International body that develops scientific knowledge and scenarios related to climate change.
- **NGFS (Network for Greening the Financial System):** International network that promotes the development of good practices and scenarios for managing climate and environmental risks in the financial system.
- **SDGs:** Sustainable Development Goals.
- **PCAF (Partnership for Carbon Accounting Financials):** International methodology used as a reference for the measurement, management and progressive definition of targets related to financed emissions.
- **PCSA:** Environmental Culture and Awareness Program.
- **PGIRS:** Integrated Waste Management Program.
- **PIC (Internal Carbon Price):** Climate management and strategic planning tool used to incorporate the potential cost of GHG emissions into the assessment of risks, opportunities, projects and initiatives.
- **Shadow price:** Theoretical reference value used to estimate the potential economic impact of GHG emissions.
- **PROURE:** Rational and Efficient Energy Use Program.
- **PUEAA:** Efficient Water Use and Saving Program.
- **Physical climate risks:** Risks arising from acute or chronic climate events that may affect operations, infrastructure, assets, collateral, portfolio and business continuity.
- **Transition risks:** Risks associated with the transition towards a low-carbon economy, including regulatory, technological, market or strategic changes related to that process.
- **SARAS (Environmental and Social Risk Management System, including Climate-related Risks):** Framework through which the Bank progressively identifies, assesses, manages and monitors environmental, social and climate risks associated with its activities and operations.
- **SFC:** Superintendency of Finance of Colombia.
- **SGC:** Colombian Geological Service.
- **TCFD (Task Force on Climate-related Financial Disclosures):** Reference framework used for identifying, assessing, managing and disclosing climate-related risks and opportunities.
- **UNEP FI (United Nations Environment Program Finance Initiative):** International initiative that promotes the integration of environmental, social and climate factors into the financial sector.

5. Guiding principles

The Bank's environmental and climate management shall be guided by the following principles:

5.1. Materiality

The Bank shall identify and prioritize environmental and climate matters, risks and impacts that may significantly affect its operations, customers, stakeholders, the environment or society. To this end, it may establish materiality criteria or thresholds that enable analyses, management and monitoring to focus on those factors, activities, sectors or territories with greater exposure or potential impact.

[3] Definition taken from the United Nations Environment Program – United Nations Environment Program Finance Initiative (UNEP FI), Principles for Responsible Banking. Available at: https://www.unepfi.org/banking/bankingprinciples/

5.2. Proportionality

The depth of environmental and climate analyses, measures, objectives, indicators and monitoring mechanisms shall be proportionate to the nature of the Bank's operations, its business model, information availability, risk exposure, internal capabilities and methodological maturity.

5.3. Relevance

The Bank shall apply environmental and climate criteria when these are relevant to its operations, infrastructure, processes, products, customers, financed activities or associated potential impacts.

5.4. Preventive risk management

The Bank shall progressively incorporate the identification, assessment, management and monitoring of environmental and climate risks, including physical and transition risks, on a preventive basis, in accordance with SARAS, the Comprehensive Risk Management System, the Risk Appetite Framework and applicable internal policies.

5.5. Transparency and traceability

The Bank is committed to ensuring that environmental and climate information is supported by clear criteria, documented methodologies, traceable data, verifiable indicators and disclosure mechanisms in corporate reports, regulatory reports, the website or other channels defined by management, depending on the information to be reported.

5.6. Continuous improvement

The Bank recognizes that environmental and climate management is progressive. Accordingly, it will periodically strengthen its methodologies, tools, indicators, internal capabilities, monitoring mechanisms and disclosure processes, in line with regulatory, technical, operational and strategic developments and the other principles set out in this Strategy.

6. Strategic pillars of environmental and climate change management

The Bank's Environmental and Climate Change Strategy is structured around the following strategic pillars:

1. Management of operational emissions.
2. Progressive management of financed emissions.
3. Eco-efficient operating model.
4. Environmental and climate risk management.

6.1. Management of operational emissions

The Bank measures and reports its operational GHG emissions corresponding to scopes 1 and 2 and relevant operational categories of scope 3, excluding category 15 corresponding to financed emissions and investments, in accordance with the GHG Protocol guidelines and recognized best practices.

With respect to category 15, corresponding to financed emissions, the Bank is in the process of implementing its measurement and management in accordance with the PCAF methodology.

Likewise, it promotes comprehensive GHG management by prioritizing the direct reduction of emission sources and, on a complementary basis, capture, removal and/or offsetting actions, in accordance with the evolution of its methodologies, internal capabilities, information availability and corporate commitments.

The emissions reduction targets defined by the Bank are based on the analysis of the corporate carbon footprint for 2025, adopted as the baseline for climate management and the monitoring of the commitments established in this Strategy. Their definition considered the relative share of scopes 1, 2 and 3 within the emissions inventory, the reduction opportunities identified in the main emission sources and the potential implementation of initiatives related to energy efficiency, incorporation of renewable energy, consumption optimization, management of direct emissions and reduction of emissions in relevant operational categories of scope 3. In this way, the targets established reflect a progressive reduction pathway that is technically feasible and aligned with the decarbonization opportunities identified for the Bank's operations.

The definition of these targets is supported by internal exercises involving reduction scenario analysis, assessment of abatement opportunities and environmental performance projections, considering the expected evolution of the Bank's operations, the institutional capabilities available and the main emission sources identified within its corporate inventory.

In line with its sustainability strategy, environmental management and commitment to continuous improvement, the Bank establishes a corporate target to reduce absolute operational GHG emissions by 30% by 2030, using 2025 as the base year. This target will cover scopes 1 and 2, as well as the most representative operational categories of scope 3, excluding category 15 corresponding to financed emissions and investments.
As a contribution to this objective, the Bank shall establish specific absolute reduction targets by scope, using 2025 as the base year:

Scope	Absolute reduction target by 2030
Scope 1	40 %
Scope 2	40 %
Relevant operational categories of scope 3[4]	21 %

These targets will be monitored periodically and may be reviewed in line with methodological developments, the availability and quality of information, changes in operations, applicable regulation, corporate commitments, internal capabilities and the assessment and disclosure criteria that are relevant to the Bank's climate management..

6.1.1. Internal Carbon Price

The Bank shall establish an Internal **Carbon Price (ICP)** as a climate management and strategic planning tool aimed at incorporating the potential cost of greenhouse gas (GHG) emissions into the assessment of risks, opportunities, projects and initiatives related to environmental and climate management.

The ICP will be implemented as a **shadow price**, understood as a theoretical reference value used to estimate the potential economic impact of GHG emissions. Its application will strengthen the assessment of transition risks, the prioritization of emissions reduction, energy efficiency and renewable energy initiatives, as well as decision-making related to the Bank's climate management.

The Bank shall define and periodically update the methodology for estimating the ICP, which will be documented in a technical instrument setting out the applicable criteria, assumptions, information sources and calculation parameters. This methodology will consider, among other aspects, regulatory developments, climate scenarios, international best practices and information availability, in order to maintain the relevance and technical consistency of the mechanism.

[4] For Scope 3 emissions, including Category 15 (financed emissions or emissions associated with investments), progressive reduction targets will be established based on minimum viable thresholds derived from measurements conducted using recognized and internationally accepted methodologies, such as the Partnership for Carbon Accounting Financials (PCAF), the Science Based Targets initiative (SBTi), or The CarbonNeutral Protocol.

6.2. Progressive management of financed emissions

The Bank recognizes that financed emissions are a relevant component for understanding the climate impacts associated with the portfolio and for advancing the management of risks and opportunities linked to the transition towards a low-carbon economy.

Accordingly, the Bank will promote the progressive implementation of methodologies that facilitate the quantification of financed emissions, using internationally recognized frameworks as a reference, in accordance with information availability, methodological maturity and the nature of the portfolio.
With respect to category 15 of scope 3, corresponding to financed emissions and investments, the Bank, in line with its adherence to PCAF and the guidelines defined at Grupo Aval level, will progressively advance in the measurement, management and definition of targets associated with financed emissions, using this methodology and other internationally recognized frameworks that may be applicable to the quantification, management and eventual decarbonization of its portfolio as a reference.

The results of this measurement will make it possible to identify sectors, segments or activities with higher emissions intensity within the portfolio and to gradually guide management, mitigation, reduction or customer engagement strategies, in coordination with the Sustainable Finance Policy, SARAS, the business strategy and the risk appetite framework.

6.3. Eco-efficient operating model

The Bank adopts an eco-efficient operating model aimed at optimizing the use of resources and reducing the environmental impacts derived from its operations, incorporating environmental management practices aligned with recognized standards, circular economy principles and pollution prevention.

This model is implemented through specific management programs, such as:

- Rational and Efficient Energy Use Program (PROURE).
- Efficient Water Use and Saving Program (PUEAA).
- Integrated Waste Management Program (PGIRS).
- Environmental Culture and Awareness Program (PCSA).

The eco-efficient operating model seeks to:

- Reduce energy consumption at administrative sites, branches and other operating locations.
- Optimise water use.
- Promote integrated waste management.
- Strengthen the circular economy.
- Promote actions that contribute to environmental protection across administrative sites, branches and other operating locations.
- Build internal capabilities and an environmental culture.
- Improve the traceability and quality of environmental information reported.
- Contribute to the reduction of operational GHG emissions.

As part of continuous improvement, the Bank may define targets, indicators and action plans associated with energy consumption, water consumption, waste management, environmental culture and the reduction of environmental impacts derived from its operations.

The eco-efficiency targets defined by the Bank are based on the analysis of historical resource consumption, the identification of operational optimization opportunities and the improvement potential associated with the implementation of energy efficiency, water saving and efficient use initiatives, technological modernization, internal capability building and the strengthening of environmental management across its sites and processes. These targets reflect a progressive improvement pathway aimed at strengthening the Bank's environmental performance and contributing to the reduction of impacts associated with its operations.

In line with the above, the Bank has established a target to achieve, by 2030, a cumulative reduction of 40% in energy consumption and 30% in water consumption. These targets will be managed through indicators, interim objectives, monitoring mechanisms and improvement actions that contribute to strengthening its environmental performance and mitigating the impacts associated with its operations.

6.4. Environmental and climate risk management

The Bank incorporates environmental and social risks, including climate risks, as part of its risk management system, on a progressive basis, assessing their potential impact on the commercial portfolio and its operations, in line with the risk appetite, business model and the Policy for the Administration and Management of Environmental and Social Risks, including Climate-related Risks (SARAS).

The Bank integrates the analysis of physical and transition climate risks under the Task Force on Climate-related Financial Disclosures (TCFD) approach, progressively strengthening the assessment of sector exposure and vulnerability in order to improve the management, mitigation and disclosure of these risks.

Environmental and climate risk management will be developed under a progressive, preventive and materiality-based approach.

6.4.1. Adaptation to physical climate risks and operational resilience

The Bank recognizes that physical climate risks may affect the continuity of its operations, the infrastructure of its branches, the value of assets and collateral, as well as the payment capacity of its customers. In this context, adaptation to physical risks is a relevant component of the Environmental and Climate Change Strategy, aimed at anticipating, managing and reducing, to the extent possible and under a continuous improvement approach, the potential impacts arising from acute and chronic climate events.

In line with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), the Bank conducts exercises to identify and assess physical climate risks through an analysis of its branches and assets associated with its credit portfolio, using available territorial information and public sources, together with climate scenarios. This analysis considers climate hazards such as mass movements, floods, droughts and temperature, as well as levels of territorial vulnerability and short-, medium- and long-term scenarios.

The methodology should enable the classification and prioritization of critical areas based on the level of climate risk, considering the interaction between hazard and vulnerability. To this end, the Bank has considered recognized external sources, including the Institute of Hydrology, Meteorology and Environmental Studies (IDEAM), the Colombian Geological Service (SGC), the IPCC (Intergovernmental Panel on Climate Change), the NGFS (Network for Greening the Financial System), the World Bank and the Superintendency of Finance of Colombia (SFC).

Based on these analyses, the Bank seeks to strengthen preventive management in adaptation, strategic decision-making and the progressive definition of measures aimed at the operational resilience of its branch network and the monitoring of its portfolio exposure. To this end, it will progressively incorporate the results of climate hazard and vulnerability analyses into asset management, portfolio risk characterization, operational continuity, infrastructure planning, risk management and relevant internal processes, in accordance with the nature of the business, information availability, the materiality of exposures and the Bank's operational capabilities.

Under a proportional, progressive and materiality-based approach, the Bank may consider physical and non-physical adaptation measures, such as:

- Periodic monitoring of branches located in areas with greater exposure to mass movements, floods, droughts or other relevant physical events.
- Prioritization of analyses in territories, branches, segments or portfolios with more relevant levels of climate risk.

- Strengthening of business continuity criteria in the face of extreme climate events.
- Gradual integration of climate variables into SARAS, comprehensive risk management and credit processes, where applicable.
- Review of infrastructure conditions at prioritized sites, considering territorial exposure and vulnerability.
- Strengthening of georeferenced information on customers, financed assets and collateral.
- Development of internal capabilities to interpret, monitor and use the results of physical climate analyses.
- Articulation of physical risk results with infrastructure, operations, risk, credit and sustainability decisions.

The implementation of these measures will be gradual and may be adjusted as methodologies, the availability and quality of information, climate scenarios, applicable regulation, internal capabilities and the results of periodic climate risk identification, assessment and monitoring exercises evolve.

7. Environmental Awareness, Internal Capabilities, and Culture

The Bank recognizes that the effective implementation of the Environmental and Climate Change Strategy requires strengthening internal capabilities, promoting an environmental culture and raising awareness among employees and other stakeholders of the importance of responsible resource management, the reduction of environmental impacts, climate action and resilience to physical and transition risks.

In this context, the Bank will promote the development of technical capabilities, the adoption of good environmental and climate practices, and the progressive integration of environmental and climate considerations into the organizational culture through training, awareness, communication and participation processes aimed at employees and other relevant stakeholders. As part of this process, the Bank may implement recognition and incentive mechanisms that enable the internal mobilization and embedding of this Strategy across applicable processes.

Likewise, Senior Management, its supporting committees and the responsible areas will contribute to the leadership of the Bank's environmental and climate management by promoting the implementation of this Strategy.

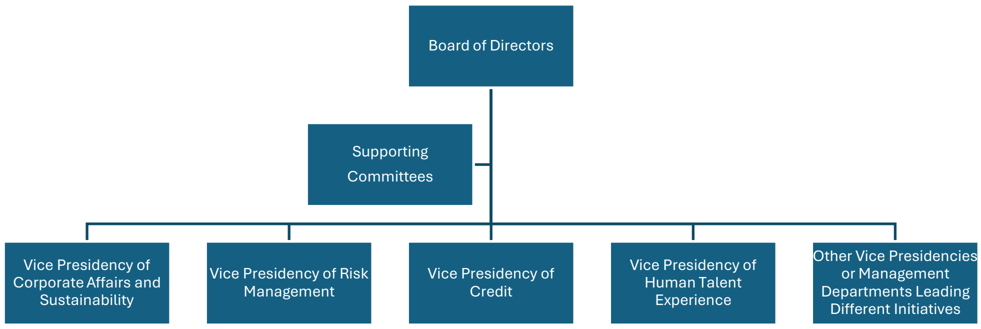
8. Indicators and reporting

The Bank may define indicators to monitor the implementation of this Strategy, in accordance with the availability, quality and maturity of information.

Among others, it may consider:

- Absolute scope 1 GHG emissions.
- Absolute scope 2 GHG emissions.
- Absolute GHG emissions from relevant operational categories of scope 3.
- GHG emissions intensity, where applicable.
- Progress against the corporate target for absolute operational emissions reduction.
- Progress against specific targets by scope.
- Energy consumption.
- Water consumption.
- Waste generation and management.
- Percentage of operational emissions offset, removed or neutralized, where applicable.
- Progress in the measurement of financed emissions.
- Progress in the identification of physical and transition climate risks.
- Progress in the integration of climate variables into SARAS and risk management.
- Training, awareness and environmental culture actions.

9. Environmental and Climate Management Governance



To address the management of environmental and climate matters, the governance structure established for each applicable matter is followed, in accordance with the Sustainability Policy and the Policy for the Administration and Management of Environmental and Social Risks, including Climate-related Risks (SARAS), as well as any other policies approved in connection with environmental and climate management.

The **Board of Directors** is responsible for approving the policies related to environmental and climate management, as well as this Strategy. For oversight, monitoring and decision-making on these matters, it relies on its supporting committees, which, within their respective competencies, contribute to aligning the strategy and policies with the Bank's strategic objectives and applicable best practices.

The President, with the support of the **Vice President of Corporate Affairs and Sustainability (Chief Sustainability/Climate/ESG Officer)**, is responsible for leading the implementation of this Strategy and the initiatives derived from it, as well as the required reporting. For this purpose, support will be provided by the other responsible Vice Presidencies, in accordance with their competencies and responsibilities. The **Vice Presidency of Corporate Affairs and Sustainability** will be responsible for measuring and offsetting the Bank's emissions.

The **Risk and Credit Vice Presidencies** are responsible for ensuring that the Bank appropriately identifies and manages environmental and climate change risks, in accordance with the SARAS Policy, applicable regulations and best practices, as well as for identifying opportunities associated with adaptation to climate risks, in line with the competencies defined.

The **Vice Presidency of Human Talent Experience** is responsible for leading initiatives related to the eco-efficient operating model, as well as those that support the reduction of operational emissions, adaptation to physical climate risks and operational resilience.

The **Sustainability Committee for Grupo Aval Entities** is responsible for coordinating the execution of actions and promoting the adoption of best practices and international standards, as well as issuing Grupo Aval's corporate guidelines, which must be aligned with this Strategy.

This governance structure enables the guidance, oversight, management and monitoring of the implementation of this Strategy, promoting the progressive integration of environmental and climate considerations into decision-making, risk management, operations, sustainable finance, infrastructure management and stakeholder engagement.

10. Disclosure and continuous improvement

The Bank is committed to disclosing relevant information on progress in the implementation of this Strategy, as well as on environmental and climate performance, in its corporate reports, sustainability reports, regulatory reports, website or other channels defined by management.

11. Review and update

The Strategy is approved by the Board of Directors and shall be reviewed whenever relevant changes occur in regulation, the corporate strategy, the sustainability model, the Bank's risk appetite and the standards adopted by the Bank.