

# Popular

## Corporate Responsibility Policy

*Banco Popular Group*

## INDEX

1. INTRODUCTION
2. VISION, MISSION AND VALUES
3. OPERATING PRINCIPLES
4. OBJECTIVE AND POLITIC APPLICATION
5. CONTRIBUTION OF VALUE THROUGH THE MANAGEMENT OF STAKEHOLDERS
6. MONITORING AND REPORTING

## 1. INTRODUCTION

---

Harmonising business success with an action that is respectful and committed to the environment is a responsibility that Popular assumes as its own. Therefore, its action with respect to Corporate Responsibility (hereinafter CR) entails a constant innovation exercise that allows to display the content of this policy with the aim of promoting the creation of shared value, through a responsible business development.

The scope of the Corporate Responsibility Policy encompasses all Banco Popular Group entities.

The competence to review and approve the content of this policy, as well as the supervision of its compliance with the aim of ensuring that it is focused on value creation, involves the Board of Directors previous proposal to the Appointments, Governance and Corporate Responsibility Committee.<sup>1</sup>

## 2. VISION, MISSION AND VALUES

---

Popular considers that companies are major agents in the socio-economic transformation of the environment in which they operate, not only for what they do, but also for how they do it. From this point of view, economic institutions are considered to be an important factor in making the economy more dynamic, due not only to the function they perform, but also through their business model.

Based on this conviction and on its corporate culture, Popular aims to be a customer's bank, specialised in SMEs, whose management model is implemented for individuals, being able to provide solutions tailored to every need. To carry out this vision, it sees its mission being an economic group characterized by its excellence, integrity and responsibility in the provision of financial services and in the creation of added value for its shareholders.

Maintaining its focus on service quality, profitability and efficiency, Popular conducts its business with the utmost respect for the corporate values and management principles which allow it to continue to enjoy the confidence of its stakeholders. Banco Popular Group comprises not only Popular and its subsidiaries, but also all stakeholders that contribute to its progress and that are considered to be an integral part of the Group and influence the development of the banking activity as a significant part of its structure.

---

<sup>1</sup> Approved the 25<sup>th</sup> of November 2015. Last revision done the 20<sup>th</sup> of December 2016.

## VISION

- To be a customers' bank, specialising in SMEs, able to provide solutions tailored to every need.

## MISSION

- To be an economic group characterized by its excellence, integrity and responsibility, in the provision of financial services and in the creation of added value for its shareholders.

## VALUES

- Proximity
- Integrity
- Quality of service
- Rigour
- Commitment
- Efficiency

Thus, based on the vision, mission and values that constitute the corporate culture of Popular, it has been defined this policy in order to strengthen the Bank's business model in a sustainable management of the resources and responsible for the environment in which it operates.

### 3. OPERATING PRINCIPLES

---

The Corporate Responsibility Policy is set in alignment with the rest of policies and standards established by the Group, these are the following:

- The Risk Appetite Framework
- The Code of Good Tax Practices
- The Security Policy of Information Systems
- Advertising Code of Conduct
- Code of Conduct for Suppliers
- Environmental Policy against Climate Change

Thus, the performance in terms of CR develops following the guidelines of the Corporate Governance Model and, in particular, the Code of Conduct, that regulates the responsible behaviour of all the Group's professionals in the development of their business activity, which has its previous expression in the Stylebook, where the principles and regulations of the Bank have been established over the years.

The implementation of this policy is carried out based on the following operating principles, giving out a sustainable and responsible action with its environment:

- Promotion of Good Governance and adequacy to the best practices in this area
- Compliance with the existing regulation in the areas where the Group has presence, as well as the voluntary commitments related to CR
- Provide added value to the business through a responsible development of the activity
- Integrated management of the environmental, social and good governance risks
- Actively listening to the expectations of stakeholders and their integration into the business model
- Commitment to the social and environmental development

- Communication in a transparent and truthful manner about the economic, good governance, social and environmental performance of the Group

Furthermore, Popular is a signatory company to the United Nations *Global Compact*, thereby ratifying that its activity is carried out in accordance with the ten principles established by this initiative on human rights, labour, environment and fight against corruption. Additionally, the Entity undertakes to integrate into the Corporate Responsibility strategy the 17 Sustainable Development Goals (SDGs).

#### 4. OBJECTIVE AND POLITIC APPLICATION

---

The primary objective of Popular Corporate Responsibility Policy is the creation of tangible and intangible shared value by carrying out the Bank's activity in a responsible manner, taking into account the expectations of stakeholders and managing business risks and opportunities of the environment.

For that purpose, the CR Master Plan "*Horizonte 2020*" (*Horizon 2020*) has been defined as a road map that allow the Entity Corporate Responsibility strategy to be rolled out through a multiannual programme encompassing all of its business management. The lines of action defined within this Plan cover practically all of the Bank's areas of activity and are divided into the following dimensions:

- **STRUCTURAL DIMENSION:** the implementation of this policy in an integrated manner in the organizational structure of the Entity, encourages the proper function of the CR function, providing decision-making bodies, resources and tools that streamline the performance of Popular in this area. The objectives identified with this dimension are:
  - Development of the CR function in a transversal and integrated manner into the entire organisation
  - Identify and manage the stakeholders expectations
  - Promote transparency in terms of accountability
  - Boost the dynamism of the CR supporting different initiatives in this area
- **ECONOMIC AND GOOD GOVERNANCE DIMENSION:** the alignment of the action on Corporate Responsibility with business strategy allows to generate an added value that affects both the Bank stakeholders and the environment in which it operates. Thus, Popular maintains its commitment to carry out its activity in a responsible manner, integrating the Corporate Responsibility principles in its unique and differentiating business model. The objectives identified with this dimension are:
  - Prioritise Good Governance and regulatory compliance
  - Link shareholders and investors with the CR strategy
  - Encourage a management focused on clients

- Promote the responsible development of the activity
  - Encourage innovation and continuous improvement
  - Connect the supply chain with the CR strategy
- **SOCIAL DIMENSION:** the importance given to human capital management by Popular demonstrates the correlation between the professionalism of its Human Resources with the success of the Entity, as well as the Bank's commitment with the social environment in which it is present. The objectives identified with this dimension are:
    - Strengthen a continuous professional development model taking into account the business model, the corporate culture and the adaptation to the environment
    - Ensure equal treatment and opportunities for men and women
    - Reconcile personal and family lives of its employees
    - Encourage the creation of shared value
- **ENVIRONMENTAL DIMENSION:** respect and preservation of the environment is not only a goal to achieve for Popular, it is also a concrete way to proceed and to develop its activity. In line with the principles established in the Environmental Policy against Climate Change, the Bank is focused on minimize the environmental footprint generated by its business activity by achieving the following objectives:
    - Make an efficient use of resources, reducing environmental impact and the costs of consumption
    - Reduce the emissions generated, promoting measures to achieve zero direct emissions and reducing sensitively indirect emissions
    - Optimal waste generation management, minimizing its production and promoting reuse and recycling
    - Demonstrate the commitment to the environment supporting various initiatives in this area

## 5. CONTRIBUTION OF VALUE THROUGH THE MANAGEMENT OF STAKEHOLDERS

---

The Group has built its business culture based on the performance of its activity in a responsible manner and is committed to all those individuals and societies that in some way influence or are influenced by the Bank's activities and which contribute to its progress ,i.e., its stakeholders.

Based on the characteristics of each of them, the Group establishes various communication channels in order to foster dialogue and encourage the participation of the different stakeholders. Furthermore, it also establishes the following objectives and specific practices to answer their demands:

- **Shareholders and investors**
  - Promote equal treatment and facilitate the participation of shareholders
  - Communicate relevant corporate and economic information in a transparent manner
  - Strengthen the relationship established with shareholders by offering non-economic value associated with CR
- **Clients**
  - Encourage the banking and the financial accessibility for groups at risk of exclusion
  - Provide a close and personalised service, enhancing service quality and clients satisfaction
  - Provide information in a transparent and truthful manner
  - Ensure the safety and security of operations
- **Employees**
  - Contribute to their capabilities through training and professional development
  - Attract and retain talent
  - Promote equality and diversity
  - Encourage work-life balance
- **Suppliers**
  - Ensure equality of opportunities, accessibility and transparency in the management of the supply chain
  - Promote and demonstrate responsible action with suppliers
- **Analysts**
  - Transmit relevant economic and non-economic information for the analysts to the market in a transparent manner
  - Establish a fluid and stable relationship with analysts
- **Regulatory bodies**
  - Ensure compliance with regulations in each of the Bank's areas of action
  - Try to anticipate regulatory trends to optimise the Group's position
  - Maintain a collaborative attitude, participating with regulatory bodies to contribute to maximising the benefit of regulations for all stakeholders
- **The media**
  - Manage communications in a changing environment, with impacts on the Bank's activity and reputation
  - Encourage a permanent interaction with the media
  - Promote an instantaneous and immediate interaction with the digital community, through social networks and the online world

- **Society**
  - Create shared value in a direct and indirect way
  - Encourage the social and economic integration of groups with specific needs
  - Collaborate with agents promoting socio-economic development activities
  - Participate in forums and associations associated with business and the Corporate Responsibility
  - Encourage corporate volunteering among employees of the Group and their social network
  - Preserve and care for the environment

## 6. MONITORING AND REPORTING

---

The Corporate Responsibility Office is in charge of boosting and keeping track of the correct application of the CR strategy as a transversal element of the entire organisation. Furthermore, reports on progress as following:

- Biannually to the Appointments, Government and Corporate Responsibility Committee, the body with overall responsibility to propose to the Board of Directors the setting of the Group's Corporate Responsibility strategy as well as for approving the objectives set for each year. Notably, the Chairwoman of the Appointments, Government and Corporate Responsibility Committee is Counselor Coordinator of the Board of Directors.
- Biannually to the Management Committee through the head of the Corporate Responsibility Office, with the aim of promoting the integration of these issues in the business strategy and monitoring the organisation's performance in this area.

In this way, the involvement of the highest executive level in the control and monitoring of the CR strategy is guaranteed, which ensures the alignment of the decision making in terms of CR with the internal policies and standards of practise that govern in the Group.

Finally, Popular is committed to provide transparent information in accordance with the applicable regulations and the international reference standards (e.g. *International Integrated Reporting Council*, *Global Reporting Initiative* and *Global Compact*, among others) on non-financial performance through the Integrated Report and its website, as well as any other considered appropriate to fulfil this commitment.

For that, it relies on the Information System CR (IS-CR), a tool that has been set up as a dashboard that makes it possible to extract up-to-date, detailed information from the economic, good governance, social and environmental performance of the Group, providing the measurement and regular monitoring of the progress made regarding the key performance



indicators defined. Its proper function, as well as the accuracy of the data is internally supervised by a specialised team.

Likewise, Popular collaborates with independent external auditors to perform a complementary work of verification and assurance of the financial and non-financial information given, ensuring the reliability of information provided to analysts, investors and other stakeholders.

# Popular