



CORPORATE SUSTAINABILITY REPORT 2019



A MESSAGE FROM OUR CEO

I am pleased to share Popular's first Corporate Sustainability Report, which highlights our corporate sustainability and responsibility efforts. Popular's commitment to our customers, our people and our communities is an integral part of our culture and how we conduct our business. That commitment inspired the founding of our company 126 years ago and, while we have evolved with the times, that commitment is currently stronger than ever. It is reflected in the daily actions of our more than 8,500 colleagues.

We are proud of our tradition as a responsible corporate citizen. We are also aware that local and global challenges facing our communities today require more deliberate action from everyone, including the private sector. As we prepare to publish this report, the COVID-19 global pandemic has exposed the fragility of our economic and social systems and the need for greater collaboration. I am hopeful that it will also reveal what we can accomplish when we come together in pursuit of a common goal. At Popular, we acknowledge our responsibility and are actively working to assist our employees, customers, and communities through these unprecedented times. I have no words to express my gratitude to our colleagues for their efforts, commitment, and bravery under very difficult circumstances.

Looking ahead, meaningful change will only come about if the private sector works collaborating with the public and non-for-profit sectors to address these challenges as systematically as it manages its businesses. I believe there is an opportunity for Popular and others to lead constructive dialogues and develop innovative solutions for the benefit of all stakeholders.

To this end, in 2019 we embarked on a process to formalize our priorities regarding environmental, social and governance (or ESG) practices. As part of this undertaking, we will embed ESG considerations in our decision-making process, establish specific targets, track our progress and communicate our results regularly and transparently. We are committed to this effort, convinced that continuous improvement in sustainability-related areas provides the foundation for the long-term success of our company and our ability to deliver value to all our stakeholders.

This report, which is intended as a complement to our annual report and proxy statement, summarizes our efforts in 2019 and some highlights from previous years. We are currently conducting an in-depth assessment of our efforts in several areas and look forward to sharing additional information and progress.

We enter this new phase of our sustainability journey keenly aware of our responsibility and grateful for the privilege we have as a company to make a difference in the lives of our customers, colleagues and communities.



Ignacio Alvarez,
President and Chief Executive Officer
Popular, Inc.



ABOUT THIS REPORT

Popular's vision is to provide an excellent customer experience by offering financial solutions that meet our clients' needs in a simple way. This report illustrates how we bring this vision to life through our business, corporate citizenship activities and performance. Recognizing our responsibility as a major employer and economic presence in most of our markets, we want our corporate sustainability efforts to reflect not just our economic footprint, but also our commitment to society, the environment, and our employees.

Our last publication on related matters was Popular's Corporate Social Responsibility Report, published in 2018, which covered our progress and activities during 2017. This refocused report should be reviewed alongside the 2019 Popular Annual and Proxy Reports, which provide additional facts, figures, and analyses about our operations. While this Corporate Sustainability Report contains an explanation of our approach to managing a range of environmental, social, and governance topics, additional corporate information can be found on our corporate websites www.popular.com and www.popularbank.com and on our corporate foundation website www.fundacionbancopopular.org.

POPULAR'S COVID-19 RESPONSE:

We are here for our customers, colleagues and community

Supporting Our Customers

- Providing essential banking services, while protecting the health of our customers and employees
- Offering a wide array of digital services, waiving certain fees and relaxing limits on selected transactions to promote the use of channels that are a convenient and safe alternative to branch visits
- Operating 70% of our branches, emphasizing the use of drive-throughs
- Offering payment relief for mortgage, personal and auto loans, credit cards and commercial loans
- Helping our business customers take advantage of federal assistance under the new CARES Act, including the SBA Paycheck Protection Program (PPP)

Caring for Our Employees

- Continuing to pay our employees, even when they are home and unable to work
- Offering a special payment of \$1,000 to front-line employees working on-site and whose annual base salary is less than \$75,000
- Implementing alternative work arrangements for more than half of our employee base
- Leveraging our internal health clinic and eliminating copays for COVID-19 tests and visits to emergency rooms
- Extending health plan coverage to new hires who are still on probation period
- Promoting the emotional and physical wellbeing of all employees, offering services such as the Employee Assistance Program and live online physical fitness and mindfulness courses

Backing Our Communities

- Establishing a \$1 million fund to complement ongoing business efforts
- Donating personal protective equipment (PPE) to medical personnel and supporting local data and research projects related to COVID-19
- Supporting small and medium businesses through donations to nonprofit partners that provide guidance, coaching and emergency grants and offering virtual workshops in relevant areas such as financial planning, customer acquisition through social media and the management of human resources in a virtual environment
- Offering a simple online financial education module that allows individuals to assess their situation and provides guidance and tools
- Supporting non-profit organizations to ensure the continuity of their services through emergency grants and investing in their technological capacity to allow them to offer their services remotely when possible

Financial Performance Snapshot

ABOUT POPULAR

Popular, Inc. (NASDAQ: BPOP) is a diversified, publicly owned financial holding company. It is the leading financial institution by both assets and deposits in Puerto Rico and ranks among the top fifty U.S. bank holding companies by assets. The institution’s operations include:

Banco Popular de Puerto Rico (BPPR)

Founded in 1893, Banco Popular de Puerto Rico (BPPR), Popular’s principal subsidiary, provides retail, mortgage and commercial banking services in Puerto Rico and the U.S. and British Virgin Islands. Popular also offers in Puerto Rico auto and equipment leasing and financing, investment banking, broker-dealer and insurance services through specialized subsidiaries.

Popular Bank

Popular Bank, Popular’s New York-chartered banking subsidiary with branches in New York, New Jersey and Florida, provides retail, mortgage and commercial banking services.

Year ended December 31	2019	2018
FINANCIAL RATIOS		
Return on Average Total Assets	1.33%	1.33%
Return on Average Common Equity	11.78%	11.39%
Average Tangible Common Equity	13.43%	13.03%
Net Interest Margin	4.03%	4.01%
Net Interest Margin - FTE	4.43%	4.34%
Efficiency Ratio	60.02%	59.55%

Selected Financial Information (Dollars in millions, except per share data)	2019	2018
Net Income	\$671.1	\$618.2
Total Revenue	\$2,461.6	\$2,387.4
Total Revenue - Fully Taxable Equivalent	\$2,648.4	\$2,528.5
Non-Interest Expense	\$1,477.5	\$1,421.6
Total Assets	\$ 52,115.3	\$47,604.6
Loans	\$27,466.1	\$26,559.3
Deposits	\$43,758.6	\$39,710
Total Shareholders’ Equity	\$6,016.8	\$5,435.1
Common Shares Outstanding	95,589,629	99,942,845
Full-time Equivalent Employees	8,560	8,474

Per Common Share	2019	2018
Net Income - Basic	\$6.89	\$6.07
Net Income - Diluted	\$6.88	\$6.06
Total Revenue - Fully Taxable Equivalent	\$1.20	\$1.00
Market Price	\$58.75	\$47.22
Book value	\$62.42	\$53.88
Tangible Book Value	\$55.10	\$46.90

2019 Highlights

ESG

- \$3.3 million awarded in corporate donations in Puerto Rico, the United States, and the Virgin Islands.
- \$3 million granted in philanthropic donations through our foundations in Puerto Rico and the United States.
- Opened a full-service branch in Virgin Gorda, British Virgin Islands, becoming the only financial institution with a presence on the island.
- 177 financial education workshops offered to 6,105 participants in Puerto Rico.
- \$845 million provided in Small Business Loans and \$457 million in Community Development Loans in Puerto Rico.
- \$36.5 million provided in Small Business Loans and \$80 million in Community Development Loans in the United States.
- Installed photovoltaic system at 28 branches and five corporate facilities.
- 18 electric vehicle charging stations installed in our branches and facilities.
- \$15.7 million capital investment towards the 2020 inauguration of two combined heat and power systems that will power buildings and crucial data systems with efficient, reliable energy.
- 67% of Popular's entire workforce is female with 57% of managerial positions and 27% of executive positions held by women.
- 78% of Popular's workforce in Puerto Rico and 65% in the U.S. made voluntary monetary contributions to Popular's foundations through recurring payroll deductions.

TECHNOLOGY AND INNOVATION

- The Puerto Rico Information & Technology Cluster recognized Popular's Robotic Process Automation (RPA) program with the IT Project of the Year award.
- Popular's Eloan, an online consumer lending platform, was recognized as one of FinTech Americas Top 25 Most Innovative Bankers of FinTech Americas.
- Increased functionality in our online banking platform, MiBanco, enabling current non-transactional customers to make their mortgage and auto loan payments using accounts from other banks.
- Implemented Cash Rewards, a new card product that allows cash back redemption through Mi Banco web and mobile applications.
- Added the Reverse Positive Pay feature to MiBanco Commercial, a fraud protection service for commercial clients in which they can view incoming checks.
- Launched Push Notifications in the MiBanco mobile application which enable users to set up push notification alerts directly in their app. Alerts included are balances, payments, transfers, and changes in personal information.
- Celebrated our first internal Innovation Champion Hackathon to promote the exchange of ideas to develop best practices and innovative solutions for existing business challenges.
- Developed a Resource Center at Popular.com to enhance customer experience by creating an easily searchable repository of self-service tools, educational content, frequently asked questions, guidelines and terms and conditions, among others.



Robotic Process Automation IT PROJECT OF THE YEAR

“Since our inception about one and half years ago, the RPA team has always tried to create a strong foundation for our bots using innovation, best practices and strong controls, while being agile at the same time. This prize is the result of a great team effort and collaboration of each one of the members of the RPA team as well as the citizen developers.”

Federico Montanana, Manager, Employee Excellence



2019 Highlights

COMMERCIAL BANKING

- Recognized with the SBA Gold Award for financing the highest number of guaranteed loans among local banks in Puerto Rico.
- Provided financing for the purchase of cranes to modernize Puerto Rico's port system, which will help improve the island's maritime import and export capacity.
- Continued supporting post-hurricane reconstruction efforts both in Puerto Rico and the Virgin Islands through the approved financing for the Bitter End Marina and Hotel in Virgin Gorda, among other efforts.
- StartUp Popular, a unique financing and coaching program designed for startups, achieved a portfolio of more than \$2MM and has to date supported over 100 clients. Our local clients continue to grow and succeed and, are even beginning to expand their offering outside of Puerto Rico.
- In the U.S., we continued expanding our specialized business segments of condominium association banking and healthcare lending.

CONSUMER BANKING

- New branch concept in Puerto Rico launched as a Digital Hub at The Mall of San Juan. The space promotes our digital offerings and provides customer education on how to maximize their use.
- Since 2018 we have been testing how technology can improve our customer's in-branch experience. Popular now has six branches with digital registers and quick service stations which help streamline logistics and reduce wait time.
- We continue striving to offer better services to our customers and provide them more convenient options for their everyday transactions. Easy Deposit (done through ATMs) now accounts for 52% of all deposits received at Popular branches.
- 28 branches received physical upgrades that included the installation of photovoltaic systems, LED bulb replacements, and stormwater retention systems to make them more energy efficient and resilient in the case of a natural disaster.
- Increased functionality of the Mi Banco mobile application now allows customers to open an E-Account through the app.

Sound Governance

Our Board of Directors believes that high standards of corporate governance are an essential component of strengthening our corporate culture and embedding our institutional values in our day-to-day business operations.

BOARD OF DIRECTORS STRUCTURE



AUDIT COMMITTEE

Assists the Board in the oversight of:

- The outside auditors’ qualifications, independence and performance
- The performance of Popular’s internal audit function
- The integrity of Popular’s financial statements, including overseeing the accounting and financial processes, principles, and policies, the effectiveness of internal controls over financial reporting and the audits of the financial statements
- Compliance with legal and regulatory requirements

CORPORATE GOVERNANCE AND NOMINATING COMMITTEE

Is responsible for:

- Exercising general oversight with respect to the governance of the Board
- Identifying and recommending individuals qualified to become Board members and recommending director nominees and committee members to the Board
- Reviewing and reporting to the Board on matters of corporate governance and developing and recommending to the Board a set of corporate governance principles applicable to Popular
- Leading the Board and assisting its committees in the annual assessment of their performance
- Recommending to the Board the form and amount of compensation for Popular’s directors
- Overseeing the corporation’s approach to environmental, social and governance (ESG) matters and how the corporation advances sustainability in its business and operations

RISK MANAGEMENT COMMITTEE

Assists the Board in the oversight of:

- Popular’s capital plan
- Popular’s major financial risk exposures and the steps taken by management to monitor and control such exposures
- Popular’s overall risk management framework
- The monitoring, review and approval of the policies and procedures that measure, limit and manage Popular’s main risks, including operational, liquidity, interest rate, market, legal, compliance and credit risks










TALENT AND COMPENSATION COMMITTEE

Discharges the Board’s responsibilities, relating to:

- Compensation of Popular’s CEO and all other executive officers
- Adoption of policies that govern Popular’s compensation and benefit programs
- Overseeing plans for executive officer development and succession
- Overseeing, in consultation with management, compliance with federal, state and local laws as they affect compensation matters
- Considering, in consultation with the CRO, whether the incentives and risks arising from the compensation plans for all employees are reasonably likely to have a material adverse effect on Popular and taking necessary actions to limit any risks identified as a result of the risk-related reviews
- Reviewing and discussing with management the “Compensation Discussion and Analysis” section for Popular’s annual proxy statement in compliance with and to the extent required by applicable law, rules and regulations

Sound Governance

SUMMARY OF BOARD COMPETENCIES

										
International Business Experience	●	○	●	○	●	●	○	●	●	●
Technology, Information Security and Cybersecurity	●	○	○	○	○	○	○	●	●	○
Business Operation Experience	●	●	●	●	●	●	●	●	●	●
Senior Management & Leadership Experience	●	●	●	●	●	●	●	●	●	●
Public Company Knowledge	●	●	○	○	○	●	●	●	●	○
Audit and Risk Oversight Experience	●	○	○	○	○	●	○	●	●	○
Financial Services, Investment and M&A	●	●	○	○	○	●	○	●	○	○
Understanding of Popular's Main Geographic Markets	●	●	●	●	●	○	●	○	○	●

DIRECTOR INDEPENDENCE

Popular's Corporate Governance Guidelines provide that at least two-thirds of the Board shall consist of directors who the Board has determined have no material relationship with Popular and who are otherwise "independent" under the director independence standards of NASDAQ. The Board, with the assistance of the Corporate Governance and Nominating Committee, conducts an annual review of any relevant business relationships that each director may have with Popular and whether each director meets the independence standards of NASDAQ. The Board has determined that all of its directors, except for Messrs. Carrión and Alvarez, have no material relationship with Popular and meet the independent standards of NASDAQ. The Board has also appointed a Lead Director which the Board has determined is independent.

DIRECTOR COMPENSATION

The Corporate Governance and Nominating Committee engaged Meridian Compensation Partners, LLC, to perform an analysis of the Corporation's non-employee director compensation. Compensation was compared to nineteen peer banks, all publicly traded companies similar in asset size to the Corporation. After considering peer practices and various compensation structures and upon recommendation of the Corporate Governance and Nominating Committee, the Board unanimously approved the following director annual compensation program:

REVISED COMPENSATION	Amount
Equity Grant	\$125,000
Chairman Retainer	\$150,000
Retainer	\$75,000
Lead Director Equity Grant	\$25,000
Audit and Risk Management Committee Chair Retainer	\$20,000
Talent and Compensation and Corporate Governance and Nominating Committee Chair Retainer	\$15,000

Cybersecurity

SAFEGUARDING CUSTOMER ASSETS IN THE DIGITAL AGE & DATA PRIVACY

At Popular, cybersecurity is one of our principal service priorities. Our Corporate Security Group’s main goal is to safeguard the information and assets entrusted to our care and to maintain the trust and confidence of our stakeholders. The fair, ethical and lawful collection, utilization and processing of personal and financial information of businesses and consumers is of paramount importance to the way we do business. As Popular embarks in digital transformation initiatives, and as the business context continues to evolve, we are committed to safeguarding the confidentiality, integrity and availability of our clients’ data. Our teams regularly execute thorough identification, detection and response strategies for a variety of potential fraud and cybercrimes scenarios.

Managing cybersecurity risks is a top risk management objective, and to such end, Popular conducts regular information security risk assessments and has internal controls in place to prevent, and promptly detect and remediate any information security breach. We work to continuously enhance and strengthen our security measures against new and emerging threats to ensure we keep our customers’ and employees’ data secure. We employ:



Additionally, we continue to add tools and capabilities to combat these risks, as cybersecurity and data privacy will remain areas where we heavily invest in to keep the company and our customers safe.

EMPLOYEE PREPAREDNESS



RESPONSIBLE SOURCING

Our commitment to fostering diversity and inclusion also extends to our diverse supplier base. We actively seek certified women-owned and minority-owned businesses to provide them fair and equitable opportunities to compete to become Popular’s service providers. To that end, we have established alliances with organizations that certify the qualifications of eligible firms.

Our Procurement team also continuously educates Popular employees who have procurement instead of contracting duties about our [Supplier Diversity Policy](#), as well as the Corporation’s related initiatives and efforts.

In 2019, Popular sponsored the Puerto Rico Minority Supplier Development Council’s (PRMSD) Business Opportunity Exchange. This conference seeks to connect corporate purchasing entities with local minority businesses. As a recurring sponsor, Popular is proud to support PRMSD’s vision of creating a business environment that fosters access for growth and sustainability of minority certified suppliers in Puerto Rico.



Our Environmental, Social, and Governance Framework

As a financial services company operating in various geographies, Popular manages a broad range of ESG efforts. In 2019 we underwent a structured process to formalize our ESG strategy and identify its pillars, which included interviews with a variety of internal and external stakeholders, as well as considerations of third-party standards such as the Sustainability Accounting Standards Board (SASB). This report focuses on those areas that we identified as most relevant to our business and of most interest to our stakeholders.

Our ESG priorities help define how Popular delivers responsible growth and contributes to its local economies. They also reflect our values and allow us to not only hold ourselves accountable for our progress, but also to create new business opportunities and success stories with our clients and communities.

ESG VISION

Since our founding, doing what is right has been an integral part of who we are. Today, Popular continues to be an active partner in the creation of a more sustainable and prosperous world for future generations – through our core service offerings and in the way we operate.



COMMUNITY

We strive to improve the social and economic well-being of our employees, customers, and communities.

- Practicing inclusive banking
- Leveraging technology to increase access to financial services
- Providing robust financial education
- Accelerating entrepreneurship
- Creating opportunities through youth education



ENVIRONMENT

We endeavor to create a more sustainable future.

- Reducing the environmental impact of our operations
- Actively promoting sustainable finance
- Bolstering the resilience of our communities and employees and aiding them when disaster strikes
- Taking ESG impacts into consideration in lending processes



OUR PEOPLE

We aim to be a great place to work.

- Building a performance-based culture that values diversity and inclusion
- Fostering transparency and accountability
- Investing in talent development and career advancement opportunities
- Promoting employee wellness
- Encouraging employee engagement and volunteerism



Community

The future of our company is inextricably tied to the prosperity of the places where our employees and customers live and work, which is why one of Popular's core objectives is to improve the economic well-being of our employees, customers, and communities. Popular is committed to making communities in Puerto Rico, the United States and the Virgin Islands more inclusive and resilient through our community development, investments, philanthropy and volunteer efforts.

As we look to create a lasting impact in our communities, we want to make significant, long-term, data-driven investments that leverage our firm's expertise, capital, data, technology and presence.

Supporting Inclusive Growth

Inclusive growth occurs when more people share in the rewards of a growing economy. We believe that financial access is key to achieving inclusive growth and is an important catalyst in the fight to end poverty and boost shared prosperity. Driven by this belief, we are committed to designing convenient and simple solutions to help our clients meet their financial goals, whatever those may be.

SERVING LOW AND MODERATE-INCOME CUSTOMERS

At Popular, we work to help people achieve a more secure financial life for themselves and their families. For vulnerable populations, this means furthering our efforts to increase access and remove barriers to success through affordable housing, small business lending and neighborhood revitalization.

We’re also convinced of the importance of being physically present in a neighborhood. Our extensive network of branches ensures that we are close by to meet our clients’ needs.

Even though according to the U.S. Census Tracts only **28%** of Popular branches in Puerto Rico are located in Low-Moderate Income (LMI) areas, Popular’s accessibility in Puerto Rico is unrivaled, with an extensive physical network consisting of **164 branches**, with

presence in **76** of the **78** municipalities. In **44 municipalities**, Popular is the only commercial bank present. It’s important to point out that in Puerto Rico there are many places where low-income areas run adjacent to high-net worth areas, and this context requires that we look beyond traditional LMI designations to broader accessibility criteria. For example, many of our branches are in public spaces such as shopping centers and supermarkets that help provide a higher ease of access to diverse populations.

BRANCHES IN LMI AREAS



2019 COMMUNITY DEVELOPMENT LOANS

Community Services	\$ 1,016,983,000
Economic Development	\$ 547,593,000
Revitalization and Stabilization	\$ 364,339,000
Affordable Housing	\$ 189,690,000

PROMOTING HOME OWNERSHIP FOR FIRST-TIME BUYERS

Expanding access to mortgage loans is an essential step to achieving economic inclusion and bridging the wealth gap. Through the Federal Home Loan Bank of New York’s First Home Club and Homebuyer Dream Programs, in Puerto Rico Popular offers Pronto Popular, a program aimed to help moderate income families purchase their first home.

In 2019, Popular Mortgage closed thirty-one loans with a total loan amount of \$2,372,767. The average mortgage loan amount was \$76,500.

184
AFFORDABLE
HOUSING
UNITS CREATED



Popular Community Capital

Popular Community Capital, LLC (PCC) is a Banco Popular de Puerto Rico subsidiary, created and certified in 2015 as a Community Development Entity (CDE) by the U.S. Treasury’s Community Development Financial Institutions Fund (CDFI Fund). PCC’s mission is to provide capital investment to businesses or projects located in, or that will directly benefit, Low-Income Communities (LIC), primarily in areas where Popular has a presence.

Since 2017, PCC has obtained two New Markets Tax Credit (NMTC) allocations, totaling \$120 million, of which it has completed the allocation of \$103 million in NMTC’s, and is currently deploying approximately \$33 million in remaining allocations. PCC financed Qualified Active Low-Income Community Businesses (QALICBs) include non-real estate Qualified Low-Income Community Investments (QLICI), real estate owner occupied and real estate QALICBs that are leasing retail space to third party tenants.

- PCC invests in projects that:**
- Create meaningful employment opportunities with access to job training and placement services in areas of high distress and high unemployment rates
 - Spur economic development
 - Bring key community goods and services
 - Are in areas impacted by economic distress or impacted by natural disasters in Puerto Rico and the U.S. Virgin Islands
 - Are in high Latino population communities in New York and Florida

PCC focus areas include education, tourism, healthy foods, mixed-use projects, manufacturing, and healthcare. Some of PCC past projects include:

FINANCING COMMUNITY



Make the Road New York (MRNY): PCC provided a \$9 million allocation for the construction of a new 24,000 square foot Community Center for MRNY, which is New York’s largest immigrant-led community-based organization working at the grassroots level to defend and organize immigrant communities. PCC’s allocation was critical for the construction of the new Community Center which will allow MRNY to expand its services to the community.

YMCA of South Florida: PCC provided a \$4 million allocation for the construction of a new 30,000 square foot YMCA Community Center in South Florida. The project will serve 1,850 children, 6,954 youth, and 18,746 adults annually. Services include affordable after-school care, summer camps, youth sports, swim classes, and adult health programs. The project is expected to provide social and education services to approximately 71,000 persons annually.



para la Naturaleza

SUPPORTING PUERTO RICO’S ECOLOGICAL RECOVERY

Para La Naturaleza (PLN): PCC provided a \$10 million allocation to PLN, a non-profit minority-led entity based in Puerto Rico leading environmental conservation and historic preservation. The \$10 million allocation supported PLN’s working capital expenses by allowing the organization to expand its service areas of tourism and education. One of PLN’s main goals is to ensure that 33% of Puerto Rico’s natural ecosystems are protected by 2033. The New Market Tax Credits are allowing PLN to leverage recovery efforts to foster resilience and increase sustainability for their organization and the communities they serve.

35
NEW JOBS

196
JOBS RETAINED

80,000
VISITORS

PCC’S SMALL REVOLVING LOAN FUND

PCC also provides small loans or QLICIs of up to \$2 million to local Puerto Rican businesses in the areas of tourism, healthcare, and manufacturing at better-than-market rates and terms. Some examples include:

Productos La Aguadillana: (Aguadilla, PR): PCC closed a \$1.7 million Qualified Equity Investment (QEI) in December 2018 to a food manufacturing family-owned business to install a 770kw power system that will lower monthly operating costs by \$19,500. This business employs approximately 80 individuals, in a low-income area with a 45.20% unemployment rate and 42.4% poverty rate.

CDI Laboratories: (Mayagüez, PR): PCC closed a \$781,000 QEI in August 2019 for working capital for a manufacturing and development business to produce antibodies (generation, purification, validation, and assay development). CDI Laboratories is creating 133 new jobs within 4 years.

POPULAR, INC. 2019 CORPORATE SUSTAINABILITY REPORT

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Tech for Inclusion

Financial inclusion helps empower people. At Popular, we employ technology to promote financial inclusion by creating innovative solutions that are accessible and fit seamlessly into people’s daily lives. We believe that the best banking solutions are those that are purpose-built to help our clients.

We strive to provide our customers with new financial products that are enabled by mobile technology and based on an understanding of their needs and capacities in a safe, convenient, and simple way.



BROADENING ACCESS


As technology continues to evolve, Popular remains committed to investing in digital initiatives that help drive financial inclusion so our clients can live better lives. The Mi Banco online platform offering includes the only checking account in Puerto Rico that is completely online. **Our e-account provides the following:**

- Can be opened through the Mi Banco web page or mobile app
- All transactions can be made online
- \$0 opening balance
- \$0 minimum monthly balance

We continue striving to offer better services to our customers to give them more convenient options for their everyday transactions. Easy Deposit (a service offered through ATMs or the mobile app) now account for 52% of all deposits received at Popular branches.



“Technology enables everything we do, and in banking it’s a powerful tool for inclusivity. At Popular we are constantly innovating with our customers in mind, working to expand access to safe and affordable products and services.”



Camille Burckhart
Executive Vice President and Group Manager, Innovation, Technology and Operations, Popular, Inc.

TECH FUND FOR SOCIAL CHANGE

Fundación Banco Popular's Tech Fund for Social Change, launched in 2019, aims to support Puerto Rico's nonprofit organizations in the design and use of technological tools that improve and amplify access to services and information to facilitate social transformation. Through an initial \$30,000 seed investment, four local nonprofits are receiving personalized long-term support to develop dynamic digital systems that will allow them to efficiently manage information about their participants and employees.

Popular's Technology team is an important ally of the Tech Fund in terms of employee engagement and funding; profits from the sale of Popular decommissioned equipment is reinvested in the Tech Fund. There is also an educational component to the initiative which seeks to highlight the reality that unequal access to technology means inequality of opportunities, participation and the ability to advocate for issues that concern us as citizens and as members of a community.



D-CODING U

Seeking to promote and leverage strategic alliances that result in positive community impact, our Digital Strategy Division's Innovation Team began an educational collaboration with Puerto Rico's Universidad del Sagrado Corazón (USC). Each semester since August 2018, Popular's Digital Strategy team has worked alongside professors from USC's Studio Lab to impact the lab's students by providing workshops, mentoring, and guidance in topics such as agile methodology, strategic thinking and presentation best practices, skills that will not only help them in developing a technology-related solution that solves a real business need but that will also be required from them in today's workplace.

So far technologies such as video game development, augmented reality and virtual reality have been used to address topics like financial education, customer satisfaction measurement and personal lending. In addition to providing Popular an opportunity to impact these students' lives, this alliance also allows us to identify future talent and, to date, one of the program's prior participants has joined Popular as a digital designer in the Mi Banco team.



Fueling the Power of Small Business

Strong communities go hand-in-hand with strong local businesses. Small and medium-sized businesses are the heart of our economies and at Popular we're proud to support a diverse set of entrepreneurs who are working towards a better future. We are committed to offer the best solutions for our commercial clients, no matter their size. In 2019, our various lines of business provided over \$43 million in loans secured by the federal Small Business Administration, in comparison with \$33 million in 2018.

LOANS TO SMALL BUSINESSES



STARTUP POPULAR

StartUp Popular is a unique program designed to promote entrepreneurship, stimulate economic development and support local businesses in Puerto Rico with the development of new ideas.

StartUp Popular has three main components:

Financing of proven business ideas that have been operating for less than two years, **Coaching** and **Networking**.

Financing works on a proposal basis and loans range from **\$2,000** to **\$50,000**. StartUp Popular clients are entitled to complimentary business coaching during the term of the loan, or while they participate in the program.

StartUp Popular also hosts networking events as an opportunity for customers to connect, learn from each other, and make alliances.



Participants receive coaching on topics based on their business needs, including:

- Accounting
- Sales
- Business Development
- Exporting
- Marketing
- Human Resources





In 2012 Popular launched the Echar Pa’Lante (EPL) movement in Puerto Rico with the mission of convening and uniting diverse sectors that believe that the formula for a prosperous and successful country is based on hard work, education, discipline, and productivity.

EPL promotes entrepreneurship through innovative projects that encourage and open new possibilities for the future of Puerto Rico. Its philosophy is that only with the collective effort of all the sectors of society will we be able to weather current socio-economic challenges.



The most critical aspects of this movement are the strengthening of the education system and the growth of entrepreneurship.

FOLLOWING THE PRINCIPLES OF COLLECTIVE IMPACT INITIATIVES, EPL FOCUSES ON THREE STRATEGIES:

1 BUILD THE MOVEMENT
A COALITION OF ACADEMIA, ENTERPRISE & GOVERNMENT

Echar Pa’lante identified worldwide experts and leading practices and established a strong and cohesive think tank that not only serves as an advisory board, but also develops the strategies, models of systems and programs that guide the alliance’s efforts.

The alliance counts with a strong team led by the Presidents of the seven largest universities of the island.



2 BUILD CAPACITY
THROUGH RESKILLING AND UPSKILLING OUR WORKFORCE

With the help of the International Council for Small Business (ICSB), EPL designed a certificate program to train college professors, school directors and teachers, and to support practitioners who are developing the entrepreneurship systems and our new entrepreneurs.

The goal is to train a critical mass that will then train and support the rest of their peers and the population at large.

For the second year in a row, ICSB recognized EPL at its World Congress and committed to supporting the Enterprising Island initiative.



3 BUILD SYSTEMS
TO STIMULATE ENTREPRENEURSHIP AND INNOVATION

EPL strives to build systems at the school, college and community levels. At the school level, Puerto Rico’s Department of Education adopted EPL’s system to transform schools into enterprising communities. Efforts also started island-wide orientation and training of private high schools with the support of the Private Schools Association.

As a result, over 50,000 K-16 students are being impacted annually through all efforts, and all the participating universities are establishing systems to stimulate entrepreneurship within their campuses and supporting efforts in the surrounding community.



Certificates Earned in Entrepreneurship and Innovation

606
UNIVERSITY PROFESSORS

3,000
SCHOOLTEACHERS AND DIRECTORS

243
SMALL BUSINESS SUPPORT NETWORK MEMBERS AND GOVERNMENT OFFICIALS

Grants and Sponsorships in Support of Small Businesses

Through corporate donations, Fundación Banco Popular grants, and sponsorships, Popular awards each year a total of over \$250,000 among these organizations dedicated to supporting small business.

GRUPO GUAYACÁN

A private nonprofit founded in 1996, Grupo Guayacán combines private equity investment with a series of programs aimed at developing, strengthening, and advancing Puerto Rico’s entrepreneurial ecosystem. Since 2016, Popular has donated to Grupo Guayacán in support of their principal programs: I-Corps Puerto Rico, EnterPrize Competition, Guayacán Venture Accelerator and the Guayacán Fellowship Program.



Startups Impacted	2,400
Jobs Created	7,200+

GRAMEEN BANK

Founded by Nobel Peace Prize recipient Muhammad Yunus, Grameen America is dedicated to helping women who live in poverty build small businesses to create better lives for their families. In 2013, Popular, along with other local organizations, was instrumental in bringing Grameen America to San Juan, Puerto Rico with the mission of providing income-generating loans, access to no-fee and no minimum balance savings accounts, credit building, and financial education services to entrepreneurial women living in poverty.

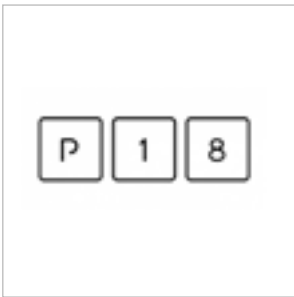


As of 2019, Grameen America has helped more than 3,500 low-income women access capital in Puerto Rico and has invested over \$5.3M in women-owned small businesses. As the organization’s main partner in Puerto Rico, since 2012 Popular has supported Grameen’s start-up fund, through which it provides affordable micro-loans to financially empower low-income entrepreneurs.

Number of Members	3,509
Number of Loans Disbursed	9,240
Repayment Rate	92.89%
Total Jobs Created or Maintained	3,684
Average Loan Size	\$1,300
Total Disbursements:	\$12,055,000

PARALLEL18

Part of the Puerto Rico Science, Technology and Research Trust, Parallel18 is an economic initiative that aims to attract and create high-impact startups that can scale globally from Puerto Rico. The program chooses up to 40 companies, twice per year, and offers them a \$40,000 grant, a five-month acceleration curriculum and access to contacts and investors to help them scale beyond the island while working to position Puerto Rico as a unique hub for innovative business and technology.



Startups impacted from Puerto Rico and around the world 242

ENDEAVOR

Focused on the development of global entrepreneurship, Endeavor impacts over 1,800 entrepreneurs around the globe every year. In 2019, Popular invested in Endeavor’s Regional Retreat in San Juan, P.R. This event launched the organization’s Caribbean market, which promises to support the economic development of Puerto Rico through entrepreneurship.



Personal Financial Growth

We believe that financial literacy is a crucial tool to help people achieve their long-term goals. Teaching children how to save, learning about credit, and family finances are just some of the topics covered in our proprietary Finanzas En Tus Manos program.



FINANZAS EN TUS MANOS

Finanzas en tus Manos is our financial education program designed for all audiences from primary and secondary schools to universities, individuals, business owners, and corporations. Program participants learn strategies, solutions, and tools via free workshops designed specifically for each life stage and offered by specially trained Popular employee volunteers.



CREDIT BUILDER

For our customers in the United States who need help building their personal credit, Popular Bank offers **Credit Builder**, a savings product that serves as collateral for our Credit Builder Loan. A hold is placed on the savings product until the loan amount is paid back in full. Once the loan has been repaid, the hold is removed, and the customer has access to the entire savings balance along with the interest earned.

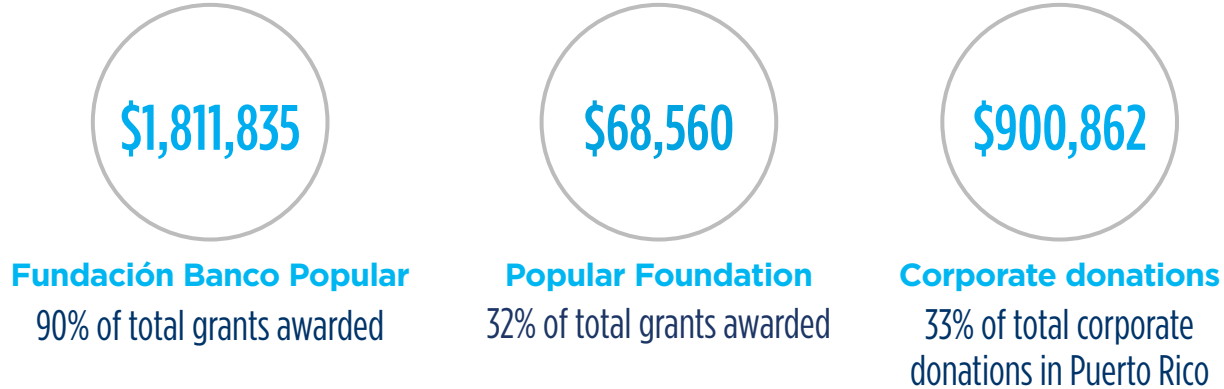


2,277 OPENED CREDIT BUILDER ACCOUNTS

Creating Opportunities Through Youth Education

We consider education to be an indispensable pillar of a just and prosperous society. That is why we dedicate **\$2.8 million**, a considerable portion of our philanthropic investments to support organizations and projects that promote educational excellence as well as access to quality education.

GRANTS DESTINED TO EDUCATION PROGRAMS



FUNDACIÓN BANCO POPULAR

Fundación Banco Popular was created in Puerto Rico in 1979 as a private nonprofit corporate foundation with the purpose of improving the quality of life of all Puerto Ricans. Consistent with its mission, Fundación Banco Popular provides support to nonprofit organizations that promote education and community development programs. We firmly believe that it is through our support to nonprofit organizations that we are going to help alleviate Puerto Rico’s most pressing social problems.

Popular employees are a central part of our foundation’s work. The in-kind support and knowledge provided by employees that are part of the Board of Directors or key volunteers at each of our nonprofit partners have proven to be equally if not more important than our financial contributions.

In 2019, Fundación Banco Popular invested 90% of its grantmaking program’s budget in grassroots nonprofit organizations that helped improve the academic performance, social conducts and interpersonal relations of students who live in vulnerable environments with very low income.



Fundación Banco Popular’s vision has evolved through its experience of working hand in hand with the organizations it supports. These organizations are not only our grantees, they are our partners and allies in our mission to improve the quality of life of Puerto Ricans.



During our time as funders, we have also learned that financial backing alone is not sufficient, which is why in recent years, Fundación Banco Popular has moved to support organizations that seek to make changes in or establish new public policies. Moreover, we have expanded our grant making program to support local organizations with the analysis and production of public interest data regarding the state of children, families and public education in the island.

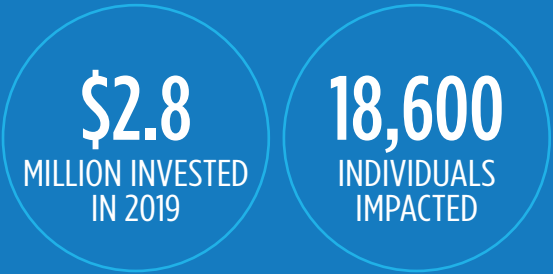
Moving forward, our vision is to support organizations as implementing partners to improve educational outcomes as well as to continue developing proprietary models that complement the work of our grantees. Examples of these are:

- Casa de Niños Popular
- Puerto Rico Center For Arts and Technology
- Big Ideas Challenge

Our Focus Areas in Education:

- Arts Education
- Tutoring
- Mentoring
- Special Education
- Alternative Education
- Scholarships
- Teacher Training

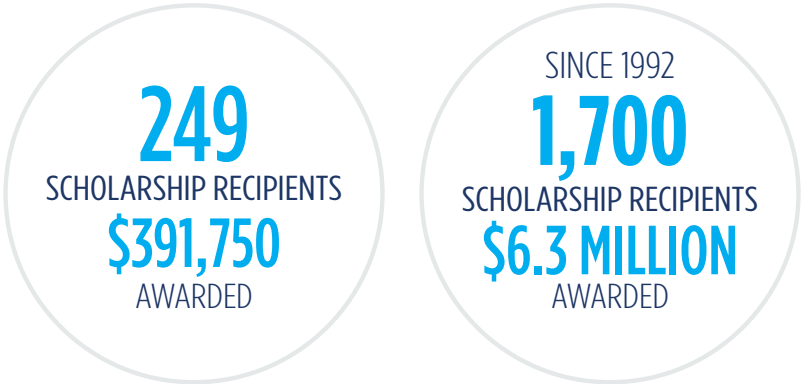
Proprietary programs	\$265,000
Grants to nonprofit organizations	\$2,016,925
Employee programs	\$400,000
Strategic impact partnerships	\$165,000



RAFAEL CARRIÓN, JR. SCHOLARSHIP FUND



The Rafael Carrión, Jr. Scholarship Fund was established at Fundación Banco Popular in 1992 after the passing of Banco Popular’s long time President and CEO. His lifelong dream had been to help supplement the cost of post-secondary education for the children of Popular employees and retirees. Students need to demonstrate academic excellence, financial need and a genuine interest in their academic and professional development to be eligible for the scholarship.



POPULAR FOUNDATION

In the United States, Popular Foundation was established in 2004 with the mission of strengthening the social and economic well-being of the communities we serve.

To date, the Popular Foundation has awarded over **\$2.5 million dollars** to grass-roots organizations throughout the regions the bank serves in the United States, in the areas education, financial literacy, and community development. The Foundation promotes the involvement of its employees in the community, requiring that all grantees have an active employee liaison. In addition, grant-making decisions are based on the recommendations of the Region Evaluation Committees that are composed of Popular employees.



IN 2019, THE POPULAR FOUNDATION INVESTED **\$213,920** IN **27** NONPROFIT ORGANIZATIONS

CASA DE NIÑOS POPULAR

The Casa de Niños Popular, or Popular Children’s House (PCH), is a nonprofit Montessori pre-school founded in 2016 and powered by Banco Popular with the goal of providing the highest quality education to the children of Popular employees, as well as to children of nearby communities. PCH’s objective is to promote social justice by creating and promoting an educational pre-school model that enables access to a high quality education for historically underrepresented low income families and by offering a competitive remuneration to its staff.



CORPORATE DONATIONS

In addition to the grants provided by our corporate foundations in Puerto Rico and the United States, Popular also awards corporate donations to nonprofit entities in the areas of education, economic development, arts and culture, that aim to improve the quality of life of the communities we serve. Corporate donations in 2019 reached **\$3.3 million**.





Environment

We are privileged to live and work in some of the most beautiful places on Earth. As climate change continues to bring about precarious effects around the planet, it has become undeniably clear that the private sector must do its part to address this problem. Today, it is incumbent upon us to protect the land in which we live and the sources of clean water that nourish us and make life possible. As a corporation, we are eager to learn how we can improve the way we operate to make a positive impact.

OUR FOOTPRINT

Change begins at home. Our Corporate Real Estate Division works to ensure that Popular is continuously improving our physical operations by considering and managing our impact on the environment in the areas where we operate.

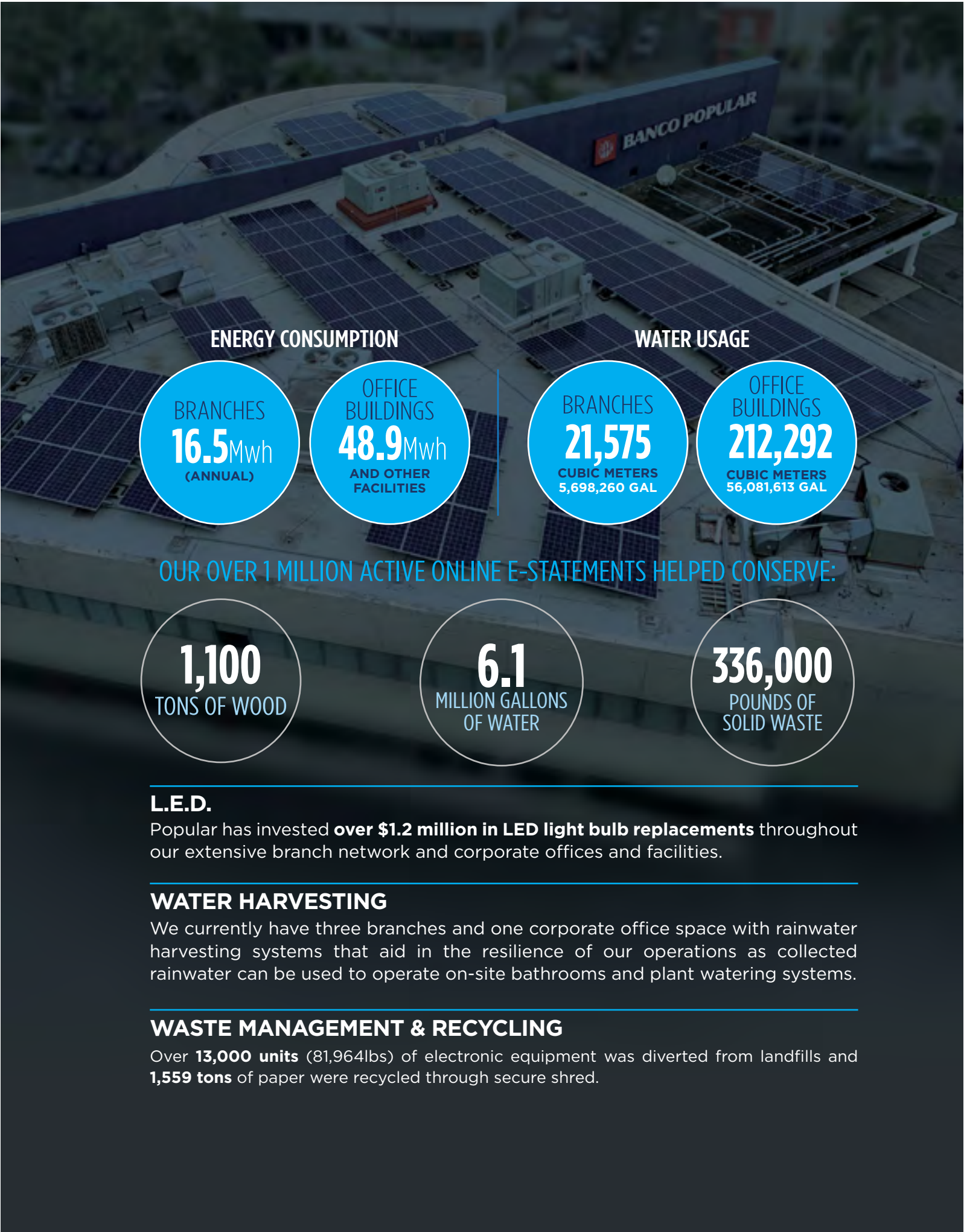
A significant part of being a responsible corporate citizen is being transparent about where we are and where we aim to be. Recognizing our effort towards continuous improvement, we commit to disclose Popular’s environmental data on a yearly basis.

Improving the Efficiency of Our Operations



The natural disasters of the past several years have taught us hard-earned lessons about how much we depend on the wellbeing of our environment and the resilience of our physical infrastructure. During the past several years, Popular has invested over **\$3 million** in installing photovoltaic systems at **28 branches and five corporate facilities and office buildings**, providing a significant share of the average branch’s energy needs from clean, renewable sources.

Since 2017, Popular has been working to install cleaner on-site energy in its main corporate facilities in Puerto Rico. Working with direct input in the design and construction process, and with a capital investment of **\$15.7 million**, in 2020 we will bring into service two Combined Heat and Power (CHP) electricity generation plants. These two plants will power Popular buildings and crucial data systems with efficient, reliable energy, reducing overall operation costs as well as our carbon footprint. Combining CHP with solar energy efforts will reduce our dependency on the traditional energy grid and will move us towards a more efficient, resilient, and sustainable future.



WORKING TOWARDS A LOWER CARBON ECONOMY

Conscious of the interdependency of the ecosystems in which we operate and wanting to play a more active role in the communities in which we live and serve, during 2020 we will be reviewing all commercial credit processes, policies and guidelines to ensure that the social and environmental impacts of proposed projects are taken into account in the credit-awarding process.



Residential Solar Financing

Since 2018, Banco Popular offers clients a new solution to help finance loans for use in energy-efficiency home upgrades. loans. The Eco-Mortgage offers clients the option to include energy efficiency improvements to their home mortgage.

Supporting Renewable Power

Between 2018 and 2019 we approved 25 commercial credit loans for projects that use renewable energy, amounting to \$5.75 million.

BOLSTERING RESILIENT COMMUNITIES

Being headquartered in the Caribbean, the past several years have taught us not just the importance but also the immense value of having resilient communities.

Following the onslaughts of Hurricanes Irma and María in 2017, Fundación Banco Popular and Popular Foundation launched Embracing Puerto Rico, a fundraising campaign focused on providing relief and supporting the recovery efforts of the most affected communities. Over \$6.1 million were raised from corporate and individual donors, including the initial contribution of \$1 million from Popular, Inc.

Embracing Puerto Rico delivered immediate relief such as food, water, cleaning and construction materials, and temporary shelter to the most vulnerable in the first two months after the disaster, helping close to 35,000 families.

During the intermediate phase of stabilization, we supported projects that helped affected communities by providing access to clean water, solar energy, and primary health services. Conscious of the significant impact such disruption could have on school-aged children and youth, we partnered with education nonprofits to help get kids back to school and learning. To help jump-start Puerto Rico’s economic recovery, we partnered with a local nonprofit to provide emergency grants to small businesses.

Now, in the long-term impact stage, we are supporting projects that will help rebuild Puerto Rico, Through the Puerto Rico Big Ideas Challenge, the first ever social innovation competition, we are fueling community-based organizations to re-imagine, re-think, re-define, and co-create solutions to our most pressing social challenges that were unveiled after the hurricanes.



Lending a Hand in The Bahamas

Having acquired hard-earned knowledge about the importance of responding quickly after disaster strikes, when Hurricane Dorian made landfall in the Bahamas in 2019 we set up the fundraising campaign Embracing the Bahamas.

ORGANIZATIONS IMPACTED:

- Bahamas Red Cross
- Direct Relief
- Haití se pone de pie
- Team Rubicon
- HeadKnowles Foundation
- World Central Kitchen





Our People

The spirit, commitment, and knowledge of our people have made Popular the company it is today. We employ over 8,500 people in Puerto Rico, the Virgin Islands, and the United States. Their wellbeing and that of their families is of utmost importance to us and we strive to provide a gratifying and meaningful work experience for everyone.

DIVERSITY AND INCLUSION

At Popular, we foster a diverse workforce and an inclusive workplace that values the similarities and differences of individuals, so that all can reach their potential and maximize their contributions to our stakeholders, including our customers and the communities we serve. By allowing for varying points of view and providing a larger pool of ideas and experiences, diversity propels innovation and business success. Popular has a Corporate Diversity Officer, who develops, implements and monitors the Corporation's diversity and inclusion strategy in compliance with Popular's Diversity and Inclusion Policy. The Corporation's Board of Directors is in charge of approving said Policy and overseeing compliance with it.

Annual Women's Conference - Popular's 3rd Women's Leadership Conference, Building Our Togetherness, was held in March 2019 with an attendance of more than 400 managers and executives from Puerto Rico, the Virgin Islands, and the United States.



Workforce Breakdown by Gender

Year ended December 31	Female		Male		Grand Total
Support & Service	1,889	70%	799	30%	2,688
Administrative & Technical	1,888	74%	661	26%	2,549
Professional & Specialized	1,115	58%	806	42%	1,921
Supervisory	545	69%	248	31%	793
Managerial	409	57%	307	43%	716
Executive	21	27%	56	73%	77
Grand Total	5,866	67%	2,877	33%	8,744

Focus on Inclusion

During 2018, Popular reinforced its zero-tolerance stance on harassment and discrimination. Workshops on the topic were offered to leaders in all our markets.

Popular has held various events tailored specifically for veterans and military personnel. On this front, Popular Bank in Miami was recognized in 2018 with the Patriot Award by Employer Support of the Guard and Reserve.

In 2019, Popular started conducting focus groups with the goal of developing initiatives to meet the needs and interests of our employees.



THE EMPLOYEE EXPERIENCE

Popular's aim is to achieve an employee experience that will make the right talent want to join, stay, deliver their best performance and serve our communities.

Through the annual **Our People on the Road** initiative, members of our human resources team visit our colleagues in branches and business units in Puerto Rico, the Virgin Islands, and the United States to share important information regarding employee related topics and well-being initiatives. Most importantly, we listen to their feedback to continue improving our services and offerings.

Better Conversations Every Day™, a coaching methodology offered by the Center for Creative Leadership, was introduced to strengthen the coaching and communication skills of all our managers and supervisors participated in the initiative.

FAIR EMPLOYMENT PRACTICES

Popular promotes an environment where everyone feels safe, valued, respected and protected. We do not tolerate unlawful discrimination or harassment by or against our employees, applicants, customers, consultants, suppliers or visitors, as set forth in our widely disseminated and consistently enforced policies. We are committed to offering equal employment opportunities and complying with the full range of fair employment practices and non-discrimination laws.



THE RIGHT TALENT IN THE RIGHT PLACE



It is through the best talent that excellent business results can be attained. We are committed to build the skills for the future and to accelerate our people’s professional development.

Fostering a Growth Mindset

Opportunities for growth, whether through promotions, lateral changes or new opportunities for career development matter to our employees. Promoting internal mobility is of the utmost importance.

Workforce Planning

An integrated workforce planning methodology was introduced in 2019 to ensure a better understanding of future needs throughout the corporation. With this information, talent action plans are being strategically designed to attract, retain and develop talent.

Outreach Efforts

To continue reaching high potential candidates, we participated in and hosted:

- An Industrial Engineering Symposium
- Two Future at Work events regarding the evolution of the financial industry and the needed skill set
- Five job fairs in universities in Puerto Rico

We also established relationships with four highly competitive universities in the United States to communicate trainee and employment opportunities at Popular, and partnered with a premier platform for early-career professionals to get in contact with college students and recent graduates looking for part-time jobs, summer internships and full-time jobs.

Our Associate Trainee program aims to identify recent graduates of diverse disciplines to strengthen our talent pipeline. Through special assignments, rotations and projects they evaluate current challenges in the corporation and are expected to provide recommendations on how to tackle them.

POSITIONS FILLED INTERNALLY



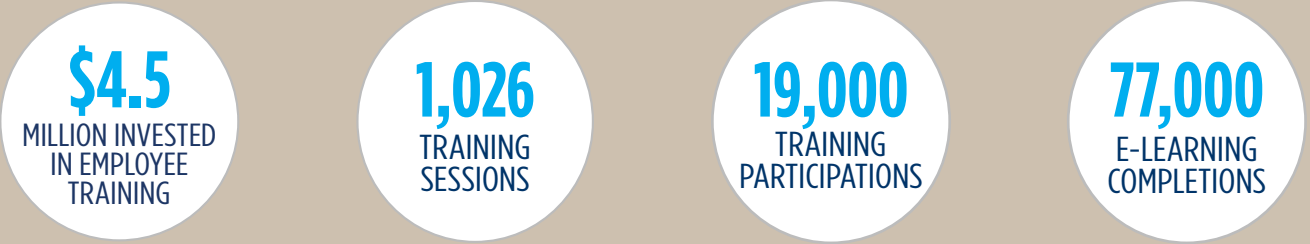
APPRENTICESHIP PROGRAM

Through an in-house apprenticeship program, we invest in our people to reskill or upskill them for high-demand and hard-to-fill positions. A 16-week analytics accelerated program was introduced in 2019 to provide an enhanced learning experience to develop professionals capable of analyzing strategic data to drive business performance. The first cohort was composed of new hires and current employees. Project Management is the next skill set that will be addressed as part of this program in 2020.

LIFELONG LEARNING

Skilling, reskilling and upskilling talent is at the forefront of our business strategy. We are constantly strengthening our learning offerings to ensure our people have the skills required now and in the future.

We have a formal training curriculum containing courses on leadership, professional, technology and business specific topics.



Cybersecurity and data privacy are also key aspects of employee learning.

As part of enhancing employee awareness, we have:

- Mandatory e-learning modules for all employees
- Customized e-learning courses for technical personnel
- Training on how to protect customer information and data compliance for all Popular employees, and is required to abide by our Code of Ethics as a condition of employment
- Comprehensive workplace policies and procedures to help ensure the physical safety of our equipment and records, required for employees and third-party contractors

All employees have a compliance requirement to participate in the following trainings:

- Money Laundering Prevention (BSA)
- Code of Ethics
- Fair Lending
- Regulation P
- Cybersecurity
- Record Retention Program
- UDAAP

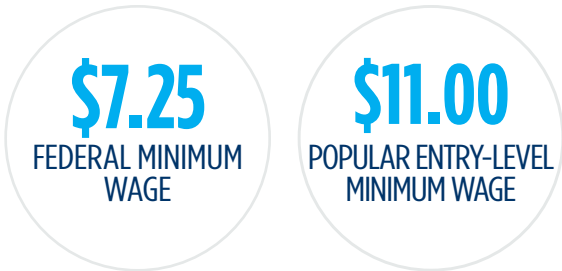


MEANINGFUL REWARDS

Competitive Pay

Sustaining a competitive compensation advantage is important to Popular. We regularly monitor our rewards package and our fixed and variable pay components. During the past two years, we raised the minimum salary for entry level positions in all our regions, implemented special market adjustments and granted salary increases based on performance.

Our employees are also eligible to benefit from the corporate **Profit-Sharing Plan**, which is based on exceeding financial targets. In **2018** and **2019**, the maximum possible award was approved, sharing **\$25.5 million** and **\$28.7 million** with our colleagues in each of these years. In 2019, more than 8,500 employees benefited from the Profit-Sharing Plan.



WELL-BEING

We continuously look for ways to add value to our employees’ overall experience by ensuring we offer a competitive, holistic total rewards package – one that includes a combination of elements related to physical, emotional, professional and financial well-being.



Health and Wellness

We are recognized for offering our employees in Puerto Rico and Virgin Islands Region our very own **On-Site Health and Wellness Center** and giving all employees a paid day each year (Health & Wellness Day) to undergo their Annual Physical Exam (APE). At the On-Site Health and Wellness Center we not only offer preventive services, but also general medical assistance, acute care, health education, disease and

pre-disease management, nutritionist services, Employee Assistance Program benefits and referral management services. In addition, our Wellness-on-Wheels Program provides healthcare services to our employees in remote areas in Puerto Rico. Employees in the United States can also benefit from a paid Health & Wellness Day to undergo their APE in contracted facilities.



To promote all health and wellness initiatives throughout the organization, we have a group of **287 health-enthusiast employees called Health Coordinators**. These employees are trained like first responders, receive educational material to share in their areas and are notified about health-related activities for employees and their families.

Employee health is essential to us and it is another reason why we offer additional health checkpoints, such as mammography clinics in Popular facilities and onsite flu vaccinations. Our Puerto Rico corporate offices have two fitness centers that allow employees to exercise at their convenience. Immediate family members of our employees as well as retirees are also allowed to use the facilities at no cost.

Leaves of Absence Offered:

- Community Time Off
- Bereavement
- Your Time Off (U.S.)
- Vacation (P.R. and V.I.)
- Sickness (P.R. and V.I.)
- Personal Time Off (P.R. and V.I.)



SUPPORTING LIFE'S CHANGES

We always aim to be present for our employees during significant life stages and situations, whether positive or negative. To support our employees through the different life stages of their families, we designed a series of seminars called “Survival Kit for Parents” that are offered throughout the year to provide helpful input to our employees and their spouses. With this in mind, we proudly adopted the new Bonding Time Leave so that all regular employees, regardless of their gender, can enjoy four weeks paid leave as bonding time after the birth or adoption of a child. Mothers may take this leave consecutively after their maternity or adoption leave ends.

Lending a Hand in Times of Need

Since 2004, Popular employees in Puerto Rico are able to apply for emergency financial assistance to the Employee Emergency Fund, created to aid employees in unexpected times of need. Since its creation, the fund has helped **363** colleagues with grants totaling **\$1 million**.

PROGRAMS FOR KIDS AND TEENS



Our Leadership Institute Program, designed by Popular, is tailored to our employees’ adolescent children. This program consists of training and activities designed to heighten the participants’ knowledge of themselves and their passions in order to help them develop personalized ways to contribute to and positively impact their communities.

We also organize Summer Camp Programs for our employees’ children that are centered around art, technology, education and sports. The summer camp is sponsored by Popular and our employees receive discounted rates for their children to participate.

PREPARING FOR RETIREMENT

We care about helping our employees reach their financial goals and have sufficient savings to support an adequate retirement. The maximum contribution to the employees’ 401(k) Savings and Investment Plan is **4% of their total monetary compensation** subject to applicable limits established by law. The **Savings and Investment Plan** allows employees to save for retirement and be less worried about the future.

Geared towards fostering a healthy transition into retirement and making sure that our people have the planning needed for their next stage in life, we facilitate access to:

- retirement planning workshops
- online learning platforms
- continuous education about retirement benefits

EMPLOYEE ENGAGEMENT AND VOLUNTEERISM



One of Popular’s central values is working together with the communities we serve. Over 30% of our workforce participates each year in different volunteering activities. A number of employees play the crucial role of being liaisons to the organizations the our foundations support. They add value to those organizations in several different ways.

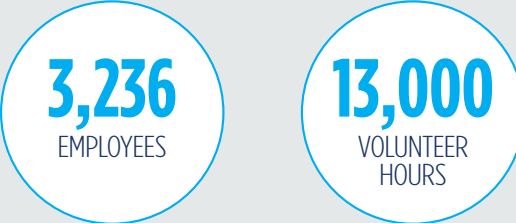
Voluntary Contribution

78% of Popular’s workforce in Puerto Rico and **65%** in the U.S. made voluntary monetary contributions to Fundación Banco Popular and Popular Foundation, respectively, through recurring payroll deductions.

\$843,569: total amount donated by Popular employees in Puerto Rico and the United States.

Volunteering

3,236 employees performed over 13,000 hours of service through employee volunteer initiatives.



“ Being SER de Puerto Rico’s Popular Employee Liaison is a role that has brought me great personal satisfaction. I had contributed to the organization for several years because I had a friend who offered medical services there free of cost. I knew they were a Fundación Banco Popular grantee, but I didn’t have a deep knowledge of the organization until I became a board member. To see that Popular was contributing to SER’s life-changing impact on so many lives only deepened my belief that, as a leading institution, we have a responsibility to be part of the solution. ”

Juan Guerrero
Executive Vice President and Group Manager,
Financial and Insurance Group





SUSTAINABILITY DISCLOSURES

TOPIC

REFERENCE LOCATOR/RESPONSE

BUSINESS ETHICS