

Popular

Environmental Policy to fight against Climate Change

Banco Popular Group

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1. INTRODUCTION

Climate Change is one of the main environmental and social challenges of the 21st century. The use of fossil fuels has led to a considerable increase of greenhouse gases emissions that have accelerated the global warming.

Banco Popular, in line with its corporate culture and in accordance with its Vision, Mission and Values, approves this policy¹, committing itself to participate actively in the fight against climate change, promoting the awareness of its stakeholders and carrying out the specific actions in the prevention, protection and conservation areas, through a global approach to action.

2. ALIGNMENT WITH OTHER NORMS AND STANDARDS ASSUMED BY THE GROUP

The Environmental Policy to fight against Climate Change is aligned with the other policies, standards and action plans established by the Group, as well as with the main international commitments undertaken, such as:

Internal scope:

- **Code of Conduct for Employees**
- **Code of Conduct for Suppliers**
- **Corporate Responsibility Policy**
- **CR Master Plan - Horizon 2020**, which establishes two action dimensions according to the environmental performance: internal and external. The internal Environmental Dimension has the purpose of reducing and managing the environmental footprint derived from the Group's activity, meanwhile the external Environmental Dimension has the purpose of showing the Bank's commitment with the preservation of the environment.
- **Eco-efficiency Plan 2014-2020**, as the cornerstone of the internal Environmental Dimension, which has the objective of establishing the actions to develop in the Group to minimise the environmental footprint which boosts business development.

International scope:

- **United Nations Global Compact**
- **United Nations Sustainable Development Goals**
- **Equator Principles**
- **Carbon Disclosure Project**

3. OPERATING PRINCIPLES

The implementation of this policy establishes the following operating principles:

- Attempt to **compliance with the legislation**, regulation and environmental norms applying to their activities in the areas which it work, as well as other voluntarily commitments taken on by the Group on this issue.

¹ Approved by the Appointments, Government and Corporate Responsibility Committee the 20th of December 2016.

- Integrate the environmental concerns in the **global management of the organisation** in such a way that, through a cyclical process of planning, implementation, review and continuous improvement of the procedures and actions carried out during the performance of its activity, ensuring the compliance with the objectives and targets established in the Eco-efficiency Plan and in its periodical reviews.
- Apply the principles and **good environmental practices** throughout its value chain, paying particular attention to the following aspects:
 - Saving and sustainable use of **resources**
 - Application of **efficiency and energy saving** criteria
 - Efficient management and use of **water**
 - Impulse **green purchase** policies
 - Minimization and segregation of **waste** and promotion of **recycling**
 - Reduction and compensation of **emissions**
- Prevent acts of pollution, improving continuously the identification and **management of environmental risks and opportunities** and gradually implementing the most appropriate improvement measures.
- To favour the development and commercialisation of **products that have a special environmental benefit**, such as the financing of projects that promote renewable energy infrastructures both nationally and internationally.
- Impulse, as far as possible, the development and diffusion of **environmentally-friendly technologies**.
- Collaborate with initiatives orientated to the fight against **Climate Change**, as well as promote the participation in forums and meetings related to the topic.
- Support the development of projects and initiatives that favour **circular economy**.
- Make this environmental policy available to all interested parties, developing the **means and communication channels to inform and engage in dialogue** with them.

4. RELATIONSHIP WITH STAKEHOLDERS

The scope of this policy encompasses all of the Group's entities. Banco Popular Group is comprised not only of Popular and its subsidiaries, but also of all the stakeholders that contribute to its progress and that are considered an integral part of it, influencing the development of banking activity as a relevant part of its structure.

Therefore, Banco Popular is committed to transmitting the importance of upholding responsible environmental behavior to the different stakeholders, through communication and awareness raising, paying particular attention to:

- **Employees:** making them involved in this policy and the need to develop their work in a respectful manner with the environment, as well as prioritising the training and dissemination of information on the matter.

- **Clients:** disseminating the environmental commitment of the Group, implementing actions to reduce the carbon footprint generated by business development and promoting the definition of environmentally responsible products and services.
- **Analysts and sustainability investors:** dealing with their requests for information on environmental and climate change issues.
- **Supply chain:** extending the diffusion of this policy, transmitting the importance of compliance of the environmental norms by suppliers and including environmental requirements in the selection and evaluation processes.

5. MONITORING AND REPORTING

The Corporate Responsibility Office is in charge of coordinating and supervising the Group's environmental performance as a transversal element of the entire organisation. Likewise, biannually it reports on the progress achieved:

- To the **Board of Directors** previous proposal to the **Appointments, Government and Corporate Responsibility Committee**, which is the governing body responsible for establishing Corporate Responsibility strategy and, therefore, the Group's performance in environmental matters.
- To the **Management Committee**, with the purpose of favouring the integration of these issues in the business strategy, as well as monitoring the performance of the organisation in the matter.
- To the **Environmental Committee**, in charge of the management and supervision of the correct development of this environmental policy.

In this way, this ensures the involvement of the highest decision-making bodies in the control and monitoring of the environmental strategy and the fight against climate change.

Lastly, Popular is committed to providing transparent information on its environmental performance through the Integrated Report and its website, as well as any other channel deemed appropriate to comply with this commitment.

Likewise, Popular collaborates with independent external auditors to carry out complementary work to verify and ensure environmental information, thus ensuring the reliability of the information offered to analysts, investors and other stakeholders.

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