



**UN**  **environment programme** | **finance initiative**  
**Principles for Responsible Banking**

# Principles for Responsible Banking Report 2023

## UNEP FI Principles for Responsible Banking

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 the world banking sector.

In the Popular Bank, we understand our role as a driving force in the economic, social and environmental development of the country, so 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 objective of supporting the emerging economy throughout the group's business, at the strategic, portfolio and transactional levels.

## Reporting and Self-Assessment

### 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	Links and references
<p>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.</p> <p><b>Focused Business.</b> We want to strengthen the specialization that Banco Popular has had throughout its history in serving the elderly and formal worker segments of the population.</p> <p><b>Efficient Operation.</b> Alignment of management and corporate governance as a fundamental basis for strengthening leadership, accountability, management capabilities and decision-making.</p>	<p>Banco Popular - <a href="#">Sustainability Report 2023</a>. P. 17.</p>

**Robust Balance Sheet.**

Establish rigor for disciplined, data-enabled and analytical financial planning.

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: Bank of Mauritius Guideline on Climate-related and environmental financial risk management.

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

None of the above

Response	Links and references
<p><b>Inclusive Finance Strategy (Social):</b> Based on the company's extensive track record where it has been characterized as a primarily social Bank and, in turn, considering the socioeconomic characteristics of the Latin American region and the country. Banco Popular has decided to focus on generating positive impact on one of the most vulnerable and neglected segments of the financial sector, such as the "elderly" population.</p> <p>For this reason, El Popular has concentrated its efforts on generating Financial Inclusion and Accessibility, providing financial products and channels to serve this population group.</p>	<p>Banco Popular - <a href="#">Sustainability Report 2023</a>. P. 20.</p>



However, the Bank has also understood that it is necessary to generate programs focused on the responsible use of financial products, providing programs designed to meet their expectations and needs.

Finally, when serving this segment, the Bank is committed to train and make its team aware of the needs and limitations that this segment has when accessing the financial system. Therefore, dynamic and diverse teams must be configured, where their purpose is to provide an inclusive service with the best quality standards.

Therefore, Banco Popular is aware that to develop the strategy of Inclusive Finance it is essential to consolidate the principles of Diversity, Equity and Inclusion in the Human Team who transfer from inside to outside the generation of Social Inclusion.

### **Green Finance Strategy (Environmental):**

The financial sector has a main role in the economy, to be a mobilizer of financial resources for the fulfillment of the sustainable development objectives that unite us as a society. Furthermore, Banco Popular understands this responsibility observes the effects of climate change, translating the need to be an important player in the transition process. This requires the parallel development of strategies that allow the Bank to adapt its business structure to these new needs.

Consequently, the Bank has developed its Social and Environmental Risk Management System (SARAS), which complements the credit analysis with environmental, social and climate criteria. This allows the company to obtain a rigorous and detailed credit analysis on the possible impacts that could be caused on the environment and society with the financing of a project.

On the other hand, Banco Popular is designing sustainable credit lines and it is in the process of configuring green financial products in response to the current demand of its customers. Finally, the green finance strategy is complemented by the actions developed within the organization to reduce its impact on the environment.

Banco Popular's internal culture, from top management to employees, promotes daily decision making based on more efficient practices in the operation of the business, thus promoting projects that allow progress in environmental development and eco-efficiency, incorporating consumption reduction goals and initiatives to make the best use of resources.

## 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 and fulfil the following requirements/elements (a-d):**

- 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	Links and references
<p>An impact analysis has been conducted on Banco Popular's businesses in Colombia. The portfolio impact analysis, amounting to COP 24 billion, prioritized Consumer and Institutional Banking.</p> <p>Please note that the data presented in this report is as of 31 December 2022, for both Consumer Banking and Institutional Banking.</p>	<p>Banco Popular <a href="#">Report 2022</a> - Principles for Responsible Banking (PRB). P. 14.</p>

- 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 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	Links and references
<p>Banco Popular has considered its Consumer and Institutional Banking in the portfolio composition analysis, which amounts to COP 24 billion.</p> <p>A. <b>Consumer Banking.</b> The Consumer Banking portfolio represents a value of COP 16 billion, accounting for 67% of the total.</p> <p>B. <b>Institutional Banking.</b> The Corporate and Government Banking portfolio represents a value of COP 8 billion, representing 33% of the total.</p> <p>As of the date of publication of this report, the data for Consumer Banking and Institutional Banking is as of 31 December 2022.</p>	<p>Banco Popular <a href="#">Report 2022</a> - Principles for Responsible Banking (PRB). P. 15.</p>

**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>1</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	Links and references
<p>The Bank considered Colombia's objectives for achieving the 2030 Sustainable Development Goals (Source: National Planning Department - DNP), as well as the composition of its portfolio, the number of customers by product type and the socioeconomic characteristics of its customers, both individuals and legal entities.</p> <p>The results of the impact measurement analysis serve to reaffirm Banco Popular's purpose and contribution to society in the following five areas:</p> <ol style="list-style-type: none"> <li>1. Access to financial services, utilization of these services and the quality of these services.</li> <li>2. It is of the utmost importance to ensure the integrity and security of information.</li> </ol>	<p>Banco Popular <a href="#">Report 2022</a> - Principles for Responsible Banking (PRB). P. 15.</p>

<sup>1</sup> Global priorities might alternatively be considered for banks with highly diversified and international portfolios.



<ol style="list-style-type: none"> <li>3. The Productive Life: The key areas of focus are work, income generation, social security and professional development. For instance, access to credit for formal workers.</li> <li>4. Social and Economic Equity: The implementation of measures that ensure the accessibility of goods and services for those who are most vulnerable. For example:             <ol style="list-style-type: none"> <li>5. The target groups are the elderly and people with incomes below 3 SMMLV.</li> </ol> </li> <li>5. Responsible production and consumption. It is important to encourage the efficient use of non-renewable natural resources (raw materials) and waste utilization.</li> </ol>	
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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)<sup>2</sup>? Please disclose.

<i>Response</i>	<i>Links and references</i>
<p>Following the impact analysis, Banco Popular has identified two impact areas where it can generate the greatest impact on society and the environment. These have been incorporated into the bank's strategy:</p> <ol style="list-style-type: none"> <li>1. Including older adults in financial matters.</li> <li>2. Sustainable finance, focusing on responsible production and consumption.</li> </ol>	<p>Banco Popular <a href="#">Report 2022</a> - Principles for Responsible Banking (PRB).</p>

**d) Performance measurement:** Has your bank identified which sectors & 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.

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.

<i>Response</i>	<i>Links and references</i>
<p>Banco Popular has identified clients, sectors and/or areas of high impact through an analysis of the composition of its portfolio. It has also determined that, through the provision of financial</p>	

<sup>2</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.



products and services, it is possible to generate a greater positive impact in these areas:

1. Including older adults in financial matters.
  - 1.2 million clients have access to credit.
  - Over half our customers are over 60. This age group of older adults is vulnerable because of the risks associated with their biological, social and economic conditions.
  - 61% of our clients have an income of less than 3 SMMLV.
2. Sustainable finance, focusing on responsible production and consumption.
  - Institutional Banking's portfolio has the potential to enhance its positive impact in a number of sectors and economic activities, including construction, manufacturing, livestock, aqueducts and sewage, among others.

Banco Popular [Report 2022](#) - Principles for Responsible Banking (PRB). P. 16.

Banco Popular [Report 2022](#) - Principles for Responsible Banking (PRB). P. 20.

#### 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>3</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 checked="" type="checkbox"/> Yes | <input 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?**

*Climate change mitigation, climate change adaptation, resource efficiency & circular economy, biodiversity, financial health & inclusion, human rights, gender equality, decent employment, water, pollution, other: please specify.*

**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

<sup>3</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.





- Longer than 18 months prior to publication

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

## 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>4</sup> must 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>5</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.

Response	Links and references
<p>Following a prioritization exercise with its main business areas, Banco Popular has identified the Sustainable Development Goals which are most relevant based on their level of impact.</p> <p>The Sustainable Development Goals (SDGs) have been prioritized as follows: The following areas are of particular importance: decent work and economic growth, industry, innovation and infrastructure, quality education and reduction of inequalities.</p> <p>Consequently, Banco Popular has identified four goals to contribute to the national agenda for each of the prioritized country goals determined by the National Planning Department (DNP) for the fulfilment of the 2030 Agenda in Colombia. These goals align with the country's objectives as set out by the DNP.</p>	

<sup>4</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>5</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.

- **SDG 8:** Target 10. Universal access to banking, insurance and financial services.
- **SDG 9:** Target 3. Increase access to financial services and markets.
- **SDG 4:** Target 4. Increase the number of people with relevant skills for financial success.
- **SDG 10:** Target 6. Ensure representation of developing countries in financial institutions.

In addition to global and national alignment, Banco Popular, as a member of Asobancaria (the Banking and Financial Institutions Association of Colombia), is committed to contributing to the Sustainable Finance Goals (SFG). These objectives are aligned with the mission of supporting the achievement of the SDGs through the establishment of sector-specific goals. The four guild objectives are primarily focused on:

1. Finance for the planet.
2. Finance for diversity.
3. Finance for equity.
4. Finance for well-being.

In line with the above, Banco Popular can contribute to the global, national and sectoral goals and objectives set out in the Sustainable Development Goals (SDGs) and Sustainable Finance Goals (SFGs) in two main areas:

1. **Alignment 1.** Silver Finance Strategy.
  - Adults saving and investing.
  - Reducing the gender gap in financial inclusion.
  - Universal access to banking, insurance and financial services.
2. **Alignment 2.** Green Economy Strategy.
  - Expansion of the green portfolio and increased participation.
  - Expansion of access to financial services and markets.

- 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:

Response	Links and references
<p><b>Baseline 1.</b> Silver Finance Strategy. With regard to this objective, Banco Popular will commence measuring the impact on financial inclusion and well-being in older adults from 2024 onwards, utilizing historical baseline indicators. The objective is to integrate the data and establish a baseline.</p> <p><b>Baseline 2.</b> Green Finance Strategy. In line with this objective, Banco Popular will begin the process of developing green credit products and defining impact measurement indicators for sustainable business and corporate financing in 2024.</p>	

**c) SMART targets:** 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.

Response	Links and references
<p><b>Target 1.</b> Silver Finance Strategy.</p> <ol style="list-style-type: none"> <li>1. Credit for new clients, senior citizens with incomes below 3 SMMLV.</li> <li>2. Savings for new clients, senior citizens with incomes below 3 SMMLV.</li> <li>3. Digital inclusion of senior citizens.</li> </ol> <p><b>Target 2.</b> Green Finance Strategy.</p> <ol style="list-style-type: none"> <li>1. Number of operations evaluated with SARAS.</li> <li>2. Value (COP) of operations evaluated with SARAS.</li> <li>3. Designing of sustainable business credit product.</li> </ol>	



**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.*

<b>Response</b>	<b>Links and references</b>
<p><b>Target 1.</b> Silver Finance Strategy.</p> <p>Periodic working groups will be established with the treasury, financial, credit and personal banking segment teams to align the roadmap and monitor the progress of this objective.</p> <p>Potential alliances will be identified to facilitate interaction with the silver economy ecosystem in Colombia.</p> <p><b>Target 2.</b> Green Finance Strategy.</p> <p>Periodic working groups will be established with the treasury, financial, credit and personal banking segment teams to ensure alignment of the roadmap and monitoring of progress towards this objective.</p> <p>Potential alliances will be identified to channel interaction with the green economy ecosystem in Colombia.</p>	

### 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 <input type="checkbox"/> In progress <input type="checkbox"/> No	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> In progress <input type="checkbox"/> No	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> In progress <input type="checkbox"/> No
Baseline	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> In progress <input type="checkbox"/> No
SMART targets	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> In progress <input type="checkbox"/> No	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> In progress <input type="checkbox"/> No	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> In progress <input type="checkbox"/> No
Action plan	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> In progress <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> In progress <input checked="" type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> In progress <input checked="" type="checkbox"/> No

## 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.

<b>Response</b>	<b>Links and references</b>
<p>Following the first publication of the Principles of Responsible Banking report, the Board of Directors of Banco Popular has appointed Dr. María Fernanda Suárez as President of Banco Popular, with effect from October 2023.</p> <p>With her arrival, we established a new medium- term corporate strategy. This strategy is focused on improving efficiency, increasing profitability and generating value for our various stakeholders.</p> <p>Furthermore, this new strategy incorporates the two previously identified key objectives: (i) Silver Finance Strategy and (ii) Green Finance Strategy, scaling them to relevant business objectives, prioritizing the structuring of a robust and organized strategy for each objective, to enter the market with impactful products and services for our clients and consumers.</p> <p>Therefore, by 2024, Banco Popular will be in the process of defining and implementing the action plan for each objective.</p>	



## 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>6</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>7</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.

Response	Links and references
<p>Banco Popular has developed and published a Sustainability Policy with the objective of establishing guidelines and parameters for decision-making that contribute to the achievement of the Bank's sustainable development objectives. The policy is designed to promote good practices among customers and consumers, and to facilitate the responsible management of our stakeholders. It also aims to empower stakeholders as key players in society, fostering well-</p>	<p>Banco Popular - <a href="#">Sustainability Policy</a>.</p>

<sup>6</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>7</sup> Sustainable economic activities promote the transition to a low-carbon, more resource-efficient and sustainable economy.



being and mutual growth through a model that is aligned with our business objectives.

Over the past year, the Bank has developed an inclusive service guide for elderly customers, customers with disabilities and customers with diverse sexual orientations. The objective of this guide is to facilitate positive experiences by standardizing protocols and providing guidelines to ensure our customers receive specialized attention.

Moreover, in line with our commitment to sustainable product and service development, we are implementing a robust climate risk identification process that encompasses both physical and transition risks.

It is vital for organizations to identify the physical risks linked to their corporate and government lending operations if they are to effectively manage the potential impact of climate change.

The Bank employs physical risk analysis to assess the vulnerability of lending operations to extreme weather events, such as floods, landslides and extreme drought. By understanding these specific risks, the Bank can assist its business clients in developing effective mitigation and adaptation strategies in key sectors. With regard to transition risks, the Bank anticipates identifying the risks associated with the decarbonization of the economy.

### 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	Links and references
<p>The main market opportunities identified by Banco Popular in relation to the two principles are outlined below.</p> <p>Opportunities related to the silver economy in Colombia:</p>	<p>Argote, C. A. (2023, 24 agosto). 'Población silver' consume al día COP\$332.000 millones y representa \$121</p>





- The silver economy accounts for 12% of the gross domestic product (GDP).
- The total annual expenditure of pensioners and senior citizens is estimated at COP \$121.2 billion.
- Colpensiones, the state pension administrator in Colombia, disburses 1.6 million pensions and life annuities of the Periodic Economic Benefits (BEPS) each month, representing a total value of COP 30 billion.
- There are over seven million people of retirement age, representing 14.36% of the total population. However, only 1.6 million of this group have a pension.
- The average monthly pension received by a Colombian retiree is approximately COP \$1.5 million.
- The 'silver population' represents a significant consumer base, spending an estimated \$332,000 million a day and \$121 billion a year.
- The following are the main expenses of pensioners:
  - Utility payments.
  - Purchase of cleaning supplies.
  - Mobility expenses.
  - Purchase of clothing.

billones al año. [Diario la República](#).

Amórtegui, G. R. (2023, 27 septiembre). Cartera verde en Colombia alcanza 19 billones de pesos: Asobancaria. [RCN Radio](#)

Opportunities related to the green economy in Colombia:

- The green portfolio in Colombia amounts to COP 19 billion, of which COP 18.7 billion is earmarked for specific credits in the construction, transportation and energy sectors.
- The primary objective of these loans is to support projects in the areas of energy efficiency, renewable energy and sustainable land use, which includes agriculture, livestock and forestry.
- The green economy demonstrated a 40% increase over 2021.
- The latest developments in renewable energy, including solar and wind power, and green hydrogen initiatives that provide an alternative to traditional energy sources, are set to play a significant role in the energy sector.
- Globally, investments in sustainable funds have reached approximately 40 billion dollars, with estimates indicating that this growth will remain constant in the coming years.



## 4. 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>8</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
<p>Banco Popular recognizes the importance of consulting, participating in and partnering with its stakeholders, including shareholders, the board of directors, the Banco Popular human team, customers, suppliers and contractors, the government and regulators, associations, public opinion, subsidiaries and risk rating agencies. This commitment is embedded in our Sustainability Policy, which outlines the actions to be executed with these stakeholders to promote well-being and sustainable development.</p> <p>Considering this, we have taken various steps during 2023 to develop new communication channels that align with the needs of our stakeholders.</p> <ol style="list-style-type: none"> <li>1. The Bank has made a virtual office for shareholder and investor relations available to its stakeholders in Spanish and English. The purpose of this office is to provide updated information on the main news and relevant issues related to the governance and structure of the organization.</li> <li>2. The Bank has launched its Suppliers Web Site, which is designed to enhance our relationship with suppliers and candidates. It facilitates interaction and information sharing,</li> </ol>	<p>Banco Popular - <a href="#">Virtual office for shareholder and investor relations</a>.</p> <p>Banco Popular - <a href="#">Supplier Portal</a>.</p>

<sup>8</sup> Such as regulators, investors, governments, suppliers, customers and clients, academia, civil society institutions, communities, representatives of indigenous population and non-profit organizations



thereby strengthening our integrated management of ESG factors in the supply chain.

3. The incorporation of best practices for reporting Environmental, Social and Governance (ESG) information over the past few years has positioned Banco Popular as a worthy recipient of the IR (Investor Relations) recognition from the Colombian Stock Exchange.

## Principle 5: Governance & Culture

### 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	Links and references
<p>The implementation of the Principles of Responsible Banking (PRB) will be managed via the governance structure in place for the sustainability strategy.</p> <p>Banco Popular has established a governance structure that enables the identification and management of ESG risks and opportunities in line with global and market dynamics, as well as its material issues:</p> <ol style="list-style-type: none"> <li>1. The <b>Board of Directors</b> is responsible for ensuring that the company's activities comply with the Sustainability Strategy.</li> <li>2. The <b>Executive Committee of the Presidency</b> is responsible for monitoring compliance with the Sustainability Model goals and strategic decision-making.</li> <li>3. The <b>Risk Vice-Presidency</b> is responsible for integrating environmental, social and climate risks with the overall risk management strategy of the company.</li> </ol>	



4. The **Vice-Presidency of Credit** is responsible for defining the credit policy and integrating ESG criteria into the granting process.
5. The **Corporate and Government Vice-Presidency** is responsible for the management of credit products in accordance with ESG criteria.
6. **Experience, Brand and Sustainability Management** is responsible for the leadership of initiatives and projects where sustainability is incorporated at all levels and processes of the organization.

## 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	Links and references
<p>To ensure that our employees possess the knowledge and skills on issues relevant to the financial sector, we have developed a series of training programs.</p> <p>These cover a range of topics, including sustainable finance, green and sustainable taxonomy, integrated risk management (SIAR) and social and environmental risk management (SARAS). Furthermore, the following training courses were conducted:</p> <p>Training for the Board of Directors and Executive Committee:</p> <ul style="list-style-type: none"> <li>• Luz Piedad Rugeles Ardila, Member of the Board of Directors, has been certified in ESG criteria evaluation by the International Finance Corporation (IFC).</li> <li>• The relevance of the Social and Environmental Risk Management System (SARAS) and trends in sustainable finance will be discussed by Fred Seifert of the Natural Intelligence Group (NINT).</li> <li>• The Conference on the Strategic Relevance of Sustainable Finance, presented by Valora Consultores.</li> <li>• The Integrated Risk Management System (SIAR) was developed by Risk Consulting Services, Risk Advisory Services, and the consulting firm PriceWaterhouseCoopers (PwC) Colombia.</li> </ul>	

- Training on Environmental, Social, Corporate Governance (ESG) and Climate Risk Management will be led by Banco Popular's Experience, Brand and Sustainability Management.

Training for Managers and Directors:

- Five managers participated in the course on climate risk management aimed at the banking sector in Latin America, which was jointly organized by Green Banking Academy, IFC and Management Solutions.
- A conference on green taxonomy and sustainability was held for corporate banking and government banking managers, organized by Economía Aplicada.

Training for Subsidiaries:

- Banco Popular's experience, brand and sustainability management team provided training on a sustainable finance strategy for Fiduciary Popular.

### 5.3 Policies and due diligence processes

Does your bank have policies in place that address environmental and social risks within your portfolio?<sup>9</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	Links and references
<p>Over the past years 2022 - 2023, Banco Popular has been developing the Environmental and Social Risk Management System (SARAS) in collaboration with an expert consulting team. The diagnostic and design phases of the environmental and social assessment and due diligence tools have been completed, as well as the construction of the SARAS policy and manual.</p>	

<sup>9</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.



Furthermore, a pilot program was conducted with clients from the Corporate and Government Banking divisions to test the tools and the process prior to their official launch.

In 2024, the SARAS system will be implemented with the objective of strengthening the analysis and follow-up of the credit process.

## 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



## 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
Banco Popular's 2023 Sustainable Management Report has been verified by BDO Audit SAS, who has issued an Independent Assurance Report on the consistency of the information presented. The scope of this assurance focused on the non-financial information reported in the company's annual report, with a representative sample of 15 prioritized GRI and SASB indicators.

### 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





## 6.3 Outlook

What are the next steps your bank will undertake in next 12 month-reporting period (particularly on impact analysis<sup>10</sup>, target setting<sup>11</sup> and governance structure for implementing the PRB)? Please describe briefly.

Response
The objective is to finalize the design of KPIs that will be used by Banco Popular to monitor the progress of its two objectives (Silver Finance and Green Finance). This will enable the Bank to incorporate actions for the achievement of milestones, allowing it to measure the progress of both objectives over the next few years.

## 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:

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<sup>10</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>11</sup> For example outlining plans for baseline measurement, developing targets for (more) impact areas, setting interim targets, developing action plans etc.



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

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

<b>Response</b>





**Principles for  
Responsible  
Banking Report**

20  
23

**UN**   
environment  
programme | finance  
initiative

Principles for  
Responsible Banking