

# SUSTAINABILITY REPORT 2022



*GRUPO POPULAR*

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# 1. LETTER FROM THE PRESIDENT

GRI 2-22

We are glad to share with our stakeholders our fourth Sustainability Report corresponding to 2022, prepared under GRI Standards and in response to our contribution to the Principles of Responsible Banking of UNEP-FI, the United Nations Global Compact and the Sustainable Development Goals (SDG). In it, we describe in depth our management during the last year and we propose achievable short, medium and long term goals related to the environmental, social and corporate governance (ESG) aspects of the Group.

During 2022, we demonstrated our commitment to society, the environment and the progress of our internal government, promoting the inclusion of people in the financial system and improving the quality of life in our society, based on the promotion of knowledge, skills and by increasing capacities for resource management. In addition, thanks to the fact that we are aware that climate change poses enormous challenges for the company, we established the Sustainability and Responsible Banking Guidelines, which seek to establish the reference framework to respond to the main challenges of the region in terms of Responsible Banking.

We are known for promoting a more environmentally friendly lifestyle in the Dominican Republic and in the region. During 2022, we planted 36,810 trees that are equivalent to a reduction of 11,779 tons of CO<sub>2</sub>; we reached an installed capacity of 7.5 MW (megawatts) of photovoltaic energy. We also contributed to the financial education of 5,600 people, among other initiatives that fill us with pride and position us as regional pioneers in the development of products with less environmental impact.

Regarding our governance, we implemented systems to prevent fraud, bribery, corruption, money laundering, financing of terrorism and the proliferation of weapons of mass destruction with tools that guarantee the transparency and sustainable operation of all our companies. This way, we prevent violations of the regulation that may eventually affect the continuity of the business.

Thanks to sustainable management at Grupo Popular and the joint effort of all our employees, we met the challenges proposed in 2022 and at the same time, we know that we can achieve much more this new year. Always considering the interests and expectations of our stakeholders, we demonstrated that the methodologies we implement to address risks related to ESG factors have been successful. In addition, they have allowed us to efficiently address current challenges through the adoption of innovative measures, a high managerial capacity, corporate social responsibility, more trained employees, the quality of our products and services, and excellent customer service.

Everything we achieved in 2022 was also highlighted by the exceptional work of the public-private alliances and initiatives in which we take part, making Grupo Popular the most admired company in the Dominican Republic<sup>1</sup>. We will continue on the path we have traveled so far, working to address the risks of climate variability without neglecting the well-being of our employees, the communities that we affect, our suppliers, and our customers.

Executive President Grupo Popular  
**Manuel E. Jiménez F**

<sup>1</sup> According to the results of the study that the firm Read Investigación & Consultoría carried out for Mercado magazine. Score of 56.6%.



## 2. ABOUT THIS REPORT

GRI 2-1, GRI 2-2, GRI 2-3, GRI 2-5

It is with great pride that Grupo Popular presents its fourth sustainability report, corresponding to the period from January 1 to December 31, 2022, in which we reiterate our commitment to our stakeholders and to disclose environmental, social, economic and corporate governance of our corporate group and its (9) subsidiaries<sup>2</sup> in the Dominican Republic and Panama, focusing on:

- **Banco Popular Dominicano (BPD)**
- **Fundación Popular Inc.**

Grupo Popular has prepared this report in accordance with the GRI Standards, including the contents of the sector guide for Financial Services and responds to the Principles of Responsible Banking (PBR) of the United Nations Environment Program Finance Initiative (UNEP-FI), in compliance with the commitments assumed by Banco Popular since 2019.

For any questions or requirements related to this report, please contact:

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### Materiality Assessment

Principle 2.1 GRI 3-1

Considering the new trends in sustainability, this year we updated the 2019 materiality exercise under a double materiality approach, which considers not only the economic, social and environmental impacts generated from our operations<sup>3</sup>, but also includes environmental, social and governance (ESG) risks and opportunities that may affect the company's financial performance<sup>4</sup>.

### THIS EXERCISE CONSISTED OF FOUR PHASES:

#### 1. Context analysis and identification of potentially material issues

To understand global trends in sustainability, as well as the national and sectoral context in which we operate, we analyzed different standards, norms, reference frameworks, trend studies, as well as the materiality of different peer companies. This allowed us to identify a list of potentially material baseline topics for the next phases of the exercise.

#### 2. Sessions with leaders

We consulted with our internal leaders about the main impacts that they consider that Grupo Popular and its value chain generate on the environment, the economy and society from our operations, and the main risks and opportunities that they identify in the environment that may affect Grupo Popular.

#### 3. Engagement with interest groups

For us it is important to know the perspective of our interest groups, for this reason, we conducted interviews with different stakeholders. These inputs allowed us to include, as part of the materiality analysis, the influence of the perceptions of our stakeholders regarding the impacts, risks and opportunities of our operations.

#### 4. Prioritization and validation

The inputs from the previous three phases allowed for the construction of the material topics, carried out under the principles indicated by the Global Reporting Initiative (GRI) and the Sustainability Accounting Standards Board (SASB). In total, 10 material topics were identified.

<sup>2</sup> The subsidiaries are Banco Popular Dominicano, AFP Popular, Inversiones Popular, AFI Popular, Fiduciaria Popular, Servicios Digitales Popular, Infocentro Popular, Popular Bank and Qik Banco Digital. These same entities are included in the consolidated and audited Financial Statements, which are available at <https://popularenlinea.com/Personas/Paginas/nosotros/Publicaciones-institucionales3.aspx>. The period covered by the Financial Statements is between January 1 and December 31, 2022.

<sup>3</sup> This responds to the principle of materiality of the GRI Standards, under which material issues are defined as the most significant impacts that the "organization has on the economy, the environment and people, including impacts on human rights" (GRI 1 Foundations, 2021).

<sup>4</sup> This responds to SASB's principle of financial materiality, where materiality is understood as those sustainability issues that may affect the company's financial performance.



Material Topics

GRI 3-2

- + Sustainable products and services

+ Inclusion and financial education

+ Evaluation of socio-environmental risks of the portfolio

+ Fintech and digital innovation

+ Management and well-being of human talent
- + Corporate governance, ethics and compliance

+ Cybersecurity, information security and consumer protection

+ Social investment and community development

+ Eco-efficiency

+ Climate strategy



Who are our interest groups and how do we relate to them?

PRINCIPLE 4.1 GRI 2-29

We recognize the value of the voices, perspectives and expectations of our stakeholders, as we know that without them we would not be able to achieve the expected performance over time.

Considering the principles of the Global Compact and our internal Corporate Governance premises, our operations take into account the possible direct or indirect impacts that we may generate on our stakeholders. For this reason, we reiterate the fundament that we have defined for each type of actor, which allow us to adequately address and direct the involvement of the respective interest groups. It is important to highlight that all stakeholders are equally important to us and we seek to ensure that our operations respect human rights for all of them.

Fundament of the relationship with stakeholders

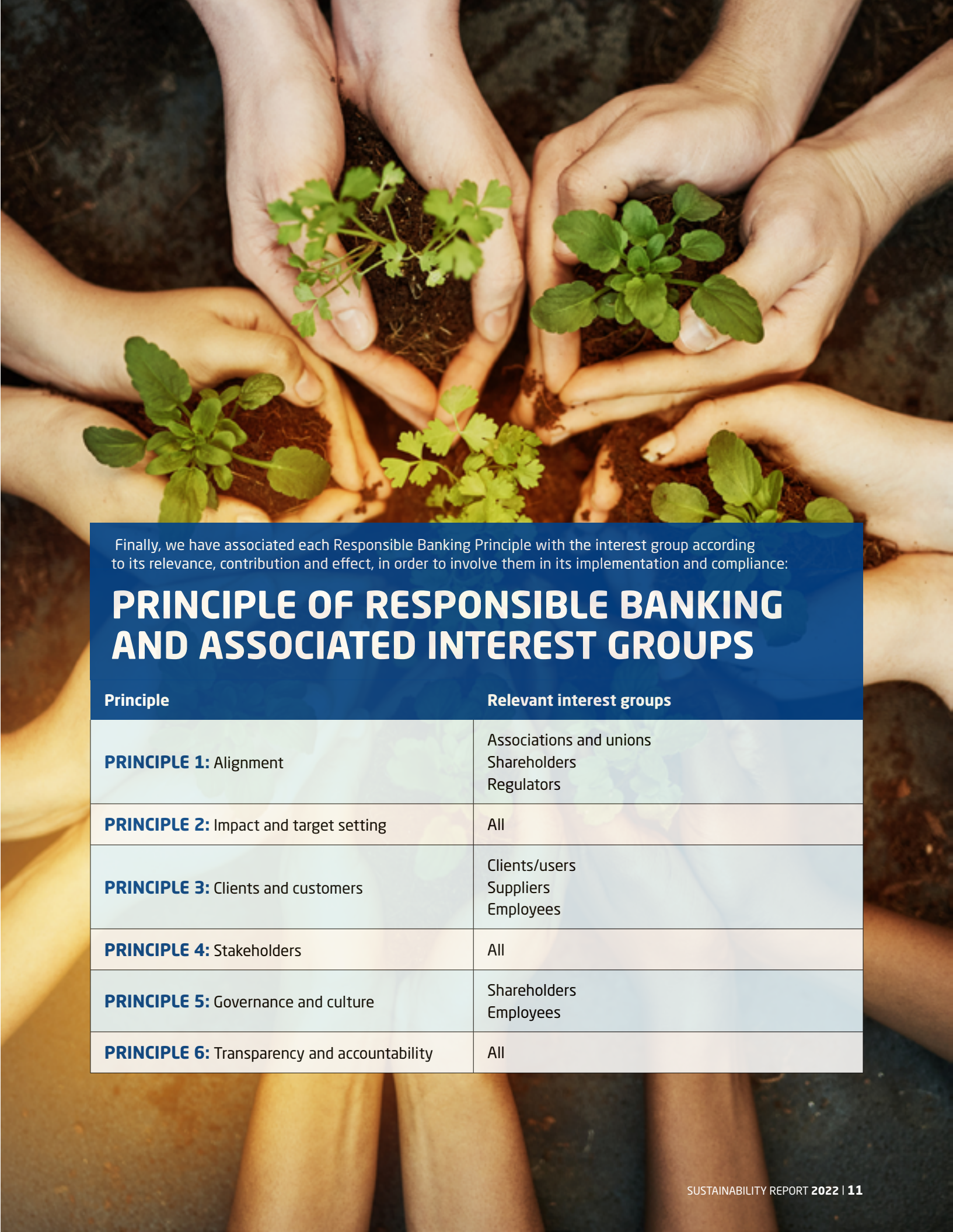
Stakeholders	Fundament
Shareholders	Defend and protect their interests.
Clients/Users	Treat clients or users with the principles of fair treatment, equity, transparency and responsibility, caring for and prioritizing their interests as if they were our own, guaranteeing equal treatment among clients in similar situations.
Personnel	Guarantee the respect and compliance of labor and social security regulations, build decent and fair labor relations, and promote professional development in an appropriate physical, professional, and ethical environment.
Suppliers	Extend good governance practices to suppliers; establish contracting rules that guarantee, among other things, fair, equitable, transparent and responsible treatment.
Regulators	Maintain a relationship with regulators based on the principles of constant communication, transparency, cooperation, commitment and responsibility.
Society	Apply, as far as possible, the corporate social responsibility and socially responsible investment criteria set forth in the Governance Principles.
Associations	Be part of and collaborate with unions and associations to achieve objectives jointly.

In addition, we have spaces for each of our interest groups that allow us to know their perspectives, concerns or topics of interest, which we know can change depending on the context. Below, we present the different communication channels that ensure the participation of all interested parties:

Communication with stakeholders

Stakeholders	Frequency			Communication channel	Issues and concerns
	Continuous	By requirement	Annual		
Clients/users	X			<div>+ Contracting of products and services.</div> <div>+ Physical and virtual correspondence.</div> <div>+ Customer satisfaction surveys.</div> <div>+ Voice of the customer platform.</div> <div>+ Social networks.</div> <div>+ Annual management reports.</div> <div>+ Focus groups.</div> <div>+ Analysis of case studies.</div> <div>+ Popular App, AFP App, Internet Banking and our website.</div>	<div>+ Implement innovative processes to make life easier for users.</div> <div>+ Appropriate financial solutions for the needs and conditions of customers.</div> <div>+ Transparency in the communication of products and services.</div>
Personnel - Employees and their families	X			<div>+ Work environment evaluations.</div> <div>+ Newsletters.</div> <div>+ Internal communications.</div> <div>+ Annual management reports.</div> <div>+ "Voluntariado Popular" initiative.</div> <div>+ Values delegates.</div>	<div>+ Promote a decent quality of life, a stable job, with opportunities for personal, professional and family development.</div> <div>+ Respect and comply with the highest labor and safety standards, to achieve decent labor relations that promote professional development in an adequate environment.</div>

Society	X		<ul style="list-style-type: none"> <li>+ Social networks.</li> <li>+ Social and environmental projects and programs.</li> <li>+ Newsletters.</li> <li>+ Annual management reports.</li> <li>+ Surveys.</li> <li>+ Collaboration agreements.</li> <li>+ Global Pact Progress Report.</li> </ul>	<ul style="list-style-type: none"> <li>+ Increase the social, cultural and economic heritage of the country.</li> <li>+ Contribute to the development of social, economic, institutional and environmental progress of the Dominican Republic.</li> </ul>
Regulators		X	<ul style="list-style-type: none"> <li>+ Periodic reports for regulators.</li> <li>+ Corporate governance report.</li> <li>+ Annual management reports.</li> </ul>	<ul style="list-style-type: none"> <li>+ Compliance with applicable regulations.</li> <li>+ Maintain a relationship with regulators based on the principles of constant information, transparency, cooperation, commitment and responsibility.</li> <li>+ Adopt the corresponding internal guidelines to guarantee a prudent management capable of preventing regulatory breaches.</li> </ul>
Shareholders			X <ul style="list-style-type: none"> <li>+ General Assembly of shareholders.</li> <li>+ Circle of shareholders (web portal).</li> <li>+ Annual management reports.</li> <li>+ Talks and conferences.</li> </ul>	<ul style="list-style-type: none"> <li>+ Growth and profitability higher than the banking system, with limited risk.</li> <li>+ Recognize, promote and protect equality among shareholders.</li> </ul>
Suppliers	X		<ul style="list-style-type: none"> <li>+ Contractual relations.</li> <li>+ Supplier inspection and evaluation visits.</li> <li>+ Supplier audits for compliance with the code of ethics.</li> <li>+ Supplier web portals.</li> <li>+ Annual management reports.</li> <li>+ Activities and meetings.</li> </ul>	<ul style="list-style-type: none"> <li>+ Act under high quality standards.</li> <li>+ Establishment of fair, equitable, transparent and responsible contracting rules for suppliers.</li> </ul>
Associations and unions			X <ul style="list-style-type: none"> <li>+ Collaborative tables.</li> <li>+ Inter-institutional agreements.</li> </ul>	<ul style="list-style-type: none"> <li>+ Contribute to the progress and development of the Dominican tourism sector.</li> <li>+ Contribute to the growth of the country's financial sector.</li> <li>+ Contribute to the growth and development of the business and productive sector of the country.</li> </ul>



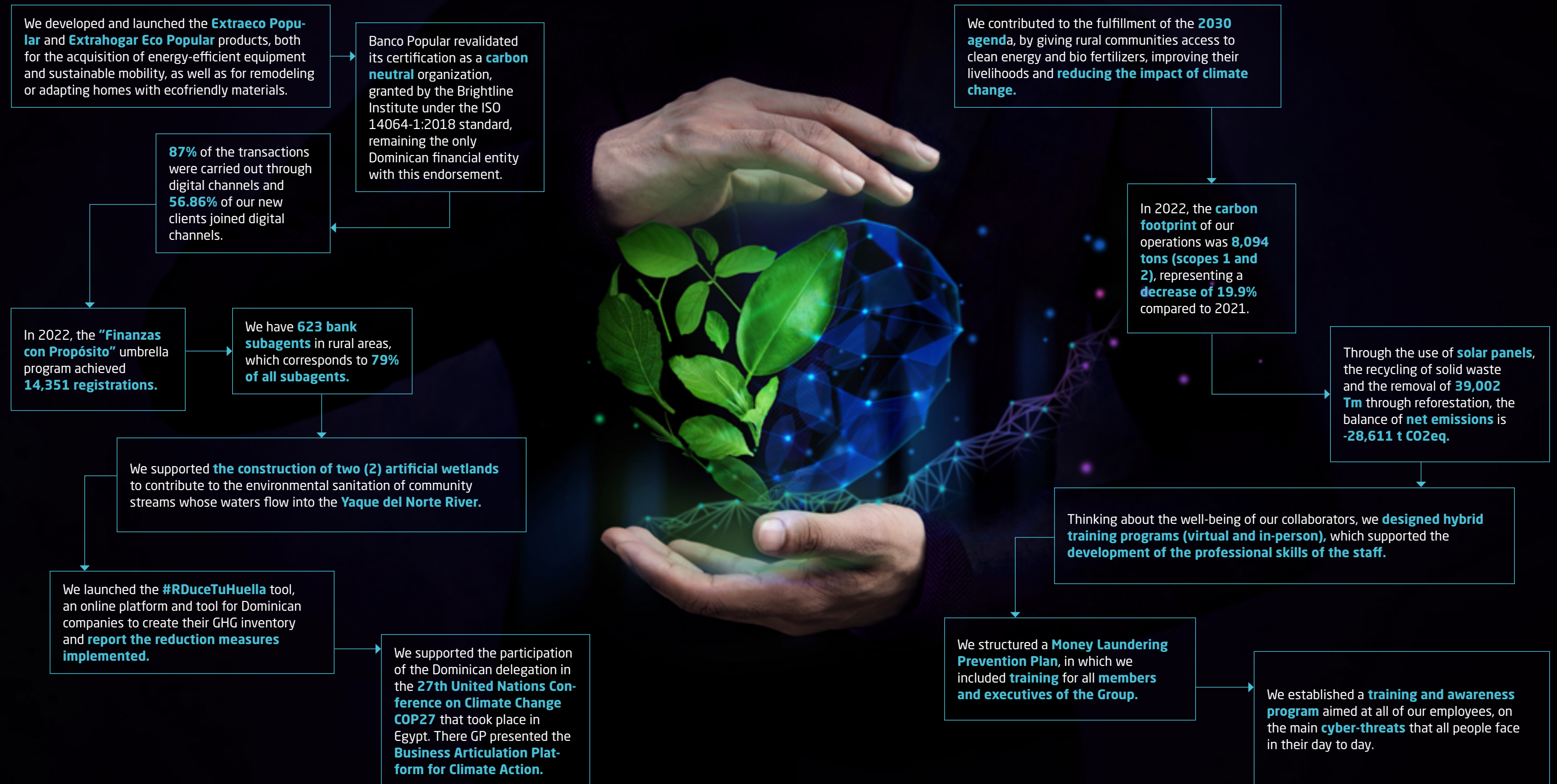
Finally, we have associated each Responsible Banking Principle with the interest group according to its relevance, contribution and effect, in order to involve them in its implementation and compliance:

# PRINCIPLE OF RESPONSIBLE BANKING AND ASSOCIATED INTEREST GROUPS

Principle	Relevant interest groups
<b>PRINCIPLE 1:</b> Alignment	Associations and unions Shareholders Regulators
<b>PRINCIPLE 2:</b> Impact and target setting	All
<b>PRINCIPLE 3:</b> Clients and customers	Clients/users Suppliers Employees
<b>PRINCIPLE 4:</b> Stakeholders	All
<b>PRINCIPLE 5:</b> Governance and culture	Shareholders Employees
<b>PRINCIPLE 6:</b> Transparency and accountability	All



# 3. 2022 HIGHLIGHTS





# 4. GRUPO POPULAR AND SUBSIDIARIES

PRINCIPLE 1.1 GRI 2-1, GRI 2-6

**WE ARE THE LARGEST FINANCIAL SERVICES CONGLOMERATE IN THE DOMINICAN REPUBLIC, AS WELL AS A PIONEER IN INNOVATION IN THE COUNTRY.**

WE PROVIDE FINANCIAL SERVICES IN THE DOMINICAN REPUBLIC AND PANAMA, TO INDIVIDUALS, SMALL AND MEDIUM-SIZED COMPANIES, AND AT A BUSINESS AND INSTITUTIONAL LEVEL. THE OPERATIONS OF ALL SUBSIDIARIES ARE CARRIED OUT IN THE DOMINICAN REPUBLIC AND, THROUGH POPULAR BANK LTD., IN PANAMA CITY. WE HAVE OFFICES IN THE METROPOLITAN AREA OF SANTO DOMINGO, IN THE NORTH OF THE COUNTRY, IN THE SOUTHEAST INTERIOR OF THE COUNTRY, AND IN PANAMA CITY.

Committed to ethical conduct in all our actions and decisions, we have established a management model whose strategies and processes favorably influence all the people with whom we interact. For this reason, our mission, vision and values respond to this commitment to act responsibly across all our subsidiaries.

MISSION	VISION	VALUES
We work to be an efficient provider of financial, personal and business services in the local and international market. We focus on fulfilling our social function, guaranteeing the satisfaction of our clients, employees, shareholders and related parties, always staying at the forefront of technology in accordance with the highest ethical principles.	To be the predominant financial services group for the Dominican Republic, with profitable growth, constant innovation and the satisfaction of the needs of our clients, shareholders and employees.	All decisions made within Grupo Popular are based on values, a management model that positively affects the strategies, processes and people we touch.
RESPECT	INTEGRITY	TEAM WORK
	INNOVATION	CLIENT SATISFACTION

## GRUPO POPULAR'S PROFILE





# SUBSIDIARIES

PRINCIPLE 1.1 GRI 2-1, GRI 2-6



## BANCO POPULAR DOMINICANO (BPD)

**DESCRIPTION**  
It is the main private equity financial institution in the Dominican Republic and the largest subsidiary of Grupo Popular. It was founded in 1963 and is one of the banks best valued by clients in the Dominican Republic.

**PRODUCTS AND SERVICES**  
BPD has a wide range of financial services and products adapted to the needs of each of our personal banking, SME banking, and corporate banking segments.



## ADMINISTRADORA DE FONDOS DE PENSIONES POPULAR (AFP)

**DESCRIPTION**  
Through this subsidiary, a pioneer in the provisional market, we seek to guarantee our clients pension plans through optimization of resources, the excellence of services and professionalism in the management of economic well-being for the elderly and their relatives.

**PRODUCTS AND SERVICES**  
Design and manage pension plans in accordance with the Dominican Social Security System.



## INVERSIONES POPULAR

**DESCRIPTION**  
Through investments, they are in charge of advising and distributing investment products from the stock market. Through this subsidiary, we have structured and placed important private bond issues in the market through the Stock Exchange of the Dominican Republic.

**PRODUCTS AND SERVICES**  
Inversiones Popular offers brokerage services for issued securities, placement of new securities issues, and structuring of private bond issues in the market.



## ADMINISTRADORA DE FONDOS DE INVERSIONES POPULAR (AFI)

**DESCRIPTION**  
AFI offers the best investment fund available to our clients according to their financial needs and their risk profile.

**PRODUCTS AND SERVICES**  
This subsidiary has a portfolio of investment funds in fixed income, variable income, real estate investment funds and business development.



## POPULAR BANK LTD

**DESCRIPTION**  
Popular Bank is our banking subsidiary established in Panama City that offers innovative financial solutions, allowing us to meet the needs of Dominican clients abroad.

**PRODUCTS AND SERVICES**  
Popular Bank offers innovative financial solutions that meet the needs of customers in the business banking segments and maintains access to financing in dollars to facilitate international trade.



## SERVICIOS DIGITALES POPULAR

**DESCRIPTION**  
Through this subsidiary, we lead the design and implementation of comprehensive business solutions, based on digital technology, through the AZUL and AVANCE brands.

**PRODUCTS AND SERVICES**  
With AZUL, we affiliate businesses so that they can accept payments with credit cards and mobile wallets, through innovative secure payment solutions, accompanied by excellent service. Servicios Digitales Popular also includes the AVANCE trademark in its portfolio, which is responsible for facilitating capital advances to businesses that accept card payments.



## INFOCENTRO

**DESCRIPTION**  
Infocentro is the provider of services related to information technology and communications to our business customers. Thanks to the management of this subsidiary, we are a prominent member of the Association of Contact Centers of the Dominican Republic.

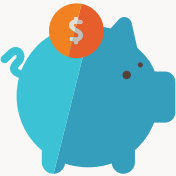
**PRODUCTS AND SERVICES**  
We provide customer service for our business customers.



## ASETESA VENTA DE INMUEBLES

**DESCRIPTION**  
It offers the possibility of acquiring real estate throughout the national territory, with a diversity of properties that adapt to the needs of our clients through this subsidiary.

**PRODUCTS AND SERVICES**  
Asetesa is a real estate portal with a wide variety of properties for sale, including houses, apartments, villas and plots.



## FIDUCIARIA POPULAR

**DESCRIPTION**  
Fiduciaria Popular has a highly profitable growth, giving options to our clients to manage their assets safely. In addition, it is the first trustee authorized by the Superintendence of Securities to issue Public Offering Trusts.

**PRODUCTS AND SERVICES**  
Fiduciaria Popular offers a robust portfolio of products such as real estate development, estate planning, as well as cultural, philanthropic and educational trusts.



## LA CONFIANZA

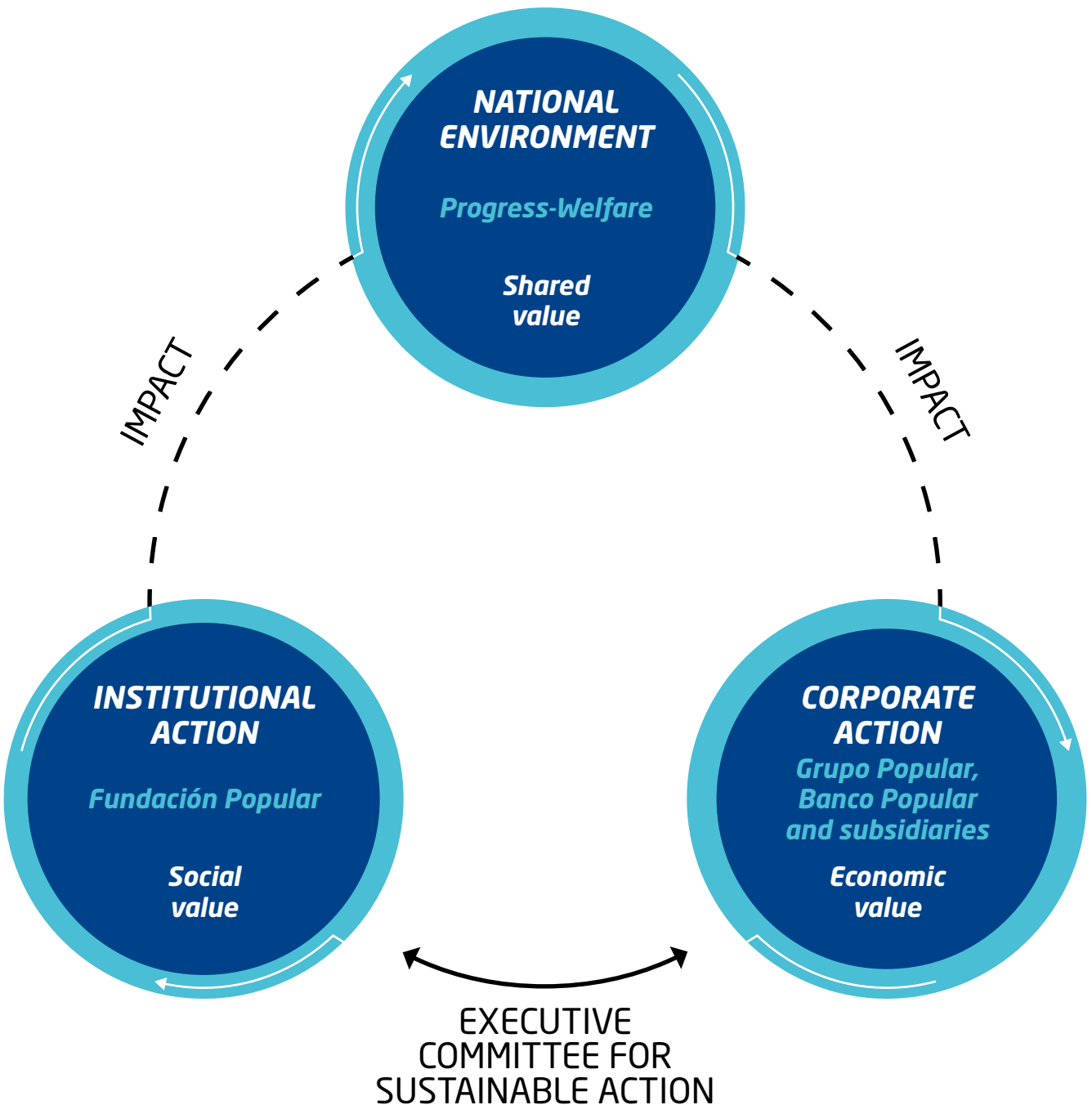
**DESCRIPTION**  
La Confianza is a private security and value transport company.

**PRODUCTS AND SERVICES**  
The security and transport services are offered exclusively to Banco Popular, officials and BPD corporate clients.

### Fundación Popular, Inc.

Fundación Popular is an entity that shares responsibility for Grupo Popular's social agenda and contributes to making the organization's sustainability policies, premises and commitments a reality. In addition, it strengthens other local and international foundations and social organizations that operate in the Dominican Republic, to promote sustainable initiatives in favor of the human, social, economic and environmental growth of the nation.

The sustainable vision is the responsible corporate response of Grupo Popular and its subsidiaries that guides business and institutional action in the face of the challenges of society and the climate, forming an essential part of its institutional culture, based on ethical, social and environmental values and criteria, included in the principles of its corporate governance.



## 5. GRUPO POPULAR'S SUSTAINABLE VISION

### PRINCIPLE 1.2

At Grupo Popular we understand the impacts we generate on the economy, society and the environment, as well as the risks that these factors may have on our economic performance. This has motivated us to contribute positively to the achievement of national and global commitments such as the Paris Accords, the Sustainable Development Goals (SDG) and the National Adaptation Plan for Climate Change in the Dominican Republic 2015-2030 (PNACC).

To direct our actions around sustainable development, since 2019 we have had a Sustainable and Responsible Banking Vision, which was updated in 2022 considering the trends of the financial sector and our impacts, risks and opportunities (materiality analysis) and considers elements essential such as social expectations and demands, business needs, among other elements. This vision allows us to generate impact from the leadership of the Agenda for economic, social and environmental transformation proposed at the national and international level, since it seeks to:

- + Promote a sustainable economy.
- + Promote access to quality education.
- + Generate new business opportunities, taking into account environmental and social impacts.
- + Strengthen financial inclusion.

The updated model is made up of four (4) pillars through which Grupo Popular and its subsidiaries promote the transformation towards a more sustainable country for all:

### Grupo Popular: Sustainable Vision





In order to measure progress on our Vision, we have defined five (5) specific goals for 2030 aligned with the most relevant and influential issues for the Company and our stakeholders, as well as the most critical risks and business opportunities:

PRINCIPLE 2.3

Promise	Goal by 2030	Alignment	Progress in 2022
Become a certified zero-emissions organization	To plant more than one (1) million trees	SDG 13 Paris Agreement	In 2022, we planted 36,810 trees, which is equivalent to a reduction of 11,779 tons of CO2. This number achieves and exceeds the established goal for a total of 1,004,893 trees planted.
Be the largest producer of photovoltaic energy in the Dominican Republic	Generate 4.6 megawatts / year	SDG 7 Paris Agreement	By the end of 2022, we have reached an installed capacity of 7.5 MW (megawatts).
Be the leader in renewable energy financing	Be the largest provider of green financial products and services	SDG 7 Paris Agreement	By 2022, we financed RD\$3.6 MM in renewable energy.
Contribute to the financial education of Dominicans	Educate 150,000 Dominicans	SDG 8	By the closing of 2022, we contributed to the financial education of 5,600 people, for a total of 95,197 people impacted.
Contribute to the sustainable education of the social and business sector of the Dominican Republic	To achieve sustainable education for 500 people	SDG 4	In 2022, we managed to educate 1,218 young Dominicans.

These objectives are added to the short, medium and long-term ambitions, which we have specifically defined on each of the material topics, and which are presented in the section called “Where are we going” included at the end of each chapter associated with a material topic.

Initiatives we support

PRINCIPIO 1.2





Since 2020, Banco Popular is certified as a Carbon-Neutral Organization, certified by the Brightline Institute, Inc., under the international standard ISO 14064-1:2018.



Seeking to contribute to a development agenda already defined worldwide, our social responsibility and sustainability initiatives are aligned with the United Nations 2030 Agenda through the integration of the SDGs.

ODS	Contribution
	We have bank subagents that promote the inclusion of the economically disadvantaged population in the financial system, including micro-financing.
	We support food security, improved nutrition and the end of hunger through our corporate social responsibility alliance “Sanar una Nación” whose mission is to provide medicine, fortified food and medical supplies to the most vulnerable populations in the Dominican Republic.
	The Banco Popular program called “Excelencia Popular”, promotes the development and training of Dominican talent by offering higher education opportunities through scholarships.
	We work with organizations that fight violence against women, such as the “Patronato de Ayuda a Casos de Mujeres Maltratadas” (PACAM), and we ensure that both working hours and remuneration within the entity are equitable, in addition to having a zero tolerance policy for discrimination.

	Based on our work with FUNDASEP, promoting education in the proper use of water resources, we support the construction and refurbishment of aqueducts, thereby improving health conditions in the most vulnerable provinces in the south of the country.
	We have a sustainable product and services portfolio (Hazte Eco) that promotes the transition to a low-carbon economy through competitive loans for the purchase of solar panels, hybrid and electric vehicles, and energy-efficient household appliances, among others products.
	<p>We are recognized in the country as one of the best companies to work for, since we promote the continuous training of our teams through programs that contribute to their professional development.</p> <p>In order to promote a healthy work-life balance, we offer our employees the Popular Wellness Center, which seeks to achieve harmony between mind and body.</p>
	Innovation and digital transformation are central values to achieve inclusive and sustainable industrialization. Based on this, we have worked hand in hand through innovation and infrastructure for the financing of wind farms and the installation of solar panels and chargers for electric vehicles in our branches.
	Our offices and facilities have spaces adapted for people with disabilities. Similarly, we promote financial inclusion through Subagente Popular, which brings our banking services to specific communities.
	We offer green financial products in order to contribute to a more sustainable city, such as competitive loans for the purchase of hybrid or electric vehicles. In the same way, and as a sign of our commitment to guarantee sustainable development, we have installed solar panels in many of our offices, we have implemented bike parking spaces and we have sponsored a bike path in Santo Domingo to encourage sustainable mobility habits.
	In our efforts to combat climate change, we hold large annual tree planting days. We have also adapted the model of our offices to self-supply energy with solar panels, and we make efficient use of resources. Thanks to this, we have managed to achieve the Carbon Neutral certification.
	We contributed, among others, to with Plan Sierra, the main national reforestation initiative.

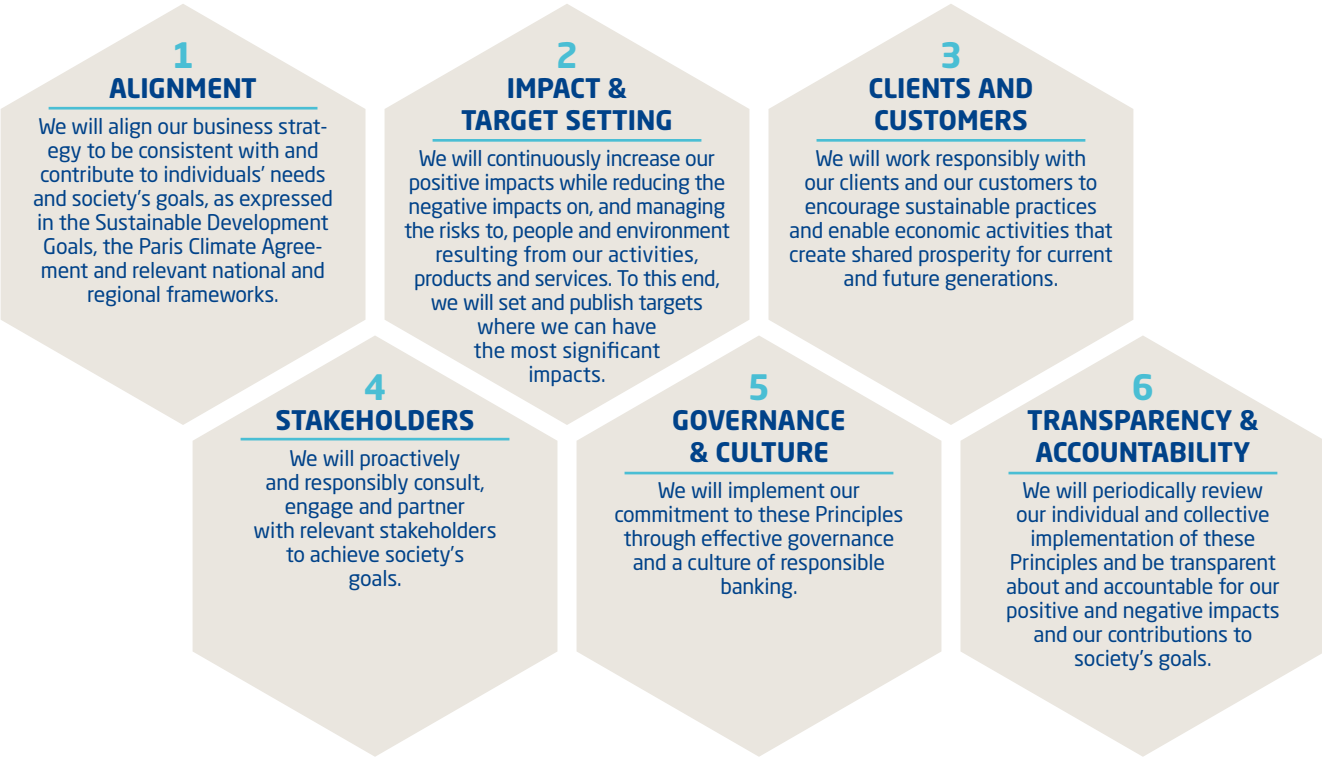
	We have a robust corporate governance as well as internal regulatory instruments that allow us to be an effective, responsible and transparent institution at all levels. Likewise, we have implemented a system that includes, among others, policies against money laundering and initiatives to promote ethics and avoid corruption in our operations.
	We have close ties with CONEP, ANJE, FINJUS, ECORED, EDUCA, “Sanar una Nación”, as well as agreements with international organizations such as UNDP, UNFPA, USAID, and others.



Corporate Purpose

In 2019, Banco Popular Dominicano adhered to the Principles of Responsible Banking, in order to align and integrate into our management the Sustainable Development Goals, the Paris Agreement and other relevant national and international objectives.

Through this report, we comply with the six Principles of Responsible Banking, which we present below:





## Commitments and policies of responsible business conduct

GRI 2-23<sup>5</sup>

We have the “Conozca a sus empleados” policy through which we ensure that the supervisor is closely aware of the behavior of their employees. Likewise, we monitor the execution of their functions in the institution and moral and legal responsibility in personal management. In this way, we seek to ensure to comply with our values at different levels of the organization and to ensure a work environment with high ethical standards. In addition, we have an Institutional Code of Ethics with which we seek to protect the rights and integrity of our stakeholders. For example, it establishes that the selection and compensation of our employees is based on their skills and competencies to avoid discrimination. Care for our clients and transparency in business relationships are also established, ensuring their well-being and avoiding over-indebtedness. In addition, we have a Code of Ethics for Suppliers that specifies the prohibition of child labor, hiring personnel in vulnerable conditions and respect for human rights. The ethical compliance team, who work to strengthen the adherence to ethical conduct that characterizes our employees and to ensure that our shareholders, suppliers and customers are aligned with our guidelines and expectations, monitors compliance with these codes. Likewise, we adhere to the guidelines established in the “Iqualando RD” Certification to guarantee increased competitiveness, productivity and the promotion of actions aimed at eliminating gender gaps and increasing participation and equitable job opportunities between women and men. To communicate our policies, we have different channels such as email, murals, the Popularidades Magazine, ContiGO Platform, among others. In addition, on the social networks of the different subsidiaries of the Group, information is communicated to our stakeholders on the commitments acquired by the entity and, if relevant, it is shared with the media for its publishing and mass distribution.



The actions of Grupo Popular are the result of the vision of senior management to be an ethical corporate citizen, who contributes to the sustainable development of the Dominican Republic. This vision results in assumed commitments which are reflected in all areas of the company and with all its stakeholders. These behaviors are governed by the policies and procedures that all employees must follow.

# 6. ECONOMIC AND GOVERNANCE ISSUES



## 6.1 CORPORATE GOVERNANCE, ETHICS AND COMPLIANCE

ODS 16 GRI 3-3

### Why is it important?

At Grupo Popular we strive so that ethics and compliance guide our behavior. We have implemented systems and controls to prevent fraud, bribery, corruption, money laundering, terrorist financing and the proliferation of weapons of mass destruction. These mechanisms allow us to guarantee the transparency and sustainable operation of all subsidiaries. With this, we seek to prevent violations of regulations or inappropriate behavior that can generate social, regulatory, reputational and economic impacts that affect business continuity.

### How do we manage it?

GRI 3-3, GRI 2-23

Through the **Board of Directors**, we supervise, control and manage the Group's operations and ensure compliance with legal provisions in accordance with the principles and good practices of Corporate Governance. In addition, we have policies and principles that guide the actions of each member of the organization:

- + [Declaration of Principle of Corporate Governance](#)
- + [Code of Ethics](#)
- + [Manual for the Prevention of Money Laundering, Financing of Terrorism and Proliferation of Weapons of Mass Destruction of Banco Popular Dominicano and its related policies](#)
- + Banco Popular Dominicano Policy on Prevention of Bribery and other Corrupt Practices

<sup>5</sup> The policies mentioned here were approved by the Board of Directors.

Grupo Popular has made an ethics line available to employees, suppliers and/or third parties the ‘Ethical Connection’ Line as a means of communication to make complaints about irregular conduct that compromises the values and duties of the organization through the number 809-544-5051 and the mail *conexionetica@bpd.com.do*. Under these guidelines, we have two figures to ensure ethics and regulatory compliance throughout the company.

- + **Ethical Conduct Committee:** Its objective is to know, evaluate and decide on violations of the Code of Ethics carried out by our executives and employees of Grupo Popular and its subsidiaries.
- + **Ethical Conduct Division:** Its purpose is to guarantee the effective implementation of the Code of Ethics, coordinating the investigations that clarify the facts that involve the personnel.

Regarding regulatory compliance, we have an **Internal Corporate Governance Committee**, which monitors the regulatory compliance issues of the Group and its subsidiaries, and we have a Regulatory Compliance Policy that guarantees regulatory compliance and seeks to minimize related contingencies with possible breaches of the applicable regulations.

How do we evaluate it?

GRI 3-3, GRI 2-18

Grupo Popular carries out an accountability and transparency exercise, which materializes in the annual Corporate Governance Report. This includes the performance of the organization, the principles, structure, and rules, external and internal practices, among others. In this report, we detail how we adhere to and comply with corporate governance rules. In the same way, we supervise, monitor and guarantee the regulatory compliance of our operations, as well as the alignment with the rules established by the Monetary and Financial Administration and, in particular, with the Instructions on the Management of Regulatory Compliance in Financial Intermediation Entities of the Superintendence of Banks. We are also aligned with the recommendations for compliance structures established by the Basel Committee on Banking Supervision. You can find the 2022 Annual Corporate Governance Report at the following link: [https://popularenlinea.com/Personas/Publicaciones-Institucionales/publicacionesinstitucionales/2022/Informe\\_Anual\\_de\\_Gobierno\\_Corporativo\\_BANCO\\_POPULAR\\_2023.pdf](https://popularenlinea.com/Personas/Publicaciones-Institucionales/publicacionesinstitucionales/2022/Informe_Anual_de_Gobierno_Corporativo_BANCO_POPULAR_2023.pdf)

Committed to promoting and guaranteeing ethical and upright actions at all times, we have established **10 transversal and functional Corporate Governance Principles** for all the subsidiaries, that guide the actions for their operations:

1

Corporate purpose

2

Objective, responsible, capable and prudent Administration

3

Defense and protection of stakeholders' and partners' interests

4

Interest groups

5

Corporate citizenship and social responsibility

6

Ethical conduct

7

Conflict of interest management

8

Information and transparency

9

Administration of the internal control system and risk management

10

Regulatory compliance

We have a Code of Ethics that offers guidelines on how our executives should act in certain situations. In this document, board members, executives and employees are explicitly prohibited from engaging in any conduct that could give rise to the appearance or suspicion of improper and illegal activities.

In addition, we have a risk-based Money Laundering and Terrorism Financing Prevention Program, which responds in compliance with best practices and regulations at the national and international level. Within this Program, we have structured a **Money Laundering Prevention Plan**, in which we include training for all members and executives of the Group. Banco Popular has a **Compliance Program for the Prevention of Bribery and other corrupt practices**, which establishes standards of conduct that ensure compliance with the best anti-bribery and anti-corruption practices by suppliers.

GRI 205-2

Communication and training on anti-corruption policies and procedures

To whom do we communicate our anti-corruption policies and procedures?	2019	2020	2021	2022
Members of the governing body	15	15	15	17
Governing body percentage	NA	NA	100%	100%
Employees	6,937	7,188	6,377	7,910
Percentage of employees	NA	NA	93%	100%
Business partners	711	466	630	652
Percentage of business partners	NA	NA	13%	100%
Who has received anti-corruption training?	2019	2020	2021	2022
Members of the governing body	15	15	15	17
Governing body percentage	NA	NA	100%	100%
Employees	2,445 <sup>6</sup>	2.450	2,951 <sup>7</sup>	3,305 <sup>8</sup>
	3,753 <sup>9</sup>	3,637 <sup>10</sup>		1,033 <sup>11</sup>
	739 <sup>12</sup>	739 <sup>13</sup>	3,426 <sup>14</sup>	3,572 <sup>15</sup>
Percentage of employees	NA	NA	93%	100%

<sup>6</sup> Centralized areas.  
<sup>7</sup> Employees from centralized areas (including credit risk).  
<sup>8</sup> Centralized areas.  
<sup>9</sup> Business area.  
<sup>10</sup>Business area.  
<sup>11</sup>Subsidiaries.  
<sup>12</sup>Areas in credit risk certification.  
<sup>13</sup>Areas in credit risk certification.  
<sup>14</sup>Business areas.  
<sup>15</sup>Business areas.

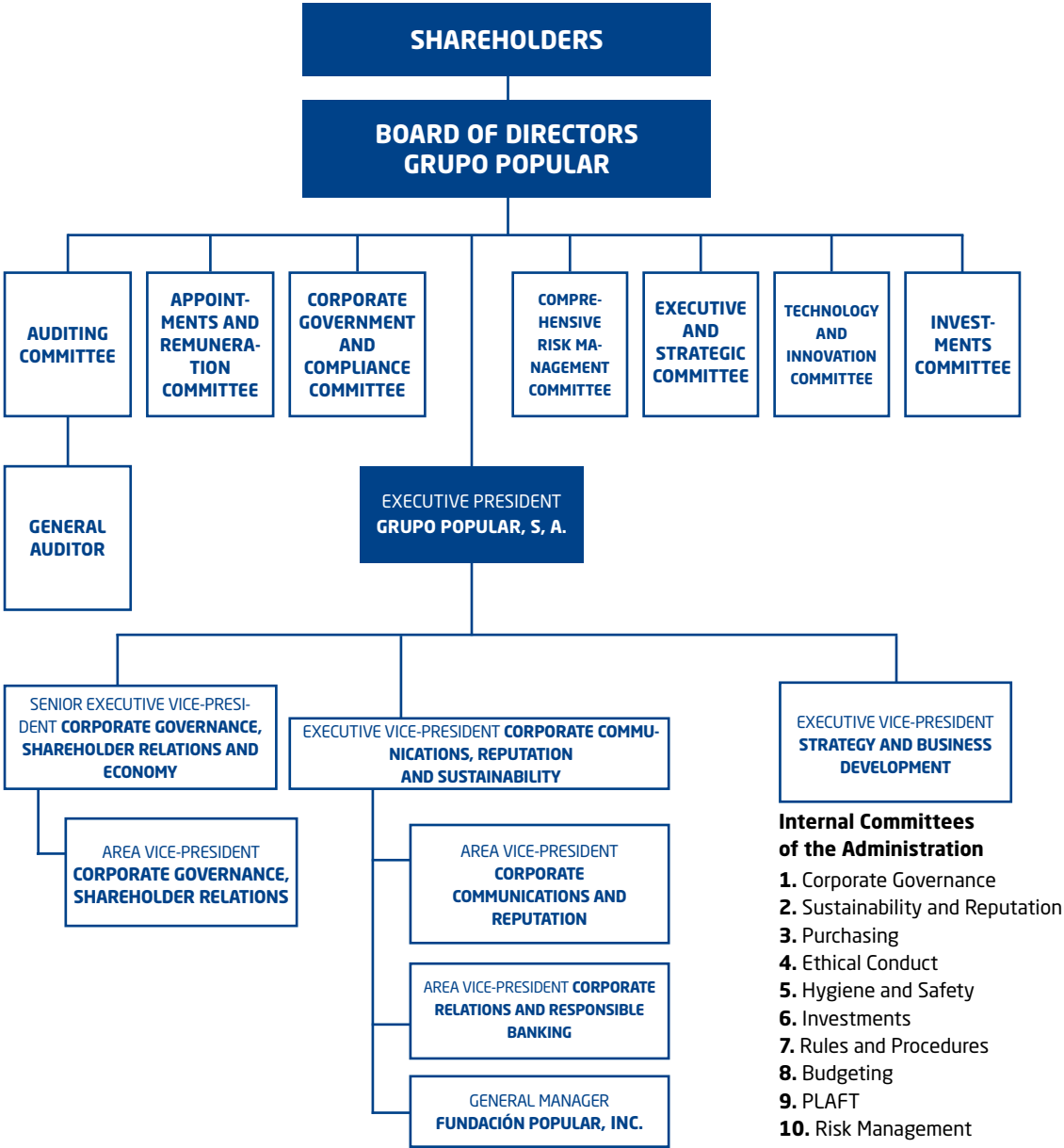


Governance structure of Grupo Popular

GRI 2-9, GRI 2-10, GRI 2-13, GRI 405-1

Grupo Popular’s governance structure is made up of a Board of Directors, seven (7) support committees for the Board of Directors, an executive president and its internal management committees. Specifically, management is comprised of one (1) executive president, one (1) senior executive vice president, two (2) executive vice presidents, and four (4) area vice presidents.

The current Board of Directors is made up of a president, vice president, secretary, executive president and 13 members, two of whom are women and the rest (15) are men. Of these, one corresponds to the age group between 30 and 40, three are between 50 and 60 years old, five between 60 and 70, six between 70 and 80, and two are 80 or older.” Under the title “Grupo Popular’s Governance Structure



The Annual Ordinary General Shareholders’ Meeting is responsible for appointing members to the Board of Directors in accordance with statutory rules. Board members are elected for three-year terms. The election process follows a staggered system where members are selected from three groups, each with different designation and term dates. This system aims to maintain stability and continuity in the administration by preventing a complete change in the board’s composition during a single General Assembly.

Before the appointment process, each nomination undergoes a thorough analysis conducted by the Appointments and Remuneration Committee. This committee evaluates various aspects, including aptitude, capacity, experience, compatibility, and compliance with legal and regulatory requirements. Additionally, the committee assesses suitability conditions outlined in the company’s bylaws and Internal Regulations of the Council.

Some of the main objectives of the Grupo Popular Council’s support committees and internal committees are:

- + **Auditing Committee:** guarantees that all activities and operations are carried out in accordance with the laws, resolutions and other applicable regulations; supervises compliance with the resolutions adopted by the General Shareholders’ Meetings and the Board of Directors, verifies the correct application of the policies and procedures, ensures the integrity of the financial statements, submits to the Board of Directors the proposals for the selection, appointment and replacement of the firm of External Auditors of the company, among others.
- + **Comprehensive Risk Management Committee:** requests information and analysis of the different risks assumed by the company, supervises, and establishes the framework policies within the scope of its powers for the subsidiaries. Likewise, it supervises the quality of both credit and investment portfolios and compliance with internal and regulatory risk limits, recommends contingency plans and is aware of the measures adopted to prevent cases of asset laundering and terrorist financing.
- + **Appointments and Remuneration Committee:** supports the Board in the appointment, remuneration, re-election and dismissal of the Members of the Board of Directors and senior management of the entity. It also advises the Board on the annual performance evaluation of the Chairman of the Board, formalizes policies on succession plans for Board members, senior management and key positions within the organization, among others.
- + **Executive and Strategic Committee:** facilitates and expedites decision-making in the face of legislative or regulatory changes and in the face of new market trends and their impact on business, among others.
- + **Corporate Government and Compliance Committee:** supervises the observance of the regulatory aspects that regulate the company and its Declaration of Principles, advises the Board on good corporate governance practices, evaluates the performance of the Board Committees, reports situations of conflicts of interest presented by the members of the board, their relatives or associates, among others.
- + **Technology and Innovation Committee:** in charge of supporting Senior Management in the process of transformation of the institution towards digital banking, promoting initiatives that allow us to maintain high levels of innovation and technological efficiency and acting as an advisory and coordination body on strategic issues related to the use of information technology.
- + **Investments Committee:** prepares and monitors the application of the investment and diversification strategy of Grupo Popular, S.A. It also evaluates and recommends new investment projects to the Board of Directors and supervises the performance of the investment portfolio of this parent company.

Senior Management

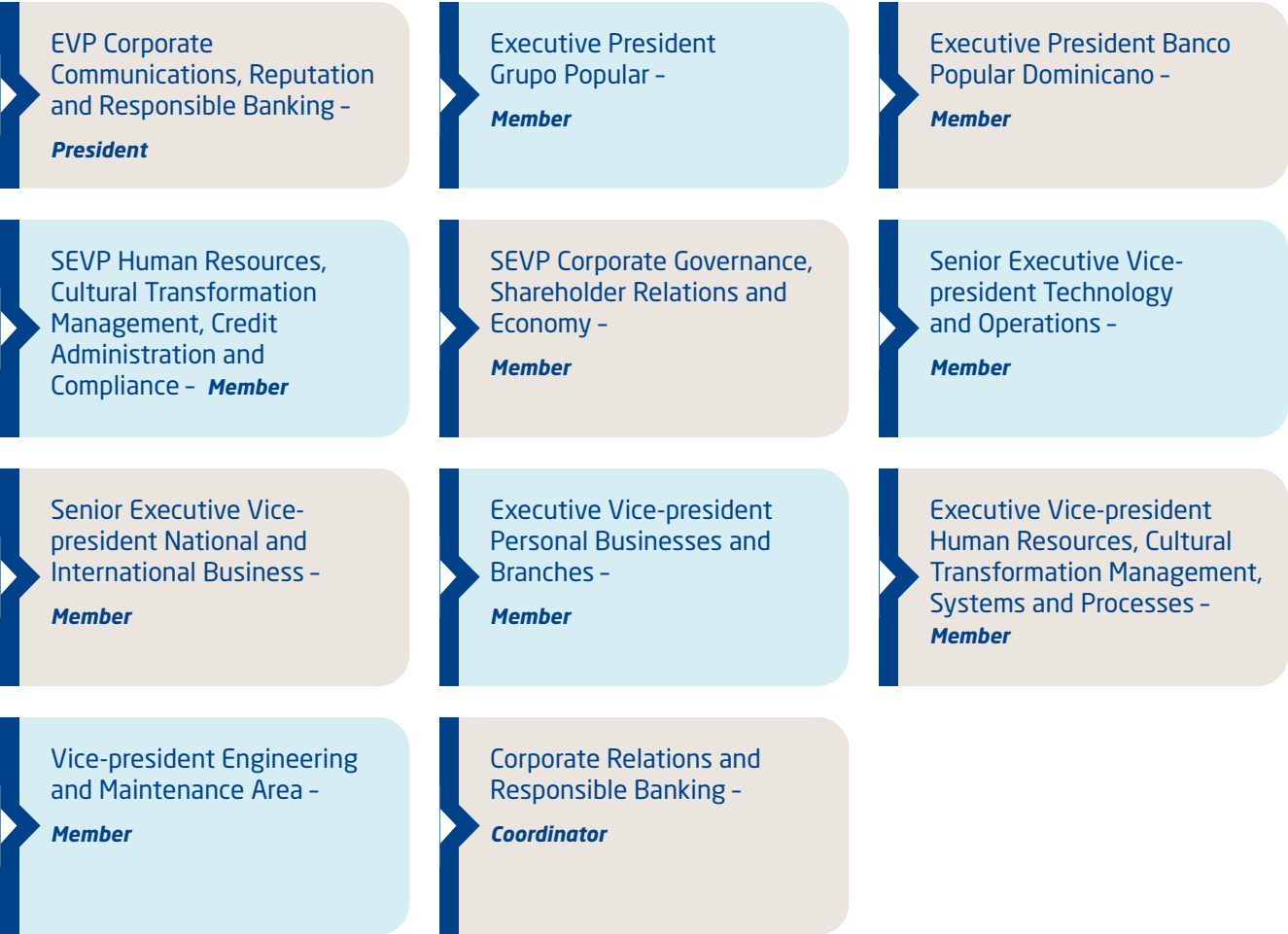
GRI 2-9, GRI 2-12, GRI 2-13

- + **Internal Corporate Governance Committee of Grupo Popular:** its objective is to develop, recommend and monitor the application of the Principles of Good Corporate Governance, as well as to supervise the exposure to compliance risks of Grupo Popular and its affiliated companies.
- + **Internal Sustainability and Reputation Committee of Grupo Popular:** highest body responsible for the organization's risk management processes in social and environmental issues. This body reports to the Corporate Governance and Compliance Committee. Grupo Popular's Internal Sustainability and Reputation Committee guarantees compliance with the Principles of Responsible Banking and develops and implements the necessary policies, structures and procedures for communication management of the organization's most important issues with its stakeholders. Furthermore, this governing body approves, supervises, manages and measures the impacts of the initiatives contained in the Sustainable Vision.
- + **Internal Purchasing Committee of Grupo Popular:** its objective is to guarantee a better management of purchases and authorize purchase orders in accordance with the spending budget and investment plans of Grupo Popular's dependencies and its affiliated companies.
- + **Internal Ethical Conduct Committee of Grupo Popular:** its purpose is to know, evaluate and decide on violations of the Code of Ethics carried out by our Officials and Employees of Grupo Popular and its affiliated companies.
- + **Internal Hygiene and Safety Committee of Grupo Popular:** responsible for ensuring the safety and common well-being of the employees of Grupo Popular and its subsidiaries, through provisions that protect and guarantee their life and health, as well as the stability, health and property of the workplace, monitoring compliance with the provisions of the Occupational Health and Safety Regulations (522-06).
- + **Internal Investment Committee of Grupo Popular:** it is strategic in nature and aims to:
  - Define and propose the investment policy that will be approved by the Board of Directors through the Comprehensive Risk Management Committee of the Board of Directors.
  - Define strategies, guidelines and limits for the investment portfolio, as well as supervise the financial investment portfolio of Grupo Popular and its affiliated companies.
- + **Internal Rules and Procedures Committee of Grupo Popular:** its objective is to know, evaluate and approve the policies and procedures established for the Institution, as well as the optimization analyses of the existing processes of Grupo Popular and its affiliated companies.
- + **Internal Budgeting Committee of Grupo Popular:** its responsibility is to guarantee that the budget of the different areas is aligned with the objectives, strategies and values of Grupo Popular, S.A. and its affiliated companies.
- + **PLAFT Internal Committee of Grupo Popular:** its objective is to ensure the implementation of the policies established for the Prevention of Money Laundering, Financing of Terrorism, Proliferation of Weapons of Mass Destruction, Foreign Tax Compliance, Prevention of Bribery and other corrupt practices within Grupo Popular and its affiliated companies.

+ Internal Risk Committee of Grupo Popular:

- Analyze, recommend and validate the assessments and treatment strategies for operational, emerging, technological, third-party and money laundering, terrorist financing and proliferation of weapons of mass destruction (PLA-FT) risks with particular characteristics.
- Inform executives about the evolution and risk management of the Institution.
- Ensure that resources are available for operational risk management.
- Promote proactive risk management in the first and second lines of defense.
- Ensure that the Institution has mechanisms that guarantee the continuity of the business.
- Ensure the adequate management of the institution's internal control.

The Sustainability and Reputation Committee meets semi-annually and is made up of:



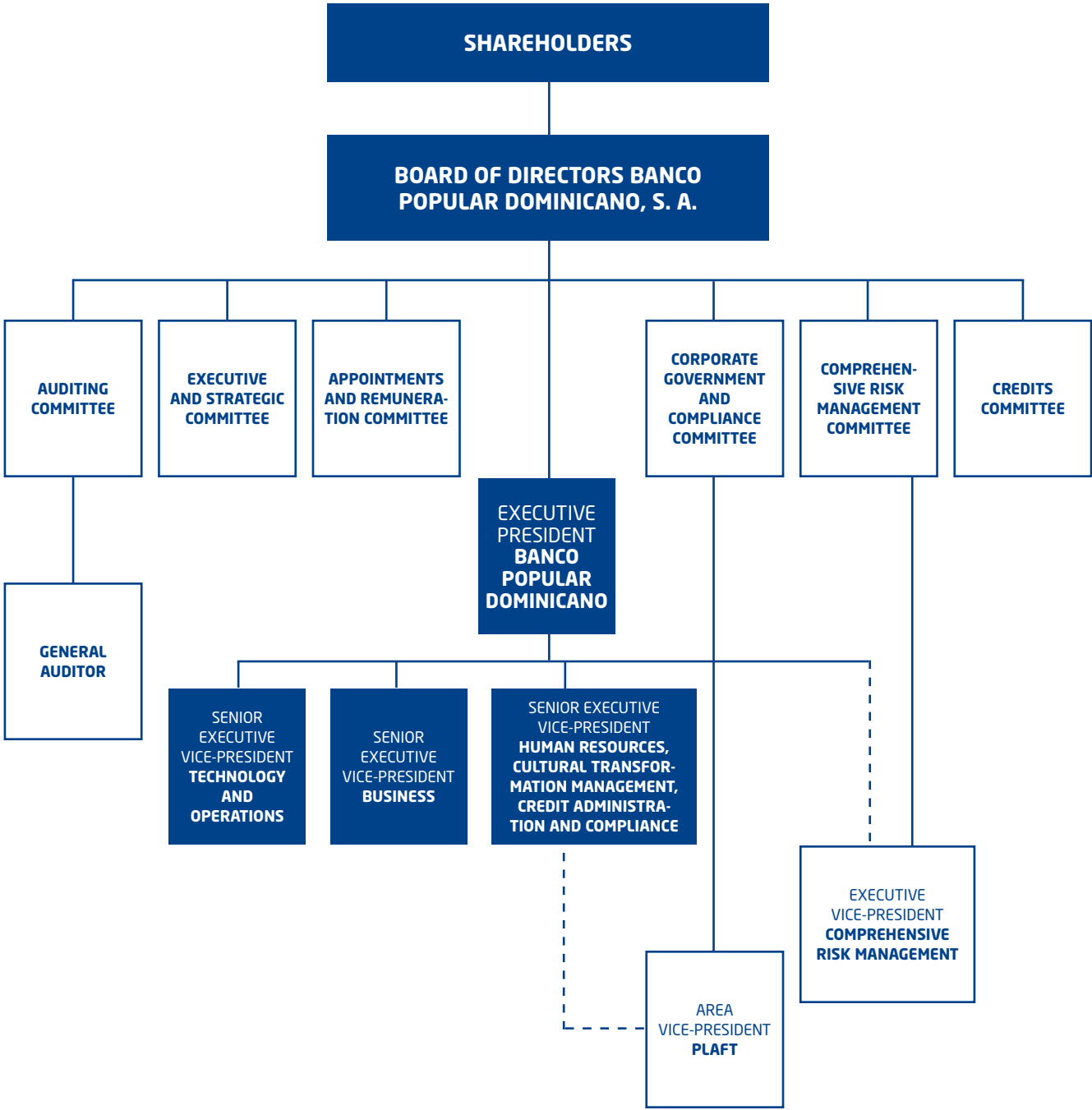
+ Specifically, this committee is a strategic management vehicle, whose objective is to promote and give cohesion to the objectives set in terms of economic, social and environmental sustainability, with a defined link with business initiatives and measurable in terms of impact, to create a balance between Banco Popular Dominicano, the other affiliated companies of Grupo Popular, Fundación Popular and the aspirations of our stakeholders and society in general, the Committee seeks to:

Align CSR and sustainability objectives and projects with the business strategy.	Define the strategic guidelines regarding CSR and sustainability aligned with the expectations of the stakeholders.	Follow up on policies and established procedures.
	Establish challenges and priorities, mitigate reputational and environmental risk, design products with a sustainable impact that create long-term value.	Establish performance indicators to measure the impact of the social agenda in terms of reputation.
Propose CSR and sustainability actions and initiatives that allow our employees to integrate on the path to sustainability, through volunteering and actions to create shared social value.		



# Governance of Banco Popular

GRI 2-9





Internal Committees of the Administration:

1. Internal Assets and Liabilities Committee (ALCO)

2. Internal Purchasing Committee

3. Internal Ethical Conduct Committee

4. Internal Credit Committee

5. Internal Critical Events Committee

6. Internal Corporate Governance Committee

7. Internal PLAFT Committee

8. Internal Hygiene and Safety Committee

9. Internal Investment Committee
10. Internal Budget Committee

11. Internal Rules and Procedures Committee

12. Internal Standardization Committee

13. Internal Marketing and Public Relations Committee

14. Internal Rate and Fees Committee

15. Internal Technology Committee

16. Internal Operations and Security Committee

17. Internal Risk Committee

18. Internal Cybersecurity Committee

*\*This governance structure is in charge of guaranteeing compliance with the Principles of Responsible Banking.*

+ The Board of Directors approves the updating of the organization’s purpose, mission, value, strategy, policies and objectives related to sustainability, as well as the programs and policies in charge of mitigating and managing environmental, social and economic impacts. The Board has also formed different committees with the purpose of serving as support in aspects related to the functions within its competence, as well as in decision-making on economic, environmental and social issues:

Committee	Objective	Atributions
Executive and Strategic Committee	Expedite and facilitate decision-making in the face of legislative or regulatory changes.	<div>- Analyze the most important business opportunities and the continuation or not of the business lines.</div> <div>- Analyze macroeconomic trends and conditions and their impact on the Group’s business lines.</div>
Comprehensive Risk Management Committee	Establishes the strategic nature of the different risks assumed by Grupo Popular S.A and its subsidiaries and supervises compliance with the limits of tolerance and appetite for internal and regulatory risks.	<div>- Define and review the policies that regulate risk management for Grupo Popular S.A., and each of its subsidiaries.</div> <div>- Define the acceptable limits for the different types of risks assumed by the Group: credit risk, market risk, liquidity risk, operational risk, information technology risk, information security risk, legal risk, regulatory risk, reputational risk, and money laundering risk of assets and financing of terrorism</div> <div>- Supervise risk levels, focusing mainly on areas known as critical: credit risk, market risk, liquidity risk, operational risk, information technology risk, information security risk, legal, regulatory risk, reputational risk, and money laundering risk assets and financing of terrorism.</div>

Corporate Governance and Compliance Committee	It is in charge of monitoring the observance of the normative aspects that regulate the company and its declaration of Principles, as well as advising the Board on good governance practices.	<div>- Know and monitor initiatives and institutional projects of Corporate Social Responsibility economic, social and environmental sustainability.</div> <div>- Know the issues related to reputational risks in matters of corporate governance, as well as review, take into account, analyze the proposals and comments made by shareholders or other interest groups in matters of corporate governance.</div> <div>- Analyze and report the observations and recommendations made by regulatory bodies.</div> <div>- Know and approve the risk-based compliance program for the Prevention of Money Laundering, Terrorism Financing and Proliferation of Weapons of Mass Destruction and the training program for affiliates and propose it to the Board for approval.</div>
Technology and Innovation Committee	Supports Senior Management in the institution’s transformation process towards digital banking and acts as an advisory and coordinating body on strategic issues related to the use of information technology.	<div>- Know and monitor the Digital Banking strategy of the Group and its subsidiaries.</div> <div>- Know and monitor technological projects.</div> <div>- Monitor and evaluate existing and future technological trends that may affect the strategic plans of the businesses of Grupo Popular S.A., and its subsidiaries.</div>

GRI 2-13

Employees can inform the Board of Directors about the management of environmental, social and economic impacts through informative bulletins via email and through the Annual Corporate Governance Reports published on the website.



Remuneration Policies

GRI 2-19

Board of Directors

The Board is responsible for establishing the remuneration policy for its members, based on the recommendations of the Appointments and Remuneration Committee. Within this framework, fixed or variable compensation can be established, taking or not taking into account attendance at Board meetings and its committees, as well as the reimbursement of expenses for those members who do not reside in the place where the respective meeting is to be held. In accordance with the Bylaws, the total amount of the annual remuneration of the members of the Board of Directors for their services cannot exceed one percent (1%) of the net profits of the company, after covering the legal reserve. For more information on Board remuneration, see the Annual Corporate Governance Report.

Fulfillment of goals and challenges of 2021

Goals 2021	Acomplishment 2022	justification
Expand the training plan related to the Prevention of Bribery.	Achieved	Trained through the Institutional Certification carried out annually for all staff. Likewise, the following units were trained in a targeted manner: Due Diligence Division, Central Accounting Division, Supplier Management Division, Business Areas (the latter includes tellers).
Continue consolidating the policies and procedures related to the Bribery Prevention Program.	Achieved	During 2022, adjustments were made to the PCPS Execution Policy, including and/or updating the processes and controls to mitigate the risk of bribery.

Where are we going with corporate governance, ethics and compliance?

Subsidiary	Challenge	Time Frame
Grupo Popular	Continue promoting a culture of prevention of money laundering and financing of terrorism adhering to the provisions of national and international regulations and best practices.	Short term (1 year)



6.2 SUSTAINABLE PRODUCTS AND SERVICES

ODS 7, ODS 11, ODS 13, ODS 17, GRI 3-3

Why is it important?

Due to the nature of our sector, the offer of financial products and services is one of the main tools to comply with the commitments agreed in the Paris Agreement and to contribute to the Sustainable Development Goals, since it channels resources towards the transformation to a low carbon economy with sectors that generate a positive social and environmental impact.



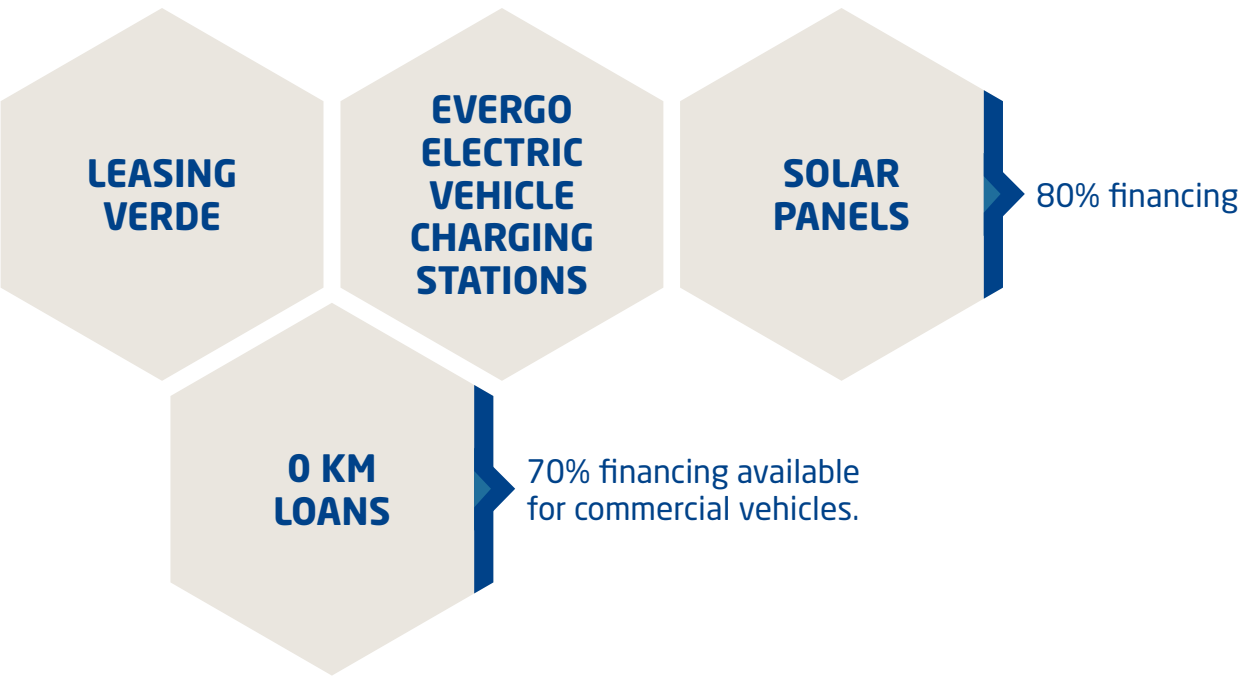
How do we manage it?

We have a product portfolio called Hazte Eco, through which we support the transition to a low-carbon economy through loans with preferential conditions for the purchase of hybrid and electric vehicles and solar panels, to retail and corporate clients. In addition, we offer loans for green infrastructure, such as financing electric vehicle charging stations to promote more sustainable transportation in the country.

Through Hazte Eco we offer:

Leasing verde	Based on the figure of financial leasing, this is designed for the purchase of assets for energy efficiency and reduction in the use of natural resources.
0 KM Loans	90% financing available for vehicles for personal use and up to 7 years to pay.
Extraeco Popular	Loans for the acquisition of energy efficiency equipment and water purifiers, as well as bicycles, motorcycles or electric skateboards (sustainable mobility) (launched in 2022).
Hipot- Eco Popular	Loan to purchase housing with sustainability conditions at a preferential rate (launched in 2022).
Evergo electric vehicle charging stations	Benefits associated with Popular credit cards to generate redeemable miles at charging stations.
Solar panels	Financing of 80% and a term of up to 7 years to pay.
Extrahogar Eco Popular	Loans for home improvements focused on efficiency and sustainability (launched in 2022).

Additionally, we offer companies:



In 2022, we held the first Hazte Eco Fair, through which we involved our customers so that they could learn about and purchase products from our allied businesses to promote eco products for sustainable mobility and energy efficiency equipment. Within the framework of this Fair, we offered credits with preferential rates to encourage our customers to purchase products that contribute to a low-carbon economy. For the promotion of the Fair, we carried out an extensive advertising campaign, and we had the participation of influencers who live sustainably and who have a community that supports these actions. The influencers went to the stores and took a short tour to publicize the products they can purchase and the benefits (rates, financing, promotions, among others). For more information on Hazte Eco, <https://www.popularenlinez.com/Hazteeco>



How do we evaluate it?

We carry out periodic monitoring of the amounts financed in solar panels and hybrid and electric vehicles and consumer loans for the acquisition of energy efficiency equipment and sustainable mobility through a tool that allows us to make an automated report.

FS-8

Concept	Indicator	2020	2021	2022
Hybrid and electric vehicles	Number of loans	75	201	191
	Value (RD\$ MM)	236.4	633.7	529.7
Solar panels	Number of loans	17	11	15
	Value (RD\$ MM)	81.8	32.3	80.3

In 2022, there was a decrease in the number of loans for hybrid and electric vehicles and solar panels, due to external factors such as the monetary policy of the country where interest rates were increased.

Fulfillment of goals and challenges 2022

Subsidiary	Goal 2021	Compliance 2022	Justification
Banco Popular Dominicano	Continue strengthening HazteEco products.	Achieved	In 2022, we promoted the consumer loan for the acquisition of solar panels and pumps in seasonal campaigns (Fathers' day and Black Friday). In addition, we developed and launched the Extraeco Popular and Extrahogar Eco Popular, both for the acquisition of energy-efficient equipment and sustainable mobility, as well as for remodeling or adapting homes with ecological materials. We also created and launched the "Hipot-Eco" product, a loan for the acquisition of homes that meet the sustainability conditions and are backed by an Edge certification.
Banco Popular Dominicano	Expand Hazte Eco portfolio (Hipot-Eco, ExtraEco, Extrahogar Eco Popular).	Achieved	

Where are we going with sustainable products and services?

Subsidiary	Goal	Time Frame
Banco Popular Dominicano	Access funds from international organizations for green financing.	Medium term (3 to 5 years) - Goal established in 2021.
	Continue boosting our consumer and commercial loans to promote the use of clean energy.	Short term (1 year)
	Holding the Hazte Eco Popular fair, reaffirming our commitment as a responsible Bank and offering the best market conditions for the acquisition of energy efficiency and sustainable mobility equipment.	Short term (1 year)
	Expand our portfolio of "Hazte Eco" products with the creation of new products focused on sustainability.	Short term (1 year)

2022 Highlights

We have identified that one of the challenges for an environmentally and socially sustainable economy is people's ignorance of their role in contributing to a positive impact from consumer decisions.

In this context, during 2022 we faced the challenge of bringing together energy efficiency and sustainable mobility and offering loans to finance these goods at preferential rates, as well as communicating and disseminating the options available so that people can access them. For this reason, we carried out communication campaigns to promote the sustainable products and services that we offer both for individuals, and companies and we use windows of opportunity such as World Ecology Day, Black Friday, and Father's Day to generate greater visibility about what we wanted to communicate.



## 6.3 EVALUATION OF SOCIO-ENVIRONMENTAL RISKS OF THE PORTFOLIO

PRINCIPLE 3.1, PRINCIPLE 5.3 GRI 3-3

### Why is it important?

At Grupo Popular, we understand that both the social and environmental impacts that we generate with our operations, as well as the ESG risks in the environment that affect our operations, can translate into financial risks that affect our economic performance. These ESG risks in the environment include those associated with our clients, since these may also end up impacting our performance financially.

The evaluation of the socio-environmental risks of the portfolio makes it possible to channel resources to projects with a positive social and environmental impact or that have sufficient controls to mitigate the materialization of social and environmental risks associated with business development. In addition, it avoids the materialization of other risks that could affect the reputation of Grupo Popular, as they are associated with sectors with a high environmental and social impact.

### How do we manage it?

Currently, we are advancing in the construction of a portfolio environmental and social risk analysis system (SARAS) with the help of different areas of the company such as credit, risk, business and Responsible Banking, considering the risk policies of credit and the general strategy of the institution. Once this system is implemented, we hope to support companies that do not yet have environmental and social management plans to establish actions to close the gaps of the projects to be financed with the applicable standards that the Bank adopts.

However, even without SARAS, at Banco Popular Dominicano (BPD) we have processes and procedures that allow us to evaluate the credit request to promote responsible relationships with our clients, as we present below:

FS-02, FS-03

1. In the beginning of commercial relationships, we require all permits such as land use, public works, evaluations of the effects generated on the environment, among others. Without these permissions, we cannot continue with the process.
- To this date, we take advantage of government regulations to avoid channeling resources towards sectors or projects that do not adequately manage their environmental impacts. Therefore, we require that the environmental license or permit duly granted by the Ministry of Environment and Natural Resources be submitted for projects that require it according to the General Law on the Environment (Law 64-00) of the Dominican Republic for requests for new credit facilities.
- As established by Law 64-00, projects are categorized according to their impact on the environment in three categories:
- + **Category A:** Projects considered to have a high environmental impact, which require an exhaustive environmental impact study, in addition to the initial evaluation using the internal “Environmental Impact Assessment” form.
  - + **Category B:** Projects with significant environmental impacts but limited to the Project Area and its direct area of influence. These projects require a summary report that must be carried out by consultants authorized by the Ministry of Environment and Natural Resources, prior to credit approval.
  - + **Category C:** Projects with moderate potential impacts, easily foreseeable and correctable with appropriate construction and operation practices, or for which there are viable and economical technological alternatives. These projects only require the initial evaluation that will be certified by the credit analysis division.

2. We have an exclusion list, which details all the operations or sectors for which we do not have a risk appetite and with which, therefore, we do not have commercial relations.
3. Once the applicant sends all the permits detailed in the previous point and if the project does not enter the exclusion list, the operational risk and credit analysis departments analyze the applications, where it is evaluated whether it is in place for risk appetite for specific loans, according to the Credit Management Policy.

For these processes, we have the support of our Contact Officers, who guide clients on the environmental requirements established by the institution and carry out the initial evaluation for the classification and categorization of the applicant project. In addition, the Credit Analysis Division certifies the classification of the projects, determines the type of environmental evaluation that each one requires, and includes the report in the corresponding credit file.

The process of monitoring the implementation and compliance with the clients’ environmental and social requirements is included in the contract as part of the loan agreement. To date, there have been no cases of non-compliance.

### Where are we going with evaluation of socio-environmental risks of the portfolio?

Subsidiary	Goal	Time frame
Banco Popular Dominicano	Implement an environmental and social risk management system (SARAS), in order to promote responsible relationships with customers, manage credit, social, environmental and reputational risks for the Bank and society, seeking to increase the portfolio of projects that have environmental and social management plans and develop action plans to progressively eliminate gaps with the standards applied by the Bank.	Short term (1 to 2 years)
	Involve different interest groups, including internal areas and clients, in the design and implementation of the SARAS, in order to understand the Bank’s needs and perform the benchmark against other peer entities.	Short term (1 year)
	Establish a communication channel so that stakeholders potentially affected by projects that the institution finances can request information and provide suggestions, comments, or complaints on relevant socio-environmental aspects. With this, it is hoped that the Bank will be able to identify problems or risks as early as possible and integrate the feedback into the review of the Bank’s socio-environmental criteria and the SARAS.	Medium term (2-5 years)
	Conduct sustainability training for all Bank employees so that they are aligned with the Bank’s strategy and projections regarding the identification and management of social and environmental risks.	Short term (1 year)

# 6.4 DIGITAL INNOVATION

ODS 4, ODS 17 GRI 3-3

## Why is it important?

At Grupo Popular, we are committed to competitiveness through innovation, which is why we work to strengthen our ecosystems and digital channels to provide a memorable experience to our customers and increase the efficiency of processes.

We believe that technology is the engine that drives the growth of financial education, access to financial products, and the substitution of cash and its risks.

We have different technologies that respond to global trends in digital transformation, such as mobile phones as the first choice, biometric authentication, artificial intelligence, digital cloud, cardless transactions, data analysis, and digital payments, among others. These tools took on special prominence worldwide after the pandemic, since they were not only essential to guarantee connectivity for our clients, but also facilitated access to financial systems for populations that had traditionally had barriers.

## How do we manage it?

Our management in 2022 focused on:

- + **Digital Sales:** we drove sales through digital channels to existing customers and build capabilities to acquire new customers remotely.
- + **Self-service:** We continued on our path of transforming customer habits, enabling new self-management mechanisms focused on improving their financial health and promoting inclusion.
- + **Innovation acceleration:** we carried out various initiatives based on design thinking and innovation project management (Lean, Agile, Scrum, among others) seeking to create an innovation center and reduce time to market.
- + **Transformation of the customer service and business management model:** we seek to strengthen Retail Banking business management, facilitating remote interaction with customers and promoting self-service to achieve efficiencies.

We leverage all this thanks to enabling capabilities such as technological agility, data and analytics, automation and digitization of processes, and cultural transformation.

In addition, we involve our clients to identify their main expectations, opportunities, and needs to generate digital solutions through the Design Thinking methodology. We also seek to promote digital initiatives with the Association of Fintechs, the Association of Banks, financial regulators and other partners such as payment brands, technology suppliers and regional opportunities.

## How do we evaluate this?

GRI 3-3

We have different committees through which we continuously monitor progress towards digital transformation. Thus, we have the Technology and Innovation Committee and the Sponsors Committee, which monitor the Key Performance Indicators (KPIs) defined for each team involved in the adoption of self-service and digital sales. The main KPIs that we monitor for digital innovation with their respective results for 2022 are:

- + Percentage of digital marketing transformation.
- + Percentage of adoption and use of digital channels: 69% and 87% respectively.
- + Percentage of penetration of digital skills in different segments.

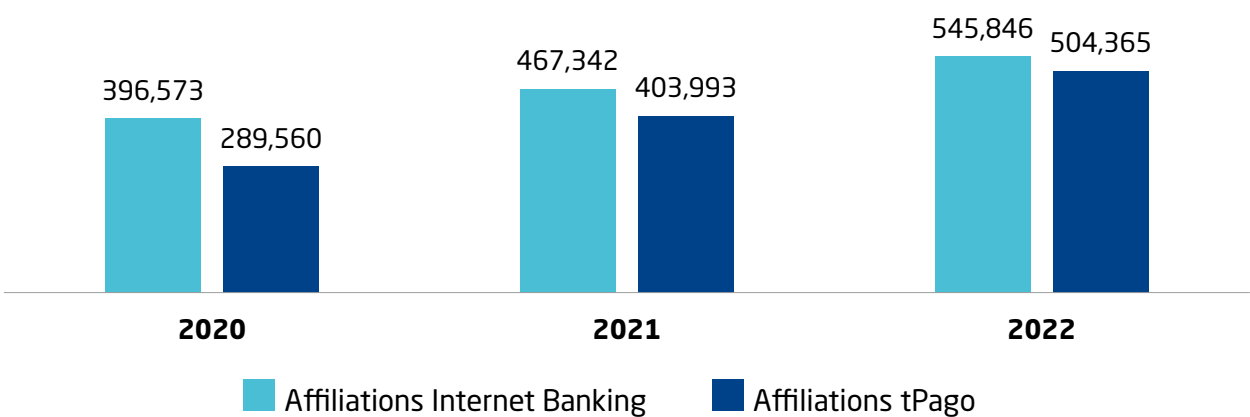
Through these indicators, we monitor the cadence or pace of innovation in our digital channels, as well as the value placed in the hands of our customers and the profitability they generate for the Company.

In 2022, we continued to bet on project management under the Agile Projects methodology, which allowed us to provide greater flexibility and an improvement in the reduction of the time in which new functionalities are implemented for the benefit of our clients. For example, we have validated the impact of technology on customer service trips, managing to generate efficiencies in processes that required time and travel, to self-service solutions.

## 57.72% of our new clients joined digital channels and 87% of transactions are carried out through digital channels and.

Because of our efforts to digitize traditional channels, by 2022 we achieved 545,846 and 504,365 accumulated affiliations to Internet Banking and TPago<sup>13</sup>, respectively. In addition, 64.5 MM transactions were made in Internet Banking and App Popular.

## Accumulated affiliations to Internet Banking and TPago

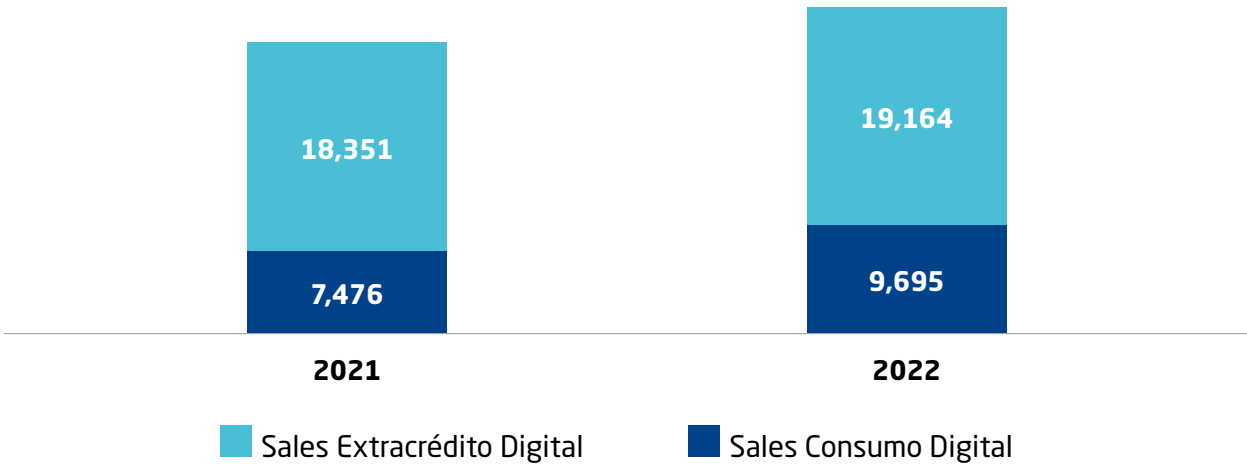


In addition, we managed to increase Extracredit and Digital Consumption sales, thanks to our employees who are in charge of constantly enabling channels so that customers can purchase new products digitally.

<sup>13</sup> TPago is a tool or channel that links customer accounts and credit cards to their mobile, allowing them to make transactions instantly, check their balance, pay bills, recharge minutes, make credit card payments, apply for loans, among others.



Extracrédito Digital and Consumo Digital sales



Fulfillment of goals and challenges 2021

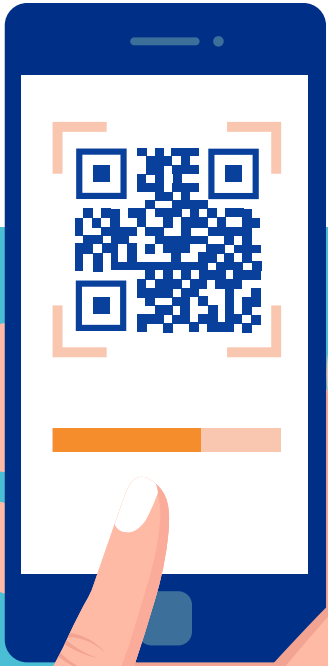
Subsidiary	Goals 2021	Compliance 2022	Justification
Banco Popular Dominicano	Continue the migration of transactions towards digital channels, achieving that 87% of the bank's transactions are digital.	Achieved	Functionalities were enabled in digital channels to continue encouraging migration. Similarly, initiatives were implemented to motivate and educate customers in the use of digital channels.
	Continue encouraging digital sales, with a 37% digital contribution for Extracredit and Consumer Loans.	Partially achieved	A 25% digital contribution was achieved.
	Convert customer service trips to digital by accelerating the digital transformation of our services. In 2022, we will continue to influence the customer experience with 15 new trips identified.	Achieved	15 new customer service processes were digitized and work continues to enable more trips to be made 100% digitally.

Where are we going with digital innovation?

Subsidiary	Goal	Time frame
Banco Popular Dominicano	Continue reinforcing digitization and automation of end-to-end processes.	Medium term (3 to 5 years) - Goal established since 2021.
	Optimize our digital onboarding processes to give our customers more access to their products and optimize our customer service so that processes no longer require physical presence in offices.	Short term (1 year)

2022 Highlights

In 2022, we began the conversion of customer service processes to facilitate their experiences. For example, we enabled self-service card activation, debit and credit card PIN assignments through the Popular App, digital remittance consultation, and sales with mobile technology such as QR payments.



# 6.5 CYBERSECURITY, INFORMATION SECURITY AND CONSUMER PROTECTION

ODS 4, ODS 17 GRI 3-3

## Why is it important?

Our vision is to be a reference in the digital aspect, transforming our value through a strong ecosystem of innovation, agility and digital technologies, to provide a memorable experience to our customers. The driver of this change is the reconfiguration of the way organizations operate today, prioritizing technologies for remote communication and work.

Digital innovation has accelerated the adoption of new service channels and new functionalities. At Grupo Popular, we understand the importance and the need to implement new technologies that allow optimal management of customer, employee and subsidiary information, taking into account that this represents one of the main assets of the organization.

## How do we manage it?

GRI 3-3

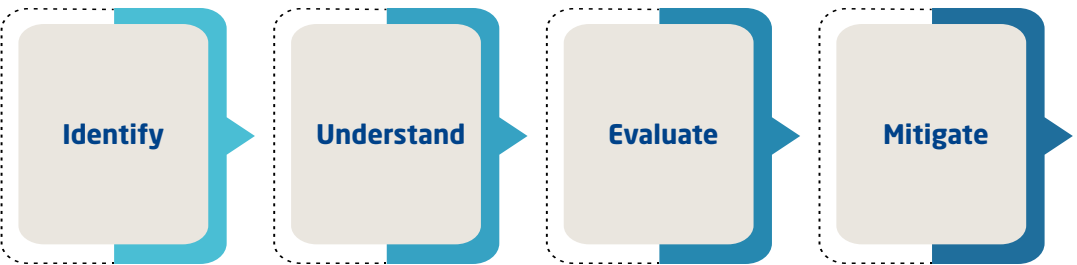
Taking international standards and good practices in cybersecurity as a reference, Grupo Popular has focused its efforts on identifying, based on the **Cybersecurity Program**, cyber-risks and the implementation of controls to protect all sensitive information that is processed, stored and transmitted through the different critical business processes. The Cybersecurity Program is submitted for approval to the Internal Cybersecurity Committee and the Comprehensive Risk Management Committee of the Board of Directors, for monitoring, approval and decision-making.



## Security Operations Center (SOC)

At Grupo Popular we manage the impacts related to cybersecurity and information security based on the identification, understanding, evaluation and mitigation of the risks associated with the entity's systems regarding this matter. We have implemented efforts to make the processes of prioritization and remediation of technological vulnerabilities more efficient, as well as the monitoring, detection, investigation and management of cybersecurity incidents through the security operations center (SOC), significantly reducing the probability of events that may compromise the confidentiality, integrity and availability of information.

This management is based on four fundamental approaches:



- + Identification and classification of critical information assets, as well as their interrelation with business systems and processes.
- + Risk assessments, which determine the magnitude of the potential threat, the vulnerabilities and the risk associated with an information technology system.
- + Identification, prioritization, evaluation and application of adequate controls to mitigate or eliminate the risks identified in the evaluation process.
- + The contextualization within a framework of business processes, of all those risks and controls detected and implemented, with the purpose that the entity has a clear knowledge about what is its exposure to risk in this matter and thus be able to take the best decisions for its mitigation.

## How do we evaluate it?

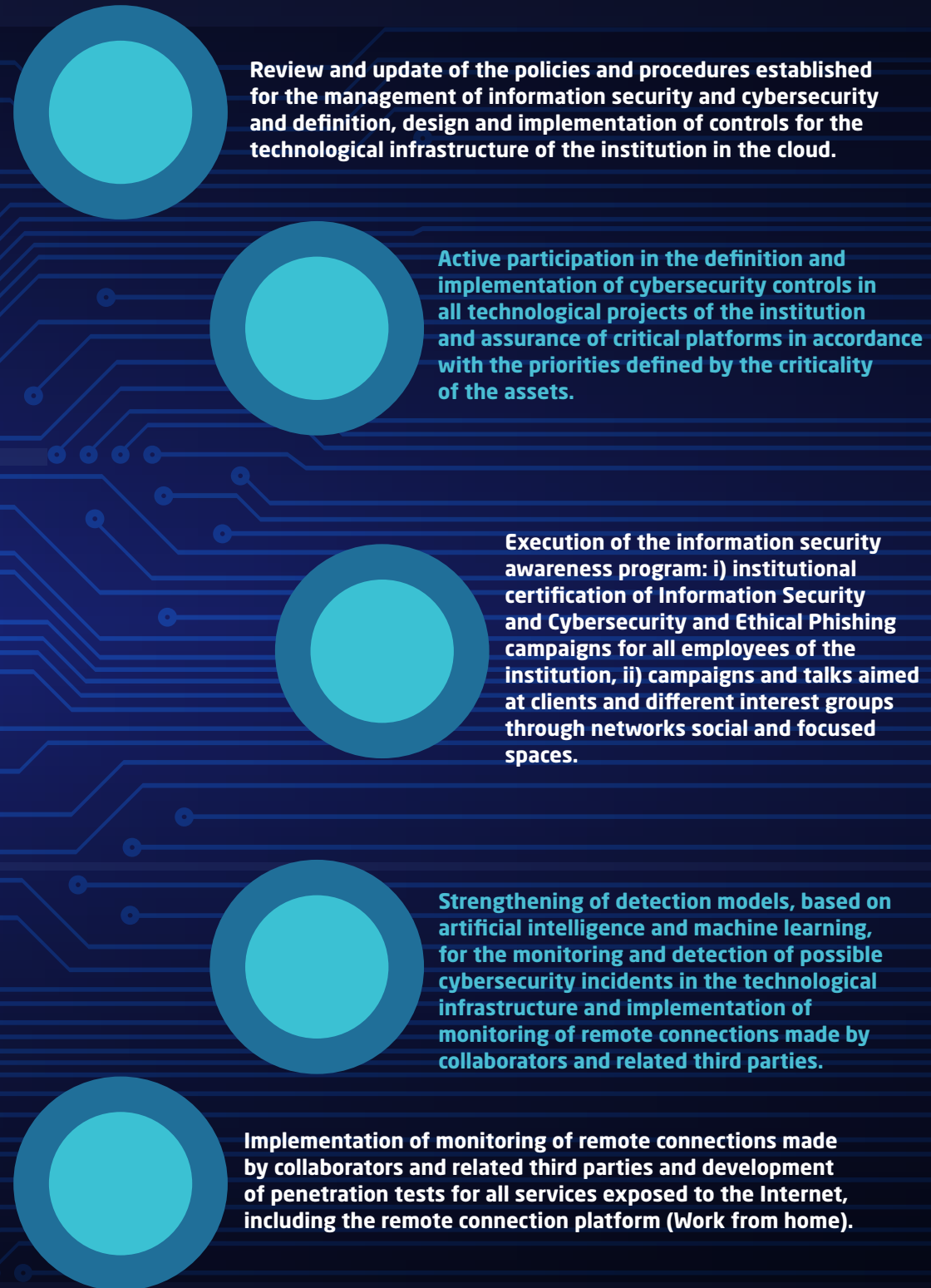
Risks are permanently identified, reviewed and monitored, adjusting their variation based on the implementation of advanced technological controls, which in turn feed back into the information security risk matrix. Risk exposures are regularly submitted to the Internal Cybersecurity Committee, the Internal Risk Committee and the Comprehensive Risk Management Committee of the Board of Directors, for monitoring, approval and decision-making.

We know that, in order to guarantee the security of information to all our clients of the subsidiaries, we must work together with all the areas of the Group, for which we carry out training for 100% of the Group's employees. On the other hand, we focused our efforts on strengthening the capabilities of detection and response to cybersecurity incidents of the Security Operation Center (SOC).

In 2022 we managed to monitor 1.8 million events per minute through this tool, which decreased by 11.11% compared to 2021 thanks to improvements in the quality of the information. Because of our management in this matter, during 2022 we did not register cybersecurity incidents that have exceeded the acceptance limits defined within the risk appetite of Grupo Popular.

Within our technological evolution during the last year, at Grupo Popular we leveraged cloud solutions, which allowed us to obtain the expected benefits in terms of security, maintaining acceptable risk levels as established in the risk appetite. Additionally, the Information Security and Cybersecurity strategy developed to mitigate possible new risks and threats was continued, which includes:





## 2022 Managing highlights



## Fulfillment of goals and challenges 2022

Subsidiary	Goals 2021	Compliance 2022	Justification
Grupo Popular	Automate response to phishing attacks in less than 1 hour.	Achieved	We implemented website activity monitoring routines and automatic uploads of findings that we then provide to suppliers in charge of blocking.
Grupo Popular	Provide training to vulnerable clients, in attacks of social engineering by the different authorized means.	Achieved	A continuous training and awareness program was established for all human talent, at all hierarchical levels, on the main cyber-threats that people face in their day to day in order to prevent fraudulent activities that put personal or business information at risk. Multiple campaigns were also carried out through digital media, achieving a high impact on our clients. Additionally, various talks were held for interest groups to strengthen their basic cyber hygiene skills.

Where are we going in Cybersecurity, information security and consumer protection?

Subsidiary	Challenges	Time frame
Grupo Popular	Strengthen the ethical phishing program by including new communication channels, social networks and instant messaging	Short term (1 year)
	Strengthen autonomous response capabilities of the SOC in the cloud	
	Strengthen security in DevSecOps: roles and responsibilities, KPIs and monitoring scheme	
	Carry out exercises or drills with third parties	
	Strengthen BIA and DRP: NIST methodology	

7. SOCIAL COMMITMENT

7.1 FINANCIAL EDUCATION AND INCLUSION

PRINCIPLE 2.1, ODS 1, ODS 4, ODS 8, ODS 10, ODS 17, GRI 3-3

Why is it important?

We are aware that by facilitating and promoting the inclusion of the people of the Dominican Republic in the financial system, we not only eliminate barriers but also improve the quality of life of the population. Through education and financial inclusion, we seek to promote the socioeconomic development of the country by fostering knowledge, skills, and capacities for resource management.

How do we manage it?

FS-16

In 2022, we continued with the Subagente Popular program, a channel for financial inclusion that uses hardware stores, pharmacies, grocery stores, among others, so that our clients can make transactions in a close, efficient and easy way. We also continued with our programs to increase the levels of financial education of the population, promoting a culture of savings and the integration of different populations into the formal financial sector. We have an umbrella program called “Finanzas con Propósito”, under which the following financial education initiatives are developed:

FINANZAS CON PROPÓSITO



**Finanzas con Propósito**

We give financial education talks to companies, educational institutions, non-governmental organizations and clients nationwide. During 2022, we held 181 talks where we managed to impact 14,351 people.

**Finanzas con Propósito Academy**

Innovative web platform with educational content on personal, family and business finance created to extend financial education to the entire population and thereby increase financial inclusion in the country. During 2022, 4,104 users were registered and 154,515 users visited.

**Ahorrar nos hace bien**

Through 33 workshops, we managed to impact 5,600 children, promoting in a playful way the importance of a savings plan.

**Mass conferences of the education program Finanzas con Propósito**

We held 2 conferences where we managed to impact 741 people, exceeding the proposed objective of 500 people.





In addition, we have specific financial education programs for small and medium-sized enterprises (SMEs) that seek to strengthen the knowledge and skills of these entrepreneurs for the development and strengthening of their businesses:

- + **Online consultancies:** virtual platform that allows SMEs to approach and connect with experts that offer business-consulting services.
- + **Impulsa Popular:** program with different pillars aimed at small and medium-sized enterprises (SMEs), including a training program to boost the growth of their businesses.

How do we evaluate it?

We have different mechanisms to assess the impact generated through each of the financial education programs. For example, users of “Finanzas con Propósito” must complete online assessments to obtain a certificate that endorses their knowledge. For initiatives focused on SMEs, we measure the number of participants in the workshops. On the other hand, for online consultancies, we evaluate the number of clients that receive advice through our specialized consultants. Finally, in the case of Banco Popular, we evaluate the behavior of the clients, validating their average savings every month, every three (3) months or up to every six (6) months, as well as the delays that arise in the payment of the credits. In this case, we found a growth in savings of 1.6% in the average balance of the clients impacted in the financial education talks and a decrease in their default to 0.6%. We measure the scope that we have regarding financial inclusion through new clients, bank sub-agents, branches and users affiliated with Internet Banking and electronic wallets. Thus, in recent years we have had a growing trend in available sub-agents in economically disadvantaged areas, as shown below:

FS-13

Access points by type in sparsely populated or economically disadvantaged areas	2020	2021	2022
Number and percentage of the total points of Financial Institutions with access available to disadvantaged population or economically disadvantaged areas by region and by type of access.	479 subagents, corresponding to 61% - rural region	618 subagents, corresponding to 78% - rural region	623 Subagents corresponding to 79% - rural region



These results represent an **increase in 2022 of 0.8% of the subagents available in rural regions** compared to the results of 2021.

In addition, in 2022 we had 151 bank subagents affiliated with the network, which allowed us to close the year with a total of **1,561 bank subagents affiliated with the network.**



2022 Highlights

In 2022, we achieved savings growth of 1.6% on the average balance sheet of clients impacted in financial education talks and likewise, their delinquency decreased to 0.6%.

Fulfillment of goals and challenges 2021

Subsidiary	Goal 2021	Compliance 2022	Justification
Banco Popular Dominicano	Financially train 10,000 people.	Achieved	In 2022, the “Finanzas con Propósitos” umbrella program achieved 14,351 registrations.
	Enroll 1,000 people in the “Finanzas con Propósitos” academy.	Achieved	During 2022, 4,104 users were registered on the “Finanzas con Propósitos” academy platform.

Where we are going in inclusion and financial education?

Subsidiary	Goal	Time frame
Banco Popular Dominicano	Financially empower more than 150,000 people by 2030	Long term (6 to 10 years) - Goal established since 2021
	Include financial education in the national education system (in at least 50% of polytechnics nationwide)	Medium term (3 to 5 years) - Goal established since 2021
	90% of the scholarship recipients acquiring the certification in personal finance	Medium term (3 to 5 years) - Goal established since 2021
	Exceed 6,000 registries in the “Finanzas con Propósito” Academy	Short term (1 year)
	We hope to provide 2,000 young people between the ages of 8 and 10 with educational material to start their financial education early	Short term (1 year)

# 7.2 SOCIAL INVESTMENT AND COMMUNITY DEVELOPMENT

ODS 1, ODS 3, ODS 4, ODS 7, ODS 8, ODS 13, ODS 17, PRINCIPLE 1.2. PRINCIPLE 2.1 GRI 3-3

## Why is it important?

We are more than a business; our commitment to society and to the future of the planet is reflected in the more than fifty initiatives carried out on average each year, from the different corporate social responsibility programs of Grupo Popular, which respond to the philosophy of our Corporate Governance and to a model of Culture Based on Values. This sustainable development approach promotes the well-being of vulnerable groups, is aligned with the commitments assumed with UNEP-FI and its principles, while it contributes and join efforts to fulfill the SDGs and the Paris Agreement.

## How do we manage it?

GRI 203-1, 203-2

Grupo Popular leads several initiatives that reflect what is established in our Sustainable Vision and what we want to achieve as an organization in the communities with which we work. Our projects and programs are an effort in partnership with international organizations, the government, and community-based organizations, where Grupo Popular makes a financial contribution, but also follow-up, monitoring, and supervision through the Fundación Popular. From the Foundation, we manage the social and environmental actions of the Group and its subsidiaries, through a social investment. Programs are structures from two fronts of action:

- + Social development through attention to vulnerable groups
- + Environmental protection through strategies for adaptation to vulnerabilities caused by climate change.

## Sustainable Vision



We made important progress in 2022 in the construction of 3 community aqueducts that will positively impact the quality of life of more than 450 families in 3 rural communities in the country. We plan to inaugurate these works in 2023.



Additionally, within the framework of the **Higüero micro-watershed restoration project** and in partnership with Banco APAP, Banco BHD, Fundación Propagás and NTD Ingredients, in 2022 a biodigester pilot project began in the community of La Cuaba, which transformed organic waste from pig farming into clean energy, thus preventing organic waste from contaminating water sources. Currently, three families in the community benefit from the use of the biogas generated by the system, while, indirectly, 59 families benefit from the use of biol, an organic fertilizer derived from the bio digestion process, which would be used in the agricultural crops of these families.

The initiatives developed by Grupo Popular during 2022 are aligned with the actions of the National Development Strategy of the Dominican Republic (END20-30) and with the priorities defined by the government for the migration towards the use of renewable energies. In this way, we contribute to the fulfillment of the 2030 Agenda, by giving rural communities access to clean energy and bio fertilizers, improving their livelihoods and reducing the impact of Climate Change.



## How do we evaluate it?

GRI 203-1

In order to have accurate information on the progress and development of the projects in which we participate, we prepare reports, technical support, monitoring visits and meetings with the stakeholders involved. On the other hand, we hope to carry out, in the short term, impact studies of the programs focused on measuring the positive social and economic changes and transformations in the communities, derived from the infrastructure projects (hydroelectric and aqueducts), and the programs of sustainable communities. Thanks to these accomplishments, we have managed to measure the impact and demonstrate the results of our programs, as is the case of the Nuestra Señora de Altagracia Maternity University Hospital, where we obtained the following results during 2022:

- + The Ministry of Higher Education, Science and Technology (MESCyT) awarded scholarships to 28 of the 31 nurses that make up the second group of graduates who will be trained in the Specialization Program for Nursing Personnel in Low-Risk Maternal and Neonatal Health and Planning Family, taught by the School of Nursing of the Autonomous University of Santo Domingo (UASD).
- + 126 residents, from various schools of obstetrics and gynecology in the country, completed the training program in emergency obstetric and neonatal care (COEM).
- + 1,133 health providers and administrative personnel participated in training sessions and technical orientations (humanization of care).
- + 23 medical assistants from the Presidente Estrella Ureña hospital participated in the workshop to disseminate obstetric care protocols at the Renée Klang de Guzmán maternity hospital.
- + The investment made in medical equipment for HUMNSA equipment was approximately RD\$5.9 million.
  - The delivery of 5 medical kits awarded to the pathology laboratory and surgery and delivery areas, anesthesiology, and perinatology unit, including a tissue processor, a pathology laboratory workstation, a paraffin station, and two tables surgical.
  - The simulation room was completed with the required anatomical models, incorporating 2 breast models, which include the possibility of performing sonography.



## 2022 Highlights



Expansion of the project **“Reducción de la Mortalidad Materna y Neonatal”** for Maternity Doña Reneé Klang Vda. Guzman. The Doña Reneé Klang de Guzmán Maternity, at the Presidente Estrella Ureña Regional Hospital, is a reference health center for around 14 provinces, for which it is necessary to ensure conditions that guarantee quality services for users and their newborns.

The project financed by Grupo Popular in **HUMNSA** achieved one of its main objectives in the period April-December 2022: to close an 8-month cycle without registering maternal deaths due to preventable causes.



During 2022 we managed to transform the lives of 100 families in the Los Limoncitos de Constanza community, in La Vega, providing them with access to electricity through the construction of a **community micro hydroelectric plant**. In addition to the homes in the area, this work will benefit rural microenterprises, the school, the church and public lighting in the area.

31 nurses were selected to from the second cohort of the **Specialization Program for Nursing Personnel in Low-Risk Maternal and Neonatal Health and Family Planning**. 28 of them received scholarships from the Ministry of Higher Education, Science and Technology (MECYST) and 1 was awarded a scholarship by UNFPA, 1 by UNICEF and 1 by Fundación Popular to study a specialty at the School of Nursing of the Autonomous University from Santo Domingo (UASD). This program is part of the training module of the Maternal and Neonatal Mortality Reduction Project.



Fulfillment of goals and challenges 2021

Subsidiary	Goals 2021	Compliance 2022	Justification
Grupo Popular	Carry out 10 training activities and organizational strengthening, within the framework of the Ecological and Socioeconomic Reorganization of the Communities of La Cidra, Cenoví and La Cabirma, in alliance with Plan Sierra.	Achieved	During 2022, we carried out the planned activities, including training for producers on post-harvest handling, crop nutrition and family orchards. For organizational strengthening, the following activities were carried out: meeting with the “estanques” committee to sign the agreement, meeting with the committee and the Cidra community to sign the agreement, formation of the Cidra aqueduct committee, Assembly for the start of the incorporation process of ASOCAR la Cidra, accompaniment to the “estanques” Committee for its organizational strengthening.
	Assist in the construction of 6 ponds as an associative management pilot for self-consumption in the community of Cenoví, within the framework of the project and Ecological and Socioeconomic Reorganization of the Communities of La Cidra, Cenoví and La Cabirma, in alliance with Plan Sierra.	Partially Achieved	The adaptation of the spaces for the ponds began, but not the construction of these due to meteorological complications, the constant rains prevented the transport and work of the construction teams. The construction was integrated into the 2023 goals to finish the work.
	Accompany the reconstruction of the rural aqueduct of the community of La Cidra, within the framework of the Ecological and Socioeconomic Reorganization of the Communities of La Cidra, Cenoví and La Cabirma, in alliance with Plan Sierra.	Partially Achieved	During 2022, progress was made in the delivery of materials, installation of filters, and organization of brigades for community labor. The work will be completed at the beginning of 2023.

Where we are going in social investment and community development?

Subsidiary	Goal	Time frame
Grupo Popular	Conclude the construction of rural aqueducts in the communities of Boca de los Arroyos and La Cana, located in the province of San Juan de la Maguana.	Inauguration scheduled for April 2023.
	Conclude the construction of the aqueduct in the El Limón community, in the municipal district of La Cuaba.	Inauguration scheduled for March 2023.
	Conclude the construction works of the El Palero hydroelectric micro plant, in Santiago Rodríguez.	Inauguration scheduled for June 2023.

7.3 MANAGEMENT AND WELL-BEING OF HUMAN TALENT

Why is it important?

ODS 4, ODS 5, ODS 8 GRI 3-3

At Grupo Popular, we connect talent management aligned with sustainability management; our commitment and social responsibility go hand in hand with our strategy of attraction, retention and value creation for our collaborators. This relationship is an essential component in achieving organizational objectives, and as part of our business mission, we ensure that the different subsystems, policies, objectives, and plans guarantee a sustainable approach to human talent management.

We seek to provide our collaborators with a work environment in which personal and family health, well-being, safety, respect for diversity, inclusion, work-life balance, access to continuous learning and development opportunities prevail. We also ensure that good hiring practices and fair remuneration are implemented.

Our internal decision-making processes, as well as the corporate approach towards our stakeholders, are fundamentally based on values that guarantee equity and justice, as well as a work environment based on respect and trust.





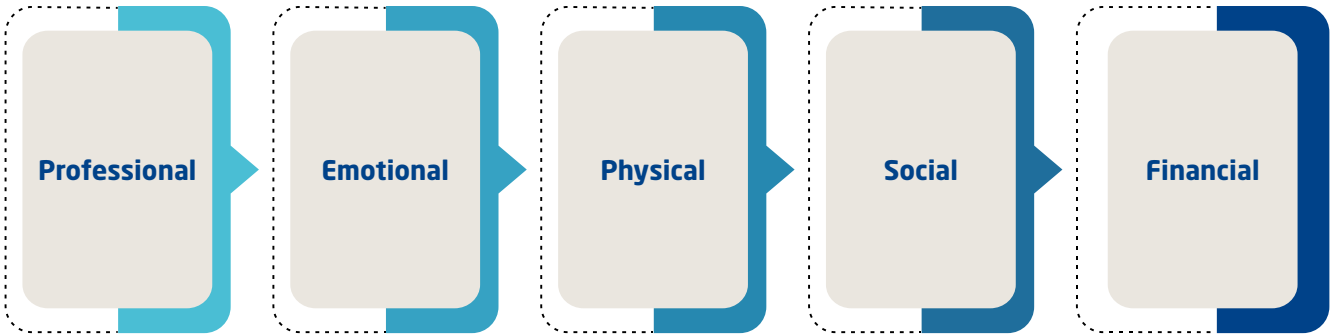
This action has guaranteed us, in a sustainable manner, recognition as the most admired company in the Dominican Republic, accompanied by the recognition, for the tenth time, of being the Best Company to Work At. Other notable initiatives are presented below:

- + **External Recruitment Portal:** which contributes to improving the attraction capacity and facilitating the recruitment processes.
- + **Values programs:** where this year began the deployment of “Dominicana se Transforma” led by expert internal facilitators, who lived the shared experience of delving into relevant values and making positive decisions in their lives.
- + **Challenge Popular for Employees:** in 2022, we launched the first edition of the Challenge Popular aimed at our collaborators, through which employees were encouraged to generate creative and innovative ideas that added value to the digital experiences of customers and employees, thereby strengthening their commitment to business and sustainability.
- + **Specialized profiles integration:** at the structure level, the roles associated with responsible banking and sustainability management have been implemented and redefined, in order to guarantee that the company has the profiles and resources required to meet sustainability objectives.
- + **Employee Wellness Center:** Banco Popular Dominicano has a Wellness Center that promotes the physical, mental and nutritional care of employees who can use the facilities before, during and after their workday. With this initiative we seek to improve the quality of life by promoting a positive and more productive organizational environment.

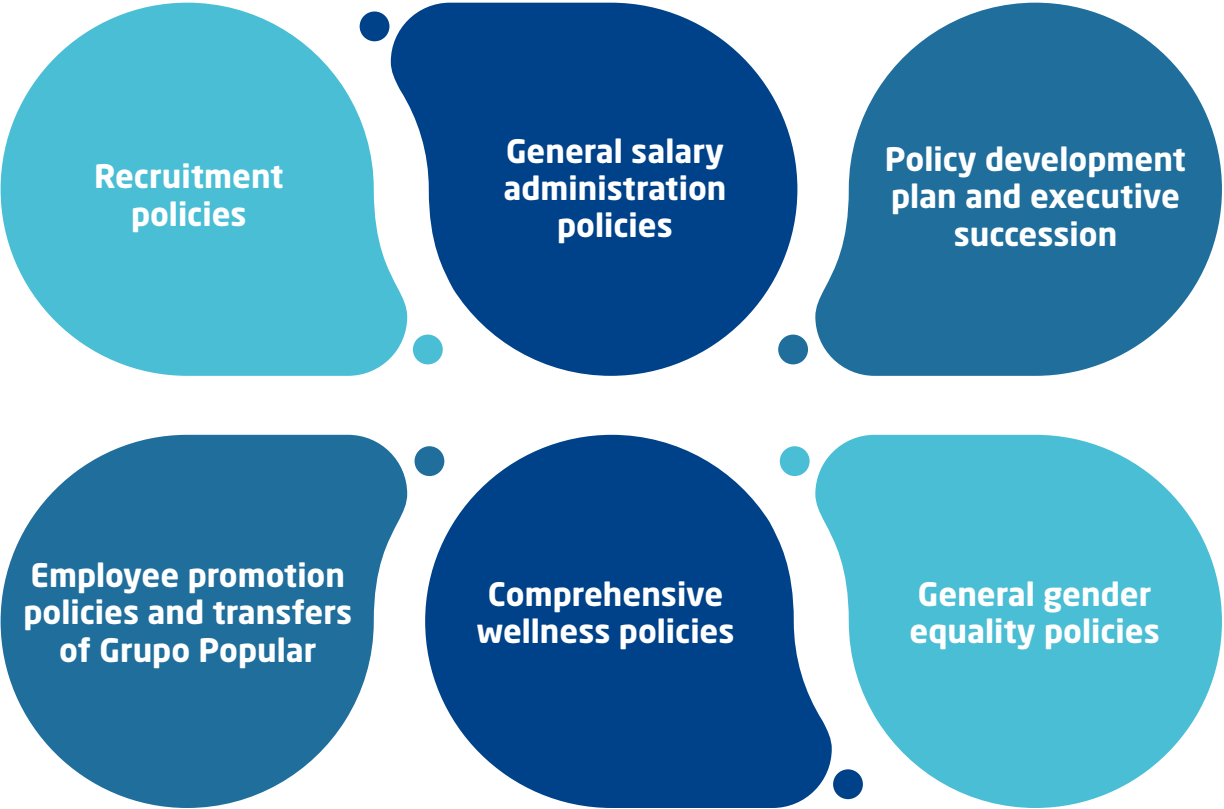
How do we manage it?

GRI 3-3, GRI 404-2

At Grupo Popular, we guarantee the adequate management of human talent based on continuous training and development of the skills of our people. We develop programs aligned to the needs of the organization and to new trends at a professional and sector level. At the same time, we have the “High Potentials” program in which our leaders continuously participate in high-level training activities. Our comprehensive well-being strategy influences all employees and their families and is made up of projects that generate value for our employees by stimulating five dimensions of well-being:



These are some of the Grupo Popular policies that support the management of human talent:



Within the set of these policies, the general salary administration policies stand out, which are designed with the objective of complying with labor laws and guaranteeing the attraction and retention of the best talent in the market, ensuring salary levels of external competitiveness and equity. This policy has a fixed salary component and variable compensation schemes to direct compliance with the strategic planning of the company and greater efficiency and quality in performance.

The tools used for the administration of the general salary administration policies are the following:

- + Job evaluation methodology
- + Salary scales
- + Salary and benefits surveys
- + Variable compensation methodology

How do we evaluate it?

GRI 401,2

For the adequate evaluation of talent management and well-being in the organization, we have various strategies that are made up of methodologies and tools for periodic evaluation and diagnosis, which provide very useful information for the preparation of action plans, as well as adjustments in the direction of ongoing initiatives.

In this sense, we have performance measurement systems for both businesses (MIDE) and centralized areas that measure the levels of achievement of the objectives that are aligned with our strategic plans, as well as the behaviors associated with organizational competencies.

In 2022, 100% of our permanent employees received performance evaluations, which represents an improvement compared to last year (2021) where 95% of employees had been covered.

GRI 404-3: Percentage of employees receiving regular performance and career development reviews	
Percentage of employees who received evaluation, by gender	2022
Percentage of female employees who received performance evaluation	100%
Percentage of male employees who received performance evaluation	100%
Percentage of employees who received evaluation, by job category	2022
Percentage of employees who received performance evaluation - executive	100%
Percentage of employees who received performance evaluation - managerial	100%
Percentage of employees who received performance evaluation - assistant manager	100%
Percentage of employees who received performance evaluation - support staff	100%

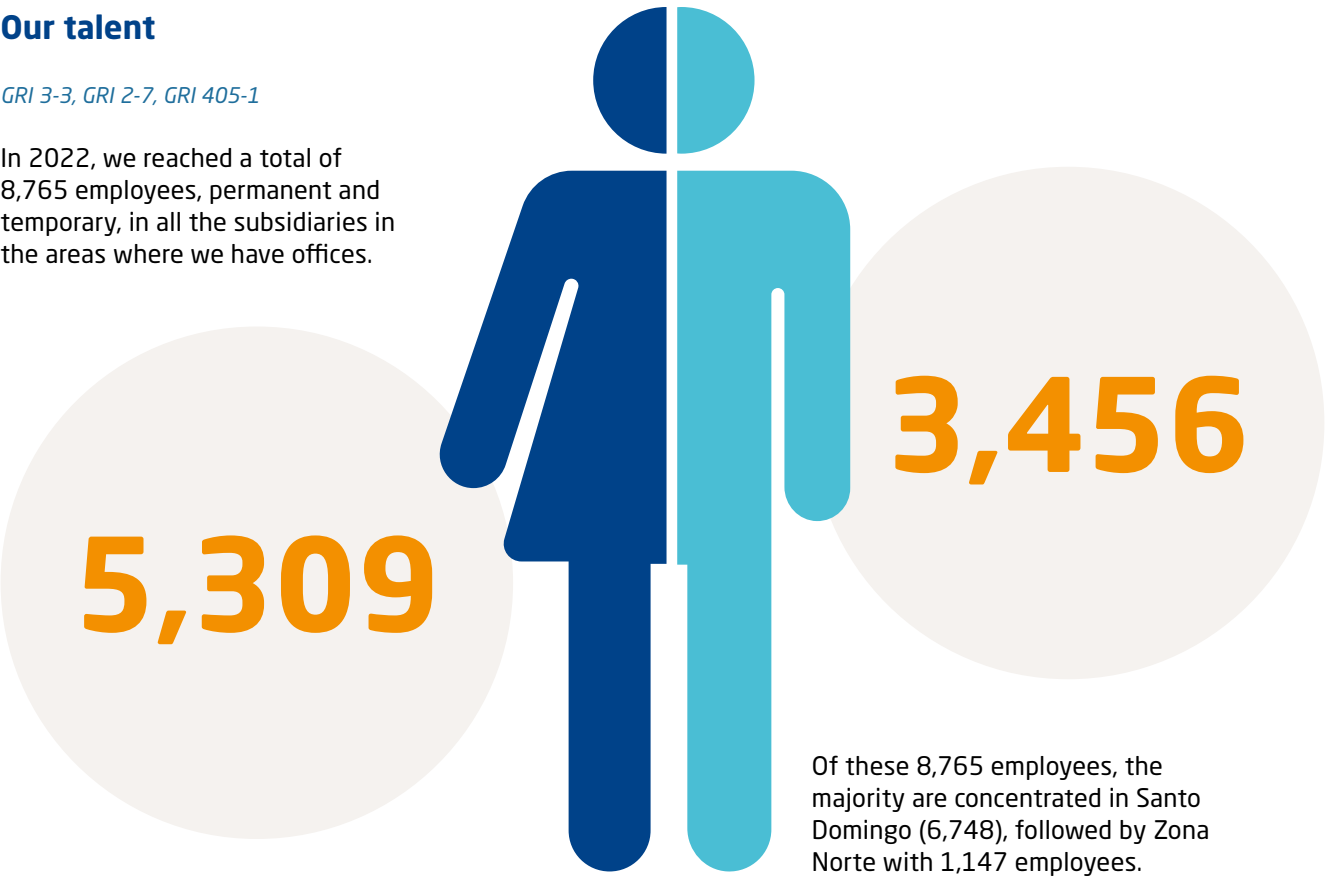
Likewise, we have a work-environment measurement system that provides relevant information on certain indicators, such as well-being, commitment, identification with the company and personal relationships with a 360 vision.

Another highly relevant variable in talent management is the service quality measurements, which are triggered by both internal and external clients, as well as the employee experience survey.

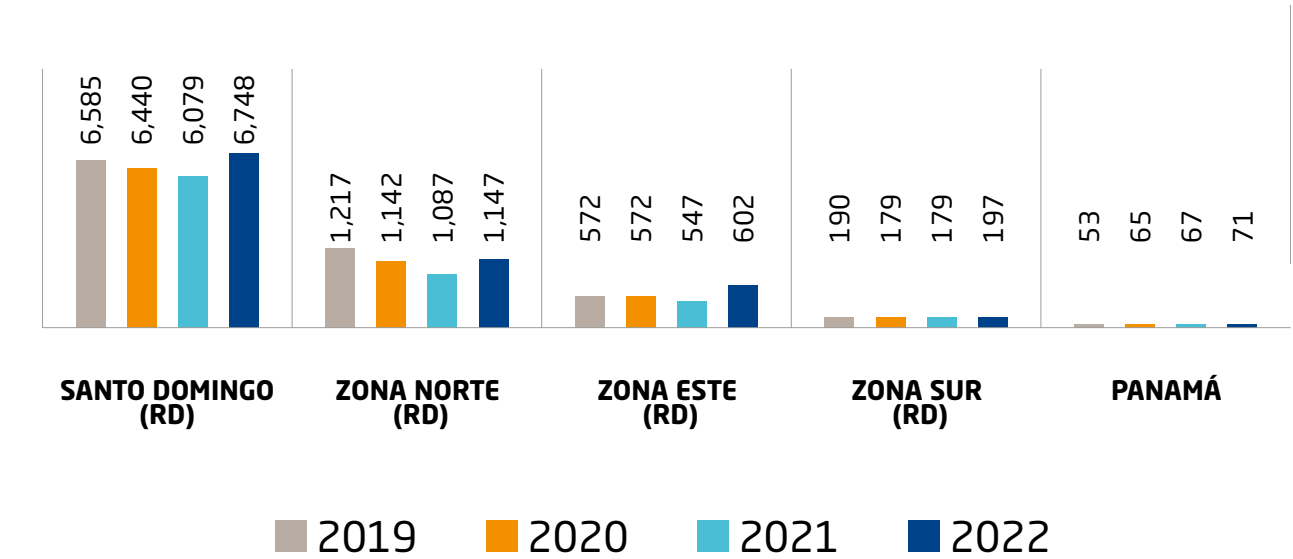
Our talent

GRI 3-3, GRI 2-7, GRI 405-1

In 2022, we reached a total of 8,765 employees, permanent and temporary, in all the subsidiaries in the areas where we have offices.



Total number of employees by region



Below we display the permanent, temporary and full-time employees divided by gender and region:

	2020			2021			2022		
Gender / Type of contract	Permanent	Temporary	Total	Permanent	Temporary	Total	Permanent	Temporary	Total
Female	4,999	70	5,069	4,723	62	4,785	5,226	83	5,309
Male	3,287	42	3,329	3,112	57	3,169	3,401	55	3,456
Total	8,286	112	8,398	7,835	119	7,959	8,627	138	8,765

Employees										
Region/ Gender		2020			2021			2022		
		Permanent	Temporary	Full time	Permanent	Temporary	Full time	Permanent	Temporary	Full time
Santo Domingo (RD)	Men	2715	42	2757	2577	57	2634	2836	55	2891
	Women	3615	68	3683	3383	62	3345	3776	81	3857
	Total	6330	110	6440	5960	119	6079	6612	136	6748
Zona Norte (RD)	Men	357	0	357	338	0	338	353	0	353
	Women	785	0	785	749	0	749	794	0	794
	Total	1142	0	1142	1087	0	1087	1147	0	1147
Zona Este (RD)	Men	131	0	131	117	0	117	135	0	135
	Women	441	0	441	430	0	430	467	0	467
	Total	572	0	572	547	0	547	602	0	602
Zona Sur (RD)	Men	55	0	55	51	0	51	47	0	47
	Women	124	0	124	123	0	123	150	0	150
	Total	179	0	179	174	0	174	197	0	197
Panamá	Men	29	0	29	29	0	29	30	0	30
	Women	34	2	36	38	0	38	39	2	41
	Total	63	2	65	67	0	67	69	2	71
Total		8,286	112	8,398	7,835	119	7,954	8,627	138	8,765

Men Women

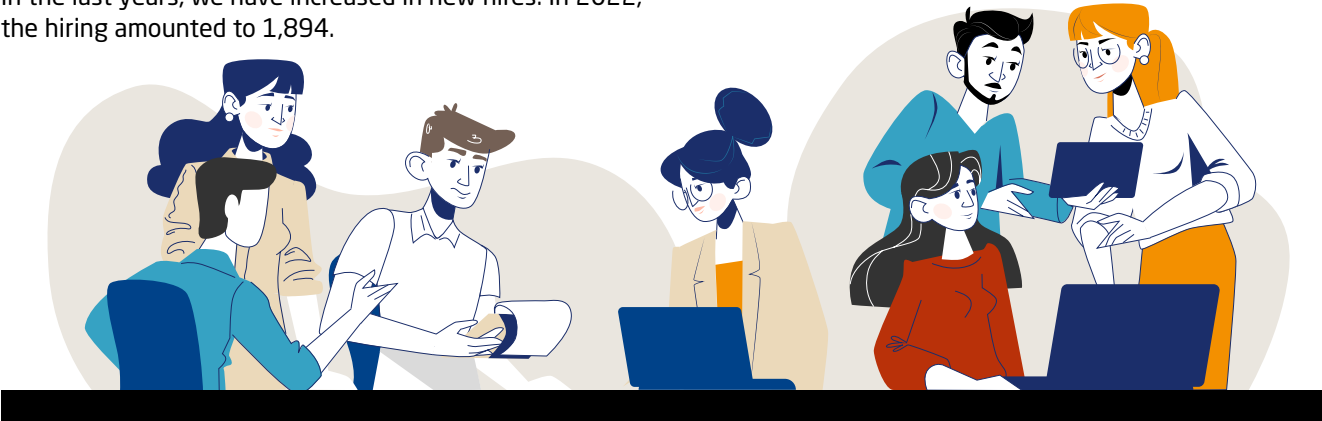
In our organization, the selection, remuneration, promotion and recognition processes are based on people’s competencies, where historically the composition of our personnel has consistently maintained gender balance. Below is a breakdown of members of governing bodies (classified as executives) and employees by gender and age group:

Employees by job category and gender									
Job category	2020			2021			2022		
	Female	Male	Total	Female	Male	Total	Female	Male	Total
Executive	23	47	70	22	50	72	22	53	75
Managerial	584	462	1,046	593	486	1,079	637	536	1,173
Assistant manager	896	709	1,605	929	718	1,647	1,051	839	1,890
Support Staff	3,566	2,111	5,677	3,241	1,915	5,156	3,599	2,028	5,627
Total	5,069	3,329	8,398	4,785	3,169	7,954	5,309	3,456	8,765

Employees by job category and age												
Category age	2020				2021				2022			
	< 30	30-50	> 50	Total	< 30	30-50	> 50	Total	< 30	30-50	> 50	Total
Executive	0	36	34	70	0	34	38	72	0	38	37	75
Managerial	88	793	165	1,046	77	827	175	1,079	137	881	155	1,173
Assistant manager	498	1,013	94	1,605	431	1,100	116	1,647	680	1,108	102	1,890
Support Staff	3,306	2,159	212	5,677	2,554	2,375	227	5,156	3,455	1,977	195	5,627
Total	3,892	4,001	505	8,398	3,062	4,336	556	7,954	4,272	4,004	489	8,765

“Note: The breakdown of gender by age group would require a manual survey, so it is not included in the report so as not to affect the quality of the data presented”.

In the last years, we have increased in new hires. In 2022, the hiring amounted to 1,894.





Hiring				
Indicator	Unity	2020	2021	2022
New hires	#	486	831	1,894
Women - new hires		336	529	1,196
Men - new hires		150	302	698
Women - new hire rates	%	69%	64%	63%
Men - new hire rates		31%	36%	37%
Above 50 years - new hires	#	5	3	4
Between 30 and 50 years -new hires		90	98	208
Under 30 years - new hires		391	730	1,682
Santo Domingo (RD) - new hires		427	781	1,625
Zona Norte (RD) - new hires		58	38	167
Zona Este (RD) - new hires		1	4	73
Zona Sur (RD) - new hires		0	8	21



### Parental Leave

GRI 401-3

For Grupo Popular it is important that our employees enjoy quality time with their families. Therefore, we respect the parental leave law and we have an additional benefit of 6 days for the parents of newborns. In 2022, we had 279 women and 110 men who took parental leave.

GRI 401-3: Parental leave								
Indicator	2019		2020		2021		2022	
	Female	Male	Female	Male	Female	Male	Female	Male
Number of employees who have taken parental leave	276	132	150	98	246	110	279	110
Number of employees who have returned back to work in 2022 after the end of parental leave	274	132	117	96	234	109	271	110
Number of employees who have returned to work after parental leave ended and who were still employed 12 months after returning to work	261	115	139	94	230	101	225	96
Return to work and retention rate of employees who took leave	99.27%	100%	78%	97.96%	95.12%	99.09%	97.15%	100%
Retention rates of employees who took parental leave	89.08%	93.75%	92.67%	95.92%	93.50%	91.82%	91.46%	87.27%

Employee training

GRI 403-5, 404-1

The development and training strategy seeks to cultivate the potential of each collaborator, provide them with the necessary tools for the optimal performance of their work and facilitate their development to continue their career within the company. The development of this strategy has alliances with high-level training entities both locally and internationally.

Of the programs established to strengthen the training of our people, we have:



01

High Potential Program.



02

Scholarship program for university studies, master's degrees and languages.



03

Alliance with strategic suppliers to develop leadership skills.



04

Trending topics chats and conferences.



05

Integration of E-Learning programs through Linked-In Learning and Percipio in the ContiGO platform.



06

Graduate programs, courses and certifications according to functions.



07

E-Learning program to strengthen knowledge on topics related to inclusion, equity and diversity.



08

Internal Virtual Program to strengthen the use of collaborative digital tools.



09

Mentor Network Program.



10

Emeritus Program of Specializations with recognized universities abroad.

From this, we highlight the High Potentials Program, which is focused on managers with high development potential, whose objective is to guarantee a continuous flow of talent that ensures the ideal capacities to occupy key and leadership positions in the organization, through a process of ongoing development and preparation.

From our management we monitor the performance of the members of the High Potential program, through the annual mobility percentage indicator of the program. Historically, between 5% and 6% of the personnel that make up this program are favored with promotions for the quality of their performance and leadership development.

In general, to evaluate the progress of education and training, we keep statistics on the number of courses completed, evidencing an increase during the evaluated period of 18% in this indicator. In 2022, we trained a total of 7,889 employees, of which 3,001 are men and 4,888 are women, with a global average of 165.8 hours per employee. This average is broken down into 111 hours of training per male employee and 199 hours per female employee.

Average hours of training per year per employee	2019	2020	2021	2022
Total number of employees trained	8,594	7,707	7,358	7,889
Number of courses	10,443	18,426	26,324	31,212
Average hours per employee	108.3	66.4	65.6	165.81

Note: Information not available by job category as there is no automatic collection of this information. However, it will be taken into account during data collection for the 2023 report.

The indicators present an upward behavior in recent years, the number of trained employees increases proportionally to the internal movements generated. The average hours per employee increased significantly due to the reactivation of face-to-face courses and the strong cultural adoption of digital learning platforms, thus strengthening the knowledge and development of our people.

Health and Safety at Work

GRI 403-1, GRI 403-2, GRI 403-4, GRI 403-7, GRI 403-9, GRI 403-10

Our institution has a strategy that ensures the health and safety at work of all employees. We have a wide catalog of medical services aimed at staff and their families that are available throughout the year, with the purpose of facilitating the access of our collaborators to prevention, safety and health care programs.

Thanks to the prevention and health care management, in 2022 we achieved coverage of the health and safety management system at work for 100% of our employees and contractors.

The occupational health and safety management program is part of this strategy, which is operational, in accordance with the requirements of Regulation 522-06 on Occupational Health and Safety, and based on the management system of ISO450001 standard and the terms of reference of the Ministry of Labor. The Occupational Health and Safety Management program is designed to cover 100% of employees, contractors, visitors and customers, as well as the entire infrastructure.

For risk management in health and safety at work, at Grupo Popular there are three specialized teams. Monthly, through the Health and Safety Committee, the cases reported in the teams are followed up to identify prevention and action measures. After incidents are reported to the Occupational Safety team, they are evaluated by the applicable committee, which makes decisions on the actions to be implemented.

We have formed an Executive Committee and three (3) mixed subcommittees on Safety and Health at Work, distributed in the interior and Santo Domingo areas. The Executive Committee meets quarterly, while the subcommittees meet monthly, with the objective of monitoring the health and safety management system to comply with the OSH program, analyze hazards, assess risks and apply measures, in addition to reporting to the Ministry of Labor. Its main functions are to:

- + Consider the circumstances and causes of accidents that occur in the workplace.
- + Make the pertinent recommendations to avoid recurrence.
- + Make recommendations for the improvement of conditions related to the issue.
- + Achieve the participation of all workers in promoting safety through drills, training, etc.
- + Study the statistics of accidents in the workplace.

In addition to this, we have health and safety coordinators in all offices nationwide, who report to the aforementioned subcommittees.

Employees have various channels at their disposal to report situations of occupational hazard. Which are managed by the corresponding specialized instances:

Occupational Security Unit

- + Monitors compliance with the stipulations of the health and safety program and performs monthly tests of the safety systems.

Engineering and Maintenance Unit

- + Responsible for inspecting equipment and tools in specialized jobs and constructions.

Emergency brigade members

- + In their respective areas, they inspect, identify and report situations that could cause accidents at work.
- + These staff members are in constant training.

Annually, we develop courses on evacuations and fires, first aid, industrial safety, personal protective equipment, work at height, hot work, accident investigation, and earthquake and hurricane talks. In addition, staff have the possibility to participate in:

- + Conferences on Safety and Health at Work
- + Course in Physical Security Management
- + National Banking Security Congress

Access to health services

GRI 403-3, GRI 403-6, GRI 403-8

Grupo Popular has different medical services available throughout the year for its employees, which seek to facilitate workers’ access to health care programs.

Life Insurance

- + Affiliation to complementary medical insurance (available to collaborators and primary family).
- + Telemedicine platform availability - associated with complementary health plan benefits.
- + Promotion and Prevention program for hypertensives and diabetics, through health insurance.

- + Availability of Medical Offices (5 offices).
- + Access for staff to the Popular Wellness Center.
- + Availability of first aid kits in offices.

Thinking of the constant well-being of our employees, we have programs to promote organizational health:

Employees <sup>14</sup>	2022	Contractors	2022
Number of employees covered by the health and safety management system	8,765	Number of contract workers covered by the health and safety management system	They are fully covered while they are within the Group’s facilities.
Percentage of employees covered by the occupational health and safety management system	100%	Percentage of contractor workers covered by the occupational health and safety management system	100%
Percentage of all employees covered by said system, subject to internal audit or certification/audit by a third party	N/A	Percentage of all contract workers covered by said system, subject to internal audit or certification/audit by a third party	N/A

2022 Management highlights

2022 milestones

Popular Wellness Center

The range of programs was expanded, offering solutions to the specific needs of our people: “Your Best Version Program”, “Specialized Program for Diabetics”, “Active Breaks Program”, “Mindfulness Program”, among others.

Certified Lactation Rooms

We have 4 lactation rooms, which were certified by the Ministry of Public Health as “Friendly rooms for lactating families”, which shows our commitment to promoting and encouraging breastfeeding in our company.

ContiGO platform

It provides our staff with a new interaction experience, supported by a platform that integrates the services offered from the different Human and Talent Management units in one place, including from the individual management of the employee profile to an extensive library of courses, certifications and workshops for staff.

Seal of Gender Equality “Iguinaldo RD”

With our participation and inclusion in this national initiative, led by the United Nations Development Program (UNDP) and the Ministry of Women, whose purpose is to establish and achieve standards that promote labor equality and the economic empowerment of women.

<sup>14</sup> If the contractor workers are inside the Grupo Popular facilities, they will also be 100% covered.



Fulfillment of goals and challenges 2021

Subsidiary	2021 Goals	Compliance 2022	Justification
Banco Popular Dominicano	Obtaining the UNDP Equality Seal	Accomplished	In 2022, we completed the self-diagnosis, elaborated the action plan, and received an audit and follow-up to obtain the Seal of Equality by the UNDP.

Where are we going in management and well-being of human talent?

Subsidiary	Goals	Time frame
Grupo Popular	Promote the collaborative culture through the implementation of tools and programs impacting 50% of Popular employees.	Mid-term
	Continue with the hybrid work programs and flexible hours in order to support the well-being of the staff and strengthen the commitment to the entity.	Short term
	Deployment of the training conference program on the SDGs and their application at the managerial and assistant manager level, reaching 80% of employees.	Short term



8. ENVIRONMENTAL CONTRIBUTION

8.1 CLIMATE ACTION

ODS 3, ODS 6, ODS 7, ODS 13, ODS 15, ODS 17 GRI 3-3

Why does it matter?

Considering the geographical location of the Dominican Republic, its level of threat and vulnerability to climate change, at Grupo Popular we are aware that we must develop actions on two fronts:



**MITIGATION:**  
FOCUSED ON  
REDUCING EMISSIONS  
AND TRANSITIONING  
TO A LOW CARBON  
ECONOMY.



**ADAPTATION:**  
FOCUSED ON  
PREPARING FOR  
PHYSICAL CLIMATE  
RISKS AND  
TRANSITIONS.

We know that we are a key actor in the country to promote the mitigation of climate change through the offer of sustainable products and services, as well as the promotion of education and environmental awareness. However, we are also aware that climate change poses enormous challenges for the Group. In response to this and outlining key milestones for the Company on this path of climate preparation and management, we established the Sustainability and Responsible Banking Guidelines, whose objective is to establish the reference framework to respond to the main challenges of the region. These guidelines seek to contribute to the Sustainable Development Goals (SDG) and adherence to the Principles of Responsible Banking (PRB)<sup>15</sup> in order to align the actions of Grupo Popular, Banco Popular and the other subsidiaries to the global agenda on sustainability, promoting positive impacts through responsible practices. Additionally, Banco Popular was a pioneer in the sector in obtaining the Carbon-Neutral Organization certification, certified by the Brightline Institute, Inc., under the international standard ISO 14064-1:2018. This means that Grupo Popular has adopted and continues to adapt measures to reduce emissions and increase CO2 capture, supporting the development of CO2 capture and sequestration projects, seeking to reach a balance in which the emissions generated are the same as those offsets. These and other measures have allowed us to be a national benchmark for climate action, assuming a role of business and banking leadership towards sustainability. We are aware of the need to strengthen our climate management. Therefore, our current challenge is to develop the strategic framework in order to define climate governance, the management of climate risks and opportunities and the objectives, metrics and roadmap.

How do we manage it?

Banco Popular Dominicano (BPD) has implemented different mitigation measures to reduce its carbon footprint and increase sustainability in its operations. These measures include the implementation of renewable energy sources, energy efficiency, sustainable services, solid waste management, tree planting, capacity building, awareness and education, among others.

Climate action	Initiative	Description and results
Mitigation	Planting of trees	<p>We promote reforestation in different parts of the country, in order to preserve water sources, protect biodiversity, provide alternative livelihoods to communities, and capture carbon from the atmosphere. These trees in their adult stage would have the potential to capture 60 thousand tons of CO2, retain more than 562 million liters of water and more than 22 million kg of soil.</p> <p>In addition, within the framework of our Voluntariado Popular program, we involved 540 employee volunteers to participate in five (5) reforestation days.</p>
Adaptation	Artificial wetlands	<p>Grupo Popular is interested in contributing to the strengthening of the country's artificial wetland network, as an efficient and reasonable response, which helps to counteract the most adverse climate phenomena. Through our initiative to build artificial wetlands as wastewater treatment plants, we seek to reduce pollutant loads to Yaque del Norte from its tributaries, this hydrographic basin being the guarantee of our sustainability as an island territory of the Caribbean.</p> <p>This year we completed the construction of the artificial wetland "Parque Agroalimentario Banelino", located in the Boca de Mao community, Esperanza, which will serve 600 users, and the "Buenos Aires" artificial wetland, in the community of Buenos Aires, Jarabacoa, which will benefit more than 170 people and will contribute to the environmental sanitation of the La Baya stream, a tributary of the Jimenoa sub-basin.</p>
Adaptation and mitigation	Micro hydroelectric plants	<p>In 2022, we managed to transform the lives of 100 families in Los Limoncitos de Constanza community, located in La Vega, providing them with access to electricity through the construction of a community micro hydroelectric plant. This initiative has proven to be an effective mechanism to promote the comprehensive development of vulnerable populations in the Dominican Republic and to contribute to the SDGs. This program was complemented with the reforestation and/or conservation of at least 31 hectares of land in Los Limoncitos stream basin.</p>

<sup>15</sup> PRBs are part of the United Nations Environment Program and Finance Initiative (UNEP-FI).



Adaptation	Specialized training on climate change and sustainability, - carried out within the framework of the Cátedra de Responsabilidad Social Empresarial y Sostenibilidad (CRSES) "Alejandro E. Grullón E".	An important educational achievement of this year 2022 in terms of climate change has been the culmination of 2 courses that have provided more than 100 professionals with the necessary knowledge and tools in the fight against climate change and its mitigation. This type of training allows promoting planning and actions that facilitate the mitigation of the adverse effects of climate and the adaptation of the most vulnerable areas of the Dominican Republic.  It should be noted that one of the courses offered, the Diploma in Negotiation and Climate Diplomacy, contributed to the training of several of the technical negotiators on sustainability and climate change of the Dominican delegation that participated in COP 27 in Egypt.
Adaptation and mitigation	Business Articulation for Climate Action	Through the Business Articulation for Climate Action initiative, Grupo Popular leads the renewal of the commitment of the Dominican private sector to reduce greenhouse gas emissions and develop actions to facilitate adaptation to climate change.  Through this initiative, in 2022 we launched #RDuceTuHuella, an online platform and tool for Dominican companies to create their GHG inventory and report the reduction measures implemented.  Within the framework of this initiative, we carried out various workshops and trainings on the calculation of the business carbon footprint with the participation of more than 80 people.
Adaptation and mitigation	Photovoltaic power generation	We have solar panels in our facilities, contributing to the generation and use of clean and renewable energy, since the surplus generated is injected into the national energy system.

How do we evaluate it?

We have an Energy Management and Efficiency Center, where we monitor the entire electrical network of our branches and buildings, with 116 automated offices, which allows us to remotely control, monitor, and manage the hours of use of our lighting systems, air conditioning, temperature sensors, humidity, electric generators, fuel tanks, electric meters and uninterruptible power systems (UPS). In this way, we measure in real time all the variables that impact energy consumption, the use of electromechanical equipment and the production of photovoltaic solar panel systems. In addition, we have alert systems to detect failures in time and take corrective actions that allow business continuity. Additionally, at BDP energy bills are audited by comparing them with meters that are within the network, guaranteeing that all parameters are within acceptable ranges. Our photovoltaic system is bidirectional, which means that the Bank consumes a part of its clean energy production and injects into the system what it does not consume, for the benefit of Dominican households and companies, in accordance with the net metering regulations of the National Commission of Energy. From the Energy Management and Efficiency Center, the energy production of all the photovoltaic solar panel systems installed by the bank is monitored.

On the other hand, BDP annually carries out a Carbon Footprint Study, through which we seek to:

- + Reduce emissions and set new, more ambitious climate targets.
- + Identify cost reduction opportunities and negative externalities.
- + Incorporate climate action into commercial and corporate decision-making.
- + Demonstrate the effectiveness of their environmental, energetics and climatic policies.
- + Satisfy the information demand from customers, shareholders and the public.
- + Promote the transition towards a more sustainable and resilient economy.
- + Share with society their knowledge and strategies for a sustainable future.

At the time of this report’s publication, the study hadn’t been completed, so the published results shown here correspond to preliminary results. The results of the study for 2022 are presented below:

GRI 305-1 GRI 305-2

Scope 1 and 2 emissions			
Component	2020	2021	2022
Scope 1 GHG emissions (in metric tons of CO2 equivalent)	557	720	822
Scope 2 GHG emissions	10,666	11,699	6,327

The year 2015 was chosen by the bank as the base year, however, the base year is reviewed annually and compared to BAU (2015-2020). Based on this information, emissions are projected for 2030.

The main methodology considered for the calculation is that of the Greenhouse Gas Protocol - A Corporate Accounting and Reporting Standard [Revised edition] from the World Business Council for Sustainable Development (WBCSD) and World Resources Institute (WRI). As a referential methodology, it was considered the ISO 14064-1:2018 Greenhouse gases - Part 1: Specification with guidance at the organization level for quantification and reporting of greenhouse gas emissions and removals; the ISO 14064-2:2019, Greenhouse gases - Part 2: Specification with guidance at the project level for quantification, monitoring and reporting of greenhouse gas emission reductions or removal enhancements and the ISO 14064-3:2019, Greenhouse gases - Part 3: Specification with guidance for the verification and validation of greenhouse gas statement.



GRI 305-4

GHG emissions intensity	
Component	2022
Intensity ratio of the organization’s GHG emissions.	15.2 kCO2eq / RD\$ MM assets
Specific parameters (denominator) that were selected to calculate the ratio.	Kilograms of CO2eq per million RD\$ in assets
Types of GHG emissions included in the intensity ratio: direct (scope 1), indirect by generating energy (scope 2) and other indirect (scope 3).	Scopes 1 and 2
Gases included in the calculation: CO2, CH4, N2O, HFC, PFC, SF6, NF3 or all.	CO2, CH4, N2O

GRI 305-5

Reduction of GHG greenhouse gas emissions	
Component	2022
Reduction of GHG emissions as a direct consequence of reduction initiatives in metric tons of CO2 equivalent.	2,509 tCO2eq
Gases included in the calculation: CO2 , CH4 , N2O, HFC, PFC, SF6 , NF3 or all.	CO2
Base year or baseline, including justification for selection.	2015
The scopes in which reductions occurred: direct emissions (scope 1), indirect emissions associated with energy (scope 2) or other indirect emissions (scope 3).	Scope 2

The standards and methodologies considered for the calculation of the reduction of GHG emissions correspond to those reported in the indicators GRI 305-1 and GRI 305-2- Scope 1 and 2.

## 2022 Highlights

From Fundación Popular we support Grupo Popular to drive and promote the implementation of reforestation programs, in alliance with organizations from the private sector, the public sector and civil society, and with support of the Popular volunteers as well. This effort of more than 20 years allowed us to reach the goal of planting of 1 million trees in 2022, thus advancing the materialization of a commitment established for the year 2030, as we had announced with our adherence in 2019 to the Principles of Responsible Banking of the United Nations.

In addition, this year we supported the participation of the Dominican delegation in the 27th United Nations Conference on Climate Change (COP 27) that took place in Sharm el-Sheikh, Egypt. In this setting, Fundación Popular had the honor of presenting the Business Articulation Platform for Climate Action in a parallel event held in a hybrid mode.



Achievements of goals 2021

Subsidiary	Goal 2021	Compliance 2022	Justification
Grupo Popular	Plant more than 200,000 trees in different areas of the country, thus contributing to the restoration of the forest cover of various hydrographic basins, and especially that of the Yaque del Norte and Ozama rivers.	Partially achieved	In 2022, we managed to plant 187,623 trees.
Grupo Popular	Construction of two (2) artificial wetlands to contribute to the environmental sanitation of community streams whose waters flow into the Yaque del Norte River.	Achieved	In 2022 we completed the construction of the “Parque Agroalimentario Banelino” artificial wetland, located in the community of Boca de Mao, Esperanza, which will serve 600 users, and the “Buenos Aires” artificial wetland, in the community of Buenos Aires, Jarabacoa, which will benefit more than 170 people and will contribute to the environmental sanitation of La Baya stream, a tributary of the Jimenoa sub-basin.
Grupo Popular	<p>Within the framework of the Business Articulation for Climate Action project, we have proposed the three (3) following challenges:</p> <p><b>a)</b> The implementation and follow up of the recommendations of the Business articulation tables to 10 companies.</p> <p><b>b)</b> Carry out one (1) annual updated publication of the climate action guide by category of GHG sources.</p> <p><b>c)</b> Get 20 companies to register on the sustainability action registration platform.</p>	Partially achieved	<p><b>a)</b> We monitor all the companies, putting in evidence that the recommendations have been implemented.</p> <p><b>b)</b> Unachieved</p> <p><b>c)</b> In 2022, we had a total of 23 companies registered on the platform.</p>

Where are we going in mitigation and adaptation to climate change?

Subsidiary	Goals	Time frame
Grupo Popular	Support the construction of 3 artificial wetlands, for the benefit of the communities of Mao, Jarabacoa and Santiago Rodríguez	Short term (1 year)
	Support the construction of 2 micro hydroelectric plants	Short term (1 year)
	Get 50 companies to register on the RDucetuHuella platform and start reporting their emissions through this system, within the framework of the Business Articulation for Climate Action program.	Short term (1 year)

8.2 ECO-EFFICIENCY

ODS 6, ODS 7, ODS 8, ODS 13, ODS 15, ODS 17 GRI 3-3

Why is it important?

At Grupo Popular, we understand the importance of finding solutions based on eco-efficiency for our entity. We want our management to demonstrate improvements for the environment and society, considering our goals of economic growth from our efforts to improve the competitiveness of the organization from the environmental and social responsibility we have implemented over the years. Aware of the impacts of our operations on the environment, we seek the sustainable use of natural resources.

How do we manage it?

GRI 302-1, GRI 302-3, GRI 302-4

We focus our efforts of mitigating our environmental impact by:



During 2022 our total consumption of energy from renewable sources within the entity was 13,218 (MWh). This represents an increase of more than 100% compared to the previous year, thanks to a new contract that was signed for the supply of clean energy of photovoltaic origin by AES Dominicana<sup>16</sup>, which supplies energy to the Torre Popular complex that houses five business buildings.

The green energy we consume is produced by one of the photovoltaic parks of AES Dominicana, which is distributed through the Interconnected Energy System (SENI), under a supply contract whose average annual supply is 9,300 megawatts. The contract, which came into effect in January 2022, provides average estimated savings on the electric bill surpassing USD\$132,576. Moreover, thanks to the use of this sustainable energy source, Banco Popular will reduce its carbon footprint annually by 5,900 tons, equivalent to planting 592,131 trees per year.

Additionally, the work area and the commercial office that make up the Popular Tower have systems that make energy consumption more efficient, such as intelligent control and measurement of temperature and air quality, LED lighting, and monitoring of power plants and fuel consumption.

How do we evaluate it?

303-3 A 302-1, 302-2 y 302-4

We have an **Energy Management and Efficiency Center**, from where we monitor the entire electrical network of our branches and buildings, with 116 automated offices, which allows us to control and manage the usage schedule of our lighting systems, air conditioning systems with temperature and humidity sensors, monitoring of our electrical generators, fuel tanks, electrical meters, and monitoring of UPS backup systems, all remotely through the institution's internal network. All variables that impact energy consumption, the use of electromechanical equipment, and the production of photovoltaic solar panel systems are measured in real-time, with alert systems to detect faults in time and take actions that allow business continuity.

In addition, energy bills are audited by comparing them with meters within the network, ensuring that all parameters are within acceptable ranges. Our photovoltaic system is bidirectional, which means that the bank consumes a portion of its clean energy production and injects the excess energy back into the system for the benefit of Dominican homes and businesses, in accordance with the net metering regulations of the National Energy Commission. We evaluate progress in energy efficiency through monitoring energy consumption, photovoltaic production, and monthly audits of electricity billing.

Compared to 2021, in 2022 there was a 38% reduction in the total consumption of electricity from non-renewable sources. Although total energy consumption increased by 4% for the same period, energy from renewable sources increased from 13% to 42%.

Indicator	2019	2020	2021	2022
Total consumption of fuels from non-renewable sources (MWh)	246	151	2,761	3,624
Total electricity consumption from renewable sources (MWh)	4,067	4,178	3,956	13,218
Total electricity consumption from non-renewable sources (MWh)	28,892	21,536	23,272	14,405
Total energy consumption (MWh)	35,223	27,885	29,989	31,247

Note. The consumption of electricity from non-renewable sources of some properties was an estimate. The value of fuel consumption for 2021 varies from the value reported in the 2021 sustainability report because the calculation methodology was corrected. The increase in total energy consumption from 2021 to 2022 is due to an increase in the load due to the use of chillers, which began to work 2 more hours daily, in comparison to 2021. The data was obtained from electrical energy bills, the energy monitoring system and the recording of hours worked with an electrical generator. 25 special cases were identified in which the energy consumption is not transparent in the invoices, therefore the consumption is calculated by dividing the total amount of the invoice between the price per KWh of the supplier in the area. In the case of NAP Caribe, the contracted KW power is multiplied by 0.8, because the use of the contracted load was only 80% until July, for 24 hours a day and, finally, for the number of days in the month.

<sup>16</sup> AES Corporation is a multinational company that is dedicated to the generation and distribution of electrical energy with headquarters in the Dominican Republic.

Water withdrawal

GRI 303-3

Total water withdrawal had a significant variation compared to 2021 due to the conscious use of the water resource through the installation of more efficient technologies in the bathrooms of our offices. We will continue working to improve our water use efficiency.



Indicator	2019	2020	2021	2022
Total water withdrawal (megaliters)	687	315	311	259

Note: The reported total water withdrawal does not take into account withdrawal from those branches that do not have water meters. Obtaining this data was based on data obtained from electricity bills, the energy monitoring system, and the registered database of hours worked with an electrical generator. We have 25 cases that are considered special because energy consumption is not transparent on the bill. In these cases, consumption is calculated by dividing the total amount of the invoice by the price of KWh of the supplier in the area. In the case of NAP Caribe, the contracted KW power is multiplied by 0.8, since the use of the contracted load was only 80% until July, for 24 hours a day and, finally, for the number of days in the month.

Waste generation

GRI 306-1 GRI 306-2

Grupo Popular has an eco-efficiency program that involves educating and providing information to employees about sustainable consumption practices and promoting sustainable lifestyles. In addition, Banco Popular Dominicano obtained the **Gold Certification in Sustainability 3R** (reduce, reuse, recycle), with a total of 12 buildings endorsed with the highest category of this seal granted by the Sustainability 3R company and the Center for Agricultural and Forestry Development (CEDAF).

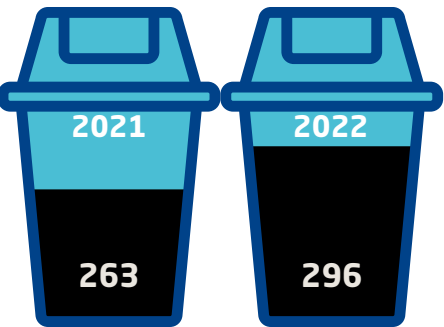


The recognition of these new sustainable offices of Banco Popular implies that each certified branch successfully implements an environmental impact management system, operates according to the principles of the 3R culture, and complies with the guidelines of the Ministries of Environment and Natural Resources and Public Works, thus aligning with the sustainable vision promoted by the organization.

This means that each building has a process for water use, maintains air quality, saves energy and fossil fuels, manages its waste properly, applies standards to preserve the health and safety of its members, and has an internal committee that ensures effective compliance with these processes, with defined goals and objectives. At Banco Popular, we promote these certifications as part of our commitment to the Principles of Responsible Banking and the United Nations Sustainable Development Goals. Specifically, these certifications address the goals included in SDGs 6, 9, 11, 12, 13, 15, and 17.

Waste generated

GRI 306-3



METRIC TONS OF WASTE

Type of waste generated	
Collected paper (Kg)	81,003.80
Collected plastic (Kg)	341.80
Collected cardboard (Kg)	3,229
Infectious waste (Kg)	4.3
Shredded cards (Kg)	121.50
“Valija” bags (Kg)	1,162
24” fluorescent tubes (units)	192
Common trash (Kg)	210,000
Total	296,054.40

Note. Waste management is the responsibility of administrators certified by the Ministry of the Environment. Recyclable waste is collected by maintenance personnel before being collected by the administrators Moldosa and Vecinos Verdes, who send a tabulation of the inputs removed for each location where the 3Rs program is implemented.





Highlights of 2022 management

In 2022, we began a new clean energy contract for the electrical supply of the Torre Popular complex, which has been crucial as we transitioned to 100% renewable consumption.

Achievement of goals 2021

Subsidiary	Goals 2021	Achievement in 2022	Justification
Grupo Popular	Make the solid waste monitoring process more efficient in all facilities.	Partially achieved	Currently, we are more efficient and continuously working to add collaborators who manage a wider range of waste.
	Increase environmental awareness among employees and suppliers regarding solid waste management, emphasizing waste reduction and, as a last resort, recycling.	Partially achieved	We are currently designing a sustainability certification for all employees of the institution. At the moment, we offer environmental talks by teams and promote with them sustainable education and awareness.
	To replicate the 3Rs culture in suppliers that do not yet have waste management programs.	Partially achieved	We have an accompanying plan for our suppliers, where they receive training and guidance through talks on recycling offered by the organization.

Where are we heading in eco-efficiency?

Subsidiary	Challenges	Time frame
Grupo Popular	Certify 10 new offices in eco-efficiency under the Sustainability 3Rs standard.	Short term (1 year)
	Minimize breakdowns in photovoltaic systems by installing electrical protection in 85% of the offices that have a photovoltaic installation.	Short term (1 year)
	Optimize the air conditioning of the Torre Popular complex through the virtualization of the METASYS application.	Short term (1 year)
	Installation of 9 ION electric meters to control and monitor the energy supplied.	Short term (1 year)
	Place water meters in 10 branches to keep track of the amount of water supplied.	Short term (1 year)



# APPENDIX

## Corporate governance, ethics, and compliance

Impact (GRI 3-3-a)	Real	Potential	Positive	Negative	People	Environment	Economy
The prevention of money laundering, terrorist financing, and the proliferation of weapons of mass destruction.		X	X		X		X
Prevention of bribery and other corrupt practices.		X	X		X		X
Building capabilities in employees and business partners.	X		X		X		

## Sustainable products and services

Impact (GRI 3-3-a)	Real	Potential	Positive	Negative	People	Environment	Economy
Promotion of clean and renewable energies.	X		X			X	
Promotion of sustainable mobility.	X		X		X	X	
Preservation of natural resources.	X		X			X	

Evaluation of socio-environmental risks of the portfolio

Impact (GRI 3-3-a)	Real	Potential	Positive	Negative	People	Environment	Economy
Identification of opportunities for improvement for customers regarding their ESG impact management.		X	X		X	X	
Channeling resources towards sectors and industries that drive the transition to a low-carbon economy or are aligned with the green taxonomy of the Dominican Republic.		X	X		X	X	X
Disincentivizing investments in sectors with negative social and environmental impact.		X	X		X	X	X
Barriers for customers to access financing if they do not meet expected requirements.		X		X			X

Digital Innovation

Impact (GRI 3-3-a)	Real	Potential	Positive	Negative	People	Environment	Economy
Automation and cost reduction in banking services.	X		X		X		X
Increased access to financial services for populations with greater limitations (e.g., rural areas with limited bank branch presence).	X		X		X		X
Customer satisfaction.		X	X		X		
Reduced interactions and travel.	X		X		X		

Cibersecurity, Information Security and Consumer Protection

Impact (GRI 3-3-a)	Real	Potential	Positive	Negative	People	Environment	Economy
Training on cybersecurity topics, targeted at customers and employees.	X		X		X		
Protection of data of our stakeholders.	X		X		X		
Timely response to cybersecurity incidents by the Security Operations Center (SOC).		X	X		X		



Inclusion and financial education

Impact (GRI 3-3-a)	Real	Potential	Positive	Negative	People	Environment	Economy
Promotion of equal opportunities in the banking system.		X	X		X		
Improvement of the quality of life of the population.		X	X		X		
Accessibility to the financial sector.	X		X		X		X
Creation of saving and investment capacity.		X	X		X		X
Greater reach to quality education.		X	X		X		X

Social investment and community development

Impact (GRI 3-3-a)	Real	Potential	Positive	Negative	People	Environment	Economy
Inclusion and generation of economic opportunities in impacted communities.	X		X		X		X
Promotion of sustainable communities.		X	X		X	X	
Access to clean water in communities.		X	X		X		
Creation of capacities for environmental sustainability.	X		X		X	X	
Strengthening of environmental responsibility in young people and businesses.		X	X		X	X	
Promotion and growth of the local economy in impacted communities.		X	X		X		X
Improvement in the quality of life of impacted communities through the reduction of illnesses thanks to water treatment and economic savings for families that benefit from biodigesters.	X		X		X	X	



Management and well-being of human talent

Impact (GRI 3-3-a)	Real	Potential	Positive	Negative	People	Environment	Economy
Comprehensive development of personnel, both professionally and personally/work-life balance.	X		X		X		
Career development within the same organization.	X	X	X		X		
Increase in employee commitment and loyalty to the organization.	X		X		X		
Promotion of inclusion and equal opportunities.	X		X		X		
Diversity in the employee workforce.	X		X		X		
Expansion of well-being strategies to the family environment, considering each employee in a comprehensive manner.	X		X		X		

Eco-efficiency

Impact (GRI 3-3-a)	Real	Potential	Positive	Negative	People	Environment	Economy
Reduction of 8,127 tons of CO2 emissions per year, equivalent to saving 834,728 trees per year through the self-generation of photovoltaic energy.	X		X			X	

Climate action

Impacto (GRI 3-3-a)	Real	Potential	Positive	Negative	People	Environment	Economy
Mitigation of climate change.	X		X		X	X	X
Contribution to adaptation to climate change.	X		X		X	X	X





# GRI

## CONTENTS INDEX

Declaration of use	Grupo Popular has prepared the report in accordance with the GRI Standards for the period between January 1 and December 31, 2022
GRI 1 used	GRI 1: Fundamentals

GRI standard / other source	Content	Location	Omission			Global compact	Relationship with sdgs
			Omission requirements	Motive	Explanation		
contenidos generales							
GRI 2: General contents 2021	2-1 Organizational Details	Grupo Popular S.A. is an economic and financial entity governed by the General Law of Commercial Companies and Individual Limited Liability Companies and its modifications. Its headquarters are in Santo Domingo, Dominican Republic and it also has operations in Panama.					
	2-2 Entities included in sustainability reporting	Grupo Popular S.A and its subsidiaries: Banco Popular Dominicano, S.A. -Banco Multiple, AFP Popular, S.A., Inversiones Popular, S.A., AFI Popular, S.A., Fiduciaria Popular S.A., Servicios Digitales Popular, S.A. Infocentro Popular, S.A., Popular Bank, LTD and Qik Banco Digital, and Fundación Popular.					
	2-3 Reporting period, frequency and point of contact	This report, including financial information, corresponds to the period between January 1 and December 31, 2022. The frequency of sustainability reports in Grupo Popular is annual and the date of publication of this report is March 2023					
	2-4 Information update	GRI 305-1 GRI 305-2 - Based on the results presented by the Brightline Institute in the Carbon Footprint Study for Banco Popular Dominicano, Scope 1 emissions correspond to 557 for 2020: 720 for 2021 and 731 for 2022. Scope 2 emissions correspond to 10,666 for 2020: 11,699 for 2021 and 7,363 for 2020. In the case of the GRI 306-3 indicator, the 2021 values were updated to metric tons since in the 2021 Sustainability Report they had been presented in kilograms.					



	2-5 External verification	The Sustainability Report has not been submitted to external verification.					
	2-6 Activities, value chain and other commercial relationships	Financial sector We have the following types of suppliers of goods and services: - Microenterprise -Small company -Large company -Physical persons The markets served are natural and legal persons from the Dominican Republic and Panama					
	2-7 Employees	The total number of employees is 8,765 as of December 31, 2022. Grupo Popular does not have employees for non-guaranteed hours, nor does it have part-time employees.					
	2-8 Workers who are not employees	While the workers are inside the Grupo Popular facilities, they are employees.					
	2-9 Governance structure and composition	This information can be viewed on the Grupo Popular website <a href="https://grupopopular.com/Pages/Gobierno-corporativo-administracion.aspx">https://grupopopular.com/Pages/Gobierno-corporativo-administracion.aspx</a>					ODS 16
	2-10 Appointment and selection of the highest governance body	Sustainability Report 2021 Grupo Popular.					
	2-11 President of the highest government body	The Chairman of the Board of Directors is not a senior Executive of Grupo Popular.					

	2-12 Role of the highest governance body in overseeing impact management	The highest government body does have the responsibility of reviewing and approving the information presented.					
	2-13 Delegation of responsibility for managing impacts	In 2021 the Sustainability and Reputation Committee was established, this is currently the highest body responsible for the organization's risk management processes in social and environmental issues. This committee reports to the Corporate Governance and Compliance Committee. This Committee guarantees compliance with the Principles of Responsible Banking and implements the policies, structures and procedures necessary for the management of the Bank's most important issues. The management committee and other employees inform the Board of Directors about the management of environmental, social and economic impacts through newsletters via email and through the annual Corporate Governance Report published on the company's website.					
	2-14 Role of highest governance body in sustainability reporting	The Board of Directors is responsible for reviewing and approving the information presented in the Sustainability Report.					

	2-15 Conflicts of interest	There are controls and mechanisms within the organization to immediately manage and mitigate conflicts of interest that may arise. The organization has a Declaration of Good Corporate Governance principles in which it indicates that one of its pillars is the management of conflicts of interest, which is published on the Grupo Popular website. The company does notify its stakeholders of the conflicts of interest of the Board of Directors <a href="https://www.grupopopular.com/SiteCollectionDocuments/Principios-gobierno-corporativo-2020.pdf">https://www.grupopopular.com/SiteCollectionDocuments/Principios-gobierno-corporativo-2020.pdf</a>					
	2-16 Com- munication of Critical Concerns	Through the conversations held with the shareholders of the company and this is channeled through a committee to support the board. Concerns raised to the highest governing body *Interest in buying new shares; *Start and end date of dividend payment; *Contact details of the Circle of Shareholders and the shareholders page; and, *Share transfer process.					
	2-17 Collective knowled- ge of the highest governance body	Through the annual Training Plan that is prepared for the members of the Board of Directors.					
	2-18 Perfor- mance eva- luation of the highest governance body	In accordance with the provisions of the Internal Regulations of the Board of Directors, this body is evaluated every two years by an external advisor and at different periods, it is evaluated internally by Corporate Governance. The recommendations derived from the evaluations are presented to the Board of Directors in order to evaluate the action plans. The recommendations are presented to the Board of Directors in order to evaluate the action plans.					

	2-19 Re- muneration policies	The company has a Remuneration policy for the Members of the Board of Directors that covers their active participation in the sessions, as well as the per diem they need to perform their duties in office.					
	2-20 Pro- cess for determining compensa- tion	The remuneration policies of the Board of Directors are not supervised by an independent member. It will be determined based on the recommendations of the Appointments and Remuneration Committee.					
	2-21 Annual Total Com- pensation Ratio	Does not apply	Literal a, b and c	Confidentia- lity restric- tions	Grupo Popular refrains from publicly presenting information on the salary ratio of the highest paid person compared to the average salary of the rest of the employees.		
	2-22 De- claration on the sustain- able de- velopment strategy	Letter from the President					
	2-23 Com- mitments and Policies	Sustainable Vision of Grupo Popular, page 19					



	2-24 Incorporation of commitments and policies	Does not apply	Literal a	Information not available	Grupo Popular does not monitor how it incorporates each of its commitments or policies for responsible business conduct in all its activities and commercial relationships.		
	2-25 Processes to remedy negative impacts	Through the Security Operations Center (SOC).					
	2-26 Mechanisms for seeking advice and raising concerns	<p>Through the “Voz del Cliente” channel, our customers can express their comments, complaints and suggestions and share their experiences. The cases received are analyzed and each client requires guidance and advice according to their case. The channels of contact for this channel are: vozdelcliente@bpd.com.do email, Voz del Cliente contact line, online chat, social networks and service measurement modules.</p> <p>Employees, suppliers and third parties can request advice and raise concerns through the Ethical Connection line through the contact line 809-544-5051 and the email conexionetica@bpd.com.do.</p>					

	2-27 Compliance with laws and regulations	Does not apply	Literal a, b, c and d	Information not available	Grupo Popular does not have information available on cases of non-compliance with the legislation and/or the value of the fines, if applicable.	Principio 3	ODS 16
	2-28 Membership of associations	Association of Industries of the Dominican Republic (AIRD), American Chamber of Commerce of the Dominican Republic (AMCHAM), The Dominican Association of Fintech Companies (ADOFINTECH), Association of Industrialists of the Northern Region (AIREN), National Association of Companies and Industrial de Herrera (ANEIH), Business Action for Education (EDUCA), National Business Support Network for Environmental Protection (ECORED), Institutionality and Justice Foundation, Inc. (FINJUS), National Council of Private Business (CONEP), National Association of Young Entrepreneurs (ANJE), National Competitiveness Council, National Association of Hotels and Restaurants (ASONAHORES), Santo Domingo Tourism Cluster, Puerto Plata Tourism Cluster, Samaná Tourism Cluster, Jarabacoa Ecotourism Cluster, Bayahibe/ La Romana Tourism Cluster , Pedernales Tourism Cluster, Constanza Ecotourism Cluster, Barahona Ecotourism Cluster, Members of the Advisory Council of the National Council on Climate Change and Clean Development Mechanism, Members of the Assemblies of the Santo Domingo and Yaque Water Funds, Members, for disposition of the Executive Power of the Presidential Commission for the Rescue of the Yaque del Norte River Basin By decree of the executive power, President of Plan Sierra.					
	2-29 Approach to stakeholder engagement	About this report, page 7					
	2-30 Collective Bargaining Agreements	Within Grupo Popular there are no collective bargaining agreements for this reason the total percentage of employees under collective bargaining agreements is 0%					

Gri standard / other source	Content	Location	Omission			Global impact	SDG relationships	Assurance
			Omission requirements	Motive	Explanation			
Material topic								
GRI 3: Material Topics 2021	3-1 Process to determine material topics	Materiality Assessment, page 7						
	3-2 List of material topics	Materiality Assessment, page 8						
Eco-Efficiency								
GRI 3: Material Topics 2021	3-3 Management of material topics	8.2 Eco-efficiency, pages 83-84						
GRI 302: Energy 2016	302-1 Energy consumption outside of the organization	Grupo Popular does not sell electricity, heating, cooling, or steam. Pages 83-84				Principle 8	SDG 6 SDG 7 SDG 8 SDG 13 SDG 15	
	302-3 Energy intensity	8.2 Eco-efficiency, pages 83-84						
	302-4 Reduction of energy consumption	8.2 Eco-efficiency, pages 83-84						
GRI 303: Water and effluents 2018	303-3 Water withdrawal	8.2 Eco-efficiency, page 85				Principle 8	SDG 6 SDG 7 SDG 8 SDG 13 SDG 15 SDG 17	
GRI 306: Effluents and waste 2016	306-1 Waste generation and significant waste-related impacts	8.2 Eco-efficiency, page 85						
	306-2 Management of significant waste-related impacts	8.2 Eco-efficiency, page 85						
	306-3 Waste generated	8.2 Eco-efficiency, page 85						

Own Indicator	Paper consumption	During 2022, the consumption of paper increased in Grupo Popular due to the return to face-to-face after the pandemic, it went from 47,803 reams of paper in 2020 to 59,863 reams of paper in 2022.						
	Recycling	8.2 Eco-efficiency, page 85						
Climate Action								
GRI 3: Material Topics 2021	3-3 Management of material topics	8.1 Climate action, pages 76-79				Principle 7 Principle 8 Principle 9	SDG 3 SDG 6 SDG 7 SDG 13 SDG 15 SDG 17	
GRI 305: Emissions 2016	305-1 Emisiones Alcance 1	8.1 Climate action, page 79. Gases included in the calculation are CO2, CH4, N2O. There are no biogenic CO2 emissions. The consolidation approach for issuances is operational control. The source of the emission factors and global warming potential (GWP) rates are: -For diesel: 0.0102 tCO2eq/gl (Source: World Resources Institute (2015)). GHG Protocol tool for stationary combustion. Version 4.1 (a))	Literal e. Rates of global warming potential (GWP) used or a reference to the source of the GWP					



		-For gasoline: 0.0086 tCO2eq/gI (Source: World Resources Institute (2015)). GHG Protocol tool for stationary combustion. Version 4.1 (a)) -For SENI electricity (EDES): 0.6131 tCO2eq/MWh (Source: ASB0047-2020 - Standardized baseline: Grid Emission Factor for the Dominican Republic - V.01.0 (b).) -For electricity isolated systems: 0.8000 tCO2eq/MWh (Source: AMS-I. F - Small-scale Methodology: Renewable electricity generation for captive use and mini-grid - Version 03.0 (c).)						
	305-2 Energy indirect (Scope 2) GHG emissions	8.1 Climate action, page 79. Gases included in the calculation are CO2, CH4, N2O. There are no biogenic CO2 emissions The consolidation approach for issuances is operational control. The source of the emission factors and global warming potential (GWP) rates are: -For diesel: 0.0102 tCO2eq/gI (Source: World Resources Institute (2015)). GHG Protocol tool for stationary combustion. Version 4.1 (a)) -For gasoline: 0.0086 tCO2eq/gI (Source: World Resources Institute (2015)). GHG Protocol tool for stationary combustion. Version 4.1 (a)) -For SENI electricity (EDES): 0.6131 tCO2eq/MWh (Source: ASB0047-2020 - Standardized baseline: Grid Emission Factor for the Dominican Republic - V.01.0 (b).)	Literal e. Rates of global warming potential (GWP) used or a reference to the source of the GWP					

		-For electricity isolated systems: 0.8000 tCO2eq/MWh (Source: AMS-I.F - Small-scale Methodology: Renewable electricity generation for captive use and mini-grid - Version 03.0 (c).)						
	305-4 GHG emissions intensity	8.1 Climate action, page 80						
	305-5 Reduction of GHG emissions	8.1 Climate action, page 80						
Management and well-being of human talent								
GRI 3: Material Topics 2021	3-3 Management of material topics	7.3 Management and well-being of human talent, pages 61-64				Principle 3	SDG 4 SDG 8	
GRI 401: Employment 2016	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	7.3 Management and well-being of human talent, pages 63-64				Principle 4		
	401-3 Parental leave	7.3 Management and well-being of human talent, pages 68-69						
403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	7.3 Management and well-being of human talent, pages 71-72						
	403-2 Hazard identification, risk assessment, and incident investigation	7.3 Management and well-being of human talent, pages 71-72						
	403-3 Occupational health services	7.3 Management and well-being of human talent, pages 72-73						

	403-4 Occupational health services	7.3 Management and well-being of human talent, pages 71-72						
	403-5 Workers training on occupational health and safety	7.3 Management and well-being of human talent, pages 70-71						
	403-6 Promotion of worker health	7.3 Management and well-being of human talent, pages 72-73						
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	7.3 Management and well-being of human talent, pages 71-72						
	403-8 Workers covered by an occupational health and safety management system	7.3 Management and well-being of human talent, pages 72-73						
	403-9 Work-related injuries	7.3 Management and well-being of human talent, pages 71-72						
	403-10 Work-related ill health	7.3 Management and well-being of human talent, pages 71-72						

<b>404: Training and Education 2016</b>	404-1: Average hours of training per year per employee	7.3 Management and well-being of human talent, pages 70-71				Principio 3 Principio 4	ODS 4 ODS 8	
	404-2: Programs for upgrading employee skills and transition assistance programs	7.3 Management and well-being of human talent pages, 62-63. We have a Retiree care program with the following benefit plan: life insurance, health insurance, loans, additional benefits for those who retire with more than 25 years of work, assignment of temporary work and projects, social and educational activities						
	404-3: Percentage of employees receiving regular performance and career development reviews	7.3 Management and well-being of human talent, pages 63-64						
<b>405: Diversity and Equal Opportunity</b>	GRI 405-1: Diversity of governance bodies and employees	7.3 Management and well-being of human talent, pages 65-66				Principle 6	SDG 5 SDG 8	
<b>Own Indicator</b>	Hiring of new employees	7.3 Management and well-being of human talent, pages 68						

Financial education and inclusion								
GRI 3: Material Topics 2021	3-3 Management of material topics	7.1 Financial education and inclusion, pages 52- 54				Principle 1	SDG 1 SDG 4 SDG 8 SDG 10 SDG 17	
GRI G4 Financial Services 2013	FS-13 Access points by type in sparsely populated or economically disadvantaged areas	7.1 Financial education and inclusion, page 54						
	FS-16 Initiatives to improve financial education by type of beneficiary	7.1 Financial education and inclusion, page 52						
Social investment and community development								
GRI 3: Material Topics 2021	3-3 Management of material topics	7.2 Social investment and community development, pages 56-58				Principle 7 Principle 9	SDG 1 SDG 3 SDG 4 SDG 7 SDG 8 SDG 13 SDG 17	
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	7.2 Social investment and community development, pages 56-58						
	203-2 Significant indirect economic impacts	7.2 Social investment and community development, pages 56-58						
Own Indicator	Hospital Universitario Maternidad Nuestra Señora de Alta-gracia- number and type of contributions delivered to the Hospital	7.2 Social investment and community development, page 58						
	Hydroelectric Power Plants Impacted -Communities Number of families benefited, and kilowatts generated	7.2 Social investment and community development, page 59						

	Community aqueducts-Communities impacted, Number of families benefited, and Impact generated	7.2 Social investment and community development, page 56				Principle 7 Principle 9	SDG 1 SDG 3 SDG 4 SDG 7 SDG 8 SDG 13 SDG 17	
	Cátedra en Responsabilidad Social Empresarial y Sostenibilidad “Alejandro E. Grullón E” graduates	8.1 Climate Action, page 78						
Digital Innovation								
GRI 3: Material Topics 2021	3-3 Management of material topics	6.4 Digital Innovation, pages 44-45						
Own Indicator	Number of affiliations to digital channels (Internet Banking and tPago)	6.4 Digital Innovation, page 45						
	Percentage of customers affiliated with digital channels	6.4 Digital Innovation, page 45						
	Number of transactions in Internet Banking and App	6.4 Digital Innovation, page 45						
	Percentage of transactions carried out through digital channels	6.4 Digital Innovation, page 45						
	Extracrédito Digital Sales	6.4 Digital Innovation, page 46						
	Consumo Digital sales	6.4 Digital Innovation, page 56						



Evaluation of socio-economic risks of the portfolio								
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	6.3 6.3 Evaluation of socio-environmental risks of the portfolio, page 42						
<b>GRI G4 Financial Services 2013</b>	FS2 -Procedures for the evaluation and detection of environmental and social risks in business lines	6.3 Evaluation of socio-environmental risks of the portfolio, pages 42-43	Numerales 2.1, 2.2, 2.3	Incomplete Information	Banco Popular Dominicano is building a SARAS, so there are no defined procedures to assess the social and environmental risks of the different lines of business, beyond what is defined by Dominican Law.		SDG 13	
	FS3 -Processes to monitor the implementation and compliance with environmental and social requirements of clients included in agreements or transactions (Commercial, non-retail banking)	6.3 Evaluation of socio-environmental risks of the portfolio, pages 42-43	Numerales 2.1, 2.2, 2.3, 2.4	Incomplete Information	Banco Popular Dominicano is building a SARAS, so there are no defined procedures to assess the social and environmental risks of the different lines of business, beyond what is defined by Dominican Law.			

Corporate governance, ethics, and compliance								
GRI 3: Material Topics 2021	3-3 Management of material topics	6.1 Corporate governance, ethics and compliance, pages 25-27					SDG 16	
GRI 205: Anti-corruption 2016	GRI 205-2: Communication and training about anti-corruption policies and procedures	6.1 Corporate governance, ethics and compliance, page 27						
Own Indicator	Number of trainings and workshops carried out on prevention of money laundering	6.1 Corporate governance, ethics and compliance, page 27						
	Number of people who were trained in the prevention of money laundering	6.1 Corporate governance, ethics and compliance, page 27						
Sustainable products and services								
GRI 3: Material Topics 2021	3-3 Management of material topics	6.2 Sustainable products and services, pages 37-40				Principle 9	SDG 16	
GRI 4: Financial Services	FS-8: Monetary value of products and services designed to provide a specific environmental benefit for each line of business broken down by purpose	6.2 Sustainable products and services, page 40						
Own Indicator	Investments in green products and services	6.2 Sustainable products and services, page 38						
Cybersecurity, information security and consumer protection								
GRI 3: Material Topics 2021	3-3 Management of material topics	6.5 Cybersecurity, information security and consumer protection, pages 48-49						
Own Indicator	Number of events monitored on the SOC per minute	1.8 million, page 49						
	Number of people trained in information security and protection	6.5 Cybersecurity, information security and consumer protection, page 50						

UNEP-FI Self-Assessment

Reporting requirements and self-assessment	High-level summary of Banco Popular’s response
<b>PRINCIPLE 1: ALIGNMENT</b> We will align our business strategy to be consistent with and contribute to the needs of people and the goals of society, as expressed in the Sustainable Development Goals, the Paris Climate Agreement, and relevant national and regional frameworks.	
<b>1.1 Business model</b>	
<b>“1.1.1</b> Please describe (at a high level) your bank’s business model, including the main customer segments served, the types of products and services provided, the main sectors and types of activities across the major geographies where your bank operates or provides products and services. Please also quantify the information by presenting, for example, the portfolio distribution of your bank (%) in terms of geographies, segments (i.e. on-balance sheet and/or off-balance sheet) or by disclosing the number of customers and clients served.”	<p>Banco Popular Dominicano is the main private equity financial institution in the Dominican Republic and the largest subsidiary of Grupo Popular, with 100% of its portfolio in the country and a total of 1,610,723 active clients.</p> <p>The Bank has a wide range of financial services and products adapted to the needs of each of our personal banking, SME banking and business and institutional banking segments, among which are:</p> <p><b>Personal:</b> credit, debit and prepaid cards (e-efectivo Móvil and Altice Peso); checking and savings accounts; personal, vehicle and mortgage loans; certificates of deposits, finances and remittances. This segment, which has 1,553,887 active clients, corresponds to 32% of the Bank’s loans.</p> <p><b>SMEs:</b> commercial loans, lines of credit, leasing, credit and debit cards, checking and savings accounts, certificates, international business (letters of credit, guarantees and guarantees, sureties, collections, international transfers, account statements via swift, market currency, currency forwards, export factoring, international references) and PayPal. The Bank has 53,838 SME clients, which make up 21% of the Bank’s loan portfolio.</p> <p><b>Business and institutional:</b> commercial loans, lines of credit, leasing, value chain financing, investment banking (mergers and acquisitions, structuring of issues of publicly offered securities, debt structuring, syndicated loans, sale and leaseback, swaps, escrow accounts, currency forwards), payments and collections, international business, business and corporate checking accounts and certificates. Within this segment, we have 2,208 business clients, 510 within Corporate Banking and 280 clients within Institutional Banking. Together, this segment represents 46% of the loans within the Bank’s portfolio, of which 15% correspond to the Business segment, 28% to the Corporate segment and 3% to the Institutional segment.</p>

1.2 Alignment of strategy	
<b>1.2.1</b> Does your corporate strategy identify and reflect sustainability as strategic priority(ies) for your bank? Yes/No	<p>Yes, Banco Popular has assumed three fundamental commitments since its charter in 1963: democratizing financial services, contributing to institutional economic development, and promoting the human growth of the country. Continuing this commitment, through the Sustainable Vision of Grupo Popular, we assume a leadership role in promoting a sustainable environment for all our stakeholders. In 2022, we updated our Sustainability Vision, defining the following pillars:</p> <ul style="list-style-type: none"><li>• Education and financial inclusion</li><li>• Environment and climate change</li><li>• Sustainable innovation</li><li>• Opportunity and development</li></ul> <p>Based on these pillars, we aim to promote a sustainable economy, provide access to quality education, generate new business opportunities taking into account environmental and social impacts, and strengthen financial inclusion. Throughout the Sustainability Report, we highlight the initiatives we have implemented to achieve our Sustainability Vision.</p>
<b>1.2.2</b> Describe how your bank has aligned and/or plans to align its strategy to be consistent and contribute to societal objectives as expressed in the Sustainable Development Goals (SDGs), the Paris Climate Agreement, and relevant national and regional frameworks.	<p>Through the Grupo Popular Sustainable Vision, we seek not only to respond to the main challenges and challenges of the region but also to contribute to the Sustainable Development Goals (SDGs) in order to align the actions of the institution with the global agenda and increase and promote positive impacts on the social, economic, and environmental fields. Our initiatives aim at education and financial inclusion, aligned with SDGs 4 and 8; environment and climate change, which have a positive impact on SDGs 7, 13, and 15; sustainable innovation, which, in addition to the mentioned SDGs, impacts SDGs 5 and 10.</p> <p>Through the PRBs, we are working to impact SDG 12. In addition, we work crosswise with SDG 17, maintaining alliances and synergies for the implementation of all our initiatives.</p> <p>Furthermore, to respond to the national commitments made in the Paris Agreement, we maintain our certification as Carbon Neutral and have different financial products that seek to promote a transition to a low-carbon economy, which are encompassed in the “HazteEco” program.</p>

<p>1.2.3 Does your bank also refer to any of the following sustainability reporting frameworks or regulatory requirements in its strategic priorities or policies for implementing them?</p> <div><input type="checkbox"/> UN Guiding Principles on Business and Human Rights</div> <div><input type="checkbox"/> International Labour Organization fundamental conventions</div> <div><input type="checkbox"/> UN Global Compact</div> <div><input type="checkbox"/> UN Declaration on the Rights of Indigenous Peoples</div> <div><input type="checkbox"/> Any applicable regulatory reporting requirements on environmental risk assessments, for example on climate risk - specific features</div> <div><input type="checkbox"/> Any applicable regulatory reporting requirements on social risk assessments, for example on modern slavery - peculiar</div> <div><input type="checkbox"/> None of the above</div>	UN Global Compact
<p><b>PRINCIPLE 2: IMPACT AND TARGET SETTING</b> We will continuously increase our positive impacts while reducing negative impacts and manage risks to people and the environment resulting from our activities, products, and services. To this end, we will establish and publish targets where we can have the most significant impacts.</p>	
<p><b>2.1 Impact analysis</b></p>	
<p><b>2.1.1</b> To demonstrate that your bank has conducted an impact analysis of its portfolio to identify the most significant impact areas and determine priority areas for goal-setting, the analysis should include the following elements:</p>	<p>By the next reporting cycle, we will be delivering our first impact analysis of the Business and Institutional Portfolio. This study evaluates the portfolio composition to identify the two most significant impact areas, using the UNEP-FI impact analysis tool. However, for the update of the Sustainable Vision and the preparation of this sustainability report, in 2022 we updated our materiality analysis under the double materiality approach, in which we evaluate issues according to their real or potential, negative or positive impact on social and environmental levels and the risks or opportunities they represent for our business performance. Additionally, we consider the perspective of stakeholders to identify impacts, risks, and opportunities relevant to them from their activities and operations.</p>

<p><b>2.1.1.a</b> Scope: The main business areas, products/services of the bank in the main geographies where the bank operates, as described in 1.1, have been considered in the scope of the analysis. Any areas that have not yet been included should also be explained.</p>	<p>Banco Popular operates nationally in the Dominican Republic. Among its main areas of business are:</p> <ul style="list-style-type: none"><li>• Personal Banking (mass banking, Premium clients, and Private banking)</li><li>• Business and Institutional Banking</li><li>• SME Banking</li></ul>
<p><b>2.1.1.b</b> Has your bank considered the composition of its portfolio (in %) in the analysis? Please describe the composition of your portfolio globally and by geographical scope.</p> <p><b>i)</b> by sectors and industries of commercial, corporate, and investment banking (e.g. sectorial exposure or breakdown by industry in %), and/or</p> <p><b>ii)</b> by products and services by customer types for the consumer and retail banking portfolio. If your bank has adopted another approach to determine the scale of the bank's exposure, please explain to show how you have considered where the bank's main activities/ businesses are located in terms of industries or sectors.</p>	<p>The first impact analysis will focus on Business and Institutional Banking, with the intention that in the medium term, we can include all areas of business. For the personal business, corporate banking, business banking, and institutional banking sectors, the percentage of loan balance by sector is as follows:</p> <ul style="list-style-type: none"><li>• Wholesale trade 16.99%</li><li>• Financial institutions 8.83%</li><li>• Real estate, rental, and business activities 8.09%</li><li>• Retail trade 8.00%</li><li>• Construction 7.96%</li><li>• Food and beverage production 7.43%</li><li>• Automobiles 7.34%</li><li>• Other manufacturing industries 5.41%</li><li>• Other community, social, and personal services activities 4.51%</li><li>• Agriculture, livestock, hunting, and forestry 3.92%</li><li>• Health-related services 3.92%</li><li>• Tourism 3.49%</li><li>• Manufacture of chemical, plastic, and rubber products 2.74%</li><li>• Textile product manufacturing 2.36%</li><li>• Activities of households (employment and domestic service contract) 1.60%</li><li>• Transportation and storage 1.45%</li><li>• Loans not identified by sector 1.32%</li><li>• Supply of electricity, gas, steam, and air conditioning 1.23%</li><li>• Publishing and printing activities 0.96%</li><li>• Education 0.72%</li><li>• Mining and quarrying 0.58%</li><li>• Postal and telecommunications 0.36%</li><li>• Repair 0.26%</li><li>• Wood and paper product manufacturing 0.16%</li><li>• Insurance 0.13%</li><li>• Manufacture of transport equipment 0.09%</li><li>• Fishing 0.07%</li><li>• Public administration and defense: mandatory social affiliation monitoring plans 0.04%</li><li>• Activities of extraterritorial organizations and bodies 0.02%</li><li>• Manufacture of leather products 0.02%</li></ul>



<p><b>2.1.1.c</b> What are your main challenges and most relevant priorities related to sustainable development in the countries/regions where your bank operates? Please describe how these elements have been considered in the impact analysis (include the stakeholders involved in determining the challenges and priorities).</p>	<p>In its latest Voluntary National Report (2021), the Dominican Republic presents multiple challenges, exacerbated by the pandemic, such as eliminating extreme poverty, improving access to decent work, quality health services, food, and continuous and safe water supply and sanitation. The report also highlights the challenge of promoting productive development, reducing inequality, increasing resilience to climate change and the capacity to respond to the impacts of natural disasters, as well as strengthening institutions. For the same report, the High-Level Political Forum prioritized 10 Sustainable Development Goals (SDGs). The prioritized SDGs include SDG 1, No Poverty, as the pandemic caused an increase and feminization of poverty, with significantly higher rates in rural areas. SDG 2, Zero Hunger, was prioritized because around 10% of the population lacks sufficient food to meet their energy needs for a healthy life. The prioritization of SDG 3, Good Health and Well-being, takes into account that health system coverage shows limited progress, faces challenges in service quality, and the maternal mortality rate and avoidable deaths in the under-five population remain high. SDG 6, Clean Water and Sanitation, was prioritized because only 54% of the population has access to water inside their homes, and only 54.4% has safely managed sanitation services. SDG 8, Decent Work and Economic Growth, was affected by the pandemic, as GDP decreased by 6.7%, with tourism being the most affected sector with a 47.5% reduction in the value-added of hotels, bars, and restaurants. In addition, the prioritization of this SDG took into account that access to the labor market between women and men and territories remains wide, and more than half of the employed population works in the informal sector. In the case of SDG 10, Reduced Inequalities, its prioritization is due to the fact that although income concentration has been reduced, the country is affected in the Human Development Index by inequality. Moreover, there are still structural development gaps between territories. SDG 12, Responsible Production and Consumption, highlights challenges of national articulation and ownership because the actors involved have lags in the effective integration of the goals set in the Sustainable Production and Consumption Roadmap. The vulnerability of the country to climatic phenomena due to its insularity and being in the path of hurricanes makes SDG 13, Climate Action, a priority objective. In the last 5 years, hurricanes, storms, and floods, disproportionately affecting the population living in poverty, directly affected approximately 11% of the population annually. SDG 16, Peace, Justice and Strong Institutions, was prioritized because institutional indicators show deterioration, mainly in terms of confidence in political parties and the perception of corruption. Finally, SDG 17, Partnerships for the Goals, is fundamental to continue strengthening international cooperation ties in the face of the need to tackle the repercussions of the pandemic and the challenges of sustainable development. Similarly, the Mainstreaming, Acceleration, and Policy Support (MAPS) report, within the framework of United Nations support to the Government of the Dominican Republic for the integration of SDGs, identified five accelerators or priority areas that, when addressed, would directly affect multiple development priorities and have a multiplier effect on SDGs. The accelerators, which must be addressed in an integrated, multisectoral, and related manner, are: low levels of multidimensional poverty, competitiveness and decent employment, sustainable production and consumption, resilient populations against climate change and other risks, and solid and inclusive state institutions. We are still in the process of constructing our impact analysis, for which we are using the UNEP-FI tool. Due to the national context and the Dominican Republic's status as an island nation and a developing country, we anticipate that mitigation and adaptation to climate change will be the two main areas of impact.</p>
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<p>Based on the impact analysis, what positive and negative impact areas has your bank identified? Which (at least two) significant impact areas did your bank prioritize to follow its objective-setting strategy (see 2.2)?</p>	<p>Taking into account the composition of our portfolio, we highlight that Banco Popular Dominicano is a market leader in tourism banking, representing 32.09% of the portfolio and 16.04% of corporate, institutional, and business clients, as well as in renewable energy, with USD\$147,616,333.33 disbursed in financing by 2020. We have identified these sectors as key in terms of the impact they generate on social and environmental issues, and through which we can make a difference.</p>
<p><b>2.1.1.d</b> Performance measurement: For these prioritized impact areas (minimum of two), has your bank identified which sectors and industries (types of financed or invested clients) are causing the strongest actual positive or negative impacts? Describe how you evaluated the performance of these, using appropriate indicators related to significant impact areas that apply to your bank's context. When determining priority areas for objective setting among your most significant impact areas, you should consider the current levels of the bank's performance. That is, qualitative and/or quantitative indicators and/or indirect indicators of the social, economic, and environmental impacts resulting from the bank's activities and provision of products and services. If you have identified climate and/or financial health and inclusion as your most significant impact areas, also refer to the corresponding indicators in the Annex. If your bank has adopted another approach to assess the intensity of impact resulting from its activities and provision of products and services, please describe it.</p>	<p>We believe that we can continue to have an impact on the tourism industry in the Dominican Republic as a cornerstone for promoting the country's development, given that the sector directly contributes 24% to the nation's GDP, being the most significant activity. Likewise, we are committed to continuing to offer financial services for renewable energy projects, with the aim of contributing to the decarbonization of the economy and promoting sustainable consumption habits. Although the energy generation sector accounts for only 1.7% of GDP, it represents more than 34% of CO2 emissions in the country, according to the latest Greenhouse Gas Emissions Inventory updated in the 2010-2017 period. Within the energy sector, electricity generation was the main source of CO2 emissions, representing 74% of sector emissions. Therefore, it can be concluded that electricity generation is one of the main contributors to CO2 emissions in the Dominican Republic. These inputs will be considered in our impact analysis and will be validated during the process of involving the various stakeholder groups.</p>

Summary of self-assessment:	
<p><b>Which of the following components of impact analysis has your bank completed to identify the areas where your bank has its most significant (potential) positive and negative impacts?</b> (Answer Yes/In progress/ No, as applicable)</p> <ul style="list-style-type: none"><li>• Scope</li><li>• Portfolio composition</li><li>• Context</li><li>• Performance measurement</li></ul>	<p>Scope: <b>Yes</b> Portfolio composition: <b>Yes</b> Context: <b>In progress</b> Performance measurement: <b>In progress</b></p>
<p><b>What are the most significant impact areas identified for your bank because of the impact analysis?</b></p> <p>Climate change mitigation, climate change adaptation, resource efficiency and circular economy, biodiversity, financial health and inclusion, human rights, gender equality, decent work, water, pollution, other: specify.</p>	<p>We are currently in the process of conducting an impact analysis. We anticipate that the most significant impact areas for the Corporate and Institutional Banking segment are mitigation and adaptation to climate change, and due to the size of the portfolio and the magnitude of the impacts, we will initially focus on the Tourism and Energy Generation sectors.</p>
<p><b>How recent are the data used and disclosed in the impact analysis?</b></p> <p><input type="checkbox"/> Up to 6 months prior to publication</p> <p><input type="checkbox"/> Up to 12 months prior to publication</p> <p><input type="checkbox"/> Up to 18 months prior to publication</p> <p><input type="checkbox"/> More than 18 months prior to publication</p>	<p>More than 18 months prior to publication.</p>

2.2 Definition of objectives.	
<p><b>2.2.1</b> Show that the bank has established and published a minimum of two specific, measurable (can be qualitative or quantitative), achievable, relevant, and time-bound (SMART) objectives. Disclose the following elements separately for each objective:</p>	<p><b>Defined goals for 2030:</b></p> <ol style="list-style-type: none"><li><b>1.</b> Plant more than one million trees Associated SDG: 13 - Climate Action</li><li><b>2.</b> Generate 4.6 megawatts/year Associated SDG: 7 - Affordable and Clean Energy</li><li><b>3.</b> Educate 150,000 Dominicans Associated SDG: 8 - Decent Work and Economic Growth</li></ol>
<p><b>2.2.1.a</b> Alignment: Demonstrate that these objectives are linked to and drive alignment and greater contribution to appropriate Sustainable Development Goals, the goals of the Paris Agreement, and other relevant international, national, or regional frameworks.</p>	<p><b>Defined goals for 2030:</b></p> <ol style="list-style-type: none"><li><b>1.</b> Plant more than one million trees Associated SDG: 13 - Climate action</li><li><b>2.</b> Generate 4.6 megawatts/year Associated SDG: 7 - Affordable and clean energy</li><li><b>3.</b> Educate 150,000 Dominicans Associated SDG: 8 - Decent work and economic growth</li></ol>
<p><b>2.2.1.b</b> Baseline: Have you determined a baseline for the selected indicators and assessed the level of alignment? Report the indicators considered, as well as the year of the baseline. If your bank has prioritized climate mitigation and/or financial health and inclusion as (one of) its most significant impact areas, it is recommended to report on the indicators in the Annex, using a general table that includes the impact area, all relevant indicators, and corresponding indicator codes (see p. 9 of the PRB - Self Assessment Template for more detail).</p>	<p><b>Defined goals for 2030:</b></p> <ol style="list-style-type: none"><li><b>1.</b> Plant more than one million trees in 2021: 837,463 trees planted</li><li><b>2.</b> Generate 4.6 megawatts/year in 2021: 3.5mW of installed capacity</li><li><b>3.</b> Educate 150,000 Dominicans in 2021: 90,665 people</li></ol>
<p><b>2.2.1.c</b> SMART Objectives: Disclose the objectives for your first and second most significant impact area. What KPI are you using to monitor progress towards achieving the objective?</p>	<p>No further information available yet</p>
<p><b>2.2.1.d</b> Action plan: What actions have you defined to meet the established objectives? Please describe. Also demonstrate that your bank has analyzed and recognized significant indirect (potential) impacts of the established objectives within the impact area or in other impact areas and has established relevant actions to avoid, mitigate, or compensate for possible negative impacts.</p>	<p><b>Defined goals for 2030:</b></p> <ol style="list-style-type: none"><li><b>1.</b> Plant over one million trees Associated SDG: 13 - Climate Action Result: by 2022, we have achieved the planting of 36,810 trees which represents a reduction of 11,779 tons of CO2. This figure achieves and exceeds the established goal with a total of 1,004,893 trees planted.</li><li><b>2.</b> Generate 4.6 megawatts/year Associated SDG: 7 - Affordable and Clean Energy Result: by the end of 2022, we have reached an installed capacity of 7.5 MW (megawatts).</li><li><b>3.</b> Educate 150,000 Dominicans Associated SDG: 8 - Decent Work and Economic Growth Result: during the closing of 2022, we contributed to the financial education of 5,600, for a total of 95,197 people impacted.</li></ol>

Summary of self-assessment	
<p><b>For your areas of highest impact, which of the following components of goal setting, in line with PRB requirements, has your bank completed or is currently in the process of evaluating?</b> (Answer Yes/In progress/No, as applicable)</p> <ul style="list-style-type: none"><li>• Alignment</li><li>• Baseline</li><li>• SMART objectives</li><li>• Action plan</li></ul>	<p>Alignment: <b>In process</b> Baseline: <b>No</b> SMART objectives: <b>No</b> Action plan: <b>No</b></p>
2.3 Implementation and monitoring of objectives	
<p>Show that your bank has implemented the actions that were previously defined to meet the established objective. Report your bank's progress since its last report towards achieving each of the established objectives and the impact that its progress had, using the indicators and KPIs to monitor the progress that you defined in 2.2. Alternatively, in case of changes in the implementation plans, describe the potential changes (changes in priority impact areas, changes in indicators, acceleration/revision of objectives, and introduction of new milestones or action plan revisions) and explain why those changes have become necessary.</p>	<p><b>Defined goals for 2030:</b></p> <p><b>1.</b> Plant more than one million trees Associated SDG: 13 - Climate Action Outcome: In 2022, we have planted 36,810 trees that equate to a reduction of 11,779 tons of CO2. This achievement surpasses the established goal with a total of 1,004,893 trees planted.</p> <p><b>2.</b> Generate 4.6 megawatts/year Associated SDG: 7 - Affordable and Clean Energy Outcome: At the end of 2022, we have achieved an installed capacity of 7.5 MW (megawatts).</p> <p><b>3.</b> Educate 150,000 Dominicans Associated SDG: 8 - Decent Work and Economic Growth Outcome: During the 2022 closing, we contributed to the financial education of 5,600 people, reaching a total of 95,197 impacted individuals.</p>

PRINCIPLE 3: CUSTOMERS (OF GOODS AND SERVICES) We will work responsibly with our customers to promote sustainable practices and enable economic activities that generate shared prosperity for current and future generations.	
3.1 Commitment to the customer	
<p><b>3.1.1</b> Does your bank have a policy or customer engagement process to encourage sustainable practices? *A customer engagement process is a support process for customers to transition their business models in line with sustainability objectives, strategically accompanying them through a variety of customer engagement channels.</p>	<p>We have implemented processes and procedures that allow us to evaluate credit applications to promote responsible relationships with our clients.</p> <p><b>1.</b> Prior to initiating any credit process, we require all necessary permits such as land use permits, public works permits, and environmental impact assessments, among others. Without these permits, we cannot proceed with the process.</p> <p><b>2.</b> We maintain a list of exclusion or prohibited credits, which details all operations or sectors for which we have no risk appetite.</p> <p><b>3.</b> We have a Credit Management Policy in place that establishes whether we have risk appetite for the credits or not. Banco Popular is in the process of creating and implementing, in the short term, an environmental and social risk management system (SARAS), in order to promote responsible relationships with clients and manage these risks.</p>
<p><b>3.1.2</b> Does your bank have a policy for sectors where it has identified the greatest (potential) negative impacts?</p>	<p>No</p>
<p><b>3.1.3</b> Describe how your bank has worked and/or plans to work with its customers to promote sustainable practices and enable sustainable economic activities. This should include information on planned/implemented actions, products and services developed, and, where possible, achieved impacts.</p>	<p>Banco Popular maintains a flow of communication with its various stakeholders, which includes annual meetings with communicators and opinion leaders, where we discuss the main local and national needs and the role of our bank in their solution. We will strengthen this process by establishing open dialogues with community leaders in the areas where we operate or where we plan to intervene. Additionally, it is planned to establish dialogue with customers in priority portfolios to receive their feedback and evaluate opportunities to improve our product offering. Moreover, we have products and services that promote the transition to a low-carbon economy, which are framed within the "HazteEco" program. This year we held a fair that connected companies and consumers to promote products such as hybrid and electric vehicles, energy-efficient appliances, among others.</p>



### 3.2 Business Opportunities

Describe what strategic business opportunities, related to increasing positive impacts and reducing negative impacts, your bank has identified and/or how it has worked on them 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 percentage of your portfolio, and which SDGs or impact areas it strives to achieve a positive impact on (e.g. green mortgages - climate, social bonds - financial inclusion, etc.).

We have identified that one of the challenges for an environmentally and socially sustainable economy is people's lack of knowledge about their role in contributing to positive impact through their consumption choices. Under this context, we have the "Hazte Eco" product portfolio with which, during 2022, we faced the challenge of gathering the offer of energy-efficient and sustainable mobility goods and offering loans for financing these goods with preferential rates, as well as communicating and promoting the available options for people to access these goods. For hybrid and electric vehicle loans, we were able to finance RD\$517MM. For solar panel loans, we were able to finance RD\$30.6MM.

#### PRINCIPLE 4: STAKEHOLDERS

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

**4.1.1** Does your bank have a process to regularly identify, consult, engage and collaborate with stakeholders (or stakeholder groups) that have been identified as relevant in relation to impact analysis and goal-setting process? Describe which stakeholders (or stakeholder groups/types) your bank has identified, consulted, engaged, collaborated, or partnered with for the purpose of implementing the Principles and improving the impacts of your bank. This should include a high-level overview of how your bank identified relevant stakeholders, what issues were addressed/achievements made, and how they were incorporated into the action plan process.

In order to understand the perspective, opinions, expectations, and concerns of our stakeholders\*, we have open channels that allow us to have constant and transparent dialogue. For more details on the channel, frequency, and topics we address with each stakeholder group, please refer to the Sustainable Vision chapter of this Report.

\*Our stakeholder groups are:

1. Shareholders
2. Customers / users
3. Employees
4. Suppliers
5. Regulators
6. Society
7. Associations

We have set out to work with our stakeholders in the medium term (2 to 3 years) in order to improve, mitigate, and prevent any possible negative impacts of our entity.

#### PRINCIPLE 5: GOVERNANCE AND CULTURE

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

##### 5.1 Governance Structure for Implementing the Principles

**5.1.1** Does your bank have a governance system that incorporates the PRB?

Describe the relevant governance structures, policies, and procedures that your bank has implemented or is planning to implement to manage significant positive and negative (potential) impacts and support effective implementation of the Principles. This includes information associated with:

- Which committee is responsible for the sustainability strategy, as well as for approving and monitoring goals (including information on the highest level of governance to which the PRB is subject).
- Details on the committee chair and the process and frequency for the board to oversee the implementation of the PRB (including corrective measures in case of missed targets or unexpected negative impacts).
- Sustainability-linked remuneration practices

Since 2021, Banco Popular has a Sustainability Committee that leads, monitors, and implements the necessary policies, structures, and procedures for managing the most important ASG issues of the Bank. Additionally, it ensures compliance with the Principles of Responsible Banking.

The Sustainability Committee includes the Bank's top executives.

##### 5.2 Promoting a Culture of Responsible Banking

**5.2.2** Describe your bank's initiatives and measures to foster a culture of responsible banking among its employees (e.g., capacity development, sustainability training for customer-facing roles, inclusion in compensation and performance management structures, and leadership communication, among others).

In 2022, we continued with our communication campaigns to inform our employees about the strategy that responds to the adoption of the Principles of Responsible Banking. Additionally, the governing body studies the trends and proposals to be developed in Banco Popular to address and respond to the impacts, risks, and opportunities in ESG.

Finally, the performance evaluation process carried out by the Board of Directors of Banco Popular Dominicano, S.A. considers indicators associated with the implementation of the Strategic Plan, which includes sustainability topics.

5.3 Policies and Due Diligence Process	
<p>Does your bank have policies that address environmental and social risks within its portfolio? Please describe.</p> <p>Describe what due diligence processes your bank has installed to identify and manage environmental and social risks associated with its portfolio. This can include aspects such as identifying significant or noteworthy risks, mitigating environmental and social risks and defining action plans, monitoring and reporting on risks and any existing complaint mechanism, as well as governance structures it has in place to oversee these risks.</p>	<p>The Bank has the Social Responsibility Policy of the Popular Group, the Environmental Policy of Banco Popular, and the Credit Management Policy.</p> <p>Commercial loan applications are evaluated and classified based on the environmental impact of the project for which financing is being requested. These will require the environmental permit and/or license granted by the Ministry of Environment, when deemed necessary according to an initial “Environmental Impact Assessment” conducted by the corresponding Contact Officer. The Credit Analysis Division certifies the resulting classification, which is responsible for determining the requirements of the project in accordance with national law.</p>
Summary of self-assessment	
<p><b>1. Does the president or another senior executive regularly oversee the implementation of the Principles through the governance system?</b></p> <p><b>2. Does the governance system include structures to monitor the implementation of PRB (e.g., includes impact analysis and goal setting, actions to achieve these goals, and corrective action processes if goals/ milestones are not met or unexpected negative impacts are detected)?</b></p> <p><b>3. Does your bank have measures in place to promote a culture of sustainability among employees?</b></p>	<p><b>1.</b> Yes, the implementation of the PRB is a topic of great importance in the Sustainability Committee. The main executives of the Bank meet in this committee to make decisions, establish goals and objectives, and monitor progress.</p> <p><b>2.</b> Yes, the Sustainability Committee proposes and approves actions and projects to comply with the PRB.</p> <p><b>3.</b> Yes, regarding other employees, the sustainability culture is promoted through internal communication, social networks, and participation in volunteer activities.</p>

PRINCIPLE 6: TRANSPARENCY AND ACCOUNTABILITY We will review the individual and collective implementation of these Principles periodically and be transparent and accountable for our positive and negative impacts and our contribution to societal goals.	
6.1 Assurance	
Has your public reporting, including your commitments on PRB, been assured by an independent third party?	Yes
6.2 Reporting in other frameworks	
<p>Does your bank report sustainability information in any of the following standards?</p> <p><input type="checkbox"/> GRI</p> <p><input type="checkbox"/> SASB</p> <p><input type="checkbox"/> CDP</p> <p><input type="checkbox"/> IFRS Sustainability Disclosure Standards</p> <p><input type="checkbox"/> TCFD</p> <p><input type="checkbox"/> Other</p>	GRI
6.3 Perspective	
What are the next steps that your bank will take in the next 12 months (particularly in impact analysis, goal setting, and governance structure for implementing the PRB)? Please briefly describe.	We are currently in the process of conducting an impact analysis using the UNEP-FI tool. In our next reporting cycle, we will deliver the results along with the goals for each impact area.
6.4 Challenges	
What challenges has your bank prioritized in addressing when implementing the Principles for Responsible Banking? Choose the top three challenges that your bank has prioritized addressing in the past 12 months (optional question).	



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## **Independent Limited Assurance Report on Key Sustainability Performance Indicators (Non-Financial Information)**

To the Board of Directors of Grupo Popular, S. A.

We were engaged by the Management of Grupo Popular, S. A. (hereinafter "Grupo Popular") to report in the form of an independent conclusion of limited assurance on Key Sustainability Performance Indicators (Non-Financial Information) prepared and presented by the Sustainability and Responsible Banking Division of Grupo Popular, that are detailed in the Annex A attached to this report, and have been included in the Sustainability Report of Grupo Popular 2022 ("the Report") for the period from January 1 to December 31, 2022.

### ***Management responsibilities***

The Management of Grupo Popular, through the Sustainability and Responsible Banking Division is responsible for the preparation and presentation of the Key Sustainability Performance Indicators included in the Report, in accordance with the Global Reporting Initiative (GRI) standards ("the Criteria"); as well as the information included in them, and to establish and maintain appropriate internal control systems from which the information subject to our review is derived.

The Management of Grupo Popular, through the Sustainability and Responsible Banking Division is also responsible for preventing and detecting fraud, and for identifying and ensuring that Grupo Popular complies with the laws and regulations applicable to its activities.

The Management of Grupo Popular, through the Sustainability and Responsible Banking Division is responsible for ensuring that the personnel involved in the preparation and presentation of the indicators are adequately trained, the information systems are duly updated and that any changes in the presentation of data and/or in the form of reporting, include all significant reporting units.

### ***Our responsibilities***

Our responsibility is to carry out a limited assurance engagement and express an independent conclusion of limited assurance based on the work performed and evidence obtained. We carry out our work in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised), "Assurance Engagements Other than Audits or Reviews of Historical Financial Information," issued by International Auditing and Assurance Standards Board, this standard requires that we plan and perform our procedures to obtain a limited assurance regarding whether, based on our work and the evidence obtained, nothing has come to our attention that causes us to believe that the Indicators contained in the Report for the period from January 1 to December 31, 2022, are not presented in all material respects, in accordance with the Criteria.

KPMG Dominicana, S. A. ("the firm") applies the International Standard on Quality Control 1 and, therefore, maintains a comprehensive system of quality control, including policies and procedures on compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.





We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality, and professional behavior.

The procedures selected depend on our knowledge and experience of the indicators presented in the Report and other circumstances of the work, and our consideration of the areas in which material errors may occur.

When obtaining an understanding of the indicators contained in the Report, and other work circumstances, we have considered the process used to prepare and present the indicators, in order to design assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing a conclusion as to the effectiveness of Grupo Popular's internal control over the preparation of the indicators presented in the Report.

Our engagement also includes assessing the appropriateness of the main subject, the suitability of the criteria used by Grupo Popular in the preparation and presentation of the indicators, assessing the appropriateness of the methods, policies, and procedures, as well as models used.

The procedures performed in a limited assurance engagement vary in nature, timeliness, and scope than in a reasonable assurance engagement, and consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained in the case of a reasonable assurance engagement.

## **Criteria**

The criteria on which the preparation of the indicators has been evaluated refer to the established requirements in the standards of the Global Reporting Initiative (GRI), which are detailed in the Annex A.

## **Conclusion**

Our conclusion has been formed based on, and is subject to, the matters outlined in this report.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusions.

Based on our review and the evidence obtained, nothing has come to our attention that causes us to believe that the indicators detailed in the Annex A attached to this assurance report, prepared by the Sustainability and Responsible Banking Division of Grupo Popular and contained in the Sustainability Report of Grupo Popular 2022, for the period from January 1 to December 31, 2022, are not prepared in all material aspects, in accordance with the Criteria.



### **Restriction of use of our report**

Our report should not be regarded as suitable to be used or relied on by any party to acquire rights against us other than the Board of Directors and the Sustainability and Responsible Banking Division of Grupo Popular for any purpose or in any other context. Any party other than the Board of Directors and the Sustainability and Responsible Banking Division of Grupo Popular who obtains access to our report or a copy thereof and chooses to rely on our report (or any part thereof) will do so at its own risk. To the extent permitted by law, we do not accept or assume any responsibility and disclaim any liability to any party other than Grupo Popular for our work, for this independent limited assurance report, or for the conclusions we have reached.

KPMG

July 12, 2023  
Santo Domingo  
Dominican Republic

## ANNEX A

The indicators considered as the object of our assurance work are the following:

GRI Standards	Topic
GRI 2-6 (2021)	Activities, value chain and other business relationships
GRI 2-7 (2021)	Employees
GRI 2-9 (2021)	Governance structure and composition
GRI 2-10 (2021)	Nomination and selection of the highest governance body
GRI 2-12 (2021)	Role of the highest governance body in overseeing the management of impacts
GRI 2-18 (2021)	Evaluation of the performance of the highest governance body
GRI 2-23 (2021)	Policy commitments
GRI 2-26 (2021)	Mechanisms for seeking advice and raising concerns
GRI 2-30 (2021)	Collective bargaining agreements
GRI 3-3 (2021)	Management of material topics
GRI 203-1 (2016)	Infrastructure investments and services supported
GRI 205-2 (2016)	Communication and training about anti-corruption policies and procedures
GRI 302-1 (2016)	Energy consumption within the organization
GRI 302-4 (2016)	Reduction of energy consumption
GRI 303-3 (2018)	Water withdrawal
GRI 306-3 (2020)	Waste generated
GRI 403-5 (2018)	Worker training on occupational health and safety
GRI 404-1 (2016)	Average hours of training per year per employee
GRI 401-3 (2016)	Parental leave
GRI 404-3 (2016)	Percentage of employees receiving regular performance and career development reviews
GRI 405-1 (2016)	Diversity of governance bodies and employees





***GRUPO POPULAR***